



Part I • ODA and JICA Programs

Chapter 1 Japan's ODA and an
Overview of JICA Programs

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Japan's ODA and JICA



A project in collaboration with an NGO to improve health services in remote communities along the Amazonian watershed

Outline of Japan's ODA

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 economic cooperation to support socioeconomic development in developing countries (refer to Figure 1-1). The funds and technology that governments provide to developing countries are called *Official Development Assistance (ODA)*.

ODA is classified into three types: (1) bilateral grants, (2) bilateral loans, and (3) financial subscriptions and contributions to international organizations (multilateral aid). Each type of ODA is outlined below.

Bilateral Grants

Bilateral grants include technical cooperation that transfers technology to developing countries and grant aid that provides funds with no obligation for repayment.

1. Technical Cooperation

Technical cooperation transfers Japanese technology, skills, and knowledge to developing countries in order to develop the human resources that will play a leading role in their socioeconomic development. It also supports the development and improvement of technology appropriate to the circumstances of a particular country while contributing to raising its level of technology and establishing new institutions and organizations.

More specifically, technical cooperation includes: (1) the implementation of technical training that provides training opportunities for technicians and administrators from developing countries, (2) the dispatch of experts and volunteers with specialized skills and knowledge, (3) development studies to assist with the formulation of a variety of development plans such as urban, rural, transport, resource development, etc., and (4) relief for disaster victims and assistance with disaster reconstruction.

2. Grant Aid

Grant aid involves the provision of funds for the construction of buildings such as schools and hospitals; for the procurement of materials and equipment for education, training, and medical care; and for reconstruction after disasters occur.

It can be divided into six categories according to content.

These are: (1) general grant aid, (2) grant aid for fisheries, (3) grant aid for cultural activities (including grant aid for cultural heritage), (4) emergency grant aid (including post-conflict reconstruction), (5) food aid (KR), and (6) aid for increase of food production (2KR).

Of these forms of grant aid, JICA supervises basic design studies that conduct the basic planning needed for building facilities and procuring equipment and materials in five categories. These are general grant aid projects and grant aid for human resources development scholarships in category (1), grant aid for fisheries in (2), grant aid for cultural heritage in (3), food aid in (5), and aid for increase of food production in (6), respectively. JICA is also charged with implementing work that includes surveys and intermediary and liaison work.

Bilateral Loans

Bilateral loans are loans that provide the funds needed for development under long-term, low interest conditions. They can be classified into: (1) ODA loans under which funds needed for development are provided directly to the government or a government agency in a developing country, and (2) private-sector financing and investment under which funds are provided to Japanese companies or local companies operating in developing countries.

ODA loans are generally known as "yen loans." Yen loans previously focused on project loans for economic infrastructure and social infrastructure such as roads, dams, communication facilities, and agricultural development, but



An expert distributing cultivation calendars to local farmers in a project for developing and disseminating sustainable agricultural management techniques in an arid inland area in Chile

in recent years the proportion of commodity loans aimed at improving the international balance of payments (financial cooperation that enables countries short of foreign currency to purchase goods) and loans for intellectual support, such as in education, has increased.

Financial Subscriptions and Contributions to International Organizations (Multilateral Aid)

Subscriptions and contributions for multilateral aid are indirect methods of extending aid by channeling funds

through international organizations.

The international organizations to which contributions are made include various UN-related bodies such as the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), and the United Nations Children's Fund (UNICEF). In addition, subscriptions are made to international development financial institutions such as the World Bank, the International Development Association (IDA, also known as the Second World Bank), and the Asian Development Bank (ADB).

The ODA Budget and the Implementation System

Breakdown of the Budget

The breakdown of Japan's ODA budget (general account) calculated on the basis of the classifications described previously is shown in Table 1-2.

The budget is allocated to 13 government ministries and agencies as shown in Table 1-3. The Ministry of Foreign Affairs, which is Japan's largest ODA implementation institution, takes the largest allocation of the ODA budget. In addition to the technical cooperation budget supervised by JICA, the budget for grant aid and contributions to UN-related organizations such as the UNDP are included in this portion.

The expenses for the acceptance of technical training participants and for various studies conducted overseas (carried out through related organizations) are included in the allocation of the Ministry of Economy, Trade and Industry (METI). JICA receives and implements part of the study costs contained in the METI budget allocation. The Ministry of Finance allocates the budget for the financing of bilater-

