

D Official Development Assistance (ODA)

Overview

The year 2005 was highlighted by two major events in the area of development assistance out of the various international efforts to address issues of global concern.

Firstly, the year 2005 marked the fifth anniversary of the adoption of the United Nations (UN) Millennium Declaration, and the progress of the Millennium Development Goals (MDGs),¹ which are internationally shared development goals, was reviewed for the first time. In the report "In Larger Freedom" released in March, UN Secretary-General Kofi Annan stressed the importance of advancing development issues within the context of UN reform in order to achieve the MDGs. Efforts toward achieving the MDGs were reconfirmed at the High-Level Plenary Meeting of the UN General Assembly held in September. "2005 World Summit Outcome," the final document of the assembly, proposed to build a global partnership for development between developed and developing countries, stressing the importance of mutual efforts.

Secondly, as a consequence of increased focus on the MDGs, the significance of supporting Africa, where many of the development issues are concentrated, was reaffirmed by the international community.

In the Asian-African Summit in April, Japan announced that it would double its Official Development Assistance (ODA) toward Africa in the next three years, as well as maintain a credible and sufficient level of ODA in the view that Japan will continue its efforts to provide ODA equivalent to 0.7% of the gross national income (GNI)². In the G8 Gleneagles Summit in July, Japan announced its intention to increase ODA volume over the next five years by US\$10 billion from the 2004 level.

(a) Japan's ODA Disbursements and the Status of Regional Initiatives

(1) Japan's ODA Disbursements

Japan's ODA disbursement in 2004 increased 0.3% from the previous year, amounting to approximately US\$8,905.55 million. As in the previous year, Japan was

the second-largest donor country among the Development Assistance Committee (DAC) members after the United States. Of the total, bilateral ODA decreased 6.6% from the previous year to approximately US\$5,917.19 million, and ODA disbursed through international organizations increased 17.4% from the previous year to approximately US\$2,988.36 million. Bilateral ODA accounted for some 66.4% of the total ODA disbursement.

Regarding the disbursement for each region, as yen loans are steadily being repaid, assistance to Asia was down 21.1% from the previous year to approximately US\$2,544.56 million (approximately 42.3% of total bilateral ODA); assistance to Africa was up 22.1% from the previous year to approximately US\$646.97 million (approximately 10.9% of total bilateral ODA); and assistance to the Middle East was up 147.5% from the previous year to approximately US\$1,030.87 million (approximately 17.3% of total bilateral ODA) because of the increased assistance for the reconstruction of Iraq.

(2) Assistance to Asia

The ODA Charter of Japan clearly states that Asia, which has close relations with Japan and potentially has a major influence on Japan's security and prosperity, has occupied a major position in Japanese ODA as a priority region. Japan has contributed greatly to the growth of Asia by providing assistance, especially to East Asia, in fields such as the improvement of economic infrastructure, policy-making, institution-building, and human resources development, as well as by facilitating private trade and investment and fostering an organic linkage between ODA and trade.

In its relations with the Association of Southeast Asian Nations (ASEAN), Japan has provided ODA to assist the member countries in such fields as the development of the Mekong Region and other underdeveloped areas, transnational issues such as terrorism, piracy, and natural disasters, as well as economic structural reforms and the development of the investment environment following the recent trend of strengthening economic partnerships. Japan's contribution of US\$500 million in

1. The Millennium Development Goals were put forward following the Millennium Declaration in 2000. They define as common development issues that the whole world should address in the 21st century eight objectives, including poverty reduction and elementary education that are to be achieved by 2005.

