

# Chapter 1

## Japan's Official Development Assistance (ODA) Budget

### Section 1 ODA Budget for FY 2004 (Original Budget)

#### Major points in the Fiscal Year 2004 ODA Budget

- More efficient support Striving to disburse ODA more efficiently by strategically supporting specific countries, prioritizing national interests based on the ODA Charter.

(¥100million)

| Item | FY 2003 | FY 2004 | Change      |
|------|---------|---------|-------------|
| ODA  | 8,578   | 8,169   | -409(-4.8%) |

Ministry of Foreign Affairs: ¥ 500.1 billion (-3.2%)

Ministry of Finance: ¥ 219.9 billion (-7.4%)

#### □ Response to the Current State of International Affairs like Reconstruction of Iraq

##### 1. Prioritizing on important issues such as reconstruction assistance

###### ○ Grant aid

- Substantive increase in emergency grant aid for reconstruction of Iraq and other issues (From ¥ 22.2 billion to 31.7 billion)
- Preservation of Grant Assistance-Grassroots/Human Security Projects (¥ 15 billion)
- Increase in grant aid for conflict prevention and peace building (From ¥ 12 billion to ¥ 16.5 billion)

###### ○ Technical cooperation

- Increase in technical cooperation by JICA to Iraq, Afghanistan, and other countries (+ ¥ 2.5 billion)
- Increase in assistance by JICA countermeasures to protect against infectious diseases such as SARS (+ ¥ 0.9 billion)

##### 2. Contributions to international institutions more efficiently and strategically

###### ○ Stabilize the amount of contributions to major international organizations by extending ODA on a foreign-currency basis

- Voluntary contributions to the United Nations Development Programme (UNDP) (\$86.77 million, from ¥ 10.6 billion to ¥ 9.5 billion)

###### ○ Decrease in or abolition of contributions that are small or are partially unused and carried forward

#### □ Implementing ODA effectively and efficiently

##### 1. Accelerating the visibility of Japanese aid

- Increase in Grant Assistance for Japanese NGO Projects (From ¥ 2.2 billion to ¥ 2.7 billion)
- Government-financed students (new) 5,325 (an increase of 40), honors scholarships for privately-financed students, etc. 11,400(an increase of 150)

##### 2. Revision of the Unit Cost

- Revising the unit cost by shortening the dispatch period of experts, and improving the existing contract method relating to costs of consultants  
(JICA: ¥ -2 billion)

#### □ Strengthening security of Japanese Embassies and Consulates in overseas

###### ○ Substantive increase in security-related budgets of Japanese Embassies and Consulates in overseas (From ¥ 3.8 billion to ¥ 7.9 billion (Of which, ODA budget increased from ¥ 1.6 billion to ¥ 3.3 billion))

- Drastically increasing the number of security guards to 1,420 (+770)
- Considerably increasing the number of temporary security guards to 211 (+131)
- Hiring special bodyguards (Newly added to embassies in Iraq and Afghanistan)
- Providing safety training programs to officials working overseas (Newly added to 40 Japanese Embassies and Consulates in overseas diplomatic missions)

Chart III-1 Changes in the ODA Budget

( 100 million, %)