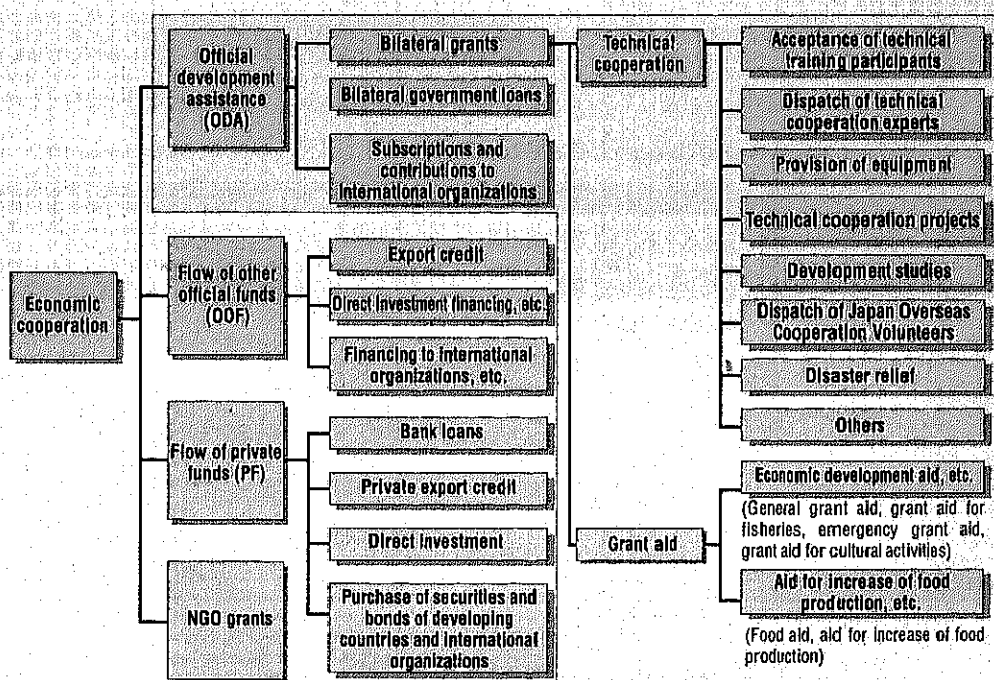
al government loans overseen by the Japan Bank for International Cooperation (JBIC) and subscriptions to international development financial institutions such as the World Bank.

ODA-providing Agencies Other than JICA (Technical Cooperation)

Apart from JICA, the organizations that implement projects in relation to the Japanese government's technical cooperation budget include the Japan Foundation (JF), the Japan External Trade Organization (JETRO), the Association for Overseas Technical Scholarship (AOTS), and the Japan Overseas Development Corporation (JODC).

JF was founded in 1972 as a special public institution to enhance international understanding and promote international friendship. It became an independent administrative institution in October 2003, and receives part of its project budget from the Ministry of Foreign Affairs' budget. The foundation implements projects for both developed and

Figure 1-1 Economic Cooperation and Official Development Assistance



developing countries. Of these, the ODA budget is primarily used for projects involving personal exchanges with developing countries, dissemination of Japanese language education, and presentation of Japanese culture.

JETRO was founded as a special public institution in 1958 to implement Japan's trade promotion projects comprehensively. Since the late 1960s it has worked mainly toward encouraging imports from developing countries. It has brought officials responsible for trade policy and executives of private companies (that export to Japan) in developing

countries to Japan, has given its support to the promotion of economic reform, has encouraged developing countries to export to Japan, and has sent its own experts to developing countries to help in the dissemination of technology appropriate to these countries. JETRO merged with the Institute of Developing Economics (IDE) in July 1998, became an independent administrative institution in October 2003, and is now engaged also in basic and comprehensive studies and research on economic and other conditions in developing countries.

Table 1-2 Total Government ODA Budget (General Account)

Type	(Unit: 100 millions of yen, %)		
	FY 2004		FY 2005
	Budget	Budget	Rate of Increase
I. Grants	6,303	6,118	-2.9
1. Bilateral grants	5,279	5,173	-2.0
1) Economic development aid, etc.	1,667	1,765	5.9
2) Aid for increase of food production, etc.	154	0	—
3) Transfer to special fund for trade reinsurance, etc.	40	20	-50.0
4) Subsidies for Japan Bank for International Cooperation (JBIC)	300	300	0.0
5) Technical cooperation, etc.	3,118	3,087	-1.0
(JICA allocation)	(1,612)	(1,601)	(-0.68)
2. Subscriptions and contributions to international organizations	1,023	945	-7.6
1) Organizations of the United Nations, etc.	709	668	-5.7
2) International development financial institutions	315	277	-11.8
II. Loans	1,866	1,744	-6.5
Japan Bank for International Cooperation (JBIC)	1,866	1,744	-6.5
III. Total	8,169	7,862	-3.8

Note: The overall total and the totals for each category do not match exactly since fractions have been rounded to the nearest whole number.

Table 1-3 The ODA Budgets of Ministries and Agencies (General Account)

Type	(Unit: millions of yen, %)		
	FY 2004		FY 2005
	Budget	Budget	Rate of Increase
Cabinet Office	71	57	-18.8
National Police Agency	37	32	-12.1
Financial Services Agency	118	110	-7.0
Ministry of Internal Affairs and Communications	923	957	3.6
Ministry of Justice	395	391	-0.9
Ministry of Foreign Affairs	500,065	488,063	-2.4
(JICA Allocation)	(161,200)	(160,077)	(-0.69)
Ministry of Finance	219,912	204,101	-7.2
Ministry of Education, Culture, Sports, Science and Technology	44,274	43,809	-1.1
Ministry of Health, Labour and Welfare	10,473	10,006	-4.5
Ministry of Agriculture, Forestry and Fisheries	5,479	5,246	-4.2
Ministry of Economy, Trade and Industry	33,602	32,118	-4.4
Ministry of Land, Infrastructure and Transport	1,072	926	-13.6
Ministry of the Environment	445	383	-13.9
Total	816,864	786,198	-3.8

Note: The overall total and the totals for each category do not match exactly since fractions have been rounded to the nearest whole number.

