

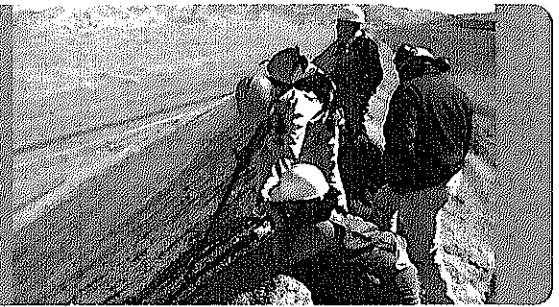


Part I • ODA and JICA Programs

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

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Japan's ODA and JICA



Project for Strengthening Institutional Capacity of Mining Environmental Management implemented in Chile for the purpose of reducing the environmental impact of mining development

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 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, (4) emergency grant aid (including post-conflict reconstruction), (5) food aid (KR), and (6) grant assistance for underprivileged farmers (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 scholarship and research in category (1), grant aid for fisheries in (2), grant aid for cultural heritage in (3), food aid in (5), and grant assistance for underprivileged farmers in (6), respectively. JICA is also charged with implementing work that includes surveys and intermediary and liaison work.

In fiscal 2006, grant aid for anti-terrorism and security, grant aid for disaster prevention and post-conflict reconstruction assistance, and grant aid for community development assistance were added.

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 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.



A JOCV teaching Japanese calligraphy to children (Romania)

Contributions to International Organizations (Multilateral Aid)

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, contributions are made 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).

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 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 bilateral government loans overseen by the Japan Bank for International Cooperation (JBIC) and contribu-

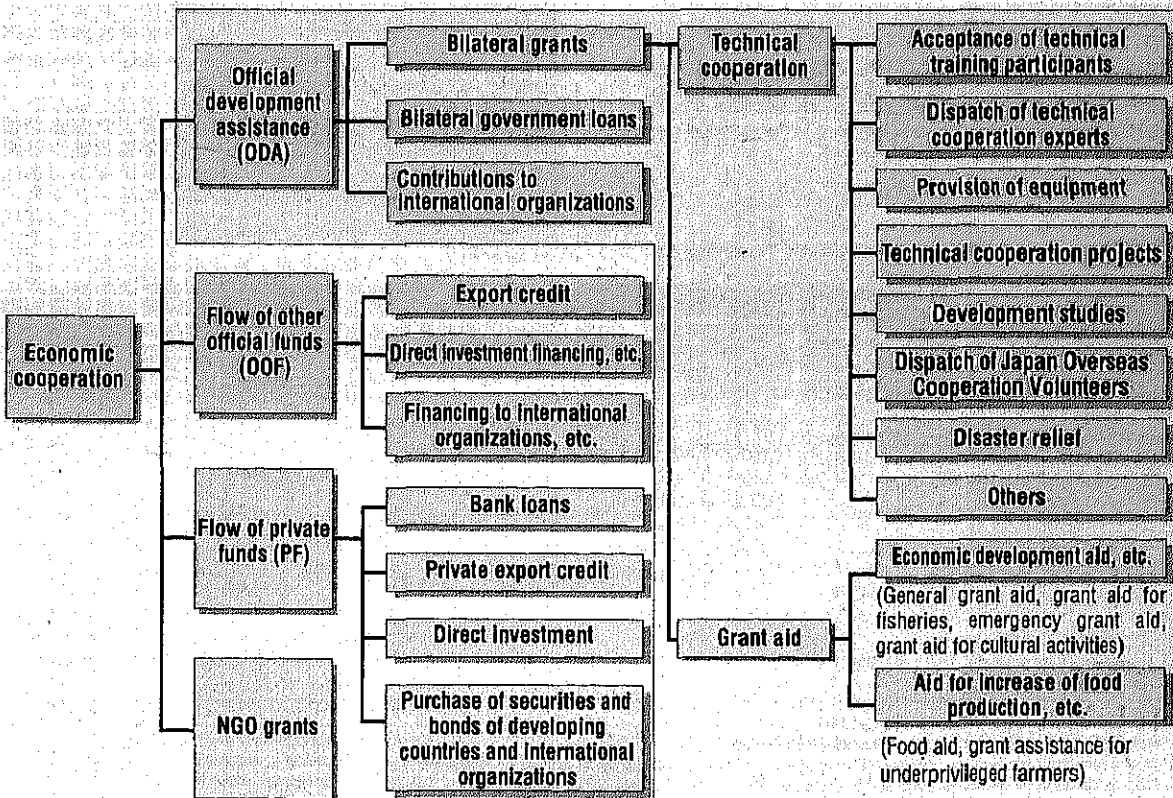
tions to MDBs such as the World Bank.

