

Development Cooperation as Investment in the Future

(Overview of Japan's ODA White Paper 2013)

March, 2014

1. The role of ODA under the changing international environment

Changing environment surrounding ODA

- During the 60 year history of Japan's development cooperation, the accumulation of assistance Japan has provided to developing countries has been contributing to enhanced confidence in Japan.
- On the other hand, the environment surrounding ODA has been significantly changing in recent years. Amid the rapid change of the political and security environment surrounding Japan, it is important to support countries which share strategic interests and fundamental values such as freedom, democracy, human rights, and the rule of law through strategic operation of ODA.
- Moreover, with a more globalized economy, the flow of private finance into developing countries exceeds that of ODA as many developing countries are attracting attention as emerging investment destinations and markets. Now, the role of ODA as a catalyst to attract private finance for infrastructure development, development of business-savvy human capacities, and inclusive business, etc., is drawing attention.

Continued needs for ODA based on the principles of "Human Security"

- On the other hand, there still exist many people who do not enjoy benefits of development due to conflicts, civil wars, and huge disparity. It is essential to continue to provide assistance for those people through ODA based on the principles of "Human Security."

Synergy effect among various actors connected by ODA

- Various actors such as private companies, civil society, local governments, and universities in addition to central governments are now involved with development. ODA connects such various actors which are tackling challenges by taking advantage of respective expertise and funding, which creates a synergy effect.

Development cooperation as investment in the future

- Japan aims to realize balanced, sustainable growth of the world economy through development cooperation as "investment in the future" to secure the development and prosperity of the world as a whole including Japan. Assistance for developing countries is beneficial not only for developing countries but also for the whole international community including developed countries. This idea is shared by

other donors as well.

- Under the idea of “investment in the future,” Japan will continue to be engaged in development cooperation such as collaboration between ODA which addresses the expanding demand for infrastructure in developing countries and export of infrastructure systems, promotion of “Universal Health Coverage” in the field of global health, and support for advancement of women’s roles in the workforce.

2. Growth of Southeast Asia and the role of Japan

- The year 2013 marked the 40th anniversary of ASEAN-Japan Friendship and Cooperation. The ASEAN-Japan commemorative summit meeting was held in Tokyo in December 2013. Japan has been advancing infrastructure and human resources development through ODA in Southeast Asia, significantly contributing to growth and political stability in the region.
- Infrastructure development through Japan’s ODA has been fostering an influx of private funding, making its development impact more significant. It has also been supporting the advancement of private companies into Southeast Asia, making the region one of the main investment destinations and important business partners of Japanese private companies.
- To support reform efforts of Myanmar, Japan reviewed its economic assistance policy in 2012, and resumed its full-fledged assistance to Myanmar through provision of new yen loan projects for infrastructure development.

3. Hand in Hand with a More Dynamic Africa – TICAD V and the role of Japan

- Sub-Saharan Africa has achieved remarkable economic growth in this century thanks to improvement of political and security situations, rich natural resources, and a high rate of increase in the population. As a result, the amount of investments to Africa exceeded the total amount of ODA in 2007. Japan will be engaged in the facilitation of trans-boundary transport which is a bottleneck of the African economy through infrastructure development and will provide support to enhance the quality of education which leads to development of business-savvy human capacities.
- On the other hand, as many Africans are still suffering from poverty, it is important to continue efforts in the areas of MDGs from the perspective of “Human Security.”
- Japan will support Africa in line with the core themes Japan set forth at TICAD V (Fifth Tokyo International Conference on African Development) in Yokohama in June 2013, namely “Robust and Sustainable Economy,” “Inclusive and Resilient Society” and “Peace and Stability.”

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