Table 1-4 Japan's ODA Budget and JICA's Technical Cooperation (DAC Base)

	Project Budget for FY 2005 (General Account)	Expenses	2004 Calendar Year			
			Persons Involved			
			Technical training participants	Experts and study teams	Cooperation volunteers	Overseas students
Japan's ODA as a whole	¥786.2 billion	US\$8,930 million (¥965.3 billion)	/	/	/	/
Japan's technical cooperation	¥308.7 billion	US\$2,899 million (¥313.4 billion)	50,958 †	15,797 †	4,819 †	105,810 †
JICA's technical cooperation	¥160.1 billion	US\$1,354 million (¥146.4 billion)	17,782	12,012	3,848	0
Portion of technical cooperation as a whole implemented by JICA	51.8%	46.7%	/	/	/	/

Note: 1. Includes figures for Central and Eastern Europe.
 2. JICA's technical cooperation includes results based on trust funds from METI and other ministries.
 3. Figures for Japan's results in 2004 are provisional.
 4. The numbers of persons involved are totals of new and carried-over persons in 2004 calendar year.
 † Results of persons involved in Japan's technical cooperation are those from 2003.

AOTS is a public-interest corporation under the jurisdiction of METI that was established in 1959 specifically to accept trainees from foreign private companies. JODC, which is also a public-interest corporation under the wing of METI, was established in 1970 to encourage industrial development in developing countries and regions and to promote trade between Japan and these countries and regions. It conducts projects that include dispatching Japanese engineers, managerial experts, etc.

The Roles of JICA in ODA

JICA plays a key role in technical cooperation implemented by the Japanese government.

The budget for technical cooperation in fiscal 2005 amounted to 308.7 billion yen, a figure that accounts for 39.3% of the total ODA budget (refer to Table 1-4). Of this, JICA is responsible for 160.1 billion yen, or 51.8% of the technical cooperation budget.

JICA's operations feature aid with "a clearly visible profile" through human activities, and position the human resources contributions that Japan is expected to make at the center of its programs. As of the end of March 2005, JICA had sent as many as 294,987 technical cooperation experts, study team members, Japan Overseas Cooperation Volunteers (JOCVs), and Senior Volunteers to developing countries. In addition, JICA has assisted with the development of human resources by receiving as many as 318,788 technicians and administrators from those countries in Japan, developing

countries, or neighboring third countries for training.

JICA projects are also closely connected with the yen loans implemented by the JBIC. JICA carries out studies to support a range of public development planning which provides the foundations for nation-building in developing countries, and it submits the results to the partner country in the form of a development study report. The construction of public infrastructure, such as roads and hospitals, and some of the other suggestions proposed in the reports are realized by means of yen loans.

In addition, while JICA's technical cooperation has previously been primarily composed of "human resources development cooperation," in recent years it has also been focusing its efforts on "policy-making and institution-building" to strengthen the foundations of developing countries.

JICA's projects in these areas are implemented with an emphasis on each developing country's development program, in accordance with Japan's country assistance program. Therefore, while promoting country studies to determine the kinds of aid needed by partner countries, JICA is deepening dialog with government officials in these countries through various opportunities in an effort to ensure that cooperation is provided in line with the actual on-site conditions.

Revision of ODA Charter

The Cabinet approved Japan's ODA Charter on June 30, 1992. The aims of this charter are to clarify the ideals and principles of ODA in order to create the conditions under

Table 1-5 Japan's ODA in Calendar Year 2004 (According to Aid Type, Provisional Values)

Type of Aid	Value of Aid	In million of US\$		In 100 millions of yen		Constituent Ratios (%)			
		Amount	Change from Previous Year (%)	Amount	Change from Previous Year (%)	ODA Total	Bilateral		
ODA	Bilateral ODA	Grants	Grant aid (Excluding Central and Eastern Europe and graduate nations)	4,325.93 154.6	4,676.33 137.5	48.4	73.2		
			Technical cooperation (Excluding Central and Eastern Europe and graduate nations)	2,898.99 1.9	3,133.81 -5.0	32.5	49.1		
			Total (Excluding Central and Eastern Europe and graduate nations)	7,224.92 59.0	7,810.13 48.3	80.9	122.3		
		Government loans, etc. (disbursed loans) (amount repaid) (Excluding Central and Eastern Europe and graduate nations)	-1,317.37 (6,108.92) (7,426.29)	-189.7 (0.6) (61.43)	-1,424.08 (6,603.74) (8,027.82)	-183.6 (-6.1) (50.6)	-14.8 (68.4) (83.2)	-22.3 (103.4) (125.7)	
			Total (Excluding Central and Eastern Europe and graduate nations)	5,907.55 -1.8	6,386.06 -8.4	66.2	100.0		
			Subscriptions and contributions to international organizations (Excluding contributions to EBRD)	3,022.28 2,988.36	15.2 17.4	3,267.08 3,230.42	7.4 9.5	33.8 33.7	
		Total (Including Central and Eastern Europe, graduate nations and the EBRD)	8,929.82	3.4	9,653.14	-3.6	100.0		
		Total (Excluding Central and Eastern Europe, graduate nations and the EBRD)	8,859.01	-0.2	9,576.59	-6.9	100.0		
		GNI (provisional) % of GNI	(US\$1 billion, ¥1 billion)	4,759.02	8.8	514,450.20	1.4		
		(Including Central and Eastern Europe, graduate nations and the EBRD)	0.19		0.19				
(Excluding Central and Eastern Europe, graduate nations and the EBRD)	0.19		0.19						

