

PAPER ON JAPAN'S ODA AND JICA'S ACTIVITIES IN VIETNAM

JICA Vietnam Office

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PART 1: GENERAL INFORMATION ON JAPAN'S ODA AND JICA

1. What is ODA?

A variety of organizations and groups, including governments as well as international organizations, non-governmental organizations (NGOs) and private companies, carry out financial assistance to developing countries for socioeconomic development. ODA, as defined by the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD), must meet the following three requirements:

- *It should be undertaken by governments or government agencies*
- *The main objective is the promotion of economic development and welfare in developing countries*
- *It has concessional terms, having a grant element of at least 25%*

Note: The grant element measures the concessionality or "softness" of financial terms of a loan. The lower the interest rate and the longer the maturity period, the higher the grant element, which means it is more beneficial to the borrower. The grant element for a grant is 100%.

ODA is broadly divided into bilateral aid, in which assistance is given directly to developing countries, and multilateral aid, which is provided through international organizations. JICA provides bilateral aid in the form of Technical Cooperation, Japanese ODA Loans and Grant Aid.



*This excludes Grant Aid which the Ministry of Foreign Affairs will continue to directly implement for the necessity of diplomatic policy.

Link: <https://www.jica.go.jp/english/about/oda/index.html>

2. What is JICA?

Since joining the Colombo Plan⁽¹⁾ in 1954, Japan has been providing financial and technical assistance to developing countries through ODA, aiming to contribute to the peace and development of the international community and thereby help ensure Japan's own security and prosperity⁽²⁾.

JICA is in charge of administering all ODA such as technical cooperation, ODA loans and grant aid in an integrated manner, except for contributions to international organizations. JICA, the world's largest bilateral aid agency, works in over 152 countries and regions and has some 100 overseas offices.

(1) The Colombo Plan is an international organization established in 1950 to support economic and social development of countries in South Asia, Southeast Asia and the Pacific region. Its head office is in Colombo, Sri Lanka.

(2) Taken from the ODA Charter, which was revised in August 2003.

Vision - Leading the world with trust

JICA, with its partners, will take the lead in forging bonds of trust across the world, aspiring for a free, peaceful and prosperous world where people can hope for a better future and explore their diverse potentials.

Link: <https://www.jica.go.jp/english/about/mission/index.html>

3. What are JICA's cooperation schemes?

(1) Technical Cooperation

Technical Cooperation is an all embracing term used to describe JICA's practical assistance to developing countries. Depending on the specific project, technical assistance can include the dispatch of JICA experts, the training of local officials for 'capacity development', the supply of equipment or financial assistance.

Technical cooperation is one of JICA's three major areas of development assistance.

Link: <https://www.jica.go.jp/project/english/index.html>

To respond to wide-ranging needs of developing countries that are becoming increasingly diverse and multifaceted, JICA's Technical Cooperation supports human resource development, research and development, technology dissemination and the development of institutional frameworks essential for the development of economies and societies in developing countries by dispatching experts, accepting training participants and/or providing equipment.

Additionally, to enable developing countries to engage in economic activities while realizing a stable society through their self-efforts, it is important that developing countries nurture a sense of ownership. Those principal objectives of Technical Cooperation, enhancing problem-solving capabilities and a sense of ownership are properly attained by customizing the content of cooperation for responding to broad-ranging issues together with developing countries.

Link: https://www.jica.go.jp/english/our_work/types_of_assistance/tech/projects/index.html

(2) ODA Loans

In many developing countries, economic and social infrastructure such as electricity, gas, transportation and communications services is underdeveloped.

ODA loans support developing countries by providing low-interest, long-term and concessional funds to finance their development efforts.

Characteristics of ODA loans - Supporting the ownership of developing countries

Ownership is crucial for economic growth and poverty reduction in developing countries. ODA loans, which require repayment, promote efficient use of the borrowed funds and appropriate supervision of the project they finance, thereby underpinning developing countries' ownership in the development process. In addition, as ODA loans are financial assistance with repayment obligation, they place a relatively small fiscal burden on the Japanese government and represent a sustainable instrument for official development assistance.

Target areas

International organizations and developed nations are making a variety of efforts to achieve the SDGs. Following the Development Cooperation Charter, ODA loans are being actively used to provide support in the areas contributing to quality growth, realizing a peaceful and secure society, and addressing global issues.