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 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 cul-

Figure 1-1 Economic Cooperation and Official Development Assistance



ture.

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.

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 estab-

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

(Unit: ¥100 million, %)

Type	FY 2005		FY 2006	
	Budget	Budget	Budget	Percentage Increase
I. Grants	6,118	5,939		-2.9
1. Bilateral grants	5,173	5,030		-2.8
1) Economic development assistance, etc.	1,765	1,682		-4.7
2) Grant aid for increase of food production, etc.	0	0		—
3) Transfer to Trade Reinsurance Special Account	20	48	140.0	
4) Budget for JBIC	300	300	0.0	
5) Technical cooperation, etc.	3,087	3,000		-2.8
(Technical cooperation implemented by JICA)	(1,601)	(1,575)		-1.6
2. Contribution and donation to multilateral institutions	945	909		-3.9
1) International organizations including UN, etc.	668	648		-3.1
2) MDBs	277	261		-5.9
II. Loans	1,744	1,659		-4.9
JBIC	1,744	1,659		-4.9
III. Total	7,862	7,597		-3.4

Note: Individual totals may not be equal to the sums of the individual parts because some numbers have been rounded off.

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

(Unit: ¥1 million, %)

Type	FY 2005		FY 2006	
	Budget	Budget	Budget	Percentage Increase
Cabinet Office	57	38		-33.1
National Police Agency	32	23		-29.6
Financial Services Agency	110	103		-5.8
Ministry of Internal Affairs and Communications	957	954		-0.3
Ministry of Justice	391	361		-7.6
Ministry of Foreign Affairs	488,063	473,291		-3.0
(JICA Allocation)	(160,077)	(157,516)		-1.6
Ministry of Finance	204,101	193,225		-5.3
Ministry of Education, Culture, Sports, Science and Technology	43,809	43,228		-1.3
Ministry of Health, Labour and Welfare	10,006	9,945		-0.6
Ministry of Agriculture, Forestry and Fisheries	5,246	4,975		-5.2
Ministry of Economy, Trade and Industry	32,118	32,255		0.4
Ministry of Land, Infrastructure and Transport	926	929		0.4
Ministry of the Environment	383	400		4.4
Total	786,198	759,728		-3.4

Note: Individual totals may not be equal to the sums of the individual parts because some numbers have been rounded off.

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

	Project Budget for FY 2006 (General Account)	Expenses	2005 Calendar Year			
			Persons Involved			
			Technical training participants	Experts and study teams	JOCVs	Overseas students
Japan's ODA as a whole	¥759.7 billion	US\$ 13,237 million (¥1,457.4 billion)				
Japan's technical cooperation	¥300.0 billion	US\$ 2,749 million (¥302.7 billion)	41,486 people †	15,355 people †	5,437 people †	105,755 people †
JICA's technical cooperation	¥164.4 billion	US\$ 1,325 million (¥145.8 billion)	23,834 people	13,458 people	5,443 people	0 people
Portion of technical cooperation as a whole implemented by JICA	54.8%	48.2%				

Note: 1. 2005 DAC designated exchange rate: \$1.00 = ¥110.1
 2. Including disbursements for Eastern European countries
 3. JICA's technical cooperation includes results based on trust funds from METI and other ministries.
 4. Figures for Japan's results in 2005 are provisional.
 5. The numbers of persons involved are totals of new and carried-over persons in 2005 calendar year. JOCVs include other volunteers.
 † Results of persons involved in Japan's technical cooperation are those from 2004.

lished 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, experts in management, 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 2006 amounted to ¥300.0 billion, a figure that accounts for 39.5% of the total ODA budget (refer to Table 1-4). Of this, JICA is responsible for ¥164.4 billion, or 54.8% 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. By the end of March 2006, JICA had sent as many as 307,774 technical cooperation experts, study team members, Japan Overseas Cooperation Volunteers (JOCVs), and Senior Volunteers to developing countries and had received as many as 320,046 technicians and administrators from those countries in Japan, developing countries, or neighboring third countries for training in support for human resources development.

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 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.

