

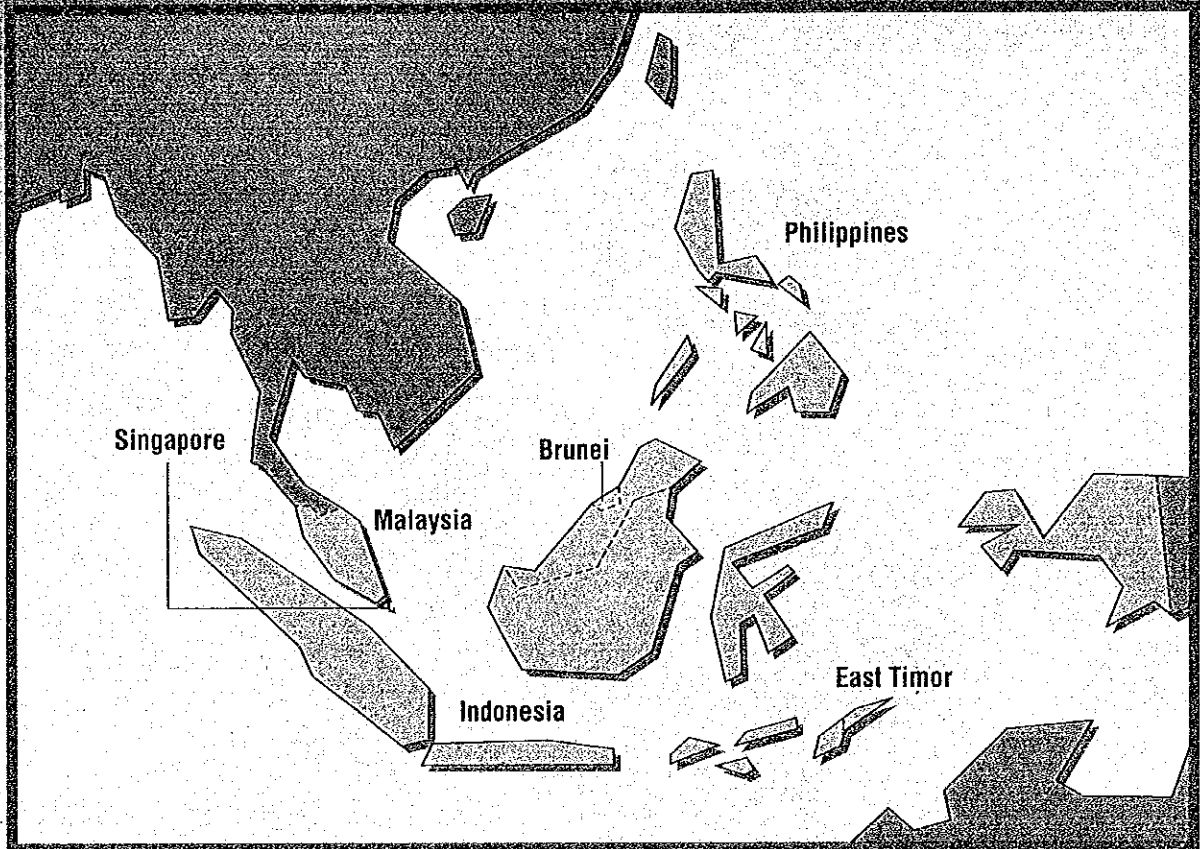
## Part II

# JICA's Regional Activities

# Chapter 1



## 1. Southeast Asia



# Current State of Development

## Strengthening Economic and Industrial Infrastructure

Southeast Asia consists of a diverse range of countries, including Singapore, which has a gross national product (GNP) per capita exceeding US \$25,000; Malaysia, which aims to enter the ranks of industrialized nations by 2020; Indonesia, which is a major power in ASEAN; Philippines, which is making efforts for the reconstruction of political and economic structures under its new administration after political upheaval; Brunei, which is rich in natural resources; and East Timor which, is striving to achieve independence in 2002. These countries have been deeply connected to Japan for a long time, and currently have close social, political, economic and cultural relationships with Japan.

With the exception of East Timor, these countries underwent astonishing economic growth from the 1980s onward, supported by extensive foreign investment and export growth in line with industrial policies oriented toward exports. Indeed, they were acclaimed as "East Asian Miracles." But the economic crisis that began to unfold in July 1997, in the wake of the collapse of the



Training session with a hand tractor as a part of the "The Project for Improvement of Farmers Income and Area Development" (Philippines).

Thai baht, greatly affected countries in this region. Recently, the currencies of these countries have been stabilized through economic structural reforms and international assistance, and their once sluggish economies have moved toward recovery through increased exports and expanded domestic demand. As a result, the region is emerging from the economic crisis. In order to achieve stable economic growth in Southeast Asia, continued efforts should be made for unfinished institutional reforms of economic and financial sectors to realize sound macroeconomic management, and for industrial infrastructure\* development to increase international competitiveness. In addition, assistance to the poor and socially disadvantaged, who increased rapidly in number as a result of the economic crisis, is becoming more important.

## Taking the Asian Economic Crisis as a Turning Point

JICA is taking a comprehensive approach by extending cooperation such as the dispatch of policy advisors in relevant fields and the training of government

### Basic Principles of JICA Aid for Southeast Asia

Southeast Asian countries and Japan have a long-established association, which is currently marked by close social, political, economic and cultural relationships. Southeast Asia is a popular destination for Japanese tourists and has large numbers of Japanese residents that include employees of Japanese companies. Because of this, high hopes are held out for the guidance and contribution that Japan has to offer in many fields. The impacts of JICA projects for human resources development and nation building are particularly great.

Southeast Asia underwent an astonishing

degree of economic growth from the 1980s to the early 1990s, and some countries were acclaimed as "East Asian Miracles." Although the region was hit by the Asian economic crisis that began in 1997, various measures to overcome the crisis have gradually been putting the economies of some countries on a path toward recovery.

Given this situation, JICA attaches primary importance to the implementation of effective, efficient and prompt cooperation projects based on a precise perception of the true needs of the various Southeast Asian countries. In addition to

needs in traditional fields such as agriculture, forestry, fishery, social development, mining and manufacturing, JICA is actively responding to challenges in new fields such as support for the socially disadvantaged, the environment, information technology (IT), decentralization and issues involving the World Trade Organization (WTO) and finance. JICA also believes that, from the perspective of furthering cooperation within the ASEAN region, it is important to tackle the issues of expanding South-South cooperation\* and continuing support for reconstruction in East Timor.

officials. Each country's efforts for economic recovery and social stability have been gradually producing positive results. In particular, Singapore and Philippines, for whom the effects of the crisis were relatively mild, as well as Malaysia, which introduced its own foreign exchange control system and fixed exchange rate system to deal with the crisis, have been steadily following a recovery track.

Partly triggered by the Asian economic crisis, political changes occurred in Philippines and Indonesia. The administration of Joseph Estrada, which had been supported as a friend of the poor and won a landslide victory in a presidential election, was tainted by successive

corruption and bribery scandals after its inauguration, that led to it being replaced by the administration of Gloria Macapagal Arroyo in January 2001 in a coup known as "People Power 2." And in Indonesia, following administrations of Baharuddin Jusuf Habibie and Abdurrahman Wahid, after the fall of Suharto's longtime autocratic regime, the administration of Megawati Sukarnoputri was formed in July 2001.

As described above, Southeast Asia—comprised of the founding members of ASEAN (Brunei, Indonesia, Malaysia, Philippines and Singapore) and East Timor—is a unique region in which each country has distinctive features.

## Tackling Priority Issues in JICA Programs

### Promoting Cooperation in the IT Field

Concerning IT-related cooperation toward Southeast Asia, active formulation of projects is expected in accordance with the "Comprehensive Cooperation Package to Address the International Digital Divide," announced at the G8 Kyushu-Okinawa Summit held in 2000. The type of cooperation offered depends on the extent to which IT (e.g., telephone service) is available in each country.

For example, in the case of Indonesia, which has a relatively low level of IT extension, cooperation will be implemented in policy and institution building in such areas as national planning for IT development and advanced education for human resources development. Philippines, which has a moderate level of IT extension, has already received assistance concerning telecommunication policy as part of policy supports, and cooperation for the training of high-quality IT



Japan's police box system has taken root in Singapore. Based on its own experiences, Singapore is now implementing third-country training on this system.

experts. The promotion of IT-related industries will be extended in future. As for Malaysia, which has a high degree of IT utilization, cooperation aims at upgrading IT-related education and the capacity building\* of human resources in IT fields. In addition, assistance for the establishment of "e-government" is planned for the future. Malaysia is expected to be a partner in IT-related assistance for Cambodia, Laos, Myanmar and Viet Nam (CLMV). Singapore, an advanced nation in the IT field, will actively implement IT-related third-country training\* toward neighboring countries, as an equal partner of Japan.

### Support for Anti-piracy Measures

In recent years, the coastal areas of Southeast Asia, and the Strait of Malacca in particular, have been infested with armed pirates that disrupt the shipping of Japan and

other countries. These areas are main maritime transportation arteries for surrounding countries, including Japan. The safety of passing vessels is an important issue directly connected with the politics and economies of Asian countries. However, coast guards and other maritime safety organizations in some countries are underdeveloped and lack sufficient expertise and skills, which prevents them from maintaining maritime order. Given this situation, Japan plans to hold a "Seminar on Maritime Crime Control" for a wide audience of stakeholders in Asian countries from 2001, in order to contribute to capacity-building of related organizations.

### Support for WTO Agreement Implementation

Many developing countries face various difficulties in such fields as domestic legislative measures and expert training when they implement World Trade Organization

(WTO) agreements. In order for developing countries to receive benefits from multilateral trade regimes, as well as to be able to participate in new rounds of multilateral trade talks that follow the Uruguay Round, support for the capacity-building of these countries, starting with the reinforcement of administrative organs that are responsible for WTO agreements (training for officials, organizational restructuring, etc.), is of great importance. From this perspective, JICA will extend cooperation for capacity-building to four countries that have requested immediate assistance: Indonesia, Malaysia, Philippines and Thailand.

### Promotion of South-South Cooperation

The countries of Southeast Asia were among the earliest recipients of Japanese Technical Cooperation. In the past, these countries were exclusively recipients, but at present they are also active as donors\* through the

## From Line

Quality-of-life Improvement Through the Drinking Water Pump Installation Plan with Resident Participation in Sumba Island, East Nusa Tenggara Province

Indonesia

### Securing Drinking Water in Coordination with a Local NGO

Community Empowerment Program

#### ◆ Gift from the Sun

Sumba Island, with a population of about 500,000, is a 90-minute flight from Denpasar, Bali Island (eastern Indonesia) by propeller plane. It is a dry region with an annual precipitation below 1,000 mm and a long dry season.

