

Japan's ODA

● What is ODA?

Various organizations and groups, including governments, international organizations, non-governmental organizations (NGOs) and private companies, carry out economic cooperation to support socioeconomic development in developing countries. The financial and technical assistance that governments provide to developing countries as part of this economic cooperation are called Official Development Assistance (ODA).

● Types of ODA

ODA is broadly classified into two types: bilateral aid and multilateral aid. Multilateral aid consists of financing and financial contributions to international organizations, while bilateral aid is provided in three forms: Technical Cooperation, Loan Aid and Grant Aid. In addition, other schemes of bilateral aid include the dispatch of volunteers.

● JICA's Integrated Implementation of Assistance Schemes

In recent years, developed countries in Europe and North America have expanded ODA as a means of strengthening the efforts to address global issues such as climate change and poverty reduction. Furthermore, new donor countries including China and the Republic of Korea have emerged. Japan conversely, has decreased its ODA budget as a result of its severe financial circumstances.

In view of this international situation as well as the flow of domestic administrative reforms, the Japanese government has undertaken reforms that strategize ODA policies and strengthen implementation systems with the objective of further raising the quality of its ODA. With the aim of integrating ODA implementation organizations as part of these reforms, Overseas Economic Cooperation Operations of the Japan Bank for International Cooperation (JBIC) and Grant Aid Operations of the Ministry of Foreign Affairs of Japan (MOFA) (excluding those which MOFA continues to directly implement for the necessity of diplomatic policy) were transferred to JICA as of October 1, 2008, thereby creating a "New JICA." Through this integration, the three schemes of assistance have become organically linked under a single organization, which better enables JICA to provide effective

and efficient assistance. The principal schemes of assistance are outlined below.

Bilateral Aid

▶ Technical Cooperation

Technical Cooperation draws on Japan's technology, know-how and experience to nurture the human resources who will promote socioeconomic development in developing countries. Moreover, through collaboration with partner countries in jointly planning a cooperation plan suited to local situations, Technical Cooperation supports the development and improvement of technologies that are appropriate for the actual circumstances of these countries, while also contributing to raising their overall technology levels and setting up new institutional frameworks and organizations. These enable partner countries to develop problem-solving capacities and achieve economic growth. Technical Cooperation includes acceptance of training participants, dispatch of experts, provision of equipment and implementation of studies aimed at supporting policymaking and planning of public works projects (Technical Cooperation for Development Planning).

▶ Loan Aid

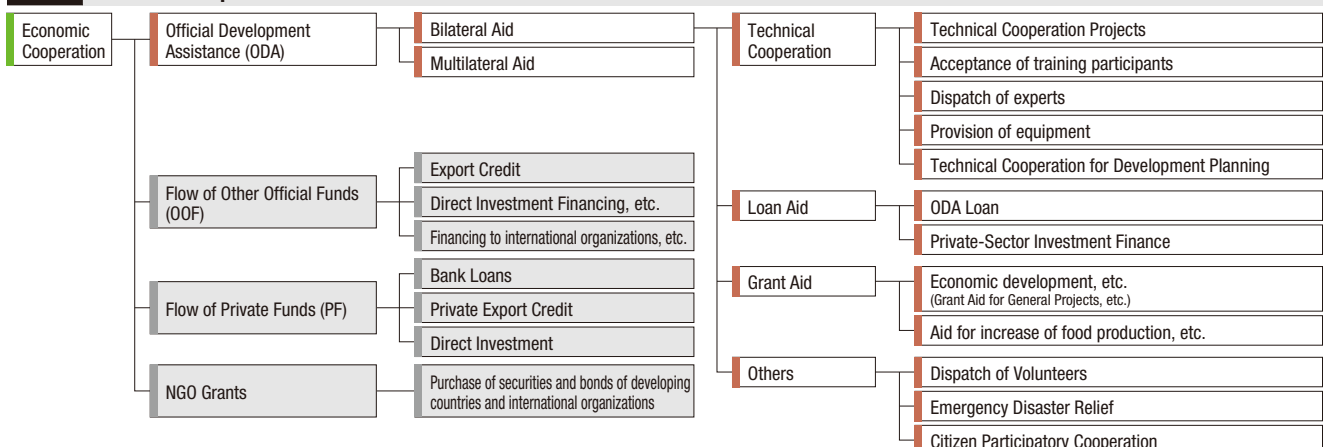
Loan Aid supports the efforts of developing countries to advance by providing these nations with the capital necessary for development under long-term and substantially lower interest rates than commercial rates. The primary types of Loan Aid are ODA Loans and Private-Sector Investment Finance. ODA Loans in particular enable the provision of finance in larger amounts compared with Technical Cooperation or Grant Aid, and therefore this form of aid has been well utilized for building large-scale basic infrastructure in developing countries.