- Note: 1. DAC rate for 2004: \$1.00 = 108.1 yen (Appreciation in the value of the yen by 7.80 yen compared with 2003)
 2. The subtotals for each aid type do not match exactly with the overall total since fractions are rounded to the nearest whole number.
 3. EBRD: European Bank for Reconstruction and Development. The EBRD provides assistance for the transition to a market economy in countries that were once part of Soviet Union and/or in Central and Eastern Europe.
 4. The following 13 countries and regions had graduated from ODA recipient status; Brunei Darussalam, Kuwait, Qatar, Singapore, United Arab Emirates, Israel, Hong Kong, Cyprus, Republic of Korea, Macao, Libya, Malta, Slovenia.

which ODA can be implemented more efficiently and effectively with the understanding and support of people in Japan and abroad.

However, the ODA Charter was reviewed due to changes

in the situation surrounding ODA in the 10 years following its formation, and the revised ODA Charter was approved by the Cabinet on August 29, 2003.

Achievements of Japan's ODA

ODA Achievements

The total value of Japan's ODA in 2004 was US\$8,859.00 million (excluding aid to Central and Eastern Europe, graduate nations, and contributions to the European Bank for Reconstruction and Development [EBRD]), making Japan the world's second largest donor (refer to Table 1-6) after the US. This represents 11.3% of the total value of ODA provided by the 22 Development Assistance Committee (DAC) member states, which amounted to US\$78,569.00 million. Meanwhile, Japan's ODA account-

ed for 0.19% of its gross national income (GNI), placing it in 20th position among the DAC countries.

The grant element and the grant ratio are considered to be two of the main indices of the quality of aid. The figures for Japan remain low among the DAC countries as a whole and must be improved. JICA deems that an expansion of bilateral grants mainly involving technical cooperation is an essential requirement for increasing the grant ratio of Japan's ODA.

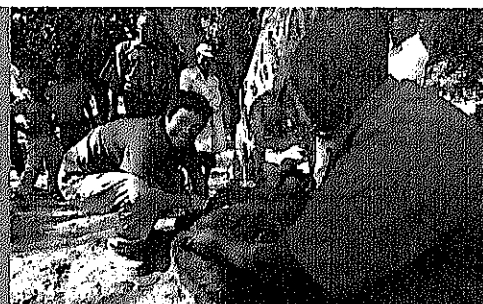
Table 1-6 ODA of DAC Countries in 2003 and 2004

Country	2004				2003			
	Position	Total (\$m)	Share (%)	Change from Previous Year (%)	Position	Total (\$m)	Share (%)	Change from Previous Year (%)
USA	1	18,999	24.2	16.4	1	16,320	23.6	22.8
Japan	2	8,859	11.3	-0.2	2	8,880	12.9	-4.3
France	3	8,475	10.8	16.8	3	7,253	10.5	32.2
UK	4	7,836	10.0	24.7	5	6,282	9.1	27.6
Germany	5	7,497	9.5	10.5	4	6,784	9.8	27.4
Netherlands	6	4,235	5.4	6.4	6	3,981	5.8	19.3
Sweden	7	2,704	3.4	12.7	8	2,400	3.5	20.5
Spain	8	2,547	3.2	29.9	11	1,961	2.8	14.5
Canada	9	2,537	3.2	24.9	10	2,031	2.9	1.2
Italy	10	2,484	3.2	2.1	7	2,433	3.5	4.3
Norway	11	2,200	2.8	7.7	9	2,042	3.0	20.4
Denmark	12	2,025	2.6	15.8	13	1,748	2.5	6.4
Australia	13	1,465	1.9	20.2	15	1,219	1.8	23.3
Belgium	14	1,452	1.8	-21.6	12	1,853	2.7	72.9
Switzerland	15	1,379	1.8	6.2	14	1,299	1.9	38.3
Portugal	16	1,028	1.3	221.3	20	320	0.5	-0.9
Austria	17	691	0.9	36.8	17	505	0.7	-2.9
Finland	18	655	0.8	17.4	16	558	0.8	20.8
Ireland	19	586	0.7	16.3	18	504	0.7	26.6
Greece	20	464	0.6	28.2	19	362	0.5	31.2
Luxembourg	21	241	0.3	24.2	21	194	0.3	32.0
New Zealand	22	210	0.3	27.3	22	165	0.2	35.2
Total		78,569	100.0	13.7		69,094	100.0	18.6

Note: 1. Countries are listed in decreasing order of total ODA disbursements.
2. This table excludes aid to Central and Eastern Europe and to graduate nations.
3. Figures for 2004 are provisional.