The eastern part of Sumba is particularly underdeveloped in terms of such infrastructure as sealed roads, electricity and water supplies, and it was believed that the improvement of living environments was difficult due to bad climate and other meteorological conditions.

JICA, in cooperation with a local non-governmental organization (NGO), offered living improvement assistance for about 1,000 residents of Kamanggih Village, East Sumba. Specifically, JICA helped to install a drinking water pump utilizing sunlight, with average temperature of 38 °C, at a water source located in a valley 80 m below the village, to lighten work load associated with water supply and to facilitate agriculture.

#### ◆ Active Role by a Local NGO

The local villagers initially held the belief that one "cannot fight against nature. Water flows only from top to bottom." However, staff members from a local NGO talked with the villagers to obtain their understanding and cooperation, and these efforts paid off as construction work with resident participation was finally realized. The NGO gradually built confidence with residents through a bucket brigade by primary school children and by installing water pipes with village youths.

The pumping of 5.8 liters of water per second was realized three months after the start of the project. The workload of women and children, who had long drawn water from the valley, was alleviated considerably. The school attendance rate has improved, and women have actively engaged in other activities to make a living. In addition,



Village children collecting water from the valley. Due to morning and evening water collection chores, the children attended school irregularly.

other results of the water pumping include reinforced family ties due to increased conversation between married couples.

Along with the drinking water supply, village youths manage and maintain related facilities and equipment, and a system to collect maintenance fees from users has been established.

Stimulated by the 18-month joint efforts with the NGO, village youths formed the Kamanggih cooperative to promote increases in the school attendance rate and the number of teachers, assignment of full-time nurses at a health center and stationing of policemen, all of which have been achieved. In addition, bus services have been increased from one per day to four, and the village has finally become a city.

(JICA Indonesia Office)

medium of South-South cooperation provided in the form of third-country training in countries such as Indonesia, Philippines and Malaysia.

In Singapore, where Japanese Technical Cooperation ended in fiscal 1998, the Japan-Singapore Partnership Program\* for the 21st Century (JSP21) got under way in 1997. Under this program, Japan has been working in equal partnership with Singapore to provide support for developing countries within the region and elsewhere. In 2000, third-country training tailored to each country's needs was conducted, such as training programs on tourism for CLMV, which are new members of ASEAN, and on port administration for East Timor. Efforts corresponding to each diversifying field and country are called for, and Singapore, as an emerging donor country, is expected to play a greater role in the future.

### Active Support Toward East Timor

After East Timor chose independence from

Indonesia in the referendum of 30 August 1999, turmoil devastated more than 70% of the buildings and other facilities in the territory, which created a large number of refugees. Since then, nation-building aiming at independence in 2002 has steadily progressed under a transitional authority of the United Nations.

JICA set up an office in Dili in March 2000 and has helped East Timor build foundations for an independent state, putting emphasis on the following three types of development: human resources development and institution building; agriculture and rural village development; and infrastructure development. Under this framework, JICA has been implementing a wide range of cooperation efforts such as third-country training in cooperation with ASEAN countries, the formulation of a mid-term development plan in the agricultural field, water supply improvement, topographical map making, infrastructure development and Community Empowerment Program\* projects in coordination with NGOs.



## Support for Flood-resistant Nation-building Taking Advantage of Japan's Experience in Disaster Management

Dispatch of Technical Cooperation Experts

### ◆ Philippines—Typhoon-ridden Country

About twenty typhoons occur annually in the waters surrounding Philippines, and of those, eight or nine hit or approach the country. More than 1,000 people died or were lost on an annual average over the past ten years. Flood damage amounted to approximately 23 billion yen per year, and large cities and agricultural areas in riverside plains were seriously affected by floods.

### ◆ Flood Control Measures on a River Basin Basis

Given this, projects to build dikes and to dredge riverbeds in river basins in the suburbs of large cities including metropolitan Manila have been undertaken with assistance from Japan and other foreign countries. It is important to improve the flood prevention of major areas including satellite cities, industrial facilities, agricultural lands and key transportation networks in a balanced manner.

For this, it is necessary to take long-term and systematic anti-flood measures that view river basins—from mountains to the sea—as single units, while taking account of the utilization of water resources and the maintenance of water quality. However, Philippines does not have sufficient organizations or systems to manage rivers in a comprehensive way.

### ◆ Toward River Administration with Japanese Know-how

A review of flood control measures is being conducted by the Ministry of Public Work and Roads, which is in charge of large rivers. The review is taking the following steps: 1) enumerating issues related to flood control measures; 2) enumerating new legal systems to be



Flooding is a serious problem in metropolitan Manila.

established, based on the difference between what is needed in river administration and the existing legal systems; 3) studying implemented frameworks and plans necessary for river administration; and 4) drafting and introducing legal systems and organizational structures.

Since the natural conditions of Philippines, such as steep mountains and narrow plains and heavy rains brought by typhoons, are similar to those in Japan, high expectations are placed on the rich know-how of Japan, which was severely hit by Typhoon Catherine, and the Isewan Typhoon, and other major storms in the past. Case studies on past disasters and river administration in Japan have been contributing to discussion at project sites.

(JICA Philippines Office)



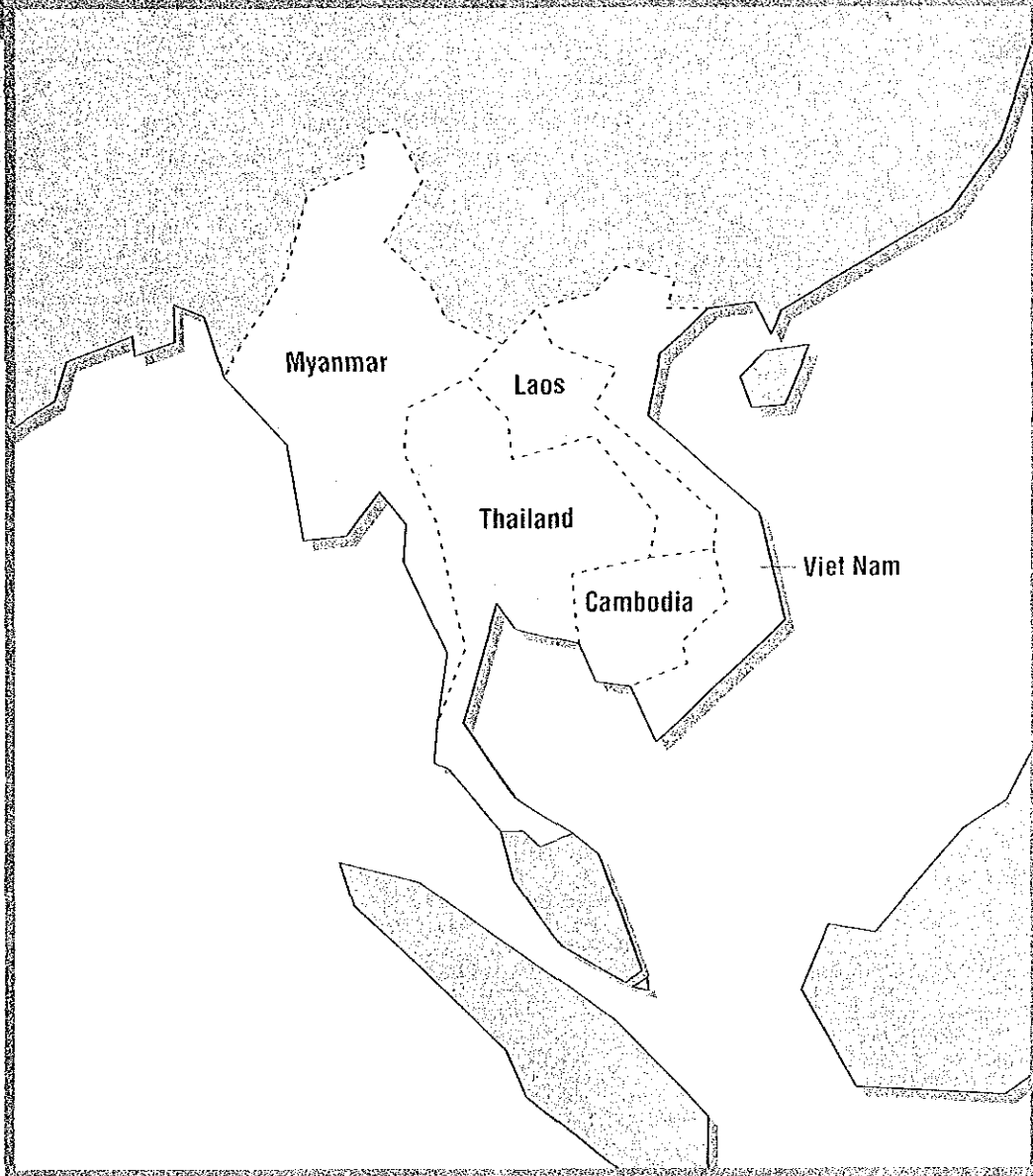
Chapter 1

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Asia



2. Indochina



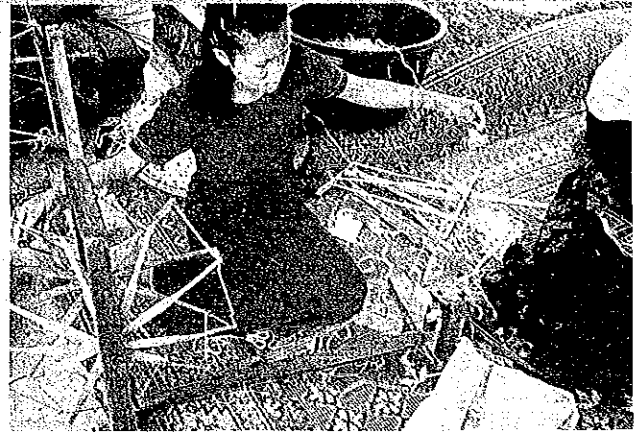
# Current State of Development

## Ongoing Development Toward a Free Economic Zone

Indochina comprises five countries: Cambodia, Laos, Myanmar, Thailand and Viet Nam. These countries share natural resources centering on the Mekong River, which flows from north to south through the center of the Indochinese peninsula, and are closely related economically, culturally and historically.

However, recent historical circumstances have brought about considerable political and economic differences between these countries. With the exception of Thailand, which underwent rapid development from the 1980s onward and has propelled development in the region, each country has experienced civil war and political chaos that have resulted in their economies lagging behind eastern Asia as a whole.