2. Japan's ODA disbursement was 0.19% of GNI in 2004. The average of the other G7 countries was 0.22%.

Millennium Development Goals: Status as of 2004

| Goal | Africa 840 million people (2002 population) | | Asia 3,738 million people | | | | Oceania 800 million people | Latin America and the Caribbean 536 million people | Commonwealth of Independent States (CIS) (Former Republic of the Soviet Union) 281 million people | |
|---|---|-----------------------|------------------------------|------------------------|----------------------|----------------------------|----------------------------------|--|--|-----------------------------|
| | Northern | Sub-Saharan | Eastern | South-eastern | Southern | Western | | | Europe | Asia |
| Goal 1: Eradicate Extreme Poverty and Hunger | | | | | | | | | | |
| Reduce extreme poverty by half | on track | high, no change | met | on track | on track | increasing | no data | low, minimal improvement | increasing | increasing |
| Reduce hunger by half | low, minimal improvement | very high, no change | on track | on track | progress but lagging | increasing | moderate, no change | on track | no data | no data |
| Goal 2: Achieve Universal Primary Education | | | | | | | | | | |
| Universal primary schooling | met | progress but lagging | met | met | progress but lagging | moderately high, no change | progress but lagging | met | declining | met |
| Goal 3: Promote Gender Equality and Empower Women | | | | | | | | | | |
| Girl's equal enrollment in primary school | met | progress but lagging | met | met | on track | on track | met | met | met | met |
| Girl's equal enrollment in secondary school | met | little change | no data | met | little change | declining | on track | met | met | met |
| Literacy | lagging | lagging | met | met | low | lagging | lagging | met | met | met |
| Women's equal representation in national parliaments | progress but lagging | progress but lagging | moderate, no change | progress but lagging | very low, no change | very low, no change | progress but lagging | progress but lagging | declining | declining |
| Goal 4: Reduce Child Mortality | | | | | | | | | | |
| Reduce mortality of under-five-year-olds by two thirds | on track | very high, no change | progress but lagging | on track | progress but lagging | moderate, no change | progress but lagging | on track | declining | declining |
| Measles immunization (85% of the population at risk) | met | low, no change | no data | on track | progress but lagging | on track | moderate, no change | met | met | met |
| Goal 5: Improve Maternal Health | | | | | | | | | | |
| Reduce maternal mortality by three-quarters | moderate, no change | very high | low | high | very high | high | very high | high | no data | no data |
| Goal 6: Combat HIV/AIDS, Malaria, and Other Diseases | | | | | | | | | | |
| Halt and reverse spread of HIV/AIDS | increasing | stable | stable | stable | rapidly increasing | increasing | increasing | stable | rapidly increasing | increasing |
| Halt and reverse spread of malaria | high, declining | high | met | low | low | high, declining | low | met | low | low |
| Goal 7: Ensure Environmental Sustainability | | | | | | | | | | |
| Reverse loss of forests | no data | declining | met | declining | small decline | no data | declining | declining except Caribbean | met | met |
| Halve proportion without improved drinking water in urban areas | met | no change | declining access | high access, no change | met | met | high access, no change | met | met | met |
| Halve proportion without improved drinking water in rural areas | high access, little change | progress but lagging | progress but lagging | progress but lagging | on track | progress but lagging | low access, no change | progress but lagging | high access, limited change | high access, limited change |
| Halve proportion without sanitation in urban areas | on track | low access, no change | progress but lagging | on track | progress but lagging | met | high access, little change | high access, little change | high access, little change | high access, little change |
| Halve proportion without sanitation in rural areas | progress but lagging | little change | progress but lagging | progress but lagging | progress but lagging | little change | declining | little change | declining | declining |

Source: Millennium Development Goals Report (United Nations, 2005).
 World Development Indicators 2005 (World Bank, 2005).
 Implementation of the United Nations Millennium Declaration (A/59/282) (United Nations, 2004).
 United Nations press release (04/083-J) (United Nations, 2004).
 Human Development Report 2003—Millennium Development Goals: A compact among nations to end human poverty (UNDP, 2003).

grant aid, which was announced at the special ASEAN Leaders' Meeting in the aftermath of the major earthquake off the coast of Sumatra and the tsunami in the Indian Ocean that occurred in December 2004, was highly praised by both the affected countries and the international community. Furthermore, at the Asia-