| Item   | FY 1998           |                   | FY 1999          |                 | FY 2000          |                  | FY 2001          |                  | FY 2002           |                  | FY 2003          |                 | FY 2004          |                 |
|--|-------------------|-------------------|------------------|-----------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|-----------------|------------------|-----------------|
|  | Project budget    | General account   | Project budget   | General account | Project budget   | General account  | Project budget   | General account  | Project budget    | General account  | Project budget   | General account | Project budget   | General account |
| I. Grants  | 8,863<br>(-14.6)  | 7,233<br>(-6.2)   | 9,284<br>(4.7)   | 7,363<br>(1.8)  | 9,195<br>(-1.0)  | 7,403<br>(0.5)   | 9,118<br>(-0.8)  | 7,307<br>(-1.3)  | 8,766<br>(-3.9)   | 6,915<br>(-5.4)  | 8,067<br>(-8.0)  | 6,575<br>(-4.9) | 7,700<br>(-4.5)  | 6,303<br>(-4.1) |
| 1. Bilateral grants  | 6,296<br>(-6.0)   | 6,043<br>(-5.8)   | 6,288<br>(-0.1)  | 6,041<br>(-0.0) | 6,305<br>(0.3)   | 6,066<br>(0.4)   | 6,246<br>(-0.9)  | 5,985<br>(-1.3)  | 5,992<br>(-4.1)   | 5,736<br>(-4.2)  | 5,589<br>(-6.7)  | 5,476<br>(-4.5) | 5,295<br>(-5.3)  | 5,279<br>(-3.6) |
| (1)Grant aid for economic development assistance                       | 1,995             | 1,995             | 1,998            | 1,998           | 2,079            | 2,079            | 2,054            | 2,054            | 2,086             | 2,086            | 1,736            | 1,736           | 1,667            | 1,667           |
| (2)Grant aid for increase of food production                           | 263               | 263               | 254              | 254             | 214              | 214              | 213              | 213              | 128               | 128              | 51               | 51              | 50               | 50              |
| (3) Food aid (KR)  | 145               | 145               | 127              | 127             | 112              | 112              | 103              | 103              | 107               | 107              | 108              | 108             | 104              | 104             |
| (4)Budget for Japan Bank for International Cooperation (JBIC)          | -                 | -                 | -                | -               | -                | -                | -                | -                | -                 | -                | 300              | 300             | 300              | 300             |
| (5)Technical cooperation   | 3,760             | 3,507             | 3,794            | 3,546           | 3,795            | 3,555            | 3,776            | 3,516            | 3,602             | 3,345            | 3,341            | 3,228           | 3,134            | 3,118           |
| (6)Others  | 134               | 134               | 116              | 116             | 106              | 106              | 100              | 100              | 70                | 70               | 53               | 53              | 40               | 40              |
| 2. Contributions and donations, etc. to multilateral institutions      | 2,567<br>(-30.3)  | 1,190<br>(-8.3)   | 2,995<br>(16.7)  | 1,322<br>(11.1) | 2,890<br>(-3.5)  | 1,337<br>(1.1)   | 2,872<br>(-0.6)  | 1,322<br>(-1.1)  | 2,774<br>(-3.4)   | 1,180<br>(-10.8) | 2,479<br>(-10.6) | 1,099<br>(-6.8) | 2,405<br>(-3.0)  | 1,023<br>(-6.9) |
| (1)International organizations including the United Nations (UN), etc. | 757               | 755               | 806              | 802             | 791              | 788              | 810              | 807              | 768               | 765              | 748              | 745             | 712              | 709             |
| (2)Multilateral development banks (MDBs)                               | 1,810             | 435               | 2,189            | 519             | 2,098            | 549              | 2,062            | 515              | 2,006             | 415              | 1,731            | 354             | 1,693            | 315             |
| II. Loans  | 5,027<br>(-21.3)  | 3,239<br>(-18.4)  | 6,168<br>(22.7)  | 3,126<br>(-3.5) | 5,920<br>(-4.0)  | 3,063<br>(-2.0)  | 5,382<br>(-9.1)  | 2,845<br>(-7.1)  | 4,007<br>(-25.6)  | 2,191<br>(-23.0) | 3,503<br>(-12.6) | 2,003<br>(-8.6) | 2,906<br>(-17.0) | 1,866<br>(-6.8) |
| (1)Overseas Economic Cooperation Fund (OECF)                           | 4,911             | 3,239             | 2,025            | 1,277           | 0                | 0                | -                | -                | -                 | -                | -                | -               | -                | -               |
| (2)JBIC  | -                 | -                 | 3,908            | 1,849           | 5,672            | 3,063            | 5,205            | 2,845            | 3,919             | 2,191            | 3,454            | 2,003           | 2,886            | 1,866           |
| (3)Export-Import Bank of Japan   | -115              | -                 | -29              | -               | 0                | -                | -                | -                | -                 | -                | -                | -               | -                | -               |
| (4)Others  | 232               | -                 | 264              | -               | 248              | -                | 177              | -                | 87                | -                | 49               | -               | 20               | -               |
| III. Total   | 13,891<br>(-17.1) | 10,473<br>(-10.4) | 15,452<br>(11.2) | 10,489<br>(0.2) | 15,115<br>(-2.2) | 10,466<br>(-0.2) | 14,500<br>(-4.1) | 10,152<br>(-3.0) | 12,773<br>(-11.9) | 9,106<br>(-10.3) | 11,570<br>(-9.4) | 8,578<br>(-5.8) | 10,607<br>(-8.3) | 8,169<br>(-4.8) |