Japan continued for many years to provide economic cooperation in the form of postwar reparations. Aid to the region was then frozen with the outbreak of the Viet Nam War, and until the second half of the 1980s, diplomatic relations remained almost non-existent. The introduction



Community Empowerment Program project aimed at encouraging self-reliance among women through training in textile production (Laos).

of the Doi Moi ("renovation") policy in Viet Nam, new approaches and economic mechanisms in Laos from 1986, and the Paris Peace Accords of 1991 stimulated economic liberalization policies and the introduction of market economics in Viet Nam, Laos and Cambodia. This prompted Japan to recommence the provision of aid.

In Myanmar, a military regime has been clinging onto power since 1962, with the result that the country has received almost no investment from the West because of its failure to introduce democracy. It has therefore stagnated in terms of economic development. However, the government of Myanmar began to move toward an open market economy in 1988, and it is gradually establishing close relations with neighboring ASEAN countries and Japan.

Such were the political and economic conditions under which the Asian economic crisis, which began in Thailand in July 1997, had an indirect economic effect on the four new members of ASEAN. However, the crisis did not spur any major changes in their economic reform policies.

In April 1999, Cambodia joined ASEAN, marking

## Basic Principles of JICA Aid for Indochina

Indochinese countries are, in general, lagging behind the other countries of ASEAN due to historical and geographical factors. Long years of colonial domination, tyrannical government, and incessant war and political upheaval have destroyed the productive infrastructure of these nations and their capacity to allow their peoples to lead normal lives. Individuals with specific talents and abilities have been lost or now live abroad. Even today, when political conditions are gradually returning to normal, the scars left by these years are deep, and a long-term response leading to recovery is required.

Among the various problems facing these

three countries, JICA is particularly concerned with urgent issues such as administrative, financial and political reform, and the realization of capitalist economic structures. While compensating for the weakness of governments (shortages of personnel, budget and facilities) in receiving aid, JICA continues to formulate and implement medium- and long-term projects in specific aid fields through a combination of methods.

For example, as part of the "Japan-Myanmar Cooperation Programme for Structural Adjustment of the Myanmar Economy" and the "Economic Policies Support" project in Laos,

teams of consultants and academics are to be formed for each area to carry out policy recommendations and technology transfer.

In addition, under the "Support Program for Primary Education" project to be started in Viet Nam, JICA is going to co-develop concrete measures to implement the long-term program of the government of Viet Nam. At the same time, JICA will work to coordinate its activities with other aid organizations while planning and developing the specific content of Japanese cooperation.



the entry of all the countries of the Indochinese peninsula into ASEAN and the ASEAN Free Trade Area (AFTA). In addition, at the ASEAN+3 (Japan, China, and Republic of Korea) Summit Meeting of November 1999, "The Joint Statement on East Asia Cooperation" was adopted. Thus,

countries of the Indochinese peninsula are establishing close economic and political relations with the East Asian countries, and the region as a whole is continuing to draw closer to becoming a free trade economic zone.

## Tackling Priority Issues in JICA Programs

### Promotion of Cooperation in the Legal and Economic Fields

In the "economies in transition" of this region, vestiges of organizational structures, laws and policies strongly reflecting communist political concepts and



Thai technical training participants acquiring know-how for resolving environmental problems that occur as a result of economic growth.

the planned economy are still evident in several countries. Basic political and economic institutions are still not in place due to long years of tyrannical government and civil war. The social conditions applying in these countries are relatively similar. As a nation actively interested in cooperating economically with the region

### Front Line

Support for Disabled Persons at the Rehabilitation Center in Siem Reap Province

Cambodia

#### Supporting Livelihoods as well as the Rehabilitation of Bodies

Community Empowerment Program

##### ◆ Tens of Thousands of People Have Lost Arms or Legs

The Rehabilitation Center of Siem Reap Province is situated in Siem Reap, a town in the west of Cambodia that is famous for being the location of Angkor Wat. Here, Handicap International Cambodia, the Cambodian branch organization of the international non-governmental organization (NGO), Handicap International, is providing support for disabled persons.

In Cambodia, there are between 30,000 and 40,000 people who have lost their arms or legs because of the civil war, which lasted for over 20 years, and continuing accidents involving landmines. Accidents caused by landmines and unexploded bombs still occur at a rate of about 100 each month. Many of these victims come to the center needing rehabilitation.

People living in rural areas stay at the center free of charge and receive rehabilitation and training on the use of artificial limbs. As roads are closed during the rainy season, the center receives more people in the dry season, when transportation is easier.

Artificial limbs do not usually last more than two years, and repairs or replacements are constantly needed. Between January and March 2001, 383 people visited the center to have artificial limbs or canes made and for rehabilitative training.

##### ◆ Expectations Directed at NGOs

Disability, combined with poverty, burdens people's lives. At the rehabilitation center, support for livelihood as well as rehabilitation is provided in order to facilitate the improvement of the livelihoods and independence of disabled persons. The center is distributing medicines free of charge, supporting the maintenance of houses, and providing training on the repair of bicycles, motorbikes, radios, and televisions, in order to help disabled persons lead independent lives. Among the disabled are those who are trying to become independent by learning to grow and sell vegetables or raise pigs and chickens, while others are acquiring the skills necessary to become weavers, tailors, or barbers.

The Cambodian government is experiencing a shortage in the funds and human resources needed to support disabled persons. Therefore, NGOs are expected to play a significant role, and their finely tailored activities are already supporting the livelihood and independence of disabled persons in Cambodia. Since 2000, JICA has been involved in a three-year program to support the activities of Handicap International Cambodia, which is one of these NGOs.

(JICA Cambodia Office)

as a whole, Japan is being asked to assist with administrative and financial reform, such as modernization of major laws and introduction of the market economy.

With cooperation from government ministries and departments, academic institutions and related organizations, JICA is responding to these demands by creating domestic support structures and providing multilateral aid that combines various methods. These include Dispatch of Technical Cooperation Experts, Acceptance of Technical Training Participants, Development Studies, and provision of equipment.

Among the major projects underway, in Viet Nam JICA is continuing to support the introduction of a market economy through the establishment of a Japan Center\* as well as through Technical Cooperation for the improvement of necessary systems and for the fostering of human resources. Projects intended to provide policy and institutional support\* for economic policies are being formulated in Laos and Myanmar. In the legal sphere, JICA is assisting with legal modernization in Cambodia, Laos, and Viet Nam by providing advice and instruction on drafting and revision of laws and on training of legal experts.

Although JICA has extended policy and institutional support of this type for less than 10 years, our efforts are arousing much interest both inside and outside Japan.

### **Cooperation with Other Aid Organizations**

JICA is promoting efficient linkages among donors\* as well as exchanging information and collaborating in a variety of fields with the many aid organizations currently active in Indochinese countries. In Viet Nam, in particular, we have formed partnerships consisting of groups of donors in more than 20 important fields. While respecting the independence of Vietnamese government ministries and departments as well as related institutions, we are providing aid that takes into account overall linkages and cooperation among related aid organizations in all fields. Japan is considering how to take the lead in partnerships in several fields, such as transportation, and JICA is taking part in this new development through the application of our Development Study and Dispatch of Technical Cooperation Experts systems.

In the countries of the Indochinese peninsula, many NGOs are continuing to provide cooperation as dynamic



Cooperation in cultivation of Japanese soba in an attempt to eliminate poppy growing, a major source of narcotics (Myanmar).

as that provided by government aid organizations. There are many organizations that already had a long record of aid achievement even before the main donors entered the field, and the activities of these organizations are highly regarded by the recipient countries.

JICA has begun working on a variety of projects in these countries in the fields of education, medical care, social welfare and culture. Use is made of projects conducted jointly with NGOs and academic institutions under the Community Empowerment Program\* and the JICA Partnership Program\*, which are schemes that have been developed in recent years.

In Cambodia, United Nations agencies and NGOs are engaged in their own forms of cooperation in fields of post-conflict\* aid, such as landmine clearance. These are fields in which JICA must collaborate with pioneering aid organizations so that each organization can complement the other in terms of safety and support measures.

### **Promotion of the Development of the Mekong River Basin**

From a global perspective, the Viet Nam, Cambodia and Laos region holds the brightest prospects for rapid development. Regional cooperation that extends over national boundaries and is balanced throughout the area as a whole is currently moving ahead. Frameworks for region-wide cooperation include "Economic Cooperation with the Greater Mekong Subregion" (GMS Project), which was proposed by the Asian Development Bank (ADB) and started in 1992, and the "Indo-China Comprehensive Development Forum", which was proposed by the Japanese government in 1993. In July 2001, Japan will

dispatch a government delegation to hold consultations with relevant countries on rationalization of the variety of frameworks and formation of new projects concerning development of the Mekong River Basin.

One specific project currently underway involves the development of the East-West Corridor. This is arousing much interest as a leading infrastructure project connected with development of the Mekong River Basin. The purpose of this project is to establish a transport artery stretching from Thailand through Viet Nam to the South China Sea. This route is likely to contribute to economic development throughout the region, including land-locked Laos. JICA is responsible for an important sector of this project, including detailed studies on the design of the Mekong International Bridge No. 2, linking the Thai and Laotian sides of the river and research on the provision of Grant Aid for repairs to National Highway

Route 9, which runs the length of Laos. Cooperation in the future will be concerned not merely with "hardware" aspects, such as the construction of roads and bridges: it will also involve cooperation on "software" aspects that are aimed at ensuring that the opening of the East-West Corridor is linked to economic development in the region.

JICA is supporting sustainable development\* in the Mekong River area by sending experts to the Mekong River Commission, which is an international organization. We are also planning to implement a Development Study project entitled "The Study on the Hydro-Meteorological Monitoring for Water Quality Rules," with the Commission as the implementing body. This study should contribute to determination of the conditions in the Mekong River Basin, formulation of water regulation plans and fostering of human resources.

**Front Line**

Project for the Asian Center for International Parasite Control

**Thailand**

**Toward Control of Malaria and Other Parasitic Diseases**

Project-type Technical Cooperation

◆ **Children Infested with Parasites**

In addition to the threat of malaria, it is not rare to see school-age children in developing countries of tropical regions infested by varieties of parasites that continuously hamper their mental and physical health. This is the case not only in Thailand, but also in those countries of the Mekong River Basin (i.e., Cambodia, Laos, Myanmar and Viet Nam). One reason for this is a lack of national policies against parasite diseases and a lack of human resources.

◆ **Based on the "Hashimoto Initiative"**

At the G8 summit meetings of Denver (1997) and Birmingham (1998), then Prime Minister Ryutaro Hashimoto pointed to the importance of measures against parasites in the improvement of health and hygiene, based on the post-war Japanese experience. He emphasized the necessity of international cooperation to change the above-mentioned situation in developing countries and proposed the establishment of centers for "human resources development" and "research activities" in Asia and Africa. He also proposed the creation of a center-led international network to promote human resources development and exchange of information, with a view to promoting the international fight against parasites.