Africa Summit held in April, Japan announced that it would extend assistance worth over US\$2.5 billion in the next five years in the field of disaster prevention and reconstruction, mainly in Asia and Africa. At the ASEAN+3 Summit in December, Japan announced assistance worth US\$135 million for Asian countries in

measures against avian influenza and human pandemic influenza. In the International Pledging Conference on Avian and Human Influenza in Beijing, held on January 17–18, 2006, Japan announced assistance worth approximately US\$20 million through a trust fund set up by the World Bank and the Asian Development Bank (ADB). Furthermore, Japan invited Asian countries, donor countries, and international organizations to attend the Joint Meeting on Early Response to the Potential Influenza Pandemic, which was held in Tokyo on January 12–13, 2006, co-hosted by the World Health Organization (WHO). Japan intends to continue supporting efforts toward resolving regional issues, correcting regional gaps in the level of development, and promoting the unification of ASEAN.

In its relations with South Asia, Japan has given support to India mainly by means of yen loans (134.5 billion yen in FY2004). The extension of new yen loans to Pakistan was suspended in 1998 when Pakistan carried out a nuclear test, but with comprehensive consideration given to Pakistan's geopolitical importance, i.e., the fight against terrorism, and Pakistan's bilateral relations with Japan, the extension of new yen loans has been resumed. When a large-scale earthquake struck Pakistan in October, Japan dispatched Disaster Relief Teams and announced assistance worth approximately US\$200 million. There are four Least Developed Countries (LDCs)³ in South Asia, and the region is home to over 500 million people living in poverty, making it a top priority area on a par with Africa in the efforts to achieve the MDGs. Japan will focus on the issue of poverty in the region and give its support to efforts to promote regional stability and development.

(3) Support for Africa

Africa faces a number of challenges, including poverty, armed conflict, hunger, HIV/AIDS and other infectious diseases, and accumulating debt. Thus, the continent has become a focus of international attention since the UN Millennium Summit in 2000. Through the Tokyo International Conference on African Development (TICAD)⁴ process from the beginning of the 1990s onward, Japan's focus on Africa can be viewed as ahead of

its time in advocating the importance of ownership on the part of the African countries and partnership between Africa and the international community in order for the latter to support African ownership.

In the Asian-African Summit in April 2005, Japan announced it would host TICAD IV in 2008 as well as double its ODA toward Africa in the next three years, and that the main portion of its ODA would continue to be grant aid. Furthermore, Japan announced in its efforts to strengthen cooperation between Asia and Africa that it would make a contribution to transfer the knowledge and experience of the Asian Productivity Movement⁵ to African countries, as well as to conduct training of 10,000 people in the ensuing four years.

At the G8 Gleneagles Summit in July, Japan announced (1) assistance toward realizing a “green revolution” in Africa that would increase agricultural productivity in order to achieve poverty reduction through economic growth; (2) the African Village Initiative, which gives comprehensive support to improving the livelihood of agricultural communities and to attaining self-reliance; and (3) the implementation of the Enhanced Private Sector Assistance for Africa (EPSA for Africa) initiative, in partnership with the African Development Bank, in which a maximum of US\$1.2 billion will be provided over the next five years for the promotion of trade and investment.

Japan will continue to place great importance on Asia-Africa cooperation and to pass on to Africa the experience of Asian countries, which have achieved economic growth with Japan's assistance. Japan intends to provide African countries with support in the fields of agricultural development which are essential for economic growth, improvement of social and economic infrastructure, promotion of trade and investment, and humanitarian and reconstruction assistance in post-conflict areas.

(b) Status of Sector-specific Efforts

(1) Actions for Sector-specific Initiatives

Japan launched the following three initiatives during 2005 in order to promote sector-specific efforts toward achieving the MDGs.⁶

3. LDCs are developing countries whose development is particularly slow. Designation as an LDC is made by a resolution of the UN General Assembly after screening by the United Nations Economic and Social Council (ECOSOC) on the basis of criteria drawn up by the United Nations Member Committee for Development Policy (CDP). Fifty countries are currently designated LDCs (34 in Africa, 10 in Asia, five in Oceania, one in Latin America).

