

# An Overview of JICA's Programs

As priority fields, in fiscal 2010 JICA provided support for: Africa and the achievement of the Millennium Development Goals (MDGs); Asian countries as a growth center; the environment and climate change measures; peacebuilding in Afghanistan and other countries; and promoting partnerships with NGOs.

Specifically, in accordance with the policy of the New Growth Strategy unveiled by the Japanese government in June 2010, JICA's operations in Asia focused on cooperation

for infrastructure development and institutional development for the facilitation of trade and investment primarily in the ASEAN countries. In Afghanistan, while taking account of the security situation, utmost priority was given to supporting infrastructure development of the Kabul Metropolitan Area in particular, as well as agricultural and rural development. Also, JICA actively formulated projects for Sub-Saharan Africa with a view to achieving the Japanese government's pledge to double ODA for Africa.

## Fiscal 2010 Overview of JICA's Activities

### Japan's ODA Disbursements and JICA's Activities

In 2010, Japan's total ODA disbursements (provisional figure) amounted to US\$18,986.5 million (¥1,666.2 billion), including aid to Eastern Europe and graduate nations and assistance to the European Bank for Reconstruction and Development (EBRD). Of this total, Grant Aid accounted for US\$3,391.3 million (¥297.5 billion), Technical Cooperation US\$3,514.8 million (¥308.4 billion) and Loan Aid US\$8,357.3 million (¥733.4 billion).

Turning to JICA's disbursements in fiscal 2010 (Table 6), Technical Cooperation implemented by JICA amounted to ¥168.8 billion, a decrease of 4.1% from the previous fiscal year.

As to Grant Aid, which JICA began implementing from October 2008, JICA concluded 163 Grant Agreements amounting to approximately ¥102.4 billion (Grant Agreement [G/A] basis). JICA also implemented 34 projects amounting to ¥12.9 billion (Exchange-of-Notes [E/N] basis) for which JICA was responsible for the promotion of Grant Aid (Table 7 and Table 10).

Loan Aid disbursement amount totaled ¥677.7 billion and was provided to 55 countries.

Tables 8 to 10 show trends in the scale of JICA's programs for Technical Cooperation, Loan Aid and Grant Aid over the past 10 years.

In fiscal 2010, Technical Cooperation expenses amounted to ¥168.8 billion, a decrease of 4.1% (¥7.2 billion) from the previous fiscal year.

The Loan Aid commitment amount totaled ¥538.9 billion in fiscal 2010. Meanwhile, the scale of Grant Aid programs also decreased from the previous fiscal year and reached a total amount of ¥115.3 billion in fiscal 2010.

Table 6 Distribution by Type of JICA Program in Fiscal 2010 (Unit: ¥ billion)

	FY2010	FY2009
Technical Cooperation *1	168.8	176.0
Acceptance of training participants	20.7	25.1
Dispatch of experts	24.2	21.3
Dispatch of study team members	10.5	14.9
Provision of equipment	4.2	4.4
Dispatch of Japan Overseas Cooperation Volunteers	12.5	14.7
Dispatch of other volunteers	4.6	4.6
Others	92.0	91.1
Loan Aid *2	677.7	745.0
Grant Aid *3	102.4	102.0

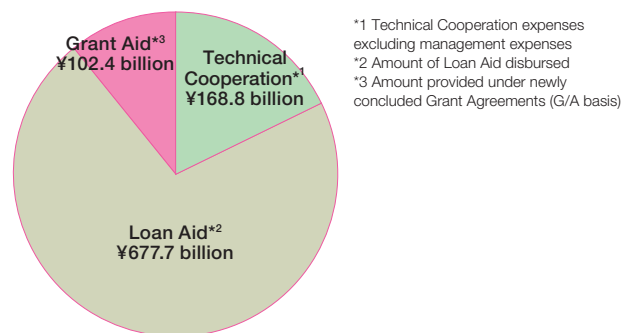
Note) Because the numbers for each project are rounded off to the nearest whole number, the figures do not always match the total numbers.

\*1 Includes costs of dispatching volunteers and other costs.