Based on this "Hashimoto Initiative," in March 2000, the Asian Center for International Parasite Control (ASIPAC) was established within the Faculty of Tropical Medicine of Mahidol University in Thailand, which started the project. It is conducted as a Project-type Technical Cooperation project between Japan and Thailand. At the same time, this unique project places primary importance on the promotion of Technical Cooperation with Thailand's neighbors through use of the JICA budget for wide-area technical cooperation promotion and on the development of human resources through training for those concerned in neighboring countries.

Based on consideration of the parasitic infestation among school-age children that was described above, this project sets the strategy



Promoting cooperation based on school health care that utilizes Japan's experience.

of "promoting countermeasures against malaria and intestinal parasites based on school health care" as well as plans to carry out international training for human development according to this strategy for a 12-week period beginning in mid-September 2001.

◆ **Former Participants Continue to be Active at Regional Level**

Efforts are being made to gain a consensus among the governments concerned that will enable those who finish the training to promote small-scale pilot projects against parasites, including those that involve hygiene education for pupils, and to promote human resources development that includes training on inspection techniques at the regional level.

For the time being, each country concerned is expected to receive financial support to implement small-scale projects through the budget for wide-area technical cooperation promotion, but as the scale of the projects increases in the future, other forms of cooperation for each country will be considered accordingly.

(JICA Thailand Office)

## **Furtherance of South-South Cooperation in Connection with Human Resources Development**

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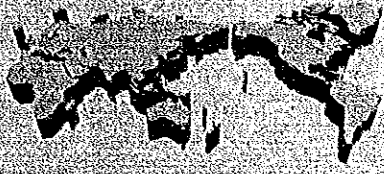
In 1999, Cambodia became the tenth member of ASEAN, and an important issue now facing the organization is how to rectify the economic disparities that exist within it. Japan regards Thailand as a base for cooperation to countries of the Mekong River Basin and of ASEAN, and it is considering active development of third-country training\* and regional projects directed at the region.

In 1994, Japan concluded a "Japan-Thailand Partnership Program\*" (JTTP) agreement with the Thai

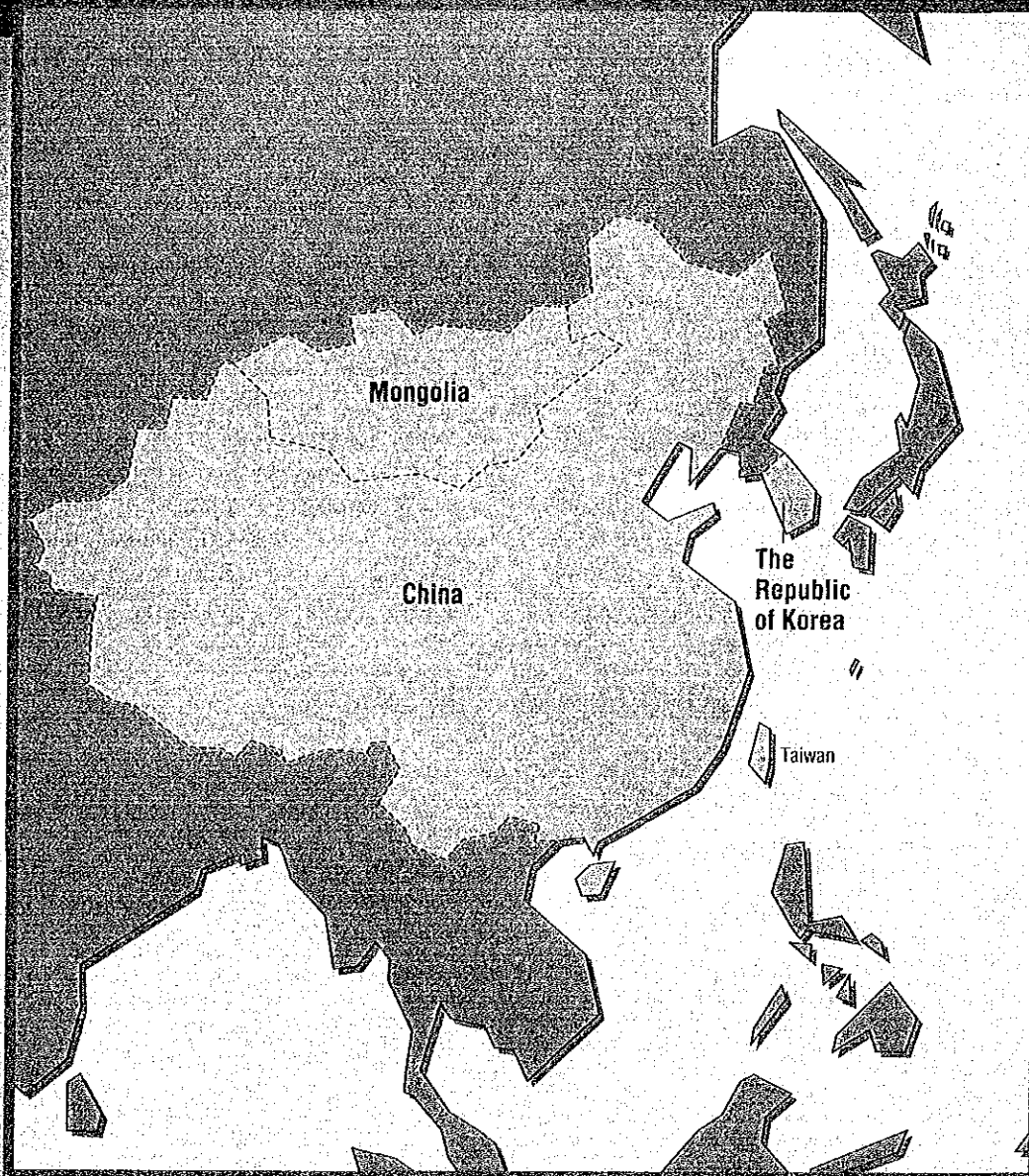
government that aims to expand third-country training and raise the cost share for cooperation to 50/50. Although the cost share target was not achieved due to the Asian economic crisis in 1997, the establishment of 15 third-country training courses, a target for fiscal 2000, was achieved. A new agreement for Phase II of JTTP is expected to be signed at the annual consultation for fiscal 2001.

Concerning region-wide projects, JICA is implementing the "Asian Center for International Parasite Control (ACIPAC)" project, and planning projects in such fields as "Empowering Persons with Disabilities," "Narcotics Control," "Higher Engineering Education," and "Animal Disease Control." Preparation for these projects is underway with Thailand as the base.

# Chapter 1



## 3. East Asia



# Current State of Development



Upper grade class at an integrated elementary and junior high school in Bulgan, Mongolia.

## China's Rapid Economic Development

Since embarking on its program of reform and liberalization, China has been undergoing rapid economic development. Although economic prospects were affected by a decline in exports and other factors due to the Asian economic crisis of July 1997, the effect was limited in comparison with that on neighboring countries. The report for the ninth five-year program, which was presented to the National People's Congress in March 2001, announced the achievement of an average annual gross domestic product (GDP) growth rate of 8.3%. On the other hand, China is now facing various pressing problems, such as regional disparities and poverty, delays in its response to social development and serious deterioration of the environment.

The tenth five-year program, which will guide China's development during the coming five years, sets a target of about 7% annual GDP growth on average. In order to reach this goal, the program calls

for economic structural adjustments, deepened reform and liberalization, and advancements in science and technology, among others.

As evidenced by the inclusion of the "Western Grand Development" in the tenth five-year program, China's strategy for development in the 21<sup>st</sup> century is focusing on the country's inland areas, and attempts are being made to rectify regional disparities. The Chinese government is using various policies to deal with the problem of poverty in inland areas. Although some success has already been made in this respect, further measures must be taken in the future. Amid efforts to develop the market economy, three major reforms (state-owned enterprises, administration and finance) that have been in effect since 1998 are bearing fruit to some degree; however, institutional improvements to accompany these sudden social changes have become an urgent priority. In addition, rules and systems in accord with international norms must be established if China is to join the World Trade

## Basic Principles of JICA Aid for

### East Asia

Cooperation to China is being provided primarily in the following four areas:

- (1) Support for reform and open-door policies: Support for institution and organization-building in response to economic globalization, including membership in the WTO, as well as support for small and medium-sized enterprises.
- (2) Environmental conservation: Support for the formulation of environmental policy, measures to deal with air and water pollution, upgrading of urban environments and preservation of ecosystems.
- (3) Alleviation of poverty and rectification of regional disparities: Upgrading of primary medical care with emphasis on prevention and hygiene, upgrading of educational

infrastructure, and improvements in basic living conditions in poor regions.

- (4) Promotion of mutual understanding: A wide range of public interaction to build a foundation for favorable relationships between Japan and China, and mutual exchange of persons who can become key players in future Japan-China relations.

Cooperation to Mongolia is emphasizing the following five areas:

- (1) Policy and institutional support and development of human resources for transition to a market economy: Structural upgrading and human resources development to provide further support for the market economy system.
- (2) Upgrading of economic infrastructure and

conditions for promotion of industry: Infrastructure upgrading in the fields of distribution, energy supply and communications.

- (3) Promotion of cattle-breeding and agriculture: Natural disaster-resistant institution- and organization-building in the fields of cattle-breeding and agriculture, and human resources development to improve product quality through strengthened quarantine systems and improved quality of livestock products.
- (4) Support for basic living environments: Cooperation for education, medical care and urban infrastructure (e.g., water supply in the provinces), which are fields that were subject to drastic budget curtailment after the changeover in the political system.



Organization (WTO). As far as food production problems are concerned, China is currently continuing to produce close to 500 million tons a year, meaning that production remains in a relatively healthy state. But production structures still need to be coordinated on a regional level, and this will include the making of decisions on which crops should be grown in which areas. Environmental pollution, especially in the cities, is also growing increasingly serious. As well as having a serious influence on China itself, there is concern that Chinese environmental pollution in the form of acid rain is affecting neighboring countries including Japan.