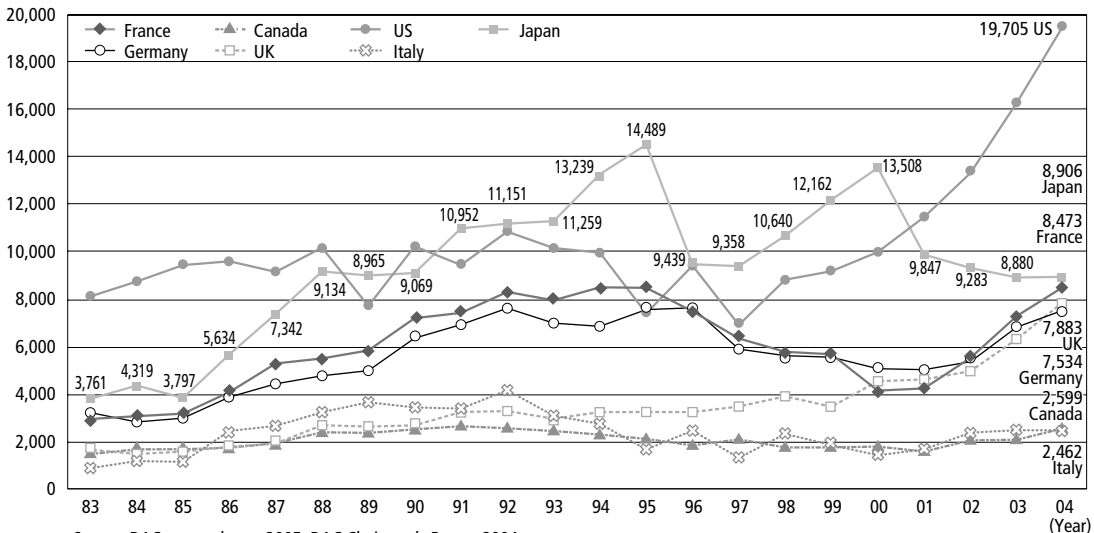
4. TICAD: see page 121.

5. A movement implemented chiefly by the Asian Productivity Organization (APO) with the objectives of increasing productivity in engineering, agriculture, and service industries in countries of the Asia-Pacific region, aimed at socio-economic development and improvement to the people's standard of living in that region.

6. Other sector-specific initiatives announced to date have been basic education, water and sanitation, environmental protection, support for democratization, and Information and Communications Technology (ICT).

Trends in ODA Disbursements of Major DAC Countries

(Million dollars)



Source: DAC press release, 2005; DAC Chairman's Report 2004.

Notes: 1. ODA disbursements exclude assistance for Eastern Europe and graduated countries.

2. US disbursements in 1991 and 1992 exclude debt relief intended for military purposes.

a) Initiative for Disaster Reduction through ODA (January)

The major earthquake off the coast of Sumatra and the tsunami in the Indian Ocean renewed international awareness of the threat of natural disasters and the importance of disaster reduction policies. From its own experiences, Japan has a great deal of knowledge and expertise relating to earthquakes, floods and landslides, volcanic eruptions, drought, and other natural disasters. Japan announced the Initiative for Disaster Reduction through ODA at the UN World Conference on Disaster Reduction held in Kobe in January, and outlined basic policies and concrete measures to further strengthen international cooperation for disaster reduction through ODA.

b) Initiative on Gender and Development (GAD) (March)

A common recognition has arisen that gender equality must be considered in efforts for achieving all the objectives of the MDGs. At the 49th session of the United Nations Commission on the Status of Women in March, Japan announced that it would launch the Initiative on Gender and Development (GAD), which is targeted at strengthening ODA assistance to recipient countries'

efforts to achieve gender equality and the empowerment of women. This initiative has set out a basic approach for incorporating gender equality perspectives into every stage of ODA, and it demonstrates Japan's specific actions with respect to gender issues in the four issues⁷ that are addressed as the priority issues in the ODA Charter.