Table 1-5 Japan's ODA in Calendar Year 2005 (According to Aid Type, Provisional Values)

Type of Assistance		Dollar base (US\$1 million)		Yen base (¥100 million)		Proportion of total (%)			
		Disbursements	Change from the Previous Year (%)	Disbursements	Change from the Previous Year (%)	ODA Total	Bilateral		
ODA	Bilateral ODA	Aid disbursements							
		Grants	Grant Aid (Excluding disbursements for the Eastern European and graduated countries)	1,749.76	-8.5	1,926.48	-6.8	13.2	16.7
			Technical Cooperation (Excluding disbursements for the Eastern European and graduated countries)	2,749.01	-5.5	3,026.66	-3.8	20.8	26.2
			Total (Excluding disbursements for the Eastern European and graduated countries)	4,498.77	-4.9	4,953.14	-3.1	34.0	42.9
		Loan aid and other ODA credits	(Value of loans provided)	1,211.67	-194.6	1,334.05	-196.3	9.2	11.6
			(Value of loans repaid)	(6,823.24)	(11.7)	(7,512.39)	(13.8)	(51.5)	(65.1)
	Total (Excluding disbursements for the Eastern European and graduated countries)		(5,611.57)	(-24.1)	(6,178.34)	(-22.7)	(42.4)	(53.5)	
	Total	(Including the Eastern European and graduated countries)	10,486.12	76.1	11,545.22	79.4	79.2	100.0	
		(Excluding disbursements for the Eastern European and graduated countries)	10,407.65	75.9	11,458.82	79.1	79.4	100.0	
		Contributions and financing to multilateral organizations (Excluding contributions to the EBRD)							
			2,751.35	-10.2	3,029.24	-8.6	20.8		
			2,692.86	-10.4	2,964.84	-8.7	20.6		
Total (Including the Eastern European countries, graduated countries, and the EBRD)		13,237.47	46.8	14,574.46	49.5	100.0			
Total (Excluding the Eastern European countries, graduated countries, and the EBRD)		13,100.50	46.8	14,423.65	49.5	100.0			
Nominal Gross National Income (GNI) figures for each category (US\$1 billion, ¥1 billion)		4,675.02	-0.1	514,719.40	1.8				
Proportion of GNI (%) (Including the Eastern European countries, graduated countries, and the EBRD)		0.28		0.28					
Proportion of GNI (%) (Excluding the Eastern European countries, graduated countries, and the EBRD)		0.28		0.28					

- Note: 1. The following 13 countries and regions are graduated countries that have received ODA: Brunei Darussalam, Kuwait, Qatar, Singapore, United Arab Emirates, Israel, Hong Kong, Cyprus, Republic of Korea, Macao, Malta, Slovenia, Balen.
 2. 2005 DAC designated exchange rate: \$1.00 = ¥110.1 (an appreciation of ¥2.00 compared to 2004)
 3. Individual totals may not be equal to the sums of the individual parts because some numbers have been rounded off.
 4. EBRD: European Bank for Reconstruction and Development

Results of Japan's ODA

ODA Results

The total value of Japan's ODA in 2005 was US\$13,101.00 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 12.3% of the total value of ODA provided by the 22 Development Assistance Committee (DAC) member states, which amounted to US\$106,477.00 million. Meanwhile, Japan's

ODA accounted for 0.28% of its gross national income (GNI), placing it in 17th 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 2004 and 2005

Country	2005				2004			
	Position	Total (\$m)	Share (%)	Change from the Previous Year (%)	Position	Total (\$m)	Share (%)	Change from the Previous Year (%)
USA	1	27,457	25.8	39.3	1	19,705	24.8	20.7
Japan	2	13,101	12.3	46.8	2	8,922	11.2	0.5
UK	3	10,754	10.1	36.4	4	7,883	9.9	25.5
France	4	10,059	9.4	18.7	3	8,473	10.7	16.8
Germany	5	9,915	9.3	31.6	5	7,534	9.5	11.1
Netherlands	6	5,131	4.8	22.1	6	4,204	5.3	5.6
Italy	7	5,053	4.7	105.2	9	2,462	3.1	1.2
Canada	8	3,731	3.5	43.6	8	2,599	3.3	28.0
Sweden	9	3,280	3.1	20.5	7	2,722	3.4	13.4
Spain	10	3,123	2.9	28.1	10	2,437	3.1	24.3
Norway	11	2,775	2.6	26.2	11	2,199	2.8	7.7
Denmark	12	2,107	2.0	3.4	12	2,037	2.6	16.5
Belgium	13	1,975	1.9	35.0	14	1,463	1.8	-21.0
Switzerland	14	1,771	1.7	14.6	13	1,545	1.9	18.9
Australia	15	1,666	1.6	14.1	15	1,460	1.8	19.8
Austria	16	1,552	1.5	128.9	18	678	0.9	34.3
Finland	17	897	0.8	31.9	17	680	0.9	21.9
Ireland	18	692	0.6	14.0	19	607	0.8	20.4
Greece	19	535	0.5	15.1	20	465	0.6	28.5
Portugal	20	367	0.3	-64.4	16	1,031	1.3	222.2
New Zealand	21	274	0.3	29.2	22	212	0.3	28.5
Luxembourg	22	264	0.2	11.9	21	236	0.3	21.6
Total		106,477	100.0	33.8		79,553	100.0	15.1