Although Loan Aid requires full repayment by the recipient country, this encourages the beneficiary country to focus closely on the importance and priority of projects and to make efforts to allocate and utilize the funds as efficiently as possible.

▶ Grant Aid

Grant Aid, which is an assistance method that provides necessary funds to promote socioeconomic development, is financial cooperation with developing countries with no obligation

Table 1 Economic Cooperation and ODA



for repayment. Particularly in developing countries with low income levels, Grant Aid is broadly implemented for building hospitals, bridges and other socioeconomic infrastructure, as well as for promoting education, HIV/AIDS programs, children's healthcare and environmental activities, which directly support the improvement of living standards.

Grant Aid is divided into the following categories according to its content: Grant Aid for General Projects; Non-Project Grant Aid; Grant Aid for Grassroots Human Security Projects; Grant Assistance for Japanese NGO Projects; Grant Aid for Human Resource Development (Scholarship); Grant Aid for Cooperation on Counter-Terrorism and Security Enhancement; Grant Aid for Disaster Prevention and Reconstruction; Grant Aid for Community Empowerment; Grant Aid for Fisheries; Cultural Grant Assistance (General Cultural Grant Assistance and Grant Assistance for Cultural Grassroots Projects); Emergency Grant Aid; Food Aid; Grant Aid for Environment and Climate Change; Grant Aid for Poverty Reduction Strategies; and Grant Aid for Conflict Prevention and Peacebuilding [→ for portion implemented by JICA, see page 134].

● Providing Financing and Contributions to International Organizations through Multilateral Aid

Multilateral aid is an indirect method of providing assistance

to developing countries by providing financing or donating funds to international organizations. Funds are contributed to the various bodies of the United Nations, including the United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF), while financing is provided to multilateral development banks (MDBs) such as the World Bank, the International Development Association (IDA, also known as the Second World Bank) and the Asian Development Bank (ADB).

● International Trends in Development Assistance

As exemplified by the Millennium Development Goals (MDGs) [→ see pages 62–63], one of the recent international trends in aid has been the accelerating move toward the establishment of common goals by the international community, where various countries and organizations implement aid in coordination with each other to achieve goals. Compared with aid coordination in the past which emphasized cooperation and coordination on an individual project basis, development assistance in recent years has placed greater emphasis on ownership by partner countries, in which donor countries and aid agencies jointly support developing countries' own development plans and priorities and work together to achieve the development goals of these countries.

Table 2 Japan's ODA in Calendar Year 2013 (According to Aid Type and Provisional Figure)

Type of Assistance (Calendar Year 2013)		Dollar Base (US\$ million)			Yen Base (¥ billion)			Percent of Total ODA Total	
		Disbursements	Disbursements in the Previous Year	Change from the Previous Year (%)	Disbursements	Disbursements in the Previous Year	Change from the Previous Year (%)		
ODA	Bilateral ODA	Grants							
		Grant Aid	7,120.60	3,118.31	128.3	694.906	248.884	179.2	60.7
		Debt Relief	4,020.86	4.69	85,550.8	392.400	0.375	104,628.3	34.3
		Grants through International Organizations	1,725.17	1,395.19	23.7	168.361	111.355	51.2	14.7
		Grant Aid Excluding the Above	1,374.57	1,718.43	-20.0	134.145	137.154	-2.2	11.7
		Grant Aid (Excluding Disbursements for Eastern European and Graduate Countries)	7,120.60	3,117.46	128.4	694.906	248.816	179.3	60.4
		Debt Relief	4,020.86	4.69	85,550.8	392.400	0.375	104,628.3	34.1
		Grants through International Organizations	1,725.17	1,395.19	23.7	168.361	111.355	51.2	14.6
		Grant Aid Excluding the Above	1,374.57	1,717.58	-20.0	134.145	137.086	-2.1	11.7
		Technical Cooperation*	2,922.89	3,656.56	-20.1	285.248	291.843	-2.3	24.9
	Technical Cooperation (Excluding Disbursements for Eastern European and Graduate Countries)*	2,917.60	3,641.07	-19.9	284.732	290.607	-2.0	24.8	
	Grants Total	10,043.49	6,774.87	48.2	980.154	540.727	81.3	85.7	
	Grants Total (Excluding Disbursements for Eastern European and Graduate Countries)	10,038.20	6,758.54	48.5	979.638	539.423	81.6	85.2	
	ODA Loan and Other ODA Credits	-1,289.99	-423.20	-204.8	-125.891	-33.777	-272.7	-11.0	
	(ODA Loan and Other ODA Credits Excluding Debt Relief)	545.93	-418.63	230.4	53.278	-33.412	259.5		
	(Figures for Loans Provided)	9,748.31	7,740.16	25.9	951.348	617.770	54.0		
	(Figures for Loans Repaid)	11,038.30	8,163.36	35.2	1,077.239	651.547	65.3		
	(Figures for Loans Repaid Excluding Debt Relief)	9,202.38	8,158.79	12.8	898.070	651.182	37.9		
	ODA Loan and Other ODA Credits Excluding Disbursements of Eastern European and Graduate Countries	-1,224.09	-356.33	-243.5	-119.460	-28.440	-320.0	-10.4	
	(ODA Loan and Other ODA Credits Excluding Debt Relief)	611.83	-351.75	273.9	59.709	-28.075	312.7		
(Figure of Loans Provided)	9,721.31	7,701.33	26.2	948.712	614.671	54.3			
(Figure of Loans Repaid)	10,945.40	8,057.65	35.8	1,068.173	643.110	66.1			
(Figure of Loans Repaid Excluding Debt Relief)	9,109.48	8,053.08	13.1	889.003	642.745	38.3			
Bilateral ODA Total	8,753.50	6,351.67	37.8	854.263	506.950	68.5	74.7		
Bilateral ODA (Total Excluding Disbursements for Eastern European and Graduate Countries)	8,814.11	6,402.21	37.7	860.178	510.983	68.3	74.8		
Contributions and Financing to Multilateral Organizations	2,972.00	4,202.30	-29.3	290.040	335.401	-13.5	25.2		
Net ODA Total	11,725.50	10,553.97	11.1	1,144.303	842.351	35.8	100.0		
Net ODA Total (Excluding Disbursements to Eastern European and Graduate Countries)	11,786.11	10,604.51	11.1	1,150.218	846.384	35.9	100.0		
Gross ODA Total	22,763.80	18,717.33	21.6	2,221.542	1,493.898	48.7			
Gross ODA Total (Excluding Disbursements to Eastern European and Graduate Countries)	22,731.51	18,662.16	21.8	2,218.391	1,489.494	48.9			
Nominal Gross National Income (GNI) Figures for Each Category (US\$ billion, ¥ billion)	5,083.61	6,124.54	-17.0	496,114.20	488,821.90	1.5			
Proportion of GNI (%)	0.23	0.17		0.23	0.17				
Proportion of GNI (%) (Excluding Disbursements to Eastern European and Graduate Countries)	0.23	0.17		0.23	0.17				