\*2 Amount disbursed within the fiscal year

\*3 Amount provided under newly concluded Grant Agreements (G/A basis)

Table 7 Fiscal 2010 JICA's Operation Scale

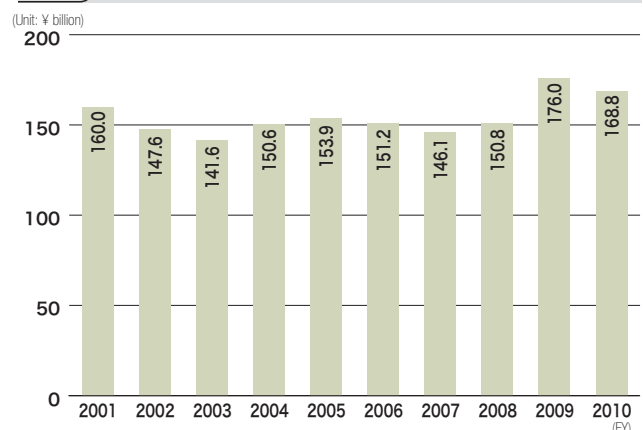


\*1 Technical Cooperation expenses excluding management expenses

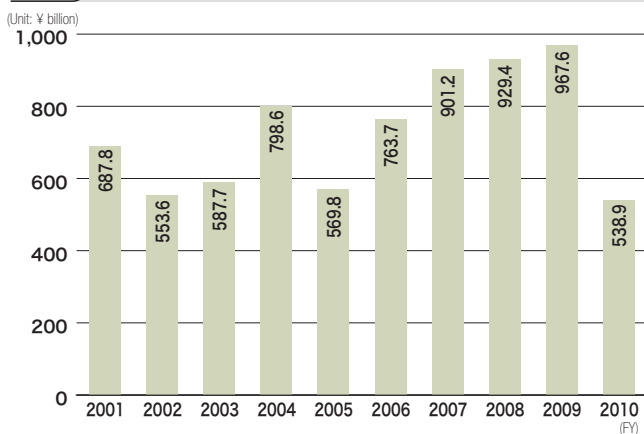
\*2 Amount of Loan Aid disbursed

\*3 Amount provided under newly concluded Grant Agreements (G/A basis)

Table 8 Trends in Technical Cooperation Disbursements for the Past 10 Years

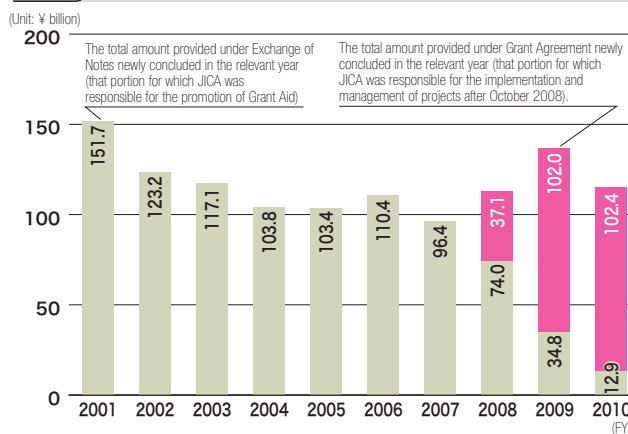


**Table 9 Trends in Loan Aid Agreement Amounts for the Past 10 Years**



Note) Total ODA Loan and Private-Sector Investment Finance

**Table 10 Trends in Scale of JICA's Promotion and Management of Grant Aid**



Note) JICA was responsible for promoting Grant Aid until fiscal 2007. From October 2008, JICA has also been performing project management of a portion of Japan's Grant Aid.

### Composition of Distribution by Region

Table 11 shows distribution for Technical Cooperation, ODA Loans and Grant Aid in fiscal 2010 by geographic region.

Looking at disbursements for Technical Cooperation by geographic region, Asia accounted for 34.1%, Africa 20.1% and North and Latin America 10.6%, in descending order. The 25.7% in "Others" include disbursements for international organizations and worldwide projects across countries and regions.

Looking at commitment amounts for new ODA Loans by region in fiscal 2010, Asia accounted for 75.8%, Africa 10.7% and Europe 7.8%. Following-on from fiscal 2009, Asia's share increased from the previous fiscal year.

