

Official Development Assistance

By Mitsuhiro Maeda

Since the end of World War II, Japan has steadily expanded its economy and pushed for social development, a process aided by the generally good order in the international community.

Today, with its economy accounting for 10% of the world economy, Japan is being called upon to shoulder its share of the burden of maintaining that order. One of the most effective ways for Japan to sincerely respond to these calls is economic cooperation.

In order to meet its international obligations, Japan has twice drawn up plans to double its ODA (official development assistance) and has successfully carried them out. The first of these plans called for doubling ODA over a three-year period ending in 1980. Japan more than achieved the target.

The second plan called for doubling the actual amount of ODA extended and the government's ODA budget over a five-year period ending in 1985. The 1985 budget ensures that this target will be achieved at least 98%. Japan extended \$4,319 million in ODA in 1984, making it the world's No.2 aid-giving nation after the United States.

But despite these accomplishments,

Japan's ODA-to-GNP ratio was only 0.35%, compared with the international target of 0.7%. Its grant element also still falls short of internationally agreed goals.

To build up its ODA further, Japan drew up a third ODA-doubling plan September last year calling for at least \$40 billion in combined ODA over a seven-year period from 1986 to 1992. It also calls for doubling the 1985 level of ODA by 1992.

Prime Minister Yasuhiro Nakasone, in his speech at the 40th anniversary session of the United Nations on Oct. 23 last year, expressed his firm determination to achieve the new target.

There is a national consensus today that Japan should extend economic cooperation to developing countries to aid their efforts for economic and social development. In offering economic cooperation to such countries, Japan should work to provide ODA in the most effective way—tailored to the stage of development of aid recipients and their varied development needs. To insure the effectiveness of ODA, financial and technical cooperation should be organically linked, while loans and grants should be mixed in a way that they supplement each other.



Prime Minister Yasuhiro Nakasone made a firm commitment to expanding Japan's ODA at the U.N. 40th anniversary session.

At the same time, overall economic cooperation should be promoted, encompassing trade and investment as well as official assistance.

The economies of developing countries still face serious problems, from sluggish markets for primary products to huge cumulative debts approaching \$1 trillion. These problems are grave, despite encouraging prospects for some sectors.

It is true that if medium- to long-term economic development is to be achieved, industrial infrastructure must be enriched, farming villages developed, and agricultural development accelerated. But now, great efforts should be concentrated on creating new jobs for workers, increasing national income, and earning and saving foreign currencies. This is why developing countries are urging Japan to take cooperative efforts to promote their exports, step up Japan's direct investments in their countries, and transfer its technology.

To aid developing countries in their efforts toward self-sustaining growth is the most effective way for Japan to contribute to the economic and social development of the developing world. And this in turn will help to further stabilize and develop the world economy and reinforce the free trade system.

The Japanese government today is working unstintingly on concrete economic cooperation programs to help developing countries accomplish self-sustaining growth. ●

Comparison of Official Development Assistance By DAC Member Countries

| | Total value (\$ million) (1984) | Ratio to GNP (%) (1984) | Grant element of total ODA (%) (1983) |
|---------------|---------------------------------------|-------------------------------|---|
| Netherlands | 1,268 | 1.02 | 95.2 |
| Norway | 526 | 0.99 | 98.6 |
| Denmark | 449 | 0.85 | 96.4 |
| Sweden | 737 | 0.80 | 99.8 |
| France | 3,790 | 0.77 | 88.8 |
| Belgium | 480 | 0.59 | 97.7 |
| Canada | 1,535 | 0.47 | 99.3 |
| Australia | 773 | 0.45 | 100.0 |
| W. Germany | 2,766 | 0.44 | 88.9 |
| Finland | 178 | 0.36 | 99.7 |
| Japan | 4,319 | 0.35 | 79.5 |
| Britain | 1,432 | 0.33 | 98.4 |
| Italy | 1,105 | 0.32 | 89.5 |
| Switzerland | 286 | 0.30 | 98.5 |
| Austria | 181 | 0.28 | 61.1 |
| New Zealand | 59 | 0.27 | 100.0 |
| United States | 8,698 | 0.24 | 94.4 |
| DAC total | 28,553 | 0.36 | 91.2 |

Notes: Totals and GNP ratios for W. Germany, Australia, and DAC (the Development Assistance Committee) are estimates.

Belgian figures are for 1983. Other figures are preliminary.