### Mongolia in Transition

Mongolia has an extremely low population density, with approximately 2.5 million people living in an area four times the size of Japan. It features a severe climate of little precipitation and a prolonged winter due to its location in an inland area at a high



A JICA expert giving a lecture on meteorology at a state-run college seminar (Mongolia).

latitude. Three quarters of the country's territory are grasslands, with the remaining area occupied by deserts or mountains. In order to adapt to such natural environments, people have lived nomadic lives since ancient times. With its incorporation into the economic sphere of the Council for Mutual Economic Assistance (COMECON) in the 1920s, Mongolia began to serve as a supplier of raw materials, and mining and light industry as well as cattle-breeding and agriculture started to develop. Another characteristic of this country was its level of basic living conditions (such as

## Front Line

Business Management, Quality Control, Piano Tuning

Mongolia

### With Experience and Expertise Acquired at Japanese Businesses

Dispatch of Senior Volunteers

#### ◆ Custom to Respect the Elderly

In July 1999, then-Prime Minister Keizo Obuchi visited Mongolia, and an agreement was reached on the dispatch of Senior Volunteers to Mongolia. The first group of three volunteers (specializing in business management, quality control and piano tuning respectively) was sent in November 2000.

Initially, the unfamiliar and frigid climate made the volunteers nervous, but they are now accustomed to their surroundings and are actively engaging in their tasks. Partly because of the Mongolian custom to respect the elderly, these senior volunteers, who have considerable skills and experience, are being well received at their places of assignment.

#### ◆ Starting from Scratch

The two volunteers specializing in business management and quality control are working at the National Quality and Standard Center. The center plays a role similar to that of the Japanese Industrial Standards Committee, which establishes the Japanese Industrial Standards (JIS). The volunteers are also dispatched from the center to companies and factories to hold seminars or give guidance. Their instruction, which takes full advantage of their experience and knowledge at the forefront of Japanese business, is given in an easy-to-understand manner with occasional humor. This makes it highly regarded wherever they go, and the number of requests for their lessons is increasing.

The volunteer for piano tuning is giving advice at a prestigious music and dance school from which a number of Mongolian musicians and dancers have graduated. There were about 30 pianos at



A senior volunteer tuning a piano.

the beginning of the volunteer's assignment, some of which were considered famous instruments from around the world. However, they were in quite bad condition due to almost no maintenance. During an early stage of his assignment, the volunteer realized that before teaching how to tune the pianos, he had to repair them first. So, starting from scratch, he worked day after day to repair the damaged pianos with his students. The pianos are almost ready now, and the volunteer's eyes shine with expectation as he says, "Now the real work begins."

The reputation of Japanese Senior Volunteer in Mongolia is rising as a result of the efforts made by these individuals. Requests for Senior Volunteers are pouring in, and we expect that something of a "senior sensation" will occur in Mongolia in the days ahead.

(JICA Mongolia Office)

education and medical care), which was higher than that of other developing countries, thanks to substantial economic aid from the former Soviet Union.

Around the time of the collapse of the Soviet Union in 1991, Mongolia changed over from a communist system to a democratic system with a market economy. The economic disorder that arose as a result of this changeover was, to some extent, remedied by the economic stabilization policies of the Mongolian government, guidance from the International Monetary Fund (IMF), and economic aid from various countries.

## Tackling Priority Issues in JICA Programs

### Support for Institution- and Organization-building

China is continuing to undergo rapid economic development. Its stable development and fulfillment of responsibility as a member of the international community will lead to the stability and prosperity of East Asia, and it is therefore important to support its introduction of market economy principles and to facilitate its adoption of international standards and norms.

Concerning support for reform and open-door policies, Japan will assist in human resources development that will contribute to the establishment of tax and trade systems in accordance with international rules (including support for WTO membership), while passing its own experience in a concrete manner. Small and medium-sized enterprises, which have gained increasing importance in the Chinese economy in recent years, are also important as places of employment for

However, lack of funds has created difficulties in maintaining and managing a wide range of socioeconomic infrastructure, and repair and renovation of this infrastructure have become important tasks. The development of human resources needed for the market economy is another urgent priority. Further problems that have surfaced recently include the widening gap between the rich and poor, and a decline in the standards of education as well as health and medical care, especially in rural areas.



Study team at a local junior-high school. The school gymnasium cannot be used in winter because of heating system breakdown (Mongolia).

people that have lost their jobs due to reform of state-owned enterprises and the poor. Therefore, Japan is intending to promote small and medium-sized enterprises by introducing its experience and developing human resources in banks and other elements of the financial sector.

With 1.27 billion people, China has the largest population of any country in the world. This number is increasing at a rate of 12 million a year. The problems caused directly and indirectly by China are global issues that affect not only Asia but also the whole world. In particular, urgent responses are needed to the issues of institution and organization-building, environmental problems that are growing more serious by the day, and poverty and regional disparities, as these are priority issues with respect to aid for China. In addition, efforts should be made to promote mutual understanding for the establishment of a favorable Japan-China relationship.

Since it is impossible to become directly involved in environmental measures for the whole of China, environmental problems have to be addressed by encouraging a greater degree of self-help by the Chinese through support to strengthen their environmental policy planning capabilities. Japan will provide lateral support for the nationwide dissemination of environmental technology and facilities through cooperation centering on the Japan-China Friendship Environmental Protection Center, and participation in the Japan-China Environmental Development Model City Program.

Poverty and regional disparities point to the urgent need for cooperation directed at health and medical services for poor areas (particularly those in inland regions) and the training of personnel to provide these services, as well as infrastructure improvements in education and support for poor rural communities.

As for the promotion of mutual understanding, JICA will promote training programs in Japan for young Chinese officials and exchange programs between local authorities, as personnel exchanges

between Japan and China build a solid foundation for good Japan-China relations.

## Providing Support for the Transition to a Market Economy

In Mongolia, 70 years of socialism have resulted in the need to foster the personnel who can lead the transition to a market economy, and that is why JICA is providing policy and institutional support\* for economic policy planning, legislative measures and administrative reforms. In addition, JICA will engage in technology transfer\* in the areas of iron making, railroad and bus services, and road construction, which are the bases of industrial development.

Farming and cattle-breeding account for more than 30% of the Mongolian GDP. JICA is cooperating to enhance the development of agriculture as one of the nation's key industries, specifically by strengthening animal quarantine systems and improving the distribution and processing of livestock. A natural disaster

### Front Line

Water Pollution Control of Taihu Lake

China

#### For the Protection of Taihu Lake's Clear Water

Project-type Technical Cooperation

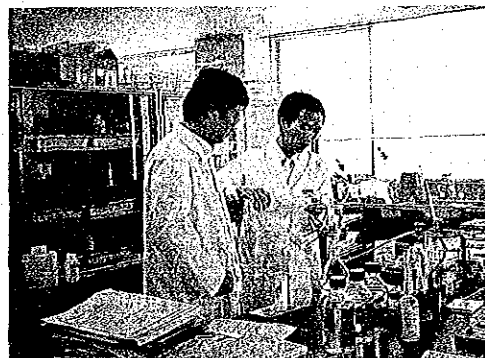
##### ◆ National-level Project Deriving from a Local Friendship Project

The Water Pollution Control of Taihu Lake is an endeavor under JICA's Project-type Technical Cooperation scheme that is scheduled to run for a five-year period starting in fiscal 2001. It expands to the national level the results of a local friendship project that has been implemented by Ishikawa Prefecture and Jiangsu Province since 1995.

Taihu Lake near the mouth of Chang Jiang River of Jiangsu Province is a scenic site on which many Chinese-style poems have been penned. However, water in the lake has been contaminated by domestic and industrial wastewater that has been increasing with rapid economic development, and this has resulted in detrimental effects on the ecosystem. In order to help solve this serious problem, Japanese experts have been dispatched from the National Institute for Environmental Studies and Ishikawa Prefecture to provide on-site guidance.

##### ◆ Providing Indirect Support to the Project

JICA Hokuriku Branch, in cooperation with Ishikawa Prefecture, has been continually providing indirect support to the project. One example of this support is the acceptance of Chinese engineers at Ishikawa Prefecture's Health and Environment Center under the acceptance of training participants initiated by local government system. The trainees are officials of the Wuyi Environment Protection Bureau that are actually involved in water quality inspection at Taihu Lake. They come to Japan to study the subject of "water quality analysis," and this has led directly to the project's



A training participant learning skills to analyze lake water quality.

success in developing Japanese-speaking technical personnel that are familiar with differences in inspection skills and evaluation methods used in Japan and China.

The regional allotment training program on "water quality analysis" accepted one person each in fiscal 2000 and fiscal 2001. Based on consideration of progress made by the project and efforts to confirm the effectiveness of training, JICA will continue the program to help working-level officials improve their analytical skills.

(JICA Hokuriku Branch Office)

known as *Zud* (snow damage) brought about the deaths of many farm animals in 2001, as it did in 2000. The deaths were partly caused by deterioration in grass quality due to a sudden increase in the number of farm animals. Because of this, the building of institutions and organizations for a distribution system to dispose of excessive animals appropriately is a major task.

Changes in the political system have brought about a sudden deterioration in social services such as education and health and medical care. Rural areas, in particular, are seriously affected by shortages in financial and human resources. JICA therefore plans to extend

cooperation for the rebuilding of hospitals and schools, and to extend support for education on information technology (IT) as a step toward the future, while putting emphasis on improvements in rural living conditions.

Also, because Mongolia is blessed with valuable natural resources that are sprinkled throughout its vast territory, JICA will explore possibilities for cooperation that will help expand the use of these lands, which until now have been used primarily for nomadic grazing, to include tourism through proper protection and management.