Note: 1. Countries are listed in the order of total ODA disbursements.
2. This table excludes aid to the Eastern European and graduated countries.
3. Figures for 2005 are provisional.

Resource: 2006 DAC Press Release

Statistical Overview of JICA Activities



Environmental education provided by project-related persons to elementary school students (Restoration of Degraded Mangrove Ecosystem in the Northern Brazilian Coastal Area in Brazil)

FY 2005 Overview of JICA Activities

ODA Results for 2005

Japan's ODA in calendar year 2005 totaled US\$13,237.47 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\$2,749.01 million, or 20.8% of Japan's total ODA. Of this technical cooperation, JICA's activities amounted to US\$1,325.00 million, or 48.2% of technical cooperation as a whole. Compared with the previous year, these figures represent a 5.5% decrease in technical cooperation as a whole and a 2.1% decrease for JICA activities. A breakdown of technical cooperation expenditure is shown in Table 1-7.

JICA's initial budget for fiscal 2005 was ¥168.9 billion, a 1.3% increase from the previous year, of which grants accounted for ¥160.1 billion and funds in trust ¥4.2 billion. JICA budgets since fiscal 1974 are shown in Figure 1-8. Activities executed by JICA accounted for ¥103.4 billion (58.6%) of the grant aid budget of ¥176.5 billion entrusted to the Ministry of Foreign Affairs.

Composition of Activities by Region

Looking at costs by region in connection with technical coop-

eration implemented by JICA in fiscal 2005, distribution was as follows: Asia 45.6%, Middle East 11.2%, Africa 19.1%, North and Latin America 17.8%, Oceania 3.8%, 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 2005, distribution was as follows: planning and administration 14.3%; public works and utilities 16.2%; agriculture, forestry and fisheries 12.4%; mining and industry 3.4%; energy 1.9%; business and tourism 2.1%; human resources 13.5%; health and medical care 8.6%; and welfare 1.7%.

As for JICA's portion of grant aid, the figures were as follows: living conditions and the environment 26.3%; transport and communications 21.5%; health and medical care 13.6%; agriculture, forestry and fisheries 16.5%; education and research 19.1%.

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

Table 1-7 Japan's ODA and JICA Activities

(Unit: US\$1 million)

Type	Calendar Year	2005	2004
Official Development Assistance		13,237	9,019
Technical cooperation expenses (proportion of ODA)		2,749 (20.8%)	2,909 (32.3%)
JICA proportion (proportion of technical cooperation expenses)		1,325 (48.2%)	1,354 (46.5%)
Breakdown of JICA technical cooperation expenses	Technical training participants	207	233
	Experts	323	327
	Study teams	281	265
	JOCVs	142	133
	Provision of equipment	71	98
	Other volunteers	59	69
	Others	241	229

Note: 1. Including disbursements for the Eastern European and graduated countries

2. Figures for Japan's results in 2005 are provisional. 2005 DAC designated exchange rate: \$1.00 = ¥110.1 (provisional)

Personnel Numbers by Type of Cooperation and Trend

Taking a look at JICA's activities in fiscal 2005 in terms of the numbers of people involved, there were 24,504 new participants in training programs, while 3,488 experts, 6,862 members of study teams, 1,804 Japan Overseas Cooperation Volunteers, and 633 other volunteers were newly sent overseas.

Figure 1-11 shows the number of people involved by type of cooperation since 1984.

Program Expenses and Ratios

Figures for expenses of JICA programs according to type in fiscal 2005 show that technical cooperation projects accounted for the major portion (¥87.7 billion). This was followed by public participation cooperation and overseas offices, as can be seen in Figure 1-12.