Resource: 2005 DAC Press Release, 2004 DAC Chairman's Report

Statistical Overview of JICA Activities



A JOCV examining livestock in a village in Zambia Photo by Katsumi Yoshida

FY 2004 Overview of JICA Activities

ODA Results for 2004

Japan's ODA in calendar year 2004 totaled US\$8,929.82 million, including figures for Central and Eastern Europe, graduate nations, and contributions to the European Bank for Reconstruction and Development (EBRD), of which technical cooperation accounted for US\$2,898.99 million, or 32.5% of Japan's total ODA. Of this technical cooperation, JICA's activities amounted to US\$1,354.02 million, or 46.7% of technical cooperation as a whole. Compared with the previous year, these figures represent a 1.9% increase in technical cooperation as a whole and a 4.2% increase for JICA activities. A breakdown of technical cooperation expenditure is shown in Table 1-7.

JICA's initial budget for fiscal 2004 was 166.7 billion yen, a 2% decrease from the previous year, of which grants accounted for 161.5 billion yen and funds in trust 5.2 billion yen. JICA budgets since 1974 are shown in Figure 1-8. Activities executed by JICA accounted for 93.6 billion yen (51.4%) of the grant aid budget of 182.1 billion yen entrusted to the Ministry of Foreign Affairs.

Composition of Activities by Region

A look at costs per region in connection with technical cooperation implemented by JICA in fiscal 2004 shows the following distribution: Asia 37.6%, Middle East 8.7%, Africa 14.1%, North and Latin America 14.8%, Oceania 3.0%, and Europe 2.5%. Figure 1-9 shows composition by region including a year-on-year comparison.

Proportions of Activities by Sector

Looking at costs by sector in connection with technical cooperation implemented by JICA in fiscal 2004, distribution was as follows: planning and administration 13.8%; public works and utilities 14.6%; agriculture, forestry and fisheries 13.3%; mining and industry 4.6%; energy 2.0%; business and tourism 2.0%; human resources 13.9%; health and medical care 9.9%; and welfare 2.1%.

As for JICA's portion of grant aid, the figures were as follows: living conditions and the environment 24.5%; transport and communications 16.5%; health and medical care 19.2%; agriculture, forestry and fisheries 18.1%; education and research 18.3%.

Table 1-7 Japan's ODA and JICA Activities

(Unit: millions of US\$)

Type	Calendar Year	2004	2003
Official Development Assistance		8,930	8,880
Technical cooperation expenses (proportion of ODA)		2,899 (32.5%)	2,845 (32.0%)
JICA proportion (proportion of technical cooperation expenses)		1,354 (46.7%)	1,299 (45.7%)
Breakdown of JICA technical cooperation expenses	Technical training participants	233	237
	Experts	327	315
	Study teams	265	349
	Cooperation volunteers	133	132
	Provision of equipment	98	100
	Other volunteers	69	66
	Others	229	100

Note: 1. Including Central and Eastern Europe, graduate nations

2. Figures for Japan's results in 2004 are provisional. \$1.00 = 108.1 yen (provisional)

Proportions by sector and comparisons with the previous year can be seen in Figure 1-10.

Personnel Numbers by Type of Cooperation and Trend

Examining JICA's activities in fiscal 2004 in terms of the numbers of people involved, there were 20,089 new participants in training programs, while 4,340 experts, 7,548 members of study teams, 1,422 Japan Overseas Cooperation Volunteers, and 457 other volunteers were newly sent overseas.

Figure 1-11 shows the number of people involved by type of cooperation since 1983.

Program Expenses and Ratios

Figures for expenses of JICA programs according to type in fiscal 2004 show that technical cooperation projects accounted for the major portion (82.9 billion yen). This was followed by public participation cooperation and overseas offices, as can be seen in Figure 1-12.

Cumulative total expenses from 1954 through 2004 are shown in Figure 1-13.