c) Health and Development Initiative (HDI) (June)

Efforts in the health sector are of particular importance for poverty reduction, as three of the eight objectives in the MDGs are related to this sector. Japan makes efforts toward achieving these three objectives through the Health and Development Initiative, which was announced at the High-level Forum on the Health MDGs in Asia and the Pacific, held in Tokyo in June. The initiative aims to not only make a direct contribution to improving health indicators, but also to improving the health sector as a whole by using cross-sectoral measures that make use of Japan's own experiences, and by strengthening health systems. Prime Minister Junichiro Koizumi announced that Japan would carry out assistance⁸ amounting to US\$5 billion over the next five years based on this initiative at the G8 Gleneagles Summit.

7. The four issues are poverty reduction, sustainable growth, addressing global issues, and peace building.

8. Including the provision of 10 million mosquito nets impregnated with insecticide to African countries.

d) Counter-Terrorism Efforts

Strongly convinced that the international community should work as one in a wide range of fields and should continue its enduring efforts to prevent international terrorism, Japan has actively participated in the international community's fight against terrorism. In particular, Japan's interests are concentrated in Southeast Asia, to which it has deep political, economic, and societal links. As such, preventing transnational crime including terrorism and piracy, and ensuring peace and stability in this region, is of critical importance to Japan's own stability and prosperity, and Japan is using ODA to give prioritized support in this area.

For example, following the terrorist attack in Bali in May 2004, as part of the efforts to bolster counter-terrorism measures, Japan decided to extend cooperation to Indonesia in the form of grant aid in the amount of 747 million yen for the provision of X-ray devices, metal detectors, security cameras for seaports, and other measures to increase security at Indonesia's major seaports and airports. In May 2005, Japan also made a decision to provide Indonesia with grant aid totaling 449 million yen for the installation of equipment related to investigation and crime identification in order to enhance the capacity of the Indonesian National Police.

Furthermore, Japan introduced a new type of grant aid starting FY2006 with a view to enhancing counter-terrorism efforts.

(c) Efforts for Reform

(1) Formulation of the New Medium-Term Policy on ODA

The ODA Charter, which clarifies the philosophies and principles of Japan's ODA, is the top-level policy within the framework of Japan's ODA policies. Below this lies the Medium-Term Policy on ODA, which is the guideline that lasts for a time span of about three to five years; next are the Country Assistance Programs, which serve as guidelines for implementing assistance for some recipient countries, and the Sector-Specific Policies (Sector-Specific Initiatives), which are guidelines for implementing assistance in relation to a certain sector.

Following the revision of the ODA Charter in 2003, a

wide range of views were collected through exchanges of opinion with people from different spheres, public comment, and public hearings. Based on this feedback, the New Medium-Term ODA Policy was formulated in February 2005. The new policy covers the following areas: the "perspective of human security," one of the basic policies stipulated in the ODA Charter; the four priority issues of poverty reduction, sustainable growth, addressing global problems, and peace building; and measures to ensure the efficient and effective implementation of assistance. The policy sets forth Japan's positions, approaches, and specific actions in each of the above-mentioned areas, and indicates a way toward more strategic implementation of ODA. Furthermore, as a measure to ensure the efficient and effective implementation of assistance, the new policy sets out the strengthening of functions for field missions. More specifically, Country-Based ODA Task Forces⁹ are set to take a leading role in the decision-making process and implementation of assistance.