Notes) 1. The following 14 countries are graduate countries that have received ODA: Hong Kong, Singapore, Brunei, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates, Barbados, Trinidad and Tobago, French Polynesia, New Caledonia and Croatia.
2. 2013 DAC designated exchange rate: US\$1.00=¥97.5910 (a depreciation of ¥17.7774 compared with 2011)
3. Individual totals may not be equal to the sums of the individual parts because some numbers have been rounded off.
4. Debt relief includes waiver of ODA Loans and debt reductions of collateralized commercial obligations, but excludes deferring of repayments.
5. In the past, grants through international organizations were treated as "contributions and financing to multilateral organizations." However, from 2006, donations for recipient countries identified at the time of contribution are treated as "Grant Aid" for these countries.
6. Starting with 2011 results, NGO project grants have been included in the Grant Aid of individual countries.
* Technical Cooperation includes administrative and development education expenses.

Providers of aid thus need to offer assistance in accordance with the priorities set out in the development strategies of developing countries.

● Japan's ODA Contribution Level

On a net disbursement basis, in 2013 Japan contributed approximately US\$8,814.11 million (approximately ¥860.2 billion) in bilateral ODA (excluding aid to Eastern Europe and graduate nations) and contributed and donated approximately US\$2,972.0 million (approximately ¥290.0 billion) to international organizations. Accordingly, total ODA contributions amounted to approximately US\$11,786.11 million, up 11.1% from the previous year (a year-on-year increase of 35.9% to ¥1,150.2 billion on a yen basis). With this amount, Japan ranked fourth among the member countries of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), after the United States, the United Kingdom, and Germany.

Historically, Japan became the world's top contributor of ODA in 1989, surpassing the United States, which until that time had held the top position. Japan then remained the leader among the DAC countries, maintaining its top rank for 10 years from 1991 to 2000. However, the country's contribution dropped in 2001

and began a gradual decline, with the exception of a temporary notable increase in 2005. However, in 2013, Japan's contribution increased compared with the previous year after years of decline.