Note: Due to rounding the total may not equal the sum of the parts. The figures in brackets show the percentage increase or decrease compared to the previous fiscal year.

### Chart III -2 ODA Budget

( 100 million, %)

|                             | FY 2003 |                 | FY 2004 |                             |                 |
|-----------------------------|---------|-----------------|---------|-----------------------------|-----------------|
|                             | Budget  | Growth rate (%) | Budget  | Amount of increase/decrease | Growth rate (%) |
| General account budget      | 8,578   | -5.8            | 8,169   | -409                        | -4.8            |
| Project budget (net)        | 11,570  | -9.4            | 10,607  | -964                        | -8.3            |
| Scale of operations (gross) | 15,598  | -5.9            | 14,827  | -771                        | -4.9            |
| (Reference) Yen-dollar rate | 122     | -               | 110     | -                           | -               |

Note: As the figures in the table are rounded off, they do not necessarily add up to the totals.

### Chart III -3 General Account Budget

Reference: General Account Budget for FY 2004

( 100 million, %)

|                     | FY 2003 |  | FY 2004 |                             |                 |
|---------------------|---------|--|---------|-----------------------------|-----------------|
|                     | Budget  |  | Budget  | Amount of increase/decrease | Growth rate (%) |
| General expenditure | 475,922 |  | 476,320 | 398                         | 0.1             |
| ODA                 | 8,578   |  | 8,169   | -409                        | -4.8            |
| Public projects     | 80,971  |  | 78,159  | -2,812                      | -3.5            |
| Defense             | 49,530  |  | 49,030  | -500                        | -1.0            |
| Social security     | 189,907 |  | 197,970 | 8,063                       | 4.2             |
| Education/science   | 64,712  |  | 61,330  | -3,382                      | -5.2            |
| Others              | 341,969 |  | 344,789 | 2,820                       | 0.8             |
| Total               | 817,891 |  | 821,109 | 3,218                       | 0.4             |

Note: As the figures in the table are rounded off, they do not necessarily add up to the totals.

(General Account ODA Budget)

( 100 million, %)

|  | FY 2003 |                 | FY 2004 |                             |                 |
|--|---------|-----------------|---------|-----------------------------|-----------------|
|  | Budget  | Growth rate (%) | Budget  | Amount of increase/decrease | Growth rate (%) |
| Bilateral grants   | 5,476   | -4.5            | 5,279   | -196                        | -3.6            |
| Grant aid for economic development                           | 1,736   | -16.8           | 1,667   | -70                         | -4.0            |
| Aid for increased food production, etc.                      | 159     | -32.5           | 154     | -4                          | -2.6            |
| Transferred to separate trade insurance account              | 53      | -25.0           | 40      | -13                         | -23.8           |
| Subsidy for JBIC   | 300     | All increase    | 300     | 0                           | 0.0             |
| Subtotal   | 2,247   | -6.0            | 2,161   | -86                         | -3.8            |
| Technical cooperation  | 3,228   | -3.5            | 3,118   | -110                        | -3.4            |
| Of which, JICA   | 1,640   | -3.6            | 1,612   | -28                         | -1.7            |
| Investments and contributions to international organizations | 1,099   | -6.8            | 1,023   | -76                         | -6.9            |
| UN agencies  | 745     | -2.6            | 709     | -36                         | -4.8            |
| Multilateral development banks                               | 354     | -14.6           | 315     | -40                         | -11.2           |
| Total grants   | 6,575   | -4.9            | 6,303   | -272                        | -4.1            |
| Loans<br>(Investments in JBIC)                               | 2,003   | -8.6            | 1,866   | -137                        | -6.8            |
| Total  | 8,578   | -5.8            | 8,169   | -409                        | -4.8            |

Note: As the figures in the table are rounded off, they do not necessarily add up to the totals.