(2) Aiming for Further ODA Reform

Reflecting difficult financial circumstances in Japan, the ODA budget has been reduced in recent years. In order to regain public confidence in ODA, the Ministry of Foreign Affairs (MOFA) has promoted more strategic and prioritized ODA by establishing the Board on Comprehensive ODA Strategy, strengthened implementation systems, and enhanced public participation and information disclosure. The "Basic Policies for Economic and Fiscal Management and Structural Reform 2005," released by the Council on Economic and Fiscal Policy in June, called for strategic expansion of ODA¹⁰ together with ODA reform. In response, MOFA decided to further accelerate check and improvement of ODA. A working group was set up under the Board on Comprehensive ODA Strategy, which compiled and released the report "Examination and Improvement of ODA—Aiming for Better Quality ODA" on the initiative of MOFA. The report narrows the focus down to three points: (1) planning aid policy for strategic ODA implementation, (2) increasing efficiency of projects through cost reduction, and (3) improving checking systems. Through establishing a PDCA cycle¹¹, the report aims

9. The main members of a task force are the Japanese embassy and the overseas offices of the Japan International Cooperation Agency (JICA) and the Japan Bank for International Cooperation (JBIC) (the Japan External Trade Organization (JETRO), etc., are also often involved). Task forces were established in 68 countries between March 2003 and December 2005.

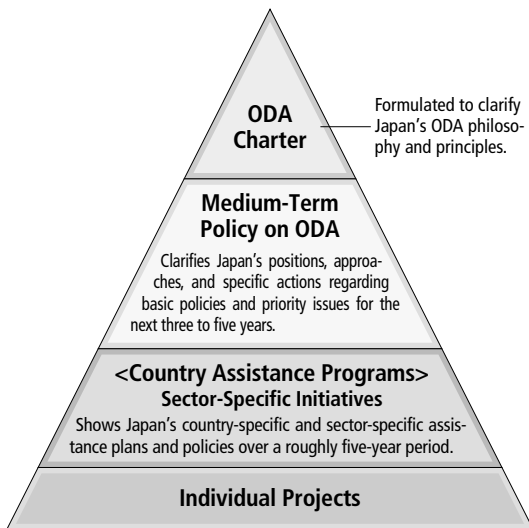
10. The volume of ODA consists of (1) grant aid, technical cooperation, and disbursements to international organizations, etc., which are financed by the general account; (2) yen loans (financed by financial loan and investment program [and the general account]); (3) financial contributions to international organizations (financed by national bonds for equity participation in international financial organizations); and (4) debt relief, etc.

11. PDCA: Plan, Do, Check, Act. A cycle should be established in which the evaluated results of ODA are steadily reflected in the planning and implementation of ODA policy.

for the implementation of better-quality, results-oriented ODA. It has been decided that all the concrete measures of improvement, including tentative ones, are to be introduced during FY2005 (see the figure, Ten Measures for Improving ODA)¹². Continuous efforts will be made toward check and improvement of ODA. Also, the report presented by the Study Group on Overseas Economic Cooperation in February 2006 and the report by the Liberal Democratic Party, “Overseas Economic Cooperation,” proposed to strengthen the function of the Cabinet as a control tower for overseas economic cooperation through the establishment of the Overseas Economic Cooperation Council (tentative name) with the prime minister, chief cabinet secretary, minister for foreign affairs, minister of finance, and

minister of economy, trade and industry as permanent members. These reports also recommended unifying, in principle, the implementation functions of yen loans, grant aid, and technical cooperation under Japan International Cooperation Agency (JICA). In response, MOFA, which will continue to play a core role in coordinating the ODA-related activities of the entire government, considers taking such measures as establishing an International Cooperation Planning Headquarters¹³ and integrating and reorganizing the Economic Cooperation Bureau and the sections of the Global Issues Department relating to multilateral development. MOFA intends to continue its efforts to provide high-quality ODA that will meet the expectations of the Japanese people and the international community.