Cumulative total expenses from fiscal 1954 through fiscal 2005 are shown in Figure 1-13.

Figure 1-8 Changes in JICA's Budget

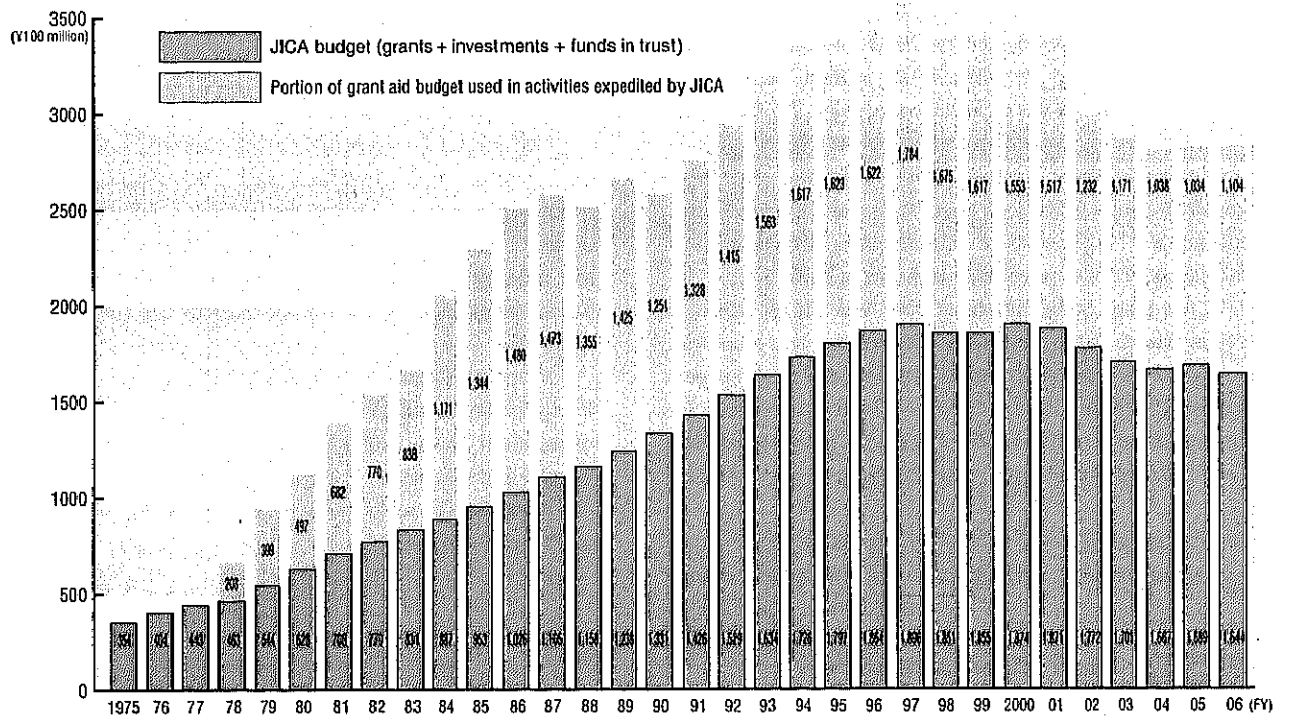
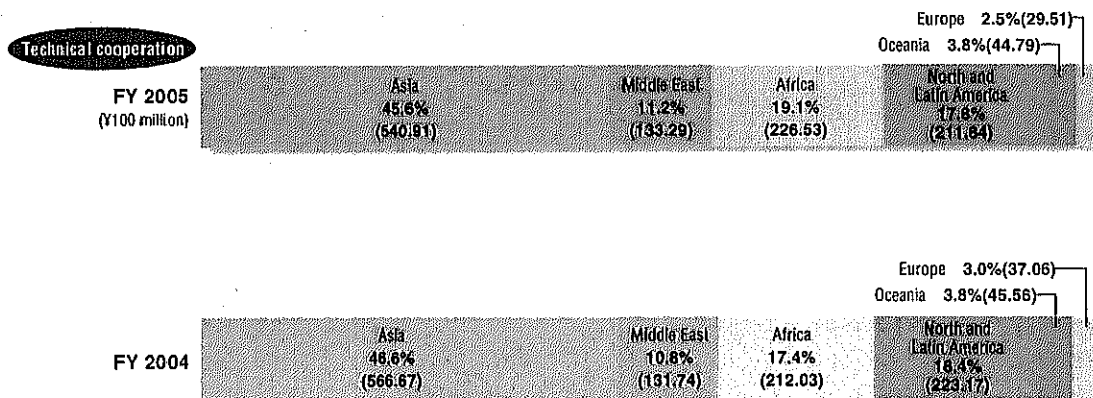
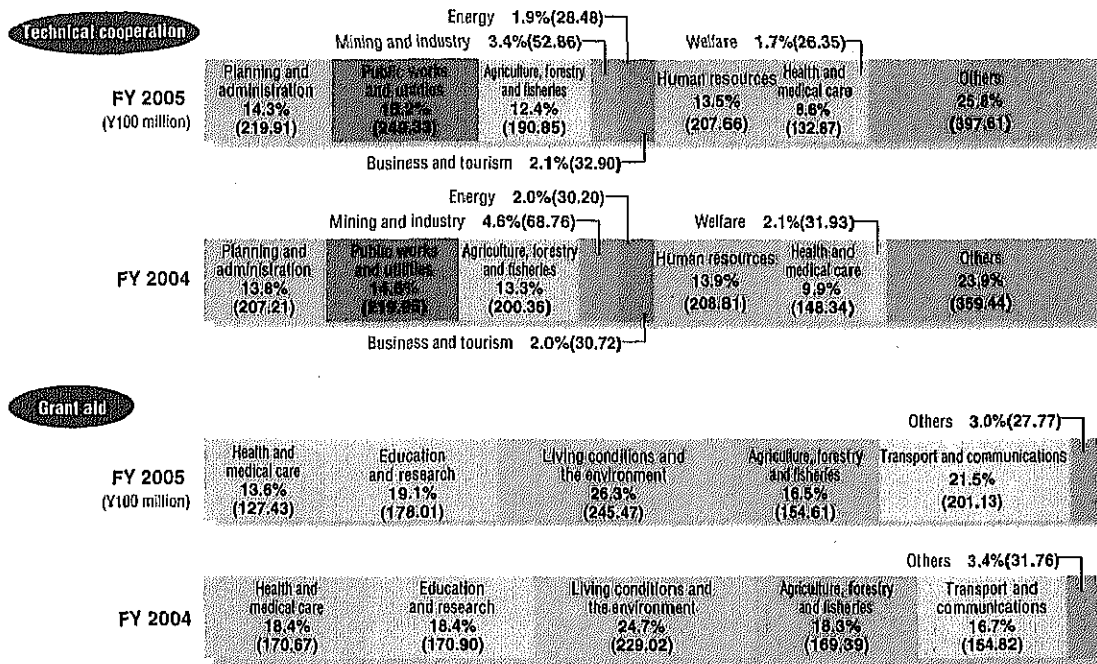