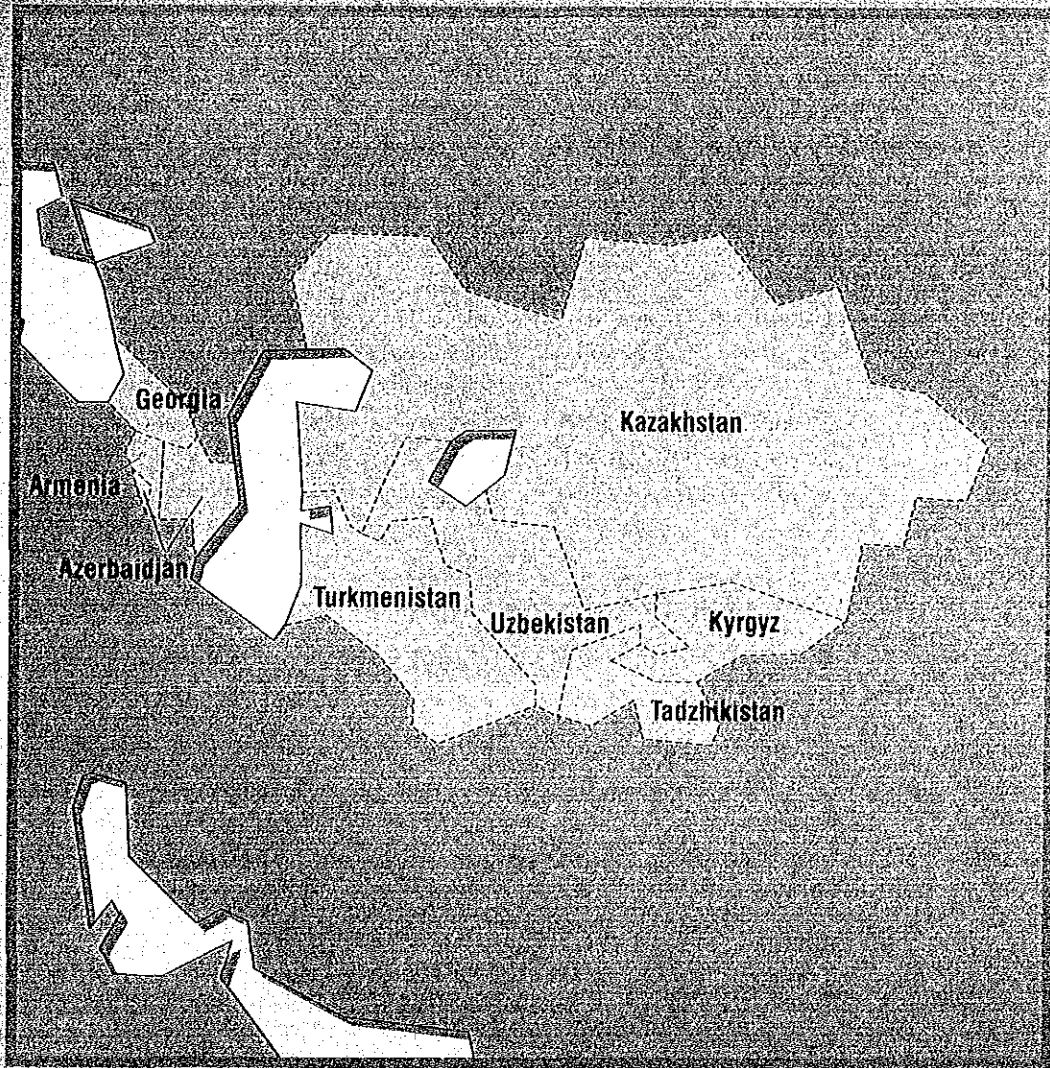
Senior volunteers engaging in the transfer of quality control expertise (Mongolia).

Chapter 1

Asia



# 4. Central Asia and Caucasasia



# Current State of Development

## Crossing Points of the Silk Road

Central Asia consists of the five nations of Uzbekistan, Kazakhstan, Kyrgyz, Turkmenistan and Tadjikistan, while Caucasia comprises the three nations of Azerbaidjan, Armenia and Georgia. These two areas are located in the center of the Eurasian continent; combined, they cover an area of 4.2 million square kilometers and have a population of around 72 million. This is a strategic location on the Silk Road that has historically linked east and west. The northern part of the area has witnessed constant territorial conflicts between the nomadic peoples who live there. From the 1920s onward, the countries in this region formed part of the Soviet Union, but they gained their independence when the Soviet Union disintegrated in 1991.

People of many different ethnic backgrounds have lived in this area since ancient times. Russians and other peoples settled the area in early modern times,

ОРГАНАХ УПРАВЛЕНИЯ И НА ПРЕДПРИЯТИЯХ  
государства Междуперного Сотрудничества (ССА)  
продвижения перелома к рыночной экономике



A lecturer from a private think-tank delivering a lecture on methods for economic development (Uzbekistan).

and this area today has a complex ethnic mix. In terms of religion, the five nations of Central Asia and Azerbaidjan have a relatively strong Islamic influence, with Uzbekistan and Tadjikistan increasingly reverting to Islam since achieving independence. In contrast, Armenia and Georgia are dominated by the Christianity of the Armenian and Georgian orthodox churches, and both countries have their own languages and cultures.

## Toward True Self-sufficiency

All the nations of Central Asia and Caucasia must tackle the dismantling of the system imposed by the Soviet Union, and the establishment of the political and economic systems they require as independent nations. The basic indices relating to education, health care and social services are generally high in comparison with other so-called developing nations. However, since independence, the inefficiencies of the planned

## Basic Principles of JICA Aid for Central Asia and Caucasia

The countries of Central Asia and Caucasia are confronting major problems on their paths to nation-building. Under communism, dependency on the Soviet Union and strong central government were fostered, and a clear division of labor existed between the individual countries. This now means that much of the societal and industrial infrastructure required by independent nations is lacking. Consequently, there is a need for many reforms, including the total shedding of the former system, the establishment of democratic institutions and the adoption of a market economy. At present, there is a shortage of people sufficiently qualified to push these reforms through.

To support nation-building and stable

development in the countries of Central Asia and Caucasia, JICA is providing cooperation with emphasis on policy advice aimed at implementing a market economy, human resources development and the upgrading of basic infrastructure.

Since independence, various problems have arisen that were scarcely given a second thought while the Soviet Union was still in existence. Environmental problems are particularly serious. One typical example is the ongoing salt damage and shrinkage of the Aral Sea. Too much water has been drained in a wholly unplanned and uncoordinated manner from the rivers that flow into the Aral Sea, rivers that have become international since the collapse of the Soviet Union. This is a characteristic example of a problem

caused by the large-scale and inefficient systems in operation during the days of the Soviet Union. Such problems are becoming increasingly complex. In order to tackle environmental problems in this region, JICA has dispatched policy advisers and is cooperating on specific topics such as preservation of biological diversity.

Various problems are arising on account of the rapid changes that have been occurring within society, but JICA is placing particular importance on efforts in the health and medical areas closely linked to civic life. Cooperation will continue to be provided to upgrade infrastructure from the Soviet era, which is becoming increasingly inefficient and ineffective.



economic system that was applied during the Soviet Union era, the dilapidation of facilities and machinery, inadequate maintenance control, insufficient energy and the loss of markets due to the collapse of the Soviet economic zone, have led to chaos across their societies and economies. A priority for these countries is therefore to establish systems and structures appropriate for their status as truly independent nations.

Each country is continuing with efforts aimed at moving from a planned economy to a market economy. However, 10 years have passed since independence, and differences in the speed of transition are becoming clear. Considerable results have been achieved on the macroeconomic front, but as of the end of 2000, the gross national product (GNP) of almost all of the countries has shrunk to less than half the figures applicable at the time of independence. Nation-building must take place in parallel with economic reconstruction if the economic and living standards of the people are to be restored and raised.

### Diversifying Political and Economic Conditions

As regards economic reform, Kazakhstan, Kyrgyz, and the three countries of Caucasus are moving firmly in the direction of price liberalization, privatization, deregulation, trade liberalization and other types of structural reform in line with the prescriptions of the International Monetary Fund (IMF) and the World Bank. On the other hand, Uzbekistan and Turkmenistan are distancing themselves from these radical programs and following their own distinctive paths. Tadjikistan has begun to embark upon full-scale reconstruction and economic reform after a long civil war.

Farming is the main industry in this region. Central Asia generally has a dry climate, while Caucasus mainly falls within the Mediterranean climatic zone; farming occurs in line with the climatic and natural conditions of the individual areas. The region as a whole has a plentiful supply of mineral resources including petroleum, natural gas and rare metals, and there are several countries where primary manufacturing industries are well developed.

Azerbaijan, Kazakhstan and Turkmenistan are rich in resources and have a strong interest in developing their respective resources and in establishing export routes. As a nation without its own resources, Georgia is attempting to establish a role for itself as a conveyance route for energy.

Albeit to a decreasing degree, these countries are still reliant on Russia, and the Russian financial crisis of 1998 had a severe effect on all the countries in this region through a major decline in exports to Russia, a decrease in remittances sent home by workers who had gone to Russia for work, and the withdrawal of foreign investments.

In international relations, Kazakhstan and Kyrgyz concluded a compact with Belarus in March 1996, to strengthen the union between the three nations, and they have indicated support for the idea of strengthening the Commonwealth of Independent States (CIS) centering on Russia. Since 1998, Kazakhstan, Tadjikistan and Kyrgyz have been strengthening their relationships with Russia and China with a view to enhancing economic ties and security within the region (the "Shanghai Five"). Uzbekistan joined the group in 2001, effectively forming the "Shanghai Six."

In the Caucasus, Azerbaijan and Georgia are strengthening their links with the West, particularly in connection with petroleum development, whereas Armenia is allying itself with Russia in security matters. In addition, Azerbaijan and Armenia continue to dispute possession of the Nagorno-Karabakh enclave.



Bishkek, the capital city of Kyrgyz.

# Tackling Priority Issues in JICA Programs

## Supporting Self-sufficiency Among the Newly Independent States

The Government of Japan has announced its policy of promoting diplomatic relations with Central Asia and Caucasia, which form the "Silk Road region." JICA is providing cooperation in four main areas with the aim of supporting self-sufficient development in this region, namely: 1) support for introduction of the market economy; 2) infrastructure development centering on transportation and communications; 3) cooperation with social sectors such as medical care and education; and 4) conservation of the environment.

Support for the introduction of the market economy has been taking the form of advice on macro-economic and long-term development of planning policy, master plans on specific topics such as the promotion of small and medium-sized enterprises and intensive technical guidance. In the field of transportation and communications infrastructure, JICA has cooperated with the upgrading of railways, roads and airports. JICA has also provided support for policies relating to the environment and health and medical care systems. Other areas of cooperation include basic industries such as agriculture and mining.

We are also working on human resources development to support democratization in Tadjikistan, which remains unstable despite the end of the civil conflict there.

Combining all these cooperation projects, JICA's Technical Cooperation in this area, as of March 2001 totals ¥157.5 billion. JICA has set up an office in Uzbekistan as a base for the provision of cooperation in this region. In addition, the JICA office in the United Kingdom will provide follow-up activities in the countries of Caucasia. Further, "Japan Centers\*\*" have been



Students from Uzbekistan that have come to Japan through the Grant Aid program. They are obtaining know-how on the introduction of a market economy.

set up in Uzbekistan and Kazakhstan to offer human resources development programs to support the introduction of the market economy, and to provide Japanese language courses and information on Japan aimed at increasing local awareness of Japan.

## Review of Priority Areas

Because differences in progress and priorities have begun to emerge clearly after 10 years of independence in the region, JICA set up the Study Committee for Development Assistance to Central Asia in 1999 and reviewed priority areas for cooperation with Uzbekistan, Kazakhstan and Kyrgyz. Following this, the Japanese government dispatched a comprehensive study team on economic cooperation to Uzbekistan in November 2000, and entered into an agreement with the government of Uzbekistan to deepen cooperation in three major areas: promotion of the market economy; infrastructure development; and the reconstruction of social sectors.