Chart III-4 Breakdown of ODA Operating Budget

( 100 million, %)

|                           | FY 2003 |                 |                   | FY 2004 |                             |                 |                   |
|---------------------------|---------|-----------------|-------------------|---------|-----------------------------|-----------------|-------------------|
|                           | Budget  | Growth rate (%) | Composition ratio | Budget  | Amount of increase/decrease | Growth rate (%) | Composition ratio |
| Grants                    | 8,067   | -8.0            | 51.7              | 7,700   | -367                        | -4.5            | 51.9              |
| Loans                     | 7,531   | -3.5            | 48.3              | 7,126   | -405                        | -5.4            | 48.1              |
| Total scale of operations | 15,598  | -5.9            | 100.0             | 14,827  | -771                        | -4.9            | 100.0             |
| (Reference)Repayment      | -4,028  | -               | -                 | -4,220  | -                           | -               | -                 |
| Net total                 | 11,570  | -9.4            | -                 | 10,607  | -964                        | -8.3            | -                 |

Note: As the figures in the table are rounded off, they do not necessarily add up to the totals.

\* In addition to the above, the ODA operating budget includes operations carried out by independent administrative institutions that were previously special corporations.

(Grant)

( 100 million, %)

|  | FY 2003 |                 | FY 2004 |                             |                 |
|--|---------|-----------------|---------|-----------------------------|-----------------|
|  | Budget  | Growth rate (%) | Budget  | Amount of increase/decrease | Growth rate (%) |
| Bilateral grants   | 5,589   | -6.7            | 5,295   | -294                        | -5.3            |
| Grant aid for economic development                           | 1,736   | -16.8           | 1,667   | -70                         | -4.0            |
| Aid for increased food production, etc.                      | 159     | -32.5           | 154     | -4                          | -2.6            |
| Transferred to separate trade insurance account              | 53      | -25.0           | 40      | -13                         | -23.8           |
| Subsidy for JBIC   | 300     | All increase    | 300     | -0                          | 0.0             |
| Subtotal   | 2,247   | -6.0            | 2,161   | -86                         | -3.8            |
| Technical cooperation  | 3,341   | -7.2            | 3,134   | -207                        | -6.2            |
| Of which, JICA   | 1,640   | -3.6            | 1,612   | -28                         | -1.7            |
| Investments and contributions to international organizations | 2,479   | -10.6           | 2,405   | -73                         | -3.0            |
| UN agencies  | 748     | -2.6            | 712     | -36                         | -4.8            |
| Multilateral development banks                               | 1,731   | -13.7           | 1,693   | -37                         | -2.2            |
| Total  | 8,067   | -8.0            | 7,700   | -367                        | -4.5            |

Note: As the figures in the table are rounded off, they do not necessarily add up to the totals.

\* In addition to the above, the ODA operating budget includes operations carried out by independent administrative institutions that were previously special corporations.

(Loans)

( 100 million, %)

|                | FY 2003 |                 | FY 2004 |                             |                 |
|----------------|---------|-----------------|---------|-----------------------------|-----------------|
|                | Budget  | Growth rate (%) | Budget  | Amount of increase/decrease | Growth rate (%) |
| Loans          | 7,531   | -3.5            | 7,126   | -405                        | -5.4            |
| Of which, JBIC | 7,400   | -2.6            | 7,000   | -400                        | -5.4            |
| Repayment      | -4,028  | 6.0             | -4,220  | -192                        | 4.8             |
| Total          | 3,503   | -12.6           | 2,906   | -597                        | -17.0           |

Chart III-5 General Account Budget for ODA (All government agencies)