Figure 1-9 Expenditure by Region



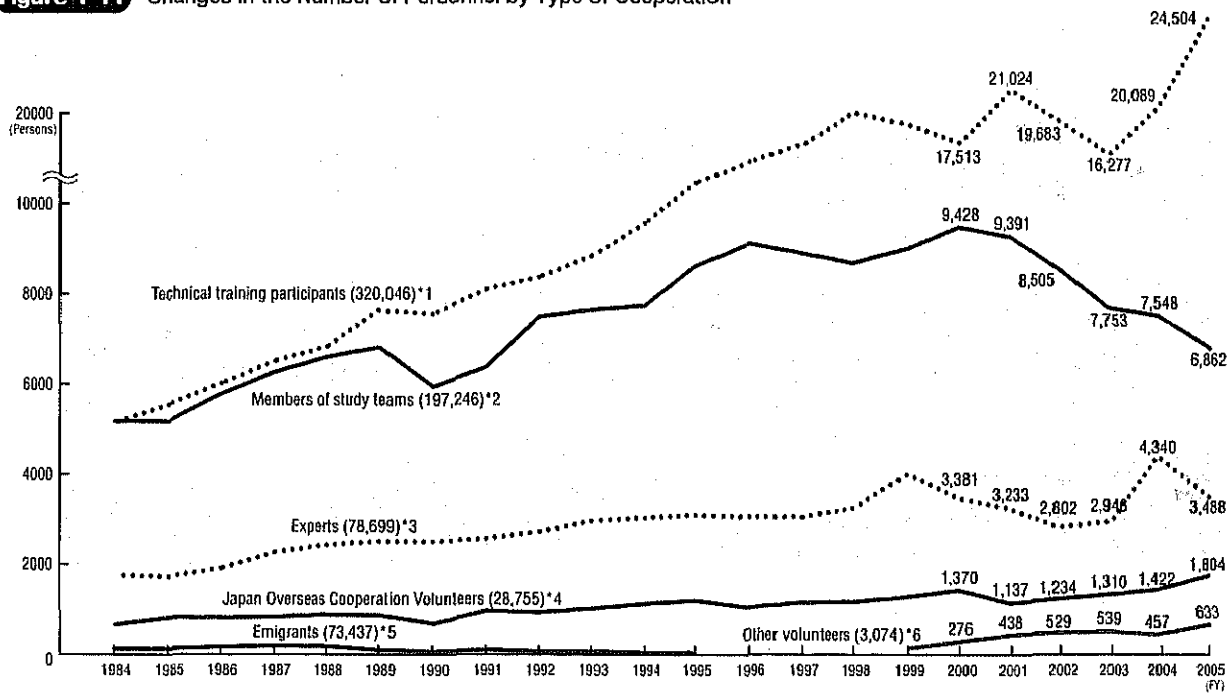
* For both FY 2004 and 2005, total expenditures less figures in the unclassifiable and international organizations categories were assumed as 100% in calculating ratios by region.

