

## KEY QUESTIONS

### the big six

# 5

## How is Japan's ODA budget structured?

### The Ministry of Finance manages the largest share of ODA, because almost two-thirds of total ODA consists of loans

Japan's ODA comes from a number of budgetary sources. Nearly 40% of ODA in FY2019 comes from the General Account, which comprises the regular budget of ministries. Additional ODA comes from various other budget sources, including the Special Account, Ministry of Finance's Fiscal Investment and Loan Program (FILP), and capital from Japan's development agency, the Japan Agency for International Cooperation (JICA). Discussions around ODA targets and fluctuations usually focus on the General Account. This is due to the timing of the budget: the General Account is approved in December, while supplementary budgets are released throughout the year, as well as the certainty around the volume of ODA in the General Account, compared to the supplementary budget.

For FY2019, ODA from the General Account is budgeted at US\$5 billion (¥557 billion; see table below). More than three-quarters of this (78% or US\$3.9 billion, ¥438 billion in FY2019) 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).

In addition to funding from the regular ODA budget (General Account plus other ODA budget sources), MOFA and other relevant ministries usually receive a supplementary budget, which is approved later in the financial year. The loan program FILP, which covers most of Japan's ODA loans (¥1.4 trillion, or US\$12.8 billion, in FY2019) and most new initiatives are funded through the supplementary budget (see Key Question Five: 'What are important milestones in Japan's annual budget process?').

Japan's ministries and agencies use, to varying degrees, resources from both the General Account and from the other budgetary sources.

- The **Ministry of Finance (MOF)** manages the largest share of the overall ODA budget (77%, or US\$15.2 billion in FY2019). Part of this is directly held by JICA (see below). Most of MOF's ODA funding is for FILP (US\$12.8 billion in FY2019, or 65% of total gross ODA), which contains funds channeled through JICA, 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\$685 million in FY2019) of ODA spending by the MOF comes from the General Account: This funding is used for some assessed multilateral contributions, and to fund other grant and technical-cooperation programs. MOF also manages some funds from the special account for technical assistance and contributions to multilateral organizations, including the UN.
- The **Ministry of Foreign Affairs (MOFA)** manages one-fifth (20%, or US\$3.9 billion in FY2019) of Japanese ODA. All but US\$300,000 of this is sourced from the General Account. 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 usually includes Gavi, the Vaccine Alliance, and the Global Fund to Fight AIDS, Tuberculosis and Malaria.
- **JICA** directly holds 39% of the ODA budget (US\$7.7 billion in FY2019), which mainly comes 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. It also receives funding from MOFA's Fiscal Investment and Loan Program (FILP).

The budget table below displays ODA funding lines for FY2019.

Japan ODA budget, FY2019, in millions	US\$	Yen
<b>General Account Budget</b>	<b>4,961</b>	<b>556,556</b>
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<b>Ministry of Foreign Affairs</b>	<b>3,901</b>	<b>437,635</b>
Grants	1,453	163,100
Technical cooperation through JICA	1,346	151,000
Multilateral contributions	780	87,500
Mandatory contributions	521	58,400
Voluntary contributions	259	29,000
Other assistance (incl. admin costs, CSO funding, support for JICA loans)	321	36,000
<b>Ministry of Finance</b> (incl. funding to multilateral dev. banks + other grants/technical cooperation)	<b>685</b>	<b>76,840</b>
<b>Other ministries and agencies</b>	<b>375</b>	<b>42,111</b>
<b>Special Account</b>	<b>9</b>	<b>1,000</b>
MOF and others (Technical cooperation)	3	400
MOF and others (Multilateral contributions)	5	600
<b>Investment and contribution bonds</b>	<b>1,929</b>	<b>216,400</b>
UN and related agencies	29	3,200
Multilateral development banks	1,900	213,200
<b>Fiscal Investment and Loan Program</b>	<b>12,768</b>	<b>1432,300</b>
Technical cooperation by MOF and others	623	69,900
JICA loan, JICA investment bond, JICA loan collection by MOF and others	12,144	1362,400
JICA JPY Loan	4,325	485,200
JICA Investment Bonds	1,284	144,000
JICA Loan Collection	6,409	718,990
Others	127	14,210
<b>TOTAL gross ODA</b>	<b>19,666</b>	<b>2206,200</b>
<b>Loan repayments</b>	<b>6,352</b>	<b>712,600</b>
<b>TOTAL net ODA</b>	<b>13,314</b>	<b>1,493,600</b>

Source: Government of Japan, MOFA FY2019 ODA Budget summary and FY2019 ODA Budget, breakdown by Ministry