** The United Nations Sustainable Development Summit in September 2015 set the Sustainable Development Goals (SDGs). These goals are expected to promote initiatives to tackle the unfinished business of the MDGs, as well as to address emerging global issues, emphasizing that "no one will be left behind."*

Link:

https://www.jica.go.jp/english/our_work/types_of_assistance/oda_loans/overseas/index.html

**** Recently, there have been misunderstandings on Japan's ODA and Loan in Vietnam, then, the Q&A is consolidated and shared with all concerned media for your correct understanding, and further cooperation. Please visit our website for your concrete information following the below link:**

Link: <https://www.jica.go.jp/vietnam/vietnamese/office/others/faq.html>

(3) ODA Grants

ODA Grants are types of financial assistance in which funds are granted to a developing country to support construction works or services such as procuring equipment and materials that are necessary for economic and social development. Since ODA Grants are financial assistance with no obligation for repayment, it targets mainly developing countries with low income levels.

Assistance is given to development projects that are essential in developing countries' nation building, including: construction of hospitals or schools and increasing access to safe water supply to satisfy basic human needs; improvement of irrigation systems to promote development of communities and agricultural productivity; construction of roads and bridges to build socio-economic foundations; building facilities to promote environmental conservation; and developing human resources. In recent years, assistance has also been provided for peace building, developing business environments, disaster prevention and reconstruction after disasters, and measures to cope with climate change. Where necessary, technical guidance for operation and maintenance, etc. (soft components) is also provided, so that the facilities and other systems financed by ODA Grants are sustainably managed.

Link: https://www.jica.go.jp/english/our_work/types_of_assistance/grant_aid/about.html

Types of ODA Grants (1) Project Grants (2) Sector Grants (3) Grants in Association with an International Organization (4) Grants through Budget Support (5) Grants for Human Resource Development Scholarship;

Link: https://www.jica.go.jp/english/our_work/types_of_assistance/grant_aid/types.html

(4) Citizen participation

In response to requests from developing countries, JICA promotes programs under which various groups or individuals in Japan work together with local residents to participate in assistance activities.

JICA's volunteer program (JOCV program)

JICA's volunteer programs support activities by citizens who wish to cooperate in the economic and social development as well as the reconstruction of developing countries. Through these cooperation activities, participating volunteers can not only contribute to the development of partner countries but also gain valuable experience in terms of international goodwill, mutual understanding and an expansion in their international perspectives.

Widely recognized as a representative Japanese international cooperation program, volunteer activities have not only earned high acclaim from partner countries but are also receiving increased praise in Japan, where expectations for these programs are also rising.

Link: https://www.jica.go.jp/english/our_work/types_of_assistance/citizen/volunteers.html

JICA's volunteer program in Vietnam

JICA started sending Japanese Overseas Cooperation Volunteers (JOCVs) to Vietnam in 1995 in the areas of health care, agriculture, Japanese language teaching, and support to disabled children. In addition, since 2001, JICA has sent senior volunteers (SVs) to support small and medium sized enterprises or supporting industries.

The relationship between Japan and Vietnam in recent years has reached new positive steps, and apart from state-level efforts and strides in economic relations, the connection at grass-root level between the Japanese volunteers and the Vietnamese people has contributed to deepening the relationship between the two countries.

The volunteers have high skill and knowledge to accomplish their tasks requested by Vietnamese Government. JICA has dispatched volunteers in many fields reflecting Vietnamese changing economic structure and their expertise has been always welcomed. So far, the program has been continued for 23 years, with about 630 volunteers sent to 41 provinces and cities.

Now, Volunteers are dispatched to areas where the Government of Vietnam is focusing on, such as: 1. Industrial and human resources development; 2. Health and Social Security; 3. Agricultural Development; 4. Japanese language teaching. JICA has always been striving to facilitate the talented, qualified and aspiring Japanese citizens to join the program.

**JICA Volunteers allocation Map in Vietnam (version updated in Oct 2018) and further information are now available on JICA's website:*

Link: <https://www.jica.go.jp/vietnam/english/activities/activity03.html>

JICA Partnership Program (JPP)

The JICA Partnership Program (JPP) was introduced in 2002 to support and cooperate with the implementation of projects formulated by Japanese NGOs, Japanese local governments, and Japanese universities to utilize their accumulated knowledge and experience in assistance activities for developing countries.

JPP is a technical cooperation program implemented by JICA to contribute to the social and economic development of developing countries at the grass-roots level in collaboration with "Partners in Japan," such as NGOs, universities, local governments, and public corporations.