Figure 1-8 Changes in JICA's Budget

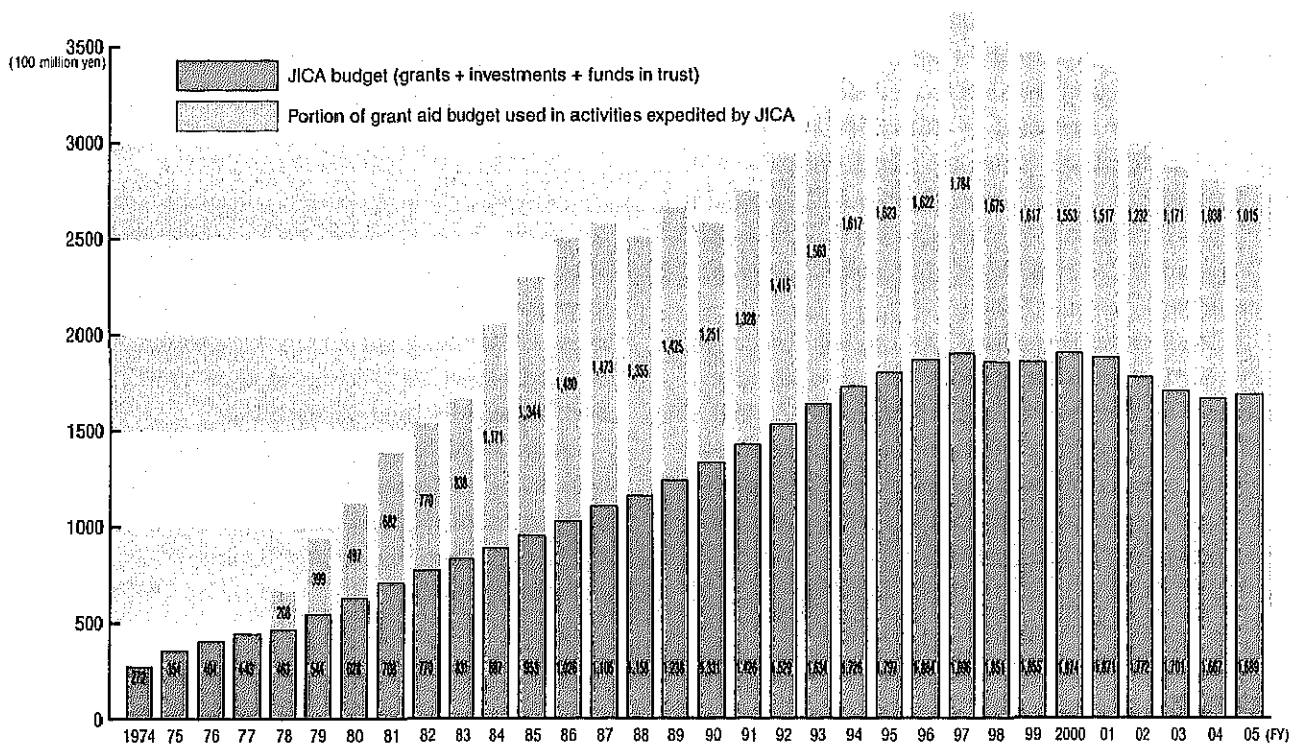


Figure 1-9 Expenditure by Region