Japan ODA Policy Framework



Ten Measures for Improving ODA

I. Strengthening strategic planning (selection and concentration)

1. Enhancement of Country Assistance Programs
2. Introduction of “Implementation Guidelines” to realize strategic assistance based on Country Assistance Programs (improvement of promptness)
3. Promotion of coordination among different schemes including loans, grants, and technical cooperation and of program-based approach
4. Strengthening of reviews by Country-based ODA Task Forces
5. Further enhancement of collaboration between government and private sector

II. Improving efficiency (Cost reduction)

6. Reduction of time between study and bidding of loan aid
7. Setting of numerical targets for reduction in cost of grant aid (in specific sectors and regions)
For example: Over 30% cost reduction of construction of schools in Africa over five years
8. Proactive use of local designs and local workers (introduction of new grant aid scheme)

III. Strengthening checking functions

9. Introduction and enhancement of project level ex-post evaluation for grant aid (including third-party participation)
10. Extensive participation of domestic universities and research institutions in evaluation

Cycle of reflecting the results of checks in planning and implementation (establishment of PDCA cycle)

Better quality, results-oriented ODA

12. These are already being steadily implemented, through measures that include setting numerical targets for cost reduction in grant aid in the field of constructing schools in Africa, and introducing post-project evaluation at project level for grant aid.

13. This was established in order to strengthen MOFA’s ODA planning functions. It is headed by the minister for foreign affairs, with the participation of the senior vice-ministers for foreign affairs and the parliamentary secretaries for foreign affairs.

Why Is Japan Doubling Its Official Development Assistance (ODA) to Africa Now?

Do you know the movie *Hotel Rwanda*? In the African country Rwanda, an ethnic conflict in 1994 resulted in a genocide in which 1 million human lives are believed to have been lost in a mere 100 days. Under the threat of death, large numbers of people left their hometowns full of dead bodies, passed across the border, and fled into neighboring Zaire (now the Democratic Republic of the Congo [DRC]). This movie depicts the tragedy in Rwanda through the story of a hotel manager who saved the lives of many people amidst such terrible circumstances.

In the Great Lakes Region in Central Africa, it is said that more than 3.3 million people were killed during the civil war in Zaire from 1996, which affected the entire region. Civil wars also occurred in Liberia, Sierra Leone, and other countries in the 1980s and 1990s, which is called "Africa's era of tragedy." Even today, conflicts in the world are largely concentrated in Africa. Approximately 70% of the United Nations (UN) Security Council's agenda is related to African coun-

tries, and 80% of the UN Peacekeeping Operations (PKO) budget and personnel is allocated to Africa.

However, a ray of hope has finally started to shine on Africa. Many long-standing conflicts have been overcome and we are witnessing the first stirrings of peace. In Rwanda and Burundi, democratic elections were held one after another, and in January 2006, Africa's first democratically-elected female president was inaugurated in Liberia. In January 2005, the Comprehensive Peace Agreement was signed in Sudan. In the DRC, a huge country which is about the size of the Eurozone, preparations for elections to be held by June 2006 are underway.

In order to consolidate valuable but still vulnerable peace brought about with so many sacrifices, it is essential to support the reconstruction and development of the African countries and improve people's living standards so that people can reap the dividends of peace and that potential sources of new conflicts will not be developed. Japan has been putting emphasis on the "consolidation of peace" as one of the three pillars of its assistance to Africa, together with "poverty reduction through economic growth" and "human-centered development" in the Tokyo International Conference on African Development (TICAD) process (refer to page 122). Africa is faced with not only conflict, but also various challenges such as poverty and infectious diseases. Moreover, Africa has not been able to benefit much from globalization, and it is feared that Africa will not be able to achieve the Millennium Development Goals (MDGs). Given this situation, active assistance from the international community is required. Now that peace has produced a more favorable environment in Africa, Japan has decided to enhance its assistance. Prime Minister Junichiro Koizumi announced in 2005 that Japan would double its Official Development Assistance (ODA) to Africa to support Africa's efforts toward the "consolidation of peace" and the acceleration of socio-economic development.



Rwanda's President and First Lady Kagame, laying flowers for victims on a ceremony to mark the 11th anniversary of the genocide (Photo: Government of Rwanda)