The main objectives of JPP are as follows:

1. Meeting the diverse needs of developing countries by utilizing the knowledge and experience of Partners in Japan for international cooperation activities
2. Strengthening collaboration between communities in both developing countries and Japan by promoting the participation of Japanese citizens in international cooperation activities
3. Encouraging local citizens in Japan to employ their knowledge, experience, and technologies for international cooperation activities, which in turn revitalize Japanese communities

Link: https://www.jica.go.jp/english/our_work/types_of_assistance/citizen/partner.html

JICA Partnership Program in Vietnam

Since 2002, JICA Vietnam has implemented 123 projects (as of April 2018) to improve water supply and drainage system, strengthen disaster prevention capability, establish environmental management system, support rural development, health care, human resource development in supporting industries, etc.

**Map of On-going Projects of JICA Partnership Program in Vietnam (version updated in Oct 2018) and further information are now available on JICA's website:*

Link: <https://www.jica.go.jp/vietnam/english/activities/activity19.html>

(5) Public-Private Partnership (PPP)

JICA's efforts that promote public-private partnerships are focused primarily on, as previously mentioned, cooperation aimed at improving the business environment in developing countries and the support infrastructure development and improvement of public services through PPP, in which government and private sector share responsibilities. As a growing awareness of corporate social responsibility (CSR), an increasing number of Japanese companies are implementing social contribution programs and establishing BOP businesses ^[1] in developing countries, which call for new partnerships between ODA projects and private sector activities.

[1] BOP (Base of Pyramid) business: Businesses that target the world's four billion people living in poverty as consumers, employees and producers.

Link: https://www.jica.go.jp/english/our_work/types_of_assistance/partnership/index.html

(6) Japanese Enterprises Proposing Program (JEPP)

In recent years, Japanese SMEs have been actively involved in overseas business development, and Japanese government revised the Framework for Supporting Japanese SMEs in Overseas Business in March 2012 where JICA became a member of the all-Japan support system for overseas business development of SMEs. Since then, JICA initiated programs for supporting overseas expansion of SMEs, and has supported over 100 companies under these projects by the end of fiscal 2013.

Link: https://www.jica.go.jp/english/publications/reports/annual/2014/c8h0vm000090s8nn-att/2014_38.pdf

(7) Emergency Disaster relief

JICA dispatches Japan Disaster Relief (JDR) teams and provides emergency relief supplies when major disasters occur, mainly in but not limited to developing areas, in response to requests received from the governments of affected countries or international agencies.

As personnel assistance, JICA's Disaster Relief Program dispatches rescue team, medical team, expert team, Self-defense Force (SDF) and infectious diseases response team.

As material assistance JICA provides emergency supplies, such as blankets and tents to assist in the recovery process.

Link: https://www.jica.go.jp/english/our_work/types_of_assistance/emergency.html

(8) Research

The JICA Research Institute provides a focus on studies and research, an important part of the projects that JICA carries out.

Although international guidance and assistance have been provided to developing countries for years, solid answers remain elusive to their entrenched issues: armed conflict, macroeconomic instability, poverty and environmental degradation. JICA-RI has adopted four fundamental policies that it believes will foster comprehensive studies of these issues based on theoretical and empirical knowledge as well as field-based experience and data.

- 1) Toward incorporating a comprehensive perspective
- 2) Toward integrating past and future
- 3) Toward unraveling the East Asian experiences
- 4) Toward open activities and collaboration with the international community

Link: <https://www.jica.go.jp/jica-ri/research/policy.html>

PART 2: ACTIVITIES IN VIETNAM

1. What are the features of Japan's ODA in Vietnam?

Since the resumption of Japan's Official Development Assistance (ODA) to Vietnam in 1992, the Government of Japan has actively worked to support human resources training and reform of policies and mechanisms through technical cooperation as well as construction of transport infrastructure, electricity supply, etc. through financial cooperation (including ODA Loans and Grant Aid) with an aim of making contribution to Vietnam's socio-economic development. Since the commencement of ODA provision, the prominent feature of Japanese ODA has been seen as the close combination of technical cooperation and financial assistance ensuring the comprehensive support and sustainability of development projects.

2. What are the main priority areas of Japan's ODA in Vietnam?

Main priority areas of Japan's ODA in Vietnam are defined as below in order to promote sustainable growth of Vietnam:

- (1) Economic growth and strengthening international competitiveness (inflation control, SOE reform, strengthening industrial competitiveness and human resources capacity, developing Infrastructure etc.)
- (2) Response to fragility (poverty reduction, addressing disparity, improving basic social services, counter measures against environmental problems and climate change etc.)
- (3) Good governance (legal and judicial reforms, strengthening administrative function and capacity, promotion of participation of citizens etc.)

**JICA's On-going Projects Map in Vietnam (available on website)*

Link: https://www.jica.go.jp/vietnam/english/activities/project_map.html