

# The Link to the better future (From ODA to development cooperation projects)

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## 1) Contribution to development projects through ODA Japan.

Since 1954, Japan has been providing financial and technical assistance to developing countries through ODA. ODA helps Japan contribute to addressing a wide range of local and global issues as a responsible member of the international community, and by doing so, they also build peace and prosperity for themselves.

Official Development Assistance (ODA) has been broadly divided into bilateral aid, in which assistance is given directly to developing countries, and multilateral aid, which is provided through international organizations.

Japan International Cooperation Agency (JICA) provides bilateral aid that consists of Finance and Investment Cooperation (ODA loans) and grants (grant aid and technical cooperation). ODA loans support developing countries by providing low-interest, long-term and concessional funds to finance their development efforts. Meanwhile, ODA Grants are financial assistance with no obligation for repayment, it targets mainly developing countries with low income levels.

In many developing countries, economic, communication services and social infrastructure is underdeveloped. In recent years, facing various threats such as infectious disease, the increasing poverty level in some regions, air and water pollution, those development challenges have significantly changed along with the natural environment and the economic situation. In order to address these issues, the United Nations set out the Sustainable Development Goals (SDGs) as common goals and International organizations and developed nations are making efforts to achieve the SDGs.

The Development Cooperation Charter adopted by the Cabinet in February 2015, moreover, assigned priority on quality growth and realizing a peaceful and secure society, in line with the SDGs. Following the Development Cooperation

Charter, ODA loans are being actively used to provide support in the areas contributing to quality growth, realizing a peaceful and secure society, and addressing global issues.

## 2) ODA's regulations

### -ODA funding trends

Projections may not hold considering recent changes in the international geopolitical space including the COVID-19 response and the Russian invasion of Ukraine, among other global crises. The government aims to increase its overall ODA, as it announced plans to review its current 'Development Cooperation Charter' at the end of 2022.

### -ODA loans and grants

ODA loans are provided at a low interest rate along with relaxed terms and conditions, such as a very long repayment period, through the Japan International Cooperation Agency (JICA) to contribute to the economic and social development and economic stability of developing regions. JICA's Loan Aid Operations are financed through capital contributions from the general account budget, the Fiscal Investment and Loan Program, and its own funds.

On the other hand, ODA grants are extremely advantageous for developing countries as there is no obligation for repayment. Assistance is given to development projects that are essential in developing countries' nation building, including: construction of hospitals or schools and increasing access to safe water supply to satisfy basic human needs. However, certain conditions must be satisfied before a country can be accepted as a recipient of grant aid. Project Grants are a type of ODA Grants in which the government of a partner country enters contracts with consultants or contractors to build facilities or to procure equipment and materials. It is mainly used for establishing foundations for

basic human needs or for building socioeconomic infrastructures.

Japan's ODA, which is financed with the taxes of the Japanese people, is correctly understood and evaluated by other countries, and that it promotes friendly relations between Japan and the recipient countries, and is finally to help Japan win fair evaluation for its efforts. In recent years, the Japanese people's interest in international cooperation has been growing rapidly. In particular, the number of Japanese nongovernmental organizations (NGOs) actively engaged in aid projects in developing countries has increased dramatically, and the range of their activities has also diversified.

### 3) Pahang Selangor Raw Water Transfer Tunnel Project in Malaysia

(The largest and longest raw water transfer tunnel in Southeast Asia)

The water tunnel which is being built by the Malaysian Ministry of Energy, Green Technology and Water (KeTTHA) with the cooperation of the Japanese Government, is a Project consists of developing water resources in Pahang State, located in the eastern Malay Peninsula to the South Klang Valley area of Selangor state.

This project is aim to supply raw water from the Semantan River in Pahang to neighboring Selangor State and the Federal Territory of Kuala Lumpur. Selangor State and the capital city of Kuala Lumpur (Federal Territory), are the political and economic center of the country with a population of approximately 8.9 million. Water demands for these regions have drastically increased with the increasing development of the economy, also addressing projected water shortages due to the area's rapidly growing population since the 1980s. After various water resources development plans were examined, it finally led to the birth of this water transfer project.

Japanese companies Shimizu Corporation and Nishimatsu formed a joint-venture (JV) with local companies IJM and UEM Builders to excavate the tunnel. The project was financed through loans worth 82 billion yen (about RM3 billion) payable over 40 years provided by Japan International Cooperation Agency (JICA). Construction activity started in 2010 and the excavation works were completed by May 2014. The 44.6km-long, 5.23m-diameter tunnel starts at Karak, Pahang, running deep under the ground

up to 1,200m below the Titiwangsa mountain range is expected to solve the problem of water supply in the region with the distribution about 1.89 billion liters of water per day, an equivalent of the water consumption of 6 million households, to the state of Selangor and Federal Territory of Kuala Lumpur. With the Japanese technology help through JICA as its funding as well in order to do this with local construction companies to bring water cross, this is indeed a good working relationship between Japan and Malaysia as far as the water industry is concerned.

### 4) Criticisms and resolutions

Kelau Dam is one of the key assets in the Pahang-Selangor Raw Water Transfer project. However, the necessity of Kelau dam construction has been discussed and has raised a lot of controversy regarding the social impacts and attracted strong criticisms from NGOs and local communities. To address the issues, the head of the Malaysian and Japanese government went through a series of bilateral meetings. Thus, the decision-making style changed and certain approaches have been made by the governments to ensure the implementation of the project.

### 5) Closure

Through various projects, the government of Japan offers financial assistance for development projects designed to meet the diverse needs of developing countries. One of them is the water transfer project in Malaysia where we can see how big the contributions were made that manage to help to reduce water disruptions that Malaysia is known for years. I can see how this project becomes one of ways to represent Japan's objective of establishing quality infrastructure project that manage to help to improve the lives of Malaysians in all sectors. However, there are surely many risks and conflicts arise in the middle of this gigantic project which concerned certain local who involved in the area. The controversy surrounding the decision to implement the Pahang-Selangor water transfer project shows that the guidelines and regulations regarding the assessment of the social and environmental impacts of projects supported by ODA funds have not always been observed which also could be a challenging task for the country's aid policy-makers.