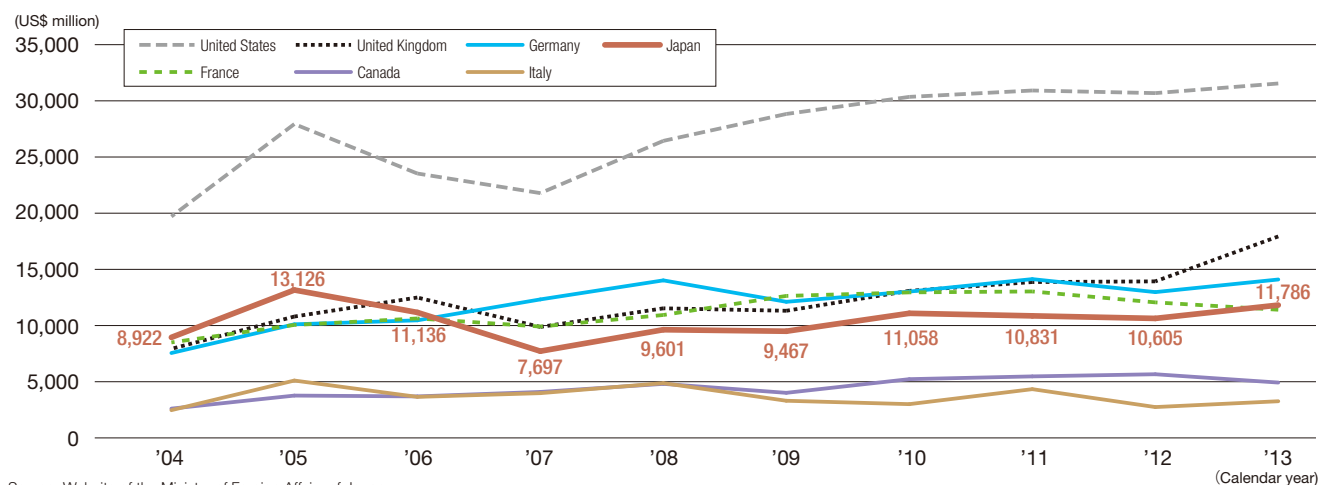
Meanwhile, Japan's ODA was equivalent to 0.23% of its gross national income (GNI), ranking it at the low level of 18th among the 28 DAC countries.

Table 5 Overview of MOFA's ODA Budget in Fiscal 2013 (Unit: ¥ billion)

	FY2013		FY2014	
	Budget	Percentage increase	Budget	Percentage increase
Entire government	557.3	-0.7%	550.2	-1.3%
Within the Ministry	421.2	0.7%	423.0	0.4%
Grant Aid	164.2	1.6%	166.7	1.5%
Management Grants (General Account)	146.9	1.1%	150.3	2.3%
Contributions and donations	49.9	-2.5%	43.1	-13.8%
Aid for assistance activities	60.1	0.4%	63.0	4.8%

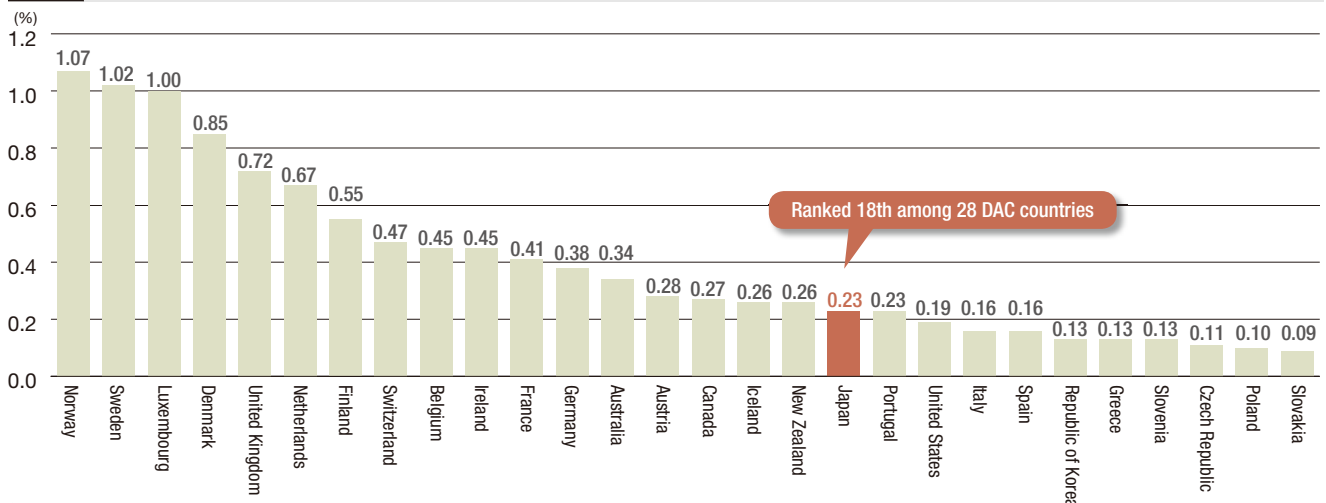
Source: Website of the Ministry of Foreign Affairs of Japan

Table 3 Trends in Major DAC Countries' ODA (Net Disbursement)



Source: Website of the Ministry of Foreign Affairs of Japan

Table 4 Proportion of ODA to Gross National Income of DAC Countries



Source: Website of the Ministry of Foreign Affairs of Japan