## Further Efforts to Bolster Security

The underlying ethnic and religious makeup of this region is complex. Unstable political conditions following the collapse of the Soviet Union have led to terrorist activities, civil war and conflict in some parts of the region. In fact, several incidents involving Japanese aid personnel have occurred in this region: the shooting in 1998 of United Nations personnel, including Yutaka Akino (a Japanese official who was in Tadjikistan as a member of a United Nations inspection team), and the abduction in 1999 of a Japanese engineer in Kyrgyz. Although conditions have been stable in recent years, utmost vigilance is

called for due to the activities of radical Islamic forces. In order to proceed with cooperation in the region, JICA is planning to give further consideration to public order and to security measures.



A musical performance using the kontuz, the traditional musical instrument of Kyrgyz.

**Front Line**

Japanese-style Management in the Public and Private Sectors

**Uzbekistan**

**Applying Think-tank Experience to JICA Programs**

Private Sector Proposal-type Intellectual Assistance Seminar

◆ Cooperation Led by the Japanese Public, Rather than the Government

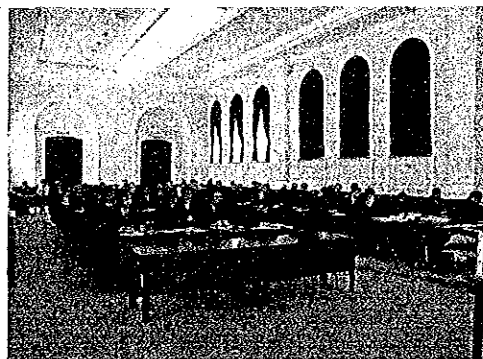
In April 2001, a Private Sector Proposal-type Intellectual Assistance Seminar was held in Tashkent, the capital of Uzbekistan, on the theme of Japanese-style management in both the public and private sectors. JICA and the Ministry for External Economic Relations of Uzbekistan co-sponsored the seminar, and the Nomura Research Institute (NRI) served as the implementing organization.

The private sector proposal-type intellectual assistance seminar program was started in fiscal 1998 with the objective of promoting market economics and economic liberalization in developing countries. The program is a new form of cooperation that promotes the participation of the Japanese public. It involves seminars that are held based on proposals gathered from the private sector, rather than government-initiated events based on requests from developing countries, as has been the case traditionally.

◆ Based on the Spirit of "Customer Satisfaction"

About 60 government administrators and corporate executives who will be the driving force behind the economic development of Uzbekistan, which is moving toward a market economy, participated in the seminar. During the week-long seminar, they attended lectures given by experienced lecturers on macroeconomic policy from the NRI, micro-economic policy and corporate management strategy and methods.

Emphasis was placed on discussion. As the seminar was conducted to enable participants to solve the issues they were facing rather than just giving them knowledge, participants were encouraged to present a range of specific issues. This led to active opinion exchanges that extended beyond each day's allotted time. The NRI stimulated participants' interest by providing a series of unique lectures based on the spirit of customer satisfaction. These lectures



Participants eagerly listening to an NRI lecturer.

featured practical experiences that the Institute has gathered in Japan and abroad as a private think-tank, but more specifically, they provided a specific comparison between Uzbekistan and China concerning the introduction of a market economy. In the end, however, the NRI expressed regret that it had not fully understood the needs in Uzbekistan in advance of the seminar.

◆ Working to Continue Private Sector Proposal-type Intellectual Assistance Seminars

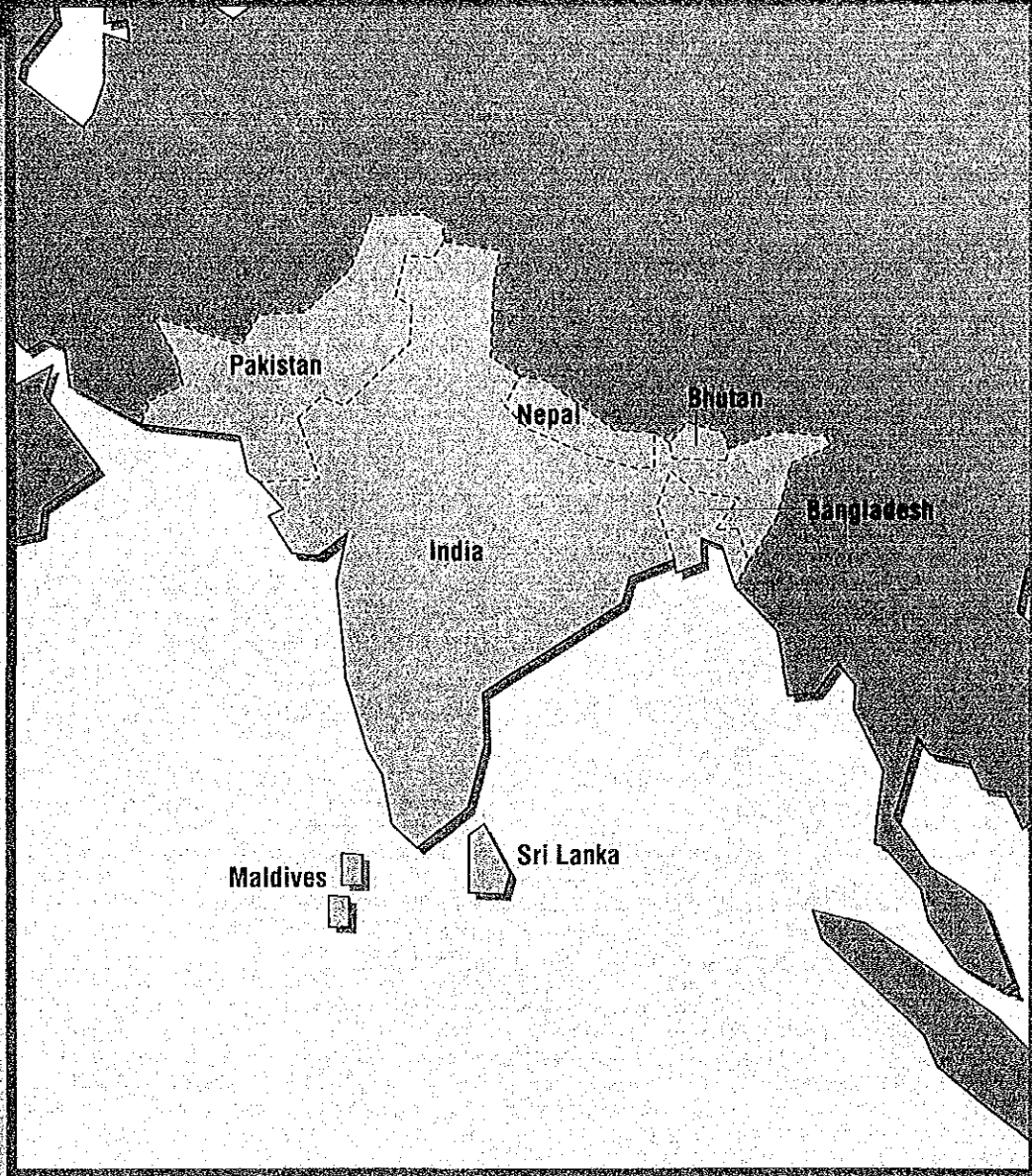
JICA is planning to continue this program and to enhance its effectiveness in order to: a) address desired themes for future seminars that were identified through a survey of the seminar's participants; and b) utilize information concerning the current situation and thinking in Uzbekistan that was obtained through opinion exchanges. It is also expected that the experience gained by the private sector in this area will be applied to other JICA programs in Uzbekistan.

(JICA Uzbekistan Office)

# Chapter 1



## 5. Southwest Asia



# Current State of Development

## A Region Containing 50% of the World's Poor

Southwest Asia consists of seven nations: Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. It has a population of approximately 1.3 billion, or one-fifth of the global population. With the exceptions of the Maldives and Sri Lanka, per capita gross domestic product (GDP) throughout the region is less than US\$500, with 560 million people in the region classified as poor—around half of the world's poor. Together with ethnic, cultural, religious, linguistic and climatic diversity, low economic and income levels are factors contributing to political and social instability in the region.

With the exception of the Maldives, where the main industries are tourism and fishing, the principal industry in the countries of Southwest Asia is agriculture, which is susceptible to the influence of climatic conditions. The trade structure thus involves the export of primary commodities such as agricultural produce and textiles and the import of machinery and other capital goods. This means that these countries' economies are easily affected by fluctuations in the international prices of



A JICA expert explaining an inspection method for dysentery bacillus toxin as a part of the "Project for Prevention of Emerging Diarrheal Diseases" (India).

primary goods, and this situation has resulted in most of the countries running constant trade deficits.

## Realizing a Free Trade Zone

Since independence, the countries of Southwest Asia have restricted imports to protect domestic industries and to become economically self-reliant. However, following the lead of Sri Lanka, which embarked on a path toward economic liberalization in 1977, India, Pakistan, Bangladesh and Nepal have been moving toward economic liberalization while promoting deregulation policies and encouraging investment and exports. These economic policies have recently borne fruit: the economies of Southwest Asia are now growing largely due to the development of light industry, especially textiles, and the amazing development of the information technology (IT) industry in India. Nevertheless, Southwest Asia remains the poorest region of the world, with per capita gross national product (GNP) in the region amounting to only US\$160 to US\$900. The region also has the greatest development needs, as it includes four least among less developed countries\* (LLDCs) (Bangladesh, Bhutan, the Maldives and Nepal).

## Basic Principles of JICA Aid for Southwest Asia

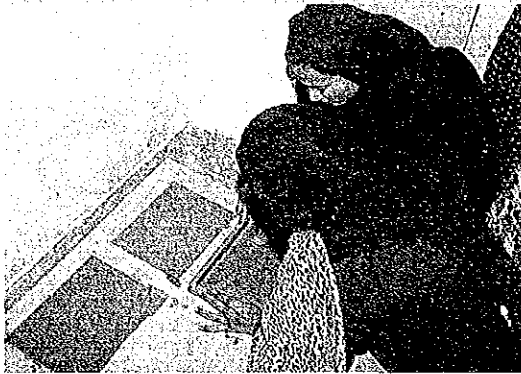
In Southwest Asia, which has about half of the world's poor population (the poverty line is represented by an income of one US dollar per day), eradication of poverty is the common agenda of the region. It is important to formulate well-balanced cooperation combining activities for the improvement of basic living standards and those for the stable development of the economy, and to implement this cooperation taking into account the specific needs of each country in the region.

