

## KEY QUESTIONS

### the big six

#### 4

### How is the 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 FY2018 comes from the General Account, which comprises the regular budget of ministries. The remaining ODA comes from various other budget sources, including the 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 FY2018, ODA from the General Account is budgeted at US\$5.1 billion (¥554 billion; see table below). More than three-quarters of this (78% or US\$4.0 billion, ¥434 billion in FY2018) 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 the majority of Japan's ODA loans (¥1.3 trillion, or US\$12.2 billion, in FY2018) and most new initiatives are funded through the supplementary budget (see question five: 'What are important decision-making opportunities in Japan's annual budget process?').

Overview:	millions US\$	millions Yen
FY2018 ODA budget		
<b>General Account Budget</b>	<b>5,091</b>	<b>553,800</b>
<b>Ministry of Foreign Affairs</b>	<b>3,993</b>	<b>434,400</b>
Grants	1,475	160,500
Technical cooperation through JICA	1,383	150,500
Multilateral contributions	476	51,800
Mandatory contributions	222	24,200
Voluntary contributions	253	27,500
Other assistance (incl. admin costs, CSO funding, incl. For JICA loans)	660	71,800
<b>Ministry of Finance</b>	<b>714</b>	<b>77,600</b>
<b>Other ministries and agencies</b>	<b>384</b>	<b>41,800</b>
<b>Special Account</b>	<b>9</b>	<b>1,000</b>
MOF and others (Technical cooperation)	4	400
MOF and others (Multilateral contributions)	6	600
<b>Investment and contribution bonds</b>	<b>1,989</b>	<b>216,400</b>
Technical cooperation by MOF and others	637	69,300
JICA loan, JICA investment bond, JICA loan collection by MOF and others	12,175	1,325,500
<b>TOTAL gross ODA</b>	<b>19,901</b>	<b>2,165,000</b>
<b>Loan repayments</b>	<b>6,628</b>	<b>721,013</b>
<b>TOTAL net ODA</b>	<b>13,273</b>	<b>1,444,000</b>

Source: Government of Japan, FY2018 Government Development Assistance Budget

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) holds the largest share of the overall ODA budget. Most of its ODA funding is for FILP (US\$12.8 billion in FY2018, or 64% 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\$714 million in FY2018) 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 United Nations (UN).
- Ministry of Foreign Affairs (MOFA) manages about one-quarter (22%, or US\$4.4 billion in FY2018) of Japanese ODA. This is sourced almost entirely from the General Account (US\$4.0 billion in FY2018, 91% of MOFA's ODA budget). 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 about 35% of the ODA budget (US\$7 billion in FY2018), which mainly comes from its own capital, and is used for loans. In total it manages approximately 60% of total ODA expenditure. 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).