( 100 million, %)

| Item  | FY 2002 |                             |                 | FY 2003 |                             |                 | FY 2004 |                             |                 |
|---|---------|-----------------------------|-----------------|---------|-----------------------------|-----------------|---------|-----------------------------|-----------------|
|   | Budget  | Amount of increase/decrease | Growth rate (%) | Budget  | Amount of increase/decrease | Growth rate (%) | Budget  | Amount of increase/decrease | Growth rate (%) |
| I. Grants   | 6,915   | -392                        | -5.4            | 6,575   | -341                        | -4.9            | 6,303   | -272                        | -4.1            |
| 1. Bilateral grants   | 5,736   | -249                        | -4.2            | 5,476   | -260                        | -4.5            | 5,279   | -196                        | -3.6            |
| (1) Grant aid for economic development                          | 2,086   | 32                          | 1.6             | 1,736   | -350                        | -16.8           | 1,667   | -70                         | -4.0            |
| (2) Aid for increased food production, etc.                     | 235     | -81                         | -25.6           | 159     | -76                         | -32.5           | 154     | -4                          | -2.6            |
| (3) Transferred to separate trade insurance account             | 70      | -30                         | -30.0           | 53      | -18                         | -25.0           | 40      | -13                         | -23.8           |
| (4) Subsidy for JBIC  | -       | -                           | -               | 300     | 300                         | All increase    | 300     | 0                           | 0.0             |
| (5) Technical cooperation                                       | 3,345   | -170                        | -4.8            | 3,228   | -117                        | -3.5            | 3,118   | -110                        | -3.4            |
| 2. Investments and contributions to international organizations | 1,180   | -143                        | -10.8           | 1,099   | -81                         | -6.8            | 1,023   | -76                         | -6.9            |
| (1) UN agencies   | 765     | -42                         | -5.2            | 745     | -20                         | -2.6            | 709     | -36                         | -4.8            |
| (2) Multilateral development banks                              | 415     | -100                        | -19.5           | 354     | -61                         | -14.6           | 315     | -40                         | -11.2           |
| II. Loans   | 2,191   | -654                        | -23.0           | 2,003   | -188                        | -8.6            | 1,866   | -137                        | -6.8            |
| JBIC  | 2,191   | -654                        | -23.0           | 2,003   | -188                        | -8.6            | 1,866   | -137                        | -6.8            |
| III. Total  | 9,106   | -1,046                      | -10.3           | 8,578   | -529                        | -5.8            | 8,169   | -409                        | -4.8            |

Note: As the figures in the table are rounded off, they do not necessarily add up to the totals.

Chart III-6 ODA Operating Budget (All government agencies)

| Item  | FY 2002 |                             |                 | FY 2003 |                             |                 | FY 2004 |                             |                 |
|---|---------|-----------------------------|-----------------|---------|-----------------------------|-----------------|---------|-----------------------------|-----------------|
|   | Budget  | Amount of increase/decrease | Growth rate (%) | Budget  | Amount of increase/decrease | Growth rate (%) | Budget  | Amount of increase/decrease | Growth rate (%) |
| I. Grants   | 8,766   | -351                        | -3.9            | 8,067   | -699                        | -8.0            | 7,700   | -367                        | -4.5            |
| 1. Bilateral grants   | 5,992   | -254                        | -4.1            | 5,589   | -404                        | -6.7            | 5,295   | -294                        | -5.3            |
| (1) Grant aid for economic development                          | 2,086   | 32                          | 1.6             | 1,736   | -350                        | -16.8           | 1,667   | -70                         | -4.0            |
| (2) Aid for increased food production, etc.                     | 235     | -81                         | -25.6           | 159     | -76                         | -32.5           | 154     | -4                          | -2.6            |
| (3) Transferred to separate trade insurance account             | 70      | -30                         | -30.0           | 53      | -18                         | -25.0           | 40      | -13                         | -23.8           |
| (4) Subsidy for JBIC  | -       | -                           | -               | 300     | 300                         | All increase    | 300     | 0                           | 0.0             |
| (5) Technical cooperation                                       | 3,602   | -175                        | -4.6            | 3,341   | -260                        | -7.2            | 3,134   | -207                        | -6.2            |
| 2. Investments and contributions to international organizations | 2,774   | -98                         | -3.4            | 2,479   | -295                        | -10.6           | 2,405   | -73                         | -3.0            |
| (1) UN agencies   | 768     | -42                         | -5.2            | 748     | -20                         | -2.6            | 712     | -36                         | -4.8            |
| (2) International development banks                             | 2,006   | -56                         | -2.7            | 1,731   | -275                        | -13.7           | 1,693   | -37                         | -2.2            |
| II. Loans   | 7,808   | -1,270                      | -14.0           | 7,531   | -277                        | -3.5            | 7,126   | -405                        | -5.4            |
| (1) JBIC  | 7,600   | -1,100                      | -12.6           | 7,400   | -200                        | -2.6            | 7,000   | -400                        | -5.4            |
| (2) Others  | 208     | -170                        | -45.0           | 131     | -77                         | -36.9           | 126     | -5                          | -3.5            |
| III. Total (Scale of operations)                                | 16,574  | -1,621                      | -8.9            | 15,598  | -976                        | -5.9            | 14,827  | -771                        | -4.9            |
| (Reference)Repayment  | -3,801  |                             |                 | -4,028  |                             |                 | -4,220  |                             |                 |
| Net total   | 12,773  | -1,727                      | -11.9           | 11,570  | -1,203                      | -9.4            | 10,607  | -964                        | -8.3            |