For this purpose, JICA is providing a wide range of assistance, in fields indispensable for daily living (such as health and medical care, education and ensuring the supply of safe water) and those for economic development (such as the development of the agriculture, small and medium-sized enterprises and economic infrastructure).

In addition, because the region is densely populated, which means that people's lives have a

great impact on the natural environment, JICA is providing cooperation that focuses on the preservation of the natural environment and urban environmental problems.

It is also necessary to consider approaches to structural issues by examining reasons why the region has so many poor people, and why the number of poor people does not decrease despite economic development.



Regional development through paper manufacturing with local residents' participation (Pakistan).

The South Asian Association for Regional Cooperation\* (SAARC) began in December 1985 with the aim of building technical and cooperative relations among these seven nations irrespective of political considerations. SAARC has been providing a forum for active dialogue between the member nations that may in the future lead to the establishment of a free trade area. In 1996, India and Nepal concluded an agreement on the integrated development of the Mahakali River, and in

December of that year, India and Bangladesh concluded an agreement on the distribution of water from the Ganges River. Cooperation between countries in the region aimed at extending development over national borders was thus becoming increasingly common in the spheres of irrigation, flood control and electric power development. However, a SAARC Summit was postponed due to a coup d'etat in Pakistan in 1999, and this has affected the intra-regional economic exchanges.

In August 2000, then-Prime Minister Yoshiro Mori visited Bangladesh, India, Nepal and Pakistan, at which time he announced Japanese cooperation in the field of IT aimed at narrowing the digital divide\* in Southwest Asia. Following this announcement, JICA has dispatched project formulation study\* teams to the countries of the region and is considering future support measures.

## Front Line

The Project for Construction of Primary School Under Basic and Primary Education Programme 2

Nepal

### To Provide a Sufficient Learning Environment for Nepalese Children

Grant Aid

#### ◆ Shortage of 13,000 Classrooms

In Nepal, elementary-level education has spread since the restoration of the monarchy in 1951. In particular, over the past 20 years the numbers of elementary school students, schools and teachers have increased 3.4, 2.4 and 3.3 times respectively. In order to meet the demand for classroom construction that has accompanied these increases, Japan has been working to procure necessary materials for the construction of 2,958 classrooms through the "Project for Providing Material and Equipment for the Construction of Primary Schools" (from 1994 to 1995) and the "Project for Providing Material and Equipment for the Construction of Primary Schools 2" (from 1996 to 1997). However, the number of classrooms is still insufficient, and construction of an additional 13,000 classrooms is expected to be necessary in coming years. This means that even today, many Nepalese children do not have an appropriate environment for learning, as they are forced to study in the open air or in temporary classrooms with thatched roofs.

#### ◆ Construction Work with the Participation of Local Residents

JICA commenced this program in 1999 in order to respond to this situation. Through it, JICA expects to procure principal construction materials for 2,540 classrooms in three years. The program has the following three unique characteristics:

First, the construction of classrooms is carried out with the participation of local residents, as is the general case in Nepal. In other words, local residents carry the materials that Japan has provided to the construction site, procure local materials such as sand, provide unskilled labor, and implement construction work. At the same time, the country education office provides supervision as well as financial aid to cover transportation costs for the materials and for the hiring of skilled workers. Because of this, the key to securing the quality of construction work is to secure the cooperation of local residents.



Elementary school students attending classes in the temporary classroom.

Secondly, the project provides construction materials for toilets, whose availability helps to increase the school attendance rate of girls. The currently low rate is largely due to traditional Nepalese views regarding females, but the installation in schools of such necessary facilities as toilets is expected to remove an obstacle for girls' attendance.

Thirdly, this program is being implemented in the framework of the "Basic and Primary Education Programme 2", which is a sub-sector program that involves several aid organizations. Therefore, promotion of planning and implementation methods that follow policies and procedures agreed on by these aid organizations and Nepal is required.

Implementation of this program is expected to lead to an improved learning environment for children, better school attendance rates (especially for girls), and increased awareness on the part of local residents for school education. And this should comprehensively improve participation in elementary-level education.

(JICA Nepal Office)



# Tackling Priority Issues in JICA Programs

## Exploring Possibilities for Cooperation Projects that Cover a Wide Range of Fields

Bangladesh is one of the most impoverished countries in Southwest Asia and is affected almost yearly by floods, cyclones and other natural disasters. An annual consultative study mission on Technical Cooperation was sent to Bangladesh in March 1999, following which Japan expressed its intention of continuing to give priority to cooperation for health and medical care, education, the environment, human resources development, disaster relief measures, etc. Under the "Project of Human Resources Development in Reproductive Health\*," which started in 1999 as Project-type Technical Cooperation, training is provided for practitioners of maternal and child health care in connection with emergency obstetrical care for expectant and nursing mothers as part of an effort to improve health care and medical services for mothers and children. In addition, with regard to arsenic pollution of underground water, which is present throughout Bangladesh, JICA is engaged in the development of safe water resources and the removal of arsenic. At the same time, on the basis of linkage with the Japan Bank for International Cooperation\* (JBIC), cooperation has been implemented for the development of agricultural villages and the improvement of electric power supply.

## Amazing Development of IT-related Industries

India has been witnessing high levels of economic growth in recent years. However, the nation is confronting a number of problems that include population growth, environmental deterioration caused by overcrowding of cities, and the existence of an



Provision of training aimed at improving the quality of textile industries (Sri Lanka).

extremely large number of poor people, who account for as much as one-third of the population. A high-level mission on economic and technical cooperation sent to India in March 1995, identified three priority areas for cooperation, namely improvement in economic infrastructure, alleviation of poverty and conservation of the environment.

The development of IT-related industries is contributing to stable and continuous economic growth. Nevertheless, removal of the economic divide within the nation and development of other industries are still major problems. However, as India and Pakistan conducted underground nuclear tests in May 1998, the Japanese government responded by halting all new Grant Aid (excluding aid of an emergency or humanitarian nature and grant assistance for grassroots projects\*) and new yen loans. A cautious approach to the provisions of funds to the two countries by financial institutions involved in international development was also instigated. However, in response to the earthquake that struck Gujarat in western India in January 2001, cooperation that included the dispatch of Japan Disaster Relief Teams and support for reconstruction was provided from emergency and humanitarian points of view.

## Focus on Infrastructure Upgrade and Environmental Conservation

An annual consultative study mission on Technical Cooperation was sent to Nepal in September 1997. It confirmed that the focus of cooperation with Nepal needed to be on improving social infrastructure to alleviate poverty and on cooperation for environmental improvement, including measures to cope with natural disasters. In addition to complex cooperation aimed at

forest conservation and village development in western Nepal, wide-ranging cooperation is taking place aimed at basic medical care and prevention of tuberculosis. In addition, a Mini-project-type Technical Cooperation on the Sericulture Promotion (dispatch of an expert team) was started in fiscal 1999. Based on the Nepalese government's long-term sericulture development program, this project aims to improve techniques for the raising and conservation of silkworm breeds, develop farmers' sericulture management skills, and improve capacity to disseminate these techniques and skills in order to increase the income of poor farmers in mountainous areas.

Nepal has seen an increase in recent years in activity by Maoist communist guerrillas, mainly in the mountainous districts of the country. In the year 2000, police stations in the prefectural capital have been attacked, and security has deteriorated. Care is needed when providing cooperation through gathering of security information, etc.

## Expansion of Technical Cooperation to the Social Sector

In fiscal 1995, JICA held the Country Study Committee for Development Assistance to Pakistan, which offered proposals on how aid should be provided to the social sectors in the future. Grant Aid has been provided in recent years for the construction of training facilities for women teachers and maternal and child health centers. A start was made in fiscal 1996 with the "Maternal and Child Health" project under the Project-type Technical Cooperation scheme, and experts on literacy improvement and women's education have been sent. Also, the Pakistan Development Forum in March 2001 confirmed the necessity to work on reconstruction of the economy and democratization, and JICA is providing cooperation to support democratization by accepting trainees for study in Japan of its administrative systems.

However, in response to its nuclear tests, the same

### Front Line

Improvement of the Working Environment on Tea Estates

Sri Lanka

#### Working to Improve the Lives of Workers

Dispatch of JOCV

##### ◆ Tamil People Constitute the Majority of Workers

Sri Lanka is a country founded on tea. At 500 large tea estates, some 550,000 workers produce 300,000 tons of tea every year, most of which is exported to earn 70 billion rupees worth of foreign currency.

Most of the workers at these estates and plantations are descendants of the Tamil people, who crossed the Palk Strait from southern Indian districts under British rule from the 1840s. They live in tenement houses called "lines" within the estates and speak the Tamil language. During weekdays the women go out to pick tea leaves while the men work in the estate, and during weekends and on holidays they make pilgrimages to temples enshrining Hindu gods.

##### ◆ Frontier of JOCV Activities

The estates are important tourist sites for Sri Lanka, and annually 430,000 tourists visit the tea-growing area called the "upcountry" to take in the spectacular views from the estates and the cool air.

However, the standard of living for workers at these estates is considered to be one of the lowest in Sri Lanka. A member of JOCV has begun activities in the estates with a view to improving the facilities and services needed to fulfill such basic needs as housing, health and sanitation, and education. This is the first example of volunteers working in an estate, which was realized thanks to the past achievement of the JOCV activities in the country and the high evaluation they received.

The estates represent a kind of frontier for JOCV activities. The



A JOCV engaging in the education of Tamil children.

language the workers use is Tamil, which is not taught in Japan. And their customs differ from those of the Sinhalese, who are the majority in Sri Lanka.

In consultation with the estate owners, JOCV volunteers working at the estates began activities to improve the lives of workers and their living environment in fiscal 2000. At the same time, they are engaged in discussions with those concerned on ways to further develop their activities. They hope to see the fruits of their efforts in five to ten years.

(JICA Sri Lanka Office)

measures that were applied to India have been in effect on Pakistan since May 1998.

### **Regional Development Contributing to the Dissolution of Religious and Ethnic Conflict**

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In Sri Lanka, Technical Cooperation can be provided with comparative ease owing to its high levels of income and education in comparison with other countries of Southwest Asia. Improvements in economic infrastructure involving loan assistance\* have been proceeding smoothly in Sri Lanka, and we must continue to ensure that cooperation is effectively

linked to Technical Cooperation in such forms as Development Studies and the Dispatch of Technical Cooperation Experts. Examples of this include two projects carried out in fiscal 2000 that take the form of Development Studies combined with loan aid, namely the "Improvement Project for the Colombo City Waterworks" and "Improvement Project for the Bandaranaike International Airport of Colombo."

However, due to civil conflict, cooperation cannot be provided in the northern districts in particular, and, in those areas where cooperation is being provided, care is needed in terms of security.