

Introduction: Significance of Japan's International Cooperation

The total amount of Japan's Official Development Assistance (ODA) gross disbursements in 2020 was approximately \$20,304.03 million (¥2,167.7 billion). There are various domestic issues to address, such as the response to COVID-19, the low fertility and population aging, and disaster recovery and disaster risk reduction, which have had a significant impact on Japan's public finances and the economic lives of its citizens. Under such circumstances, why does Japan support developing countries through ODA?

After World War II, Japan came back from the ruins and rebuilt itself. In the course of reconstruction and economic growth to join the ranks of developed countries, Japan received support from the United States and other developed countries as well as international organizations such as the World Bank. Basic infrastructures, which were essential for the reconstruction and development of Japan including the Tokaido Shinkansen, the Tomei Expressway, the Kurobe Dam, and the Aichi Canal Project, were built using such support. Japan has been supporting the economic development of developing countries by utilizing ODA as a nation that gained an honorable position in the international community. There are high expectations for Japan from various countries around the world in this regard.

As we turn our eyes to the world, global issues such as climate change, natural disasters, environmental problems, infectious diseases, and refugees among others are piled up and getting more serious. Their impacts do not stay in a country but spread across the world. In 2015, the United Nations adopted the Sustainable Development Goals (SDGs), and the international community has been promoting initiatives to build a society where "no one will be left behind" by 2030. With deeper interdependence of the international community, our contribution to the growth of developing countries through ODA serves for the peace, stability and prosperity of the international community, which, in return, also leads to the advancement of interests for Japanese citizens. For example, our contribution toward ending the global spread of COVID-19 through vaccine donations to developing countries and the development of cold chain systems, etc., under the "Last One Mile Support" not only helps achieve universal health coverage (UHC) and the recovery of the world economy, but also leads to reducing infection risks within Japan and to the recovery of the Japanese economy. In addition, our support to reduce greenhouse gas emissions or marine plastic litter in developing countries greatly contributes to improving the environment surrounding Japan. Furthermore, Japan's efforts to foster industries in developing countries support the overseas expansion of Japanese business. In addition, these efforts, for example, enable exports of a variety of marine products from developing countries to Japan, providing a rich array of food to our dinner tables.

Over 65 years have passed since Japan started to provide ODA. Our assistance and human resources development in various fields through ODA have now gained the trust to Japan as we receive many words of appreciation and gratitude from developing countries. Japan has also received many condolences and support from abroad, including developing countries, for example, following the Great East Japan Earthquake or disasters in recent years. Since ODA is implemented using precious tax revenues, it should be appropriately utilized and put to use for developing countries. On this principle, Japan will continue to provide development cooperation while collaborating with various stakeholders around the world to address global issues so that such effort will enhance Japan's peace, security, and prosperity.

Japan cannot end the COVID-19 pandemic and prevent global warming on its own, so we are cooperating with countries around the world!



The Development Cooperation Charter and Development Cooperation of Japan

The foundation of Japan's development cooperation policy is the Development Cooperation Charter (decided by the Cabinet in February 2015). The Development Cooperation Charter defines Japan's basic policies as contributing even more proactively to securing the peace, stability, and prosperity of the international community from the perspective of "Proactive Contribution to Peace" based on the principle of international cooperation, and securing the national interests of Japan through these efforts. The ever more strategic and effective use of Official Development Assistance (ODA) is required as one of the most important foreign policy tools (the Development Cooperation Charter is published on the Ministry of Foreign Affairs website ¹).

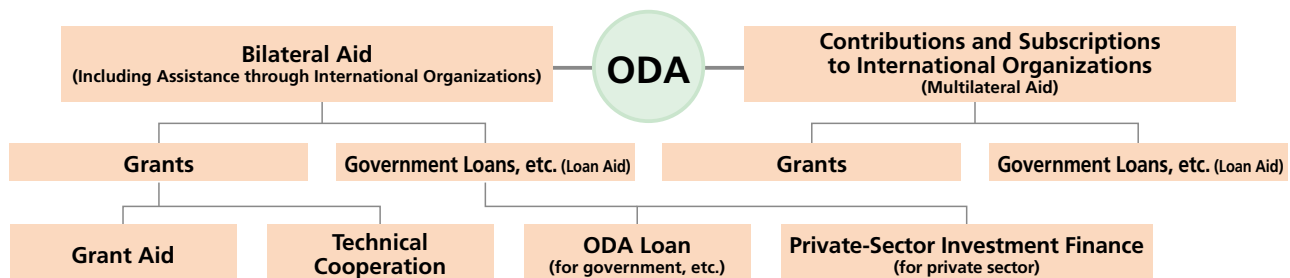
1. Japan's basic policies of the Development Cooperation Charter

The Development Cooperation Charter identifies the following three basic policies for Japan's development cooperation for the aforementioned objectives: contributing to peace and prosperity through cooperation for non-military purposes, promoting human security, and cooperation aimed at self-reliant development through assistance for self-help efforts as well as dialogue and collaboration based on Japan's experience and expertise.

2. Priority issues of the Development Cooperation Charter

In line with the basic policies described above, Japan will promote cooperation in accordance with the following three priority issues: "quality growth" and poverty eradication through such growth, sharing universal values and realizing a peaceful and secure society, and building a sustainable and resilient international community through efforts to address global challenges.

Japan's Official Development Assistance (ODA)



● What is ODA?

Development cooperation refers to international cooperation activities that are conducted by the government and its affiliated agencies for the main purpose of development in developing regions (the Development Cooperation Charter), and ODA is the public funding for those activities. The government or its implementing agencies provide financial and technical assistance to developing regions, international organizations, or the private sector through ODA for "development," including peacebuilding, governance, promotion of basic human rights, and humanitarian assistance.

The ODA recipients are designated in the list (see Chart I-10 on page 23) developed by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

● What types of ODA are there?

ODA can be divided into **grants** and **government loans**. There is also **bilateral aid**, which directly assists developing regions, and **multilateral aid**, which is contributions and subscriptions to international organizations, etc.

Grants in **bilateral aid** are cooperation provided without repayment obligation to developing regions. The assistance scheme implemented by Japan is comprised of **grant aid**, which provides necessary funds for the socio-economic development of developing regions without an obligation of repayment, and **technical cooperation**, which develops human resources that will be the actors in the socio-economic development of developing regions by utilizing the know-how, technology, and experience of Japan. Among contributions and subscriptions to international organizations, contributions for specific countries and projects are counted as bilateral aid for statistical purposes (see Chart I-1 on page 15).

Additionally, Japan's **government loans, etc. (loan aid)** in bilateral aid include **ODA loans** for lending the necessary funds to developing regions under concessional terms such as low interest rates and long repayment periods, and **private-sector investment finance**, which offers loans and investment to corporations and other entities in the private sector responsible for implementing projects in developing regions.

Multilateral aid includes contributions and subscriptions to the UN organizations such as the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF), international organizations as well as international financial institutions including the World Bank. Most of the contributions are provided as grants, but in recent years, **government loans, etc. (loan aid)** have also been used for international financial institutions.

(Various information about ODA is available on the Ministry of Foreign Affairs website ².)

¹ https://www.mofa.go.jp/policy/oda/page_000138.html It can also be accessed via the QR code on page xiii.

² <https://www.mofa.go.jp/policy/oda/index.html> It can also be accessed via the QR code on page xiii.