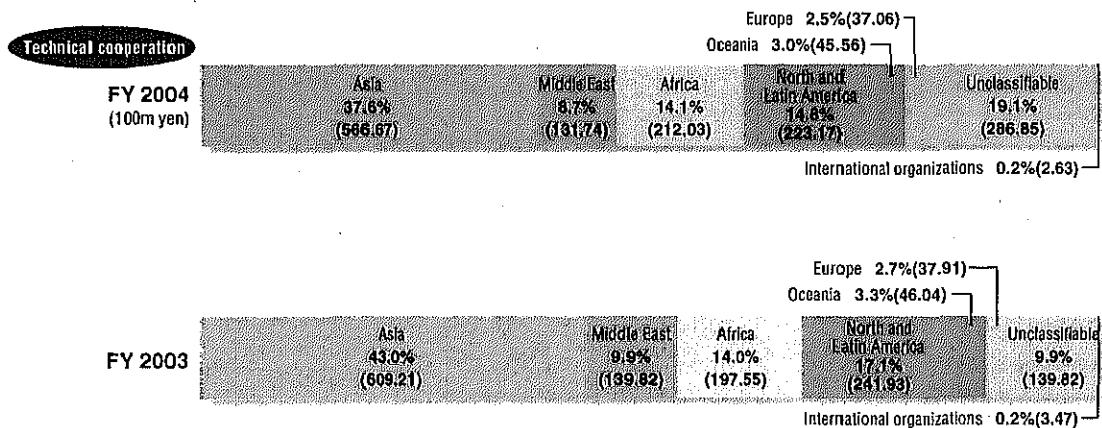
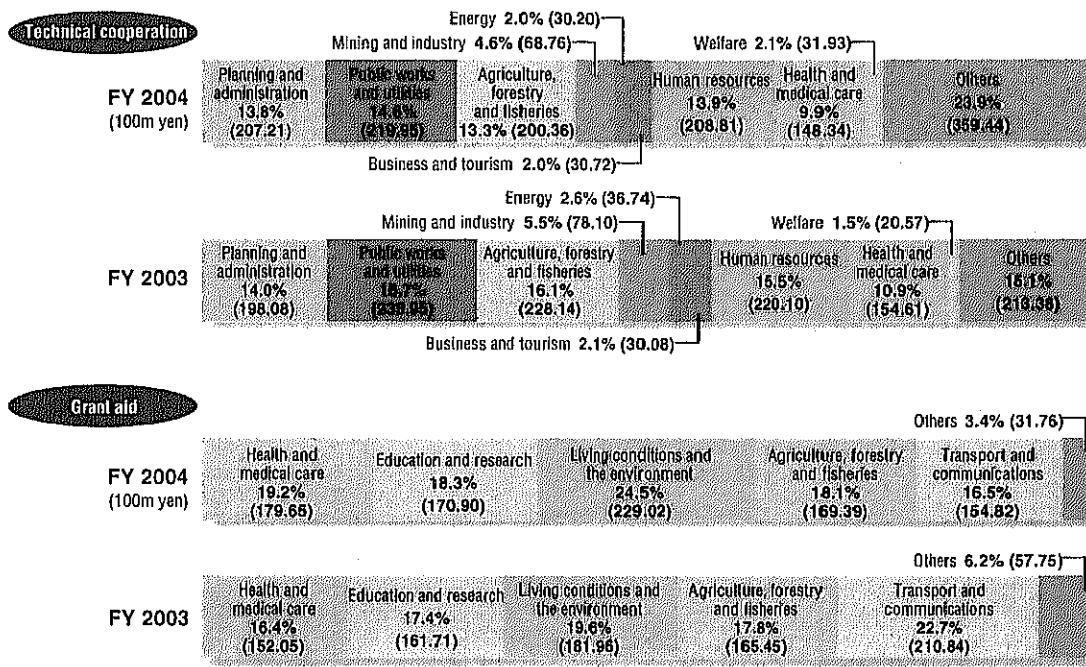
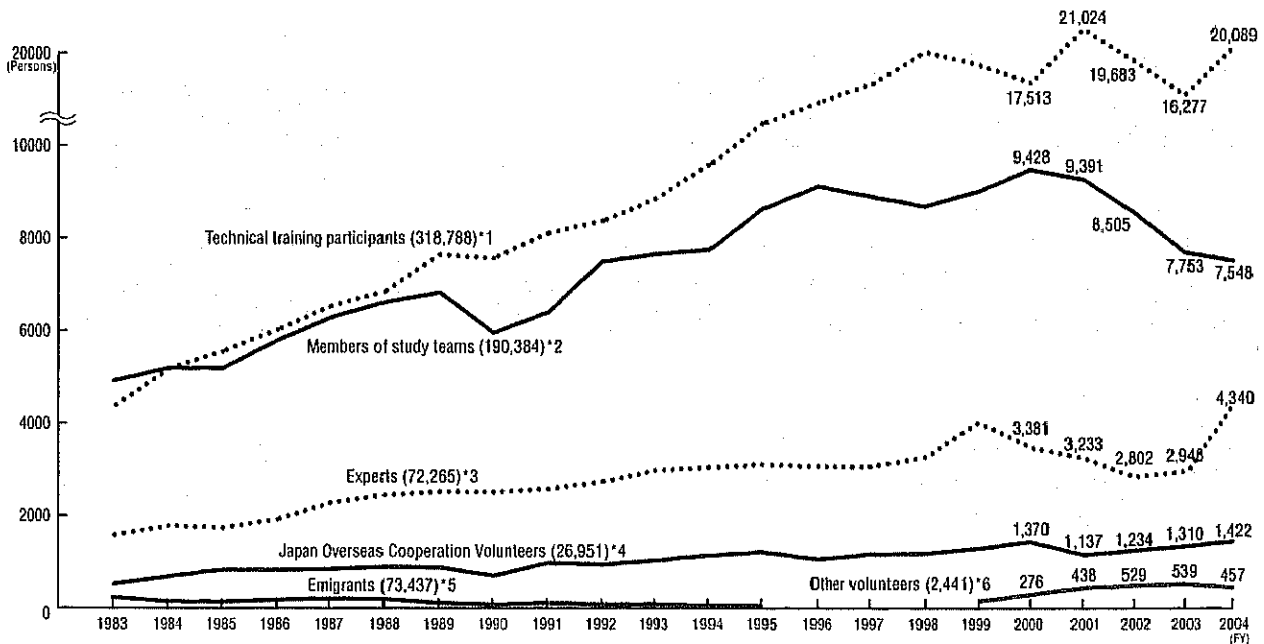


