

KEY QUESTION

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How is the Japan's ODA budget structured?

The Ministry of Finance holds the largest share of ODA, since two thirds of total ODA is made up of loans

Japan's ODA comes from a number of budgetary sources. Only about a third comes from the General Account, which comprises the regular budget of ministries. Discussions around ODA targets usually focus on the General Account. For the fiscal year (FY) 2017, ODA from the General Account is expected to stand at US\$5.2 billion (¥553 billion; see table below). More than three-quarters of this (79% or US\$4.1 billion, ¥434 billion in FY2017) is managed by the Ministry of Foreign Affairs (MOFA). The MOFA categorizes its ODA into three types: bilateral grants, technical cooperation, and contributions to multilateral agencies (except development banks). The remaining two thirds of ODA come from various other budget sources, including the Ministry of Finance's Fiscal Investment and Loan Program (FILP), and JICA's own capital.

Japan's ministries and agencies use – to a varying degree – resources from both the General Account and from the other budgetary sources.

- The Ministry of Finance (MOF) holds the largest share of the overall ODA budget. Most of its ODA funding comes from the Fiscal Investment and Loan Program (FILP), which contains funds channeled to the Japan Agency for International Cooperation (JICA) for loan programs (US\$4.4 billion in FY2016), as well as government bonds. The MOF uses government bonds to disburse most of its assessed contributions to multilateral development banks. A smaller share (US\$735 million) of ODA spending from the MOF comes from the General Account: it is used for some assessed multilateral contributions, and to fund other grant and technical-cooperation programs.
- The MOFA manages about one-quarter (25%, or US\$4.5 billion in FY2016; the share for FY2017 is not available yet) of Japanese ODA. This is sourced almost entirely from the General Account (US\$4.1 billion in FY2017). The budget includes lines for bilateral funding (grant assistance and technical cooperation, mostly channeled through JICA) and multilateral funding. Multilateral funding comprises assessed and voluntary contributions to the UN and other multilaterals. This includes Gavi, the Vaccine Alliance, and usually the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). However, since 2014 Japan's contribu-

tions to the Global Fund are provided through supplementary budgets, funding that is added to the regular budget during an ongoing fiscal year.

Overall, JICA manages approximately 60% of total ODA. It directly holds 29% (US\$5.1 billion in FY2016) of Japan's total ODA budget, which mainly come from its own capital, and is used for loans. In addition, JICA administers large shares of funding for grant assistance and technical cooperation that come from MOFA's General Account budget, and also receives funding from MOFA's Fiscal Investment and Loan Program (FILP).

In addition to funding from the regular ODA budget (General Account and other ODA budget sources), MOFA and other relevant ministries usually receive a supplementary budget. Most new initiatives are initially funded through the supplementary budget (see question five: 'What are important decision-making opportunities in Japan's annual budget process?'). The budget table below only displays funding lines comprised within the General Account for FY2017, as additional sources have not been published yet.

Overview:	millions	billions
FY2017 ODA budget	US\$	Yen
General Account Budget	5,221	552,700
Ministry of Foreign Affairs	4,103	434,300
Grant aid	1,540	163,100
Technical cooperation through JICA	1,421	150,500
Multilateral contributions	488	51,700
Mandatory contributions	195	20,600
Voluntary contributions	294	31,100
Other assistance (incl. admin costs, CSO funding, incl. For JICA loans)	652	69,100
Ministry of Finance (incl. funding to multilateral dev. banks + other grants/technical cooperation)	735	77,800
Other ministries and agencies	383	40,600

Source: Government of Japan, FY2017 Government Development Assistance Budget