Note: As the figures in the table are rounded off, they do not necessarily add up to the totals.

\* In addition to the above, the ODA operating budget includes operations carried out by independent administrative institutions that were previously special corporations.

Chart III -7 ODA Operating Budget by Source and Scheme

| Operating budget for FY 2003<br>Gross total ¥1,559.8 billion (down 5.9%)           |   | Operating budget for FY 2004<br>Gross total ¥1,482.7 billion (down 4.9%)      |   |   |   |
|--|---|---|---|---|---|
| Expenditure items<br>by scheme   | Financial resources   | Financial resources   | Expenditure items<br>by scheme  |   |   |
| Grant aid,<br>¥224.7 billion<br>(down 6.0%)  | General account,<br>¥857.8 billion<br>(down 5.8%)                               | General account,<br>816.9 billion<br>(down 4.8%)                              | Grant aid,<br>¥216.1 billion<br>(down 3.8%)                                   |   |   |
| Technical cooperation,<br>¥334.1 billion<br>(down 7.2%)                            |   |   | Ministry of Foreign Affairs,<br>¥516.5 billion<br>(down 4.2%)                 | Technical cooperation,<br>313.4 billion<br>(down 6.2%)            |   |
| Contributions to UN agencies<br>¥74.8 billion<br>(down 2.6%)                       |   |   | Other 12 government ministries and agencies,<br>¥341.2 billion<br>(down 8.2%) | Ministry of Foreign Affairs,<br>500.1 billion<br>(down 3.2%)      | Contributions to UN agencies,<br>¥71.2 billion<br>(down 4.8%)                     |
| Contributions to international development banks<br>¥173.1 billion<br>(down 13.7%) |   |   |   | Other 12 ministries and agencies,<br>316.8 billion<br>(down 7.2%) | Contributions to international development banks<br>¥169.3 billion<br>(down 2.2%) |
| Yen loans and others,<br>¥753.1 billion<br>(down 3.5%)                             |   |   |   | Special accounts,<br>¥11.6 billion (down 14.4%)                   | Special accounts,<br>¥1.9 billion (down 83.7%)                                    |
|  | Bond payments,<br>¥137.7 billion<br>(down 13.5%)                                | Bond payments,<br>¥137.9 billion<br>(up 0.2%)                                 |   |   |   |
|  | Fiscal investment and loan program and others,<br>¥552.8 billion<br>(down 3.7%) | Fiscal investment and loan program and others,<br>¥526 billion<br>(down 4.8%) |   |   |   |
| [ Net total, ¥1,157 billion (down 9.4%)<br>Repayment, ¥-402.8 billion ]            |   | [ Net total, ¥1,060.7 billion (down 8.3%)<br>Repayment, ¥-422 billion ]       |   |   |   |

Note: As the figures in the table are rounded off, they do not necessarily add up to the totals.

\* In addition to the above, the ODA operating budget includes operations carried out by independent administrative institutions that were previously special corporations.