Figure 1-10 Expenditure by Sector



Note: 1. Provision results of grant aid (general grant aid projects, grant aid for fisheries, food aid, and grant assistance for underprivileged farmers) expedited by JICA for fiscal 2004 and 2005
 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 1954-2005
 2. Cumulative total 1957-2005
 3. Cumulative total 1955-2005
 4. Cumulative total 1965-2005
 5. Cumulative total 1952-1995
 6. Cumulative total 1999-2005 (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.)

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Figure 1-12 Program Expenses and Ratios (FY 2005)

(Unit: ¥1,000)

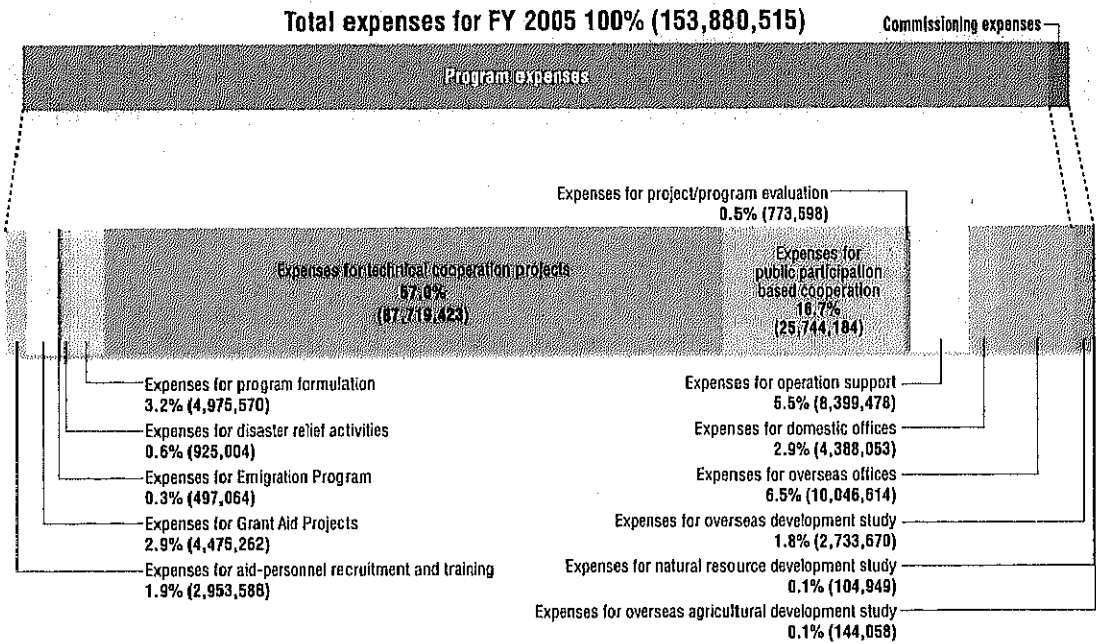


Figure 1-13 Total Program Expenses and Ratios

(Unit: ¥1,000)