Figure 1-10 Expenditure by Sector



Note: 1. Provision results of grant aid (general grant aid projects, grant aid for fisheries, food aid, and aid for increase of food production) expedited by JICA for fiscal 2003 and 2004
 2. JICA was charged in terms of basic design studies and implementation of grant aid within these results.

Figure 1-11 Changes in the Number of Personnel by Type of Cooperation



Note: 1. Cumulative total 1954-2004
 2. Cumulative total 1957-2004
 3. Cumulative total 1955-2004
 4. Cumulative total 1965-2004
 5. Cumulative total 1952-1995
 6. Cumulative total 1999-2004 (includes senior volunteers, senior volunteers for overseas Japanese communities, UN volunteers, and Japan overseas development youth volunteers. Until fiscal 1998, these numbers had been included in other totals.)

Figure 1-12 Program Expenses and Ratios (FY 2004)

(Unit: thousands of yen)

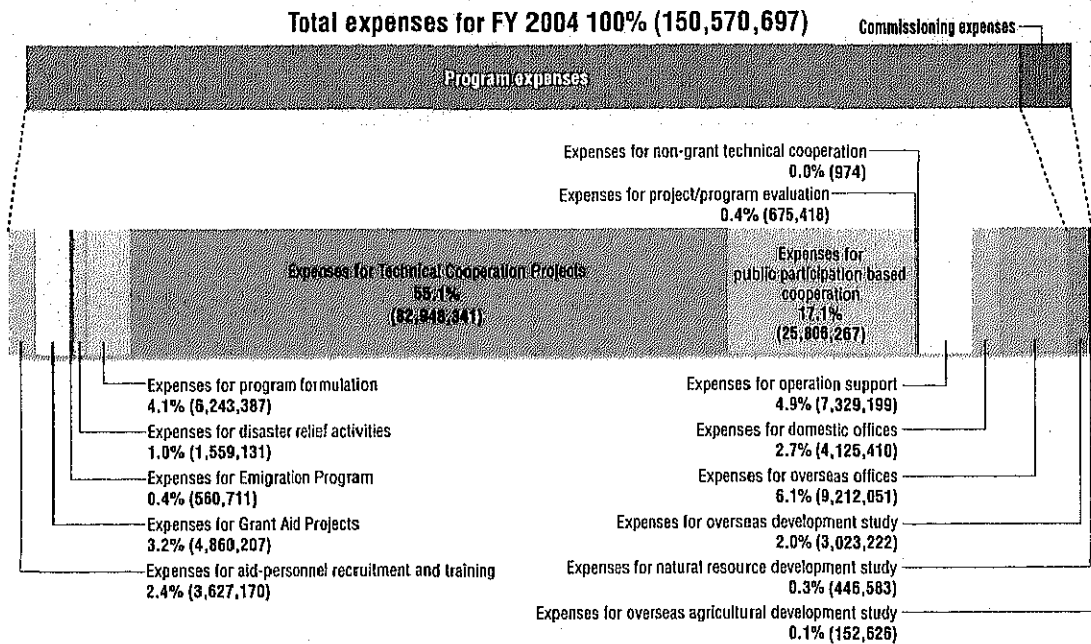
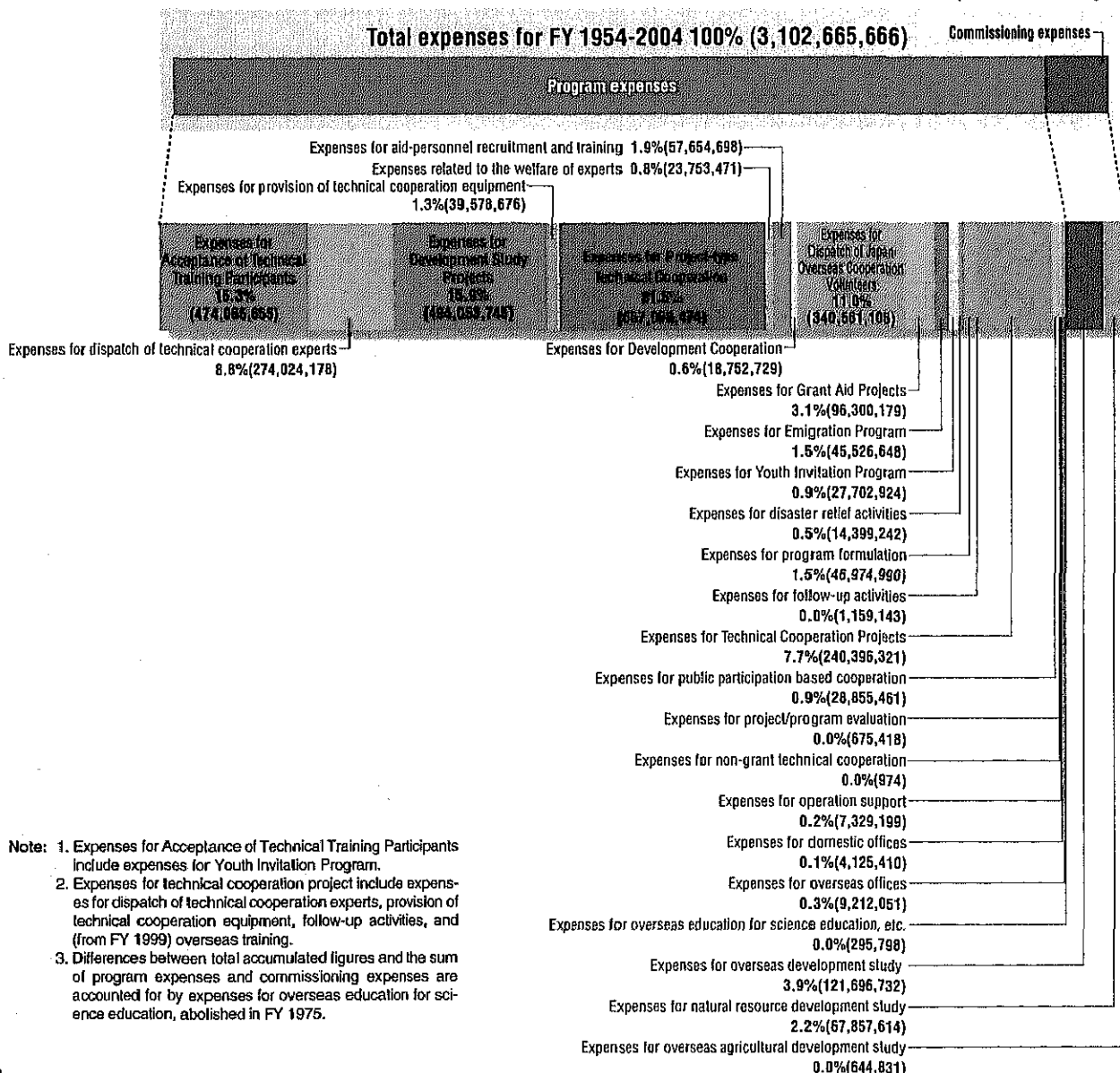


Figure 1-13 Total Program Expenses and Ratios

(Unit: thousands of yen)



- Note: 1. Expenses for Acceptance of Technical Training Participants include expenses for Youth Invitation Program.
 2. Expenses for technical cooperation project include expenses for dispatch of technical cooperation experts, provision of technical cooperation equipment, follow-up activities, and (from FY 1999) overseas training.
 3. Differences between total accumulated figures and the sum of program expenses and commissioning expenses are accounted for by expenses for overseas education for science education, abolished in FY 1975.