On the other hand, the proportion of Grant Aid to Africa was 42.8%, while Asia received 39.9% and North and Latin America

6.6%. As in fiscal 2009, Africa accounted for a large proportion of Grant Aid.

### Composition of Distribution by Sector

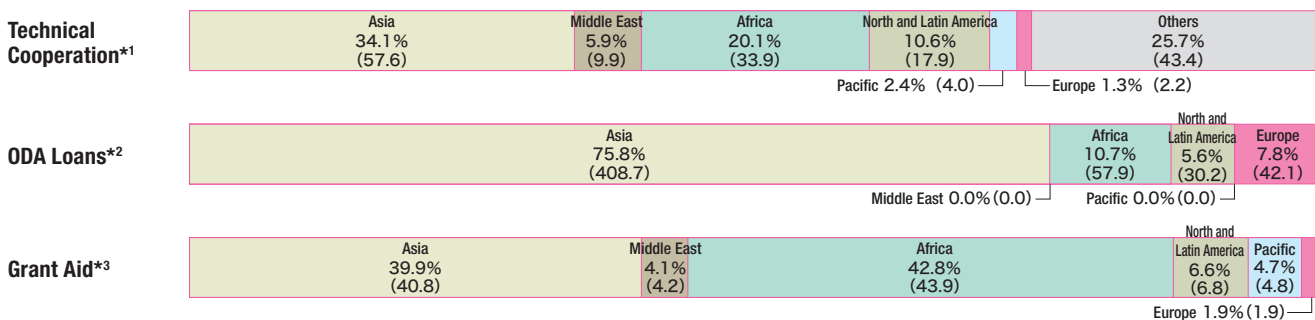
Table 12 shows the composition of distribution by sector in fiscal 2010.

Disbursements for Technical Cooperation by sector were, in descending order, 30.3% for Others, 17.0% for public works and utilities, 13.0% for planning and administration, and 12.1% for agriculture, forestry and fisheries.

For ODA Loans, a large portion, i.e., 41.1%, were allocated for projects in the transportation sector, including the development of railways, roads and ports. This was followed by electric power and gas at 26.7% and social services at 12.9%.

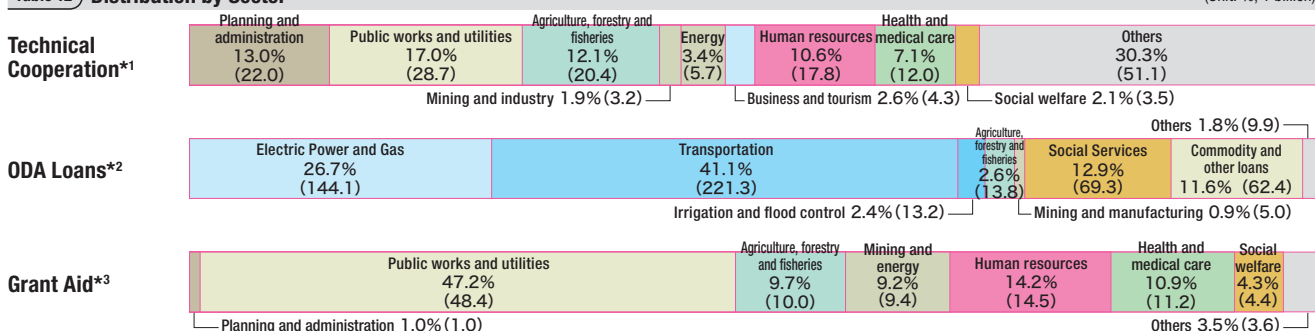
**Table 11 Distribution by Region**

(Unit: %, ¥ billion)



**Table 12 Distribution by Sector**

(Unit: %, ¥ billion)



\*1 Expenses that also include expenses required for dispatching volunteers and emergency aid groups.

\*2 Amounts are based on loan agreements (L/A basis).

\*3 Itemization of ¥102.4 billion (newly concluded Grant Agreements) for projects to be implemented and managed by JICA.

For Grant Aid, the share of distribution increased for public works and utilities at 47.2%, followed by human resources, including education and vocational training, at 14.2%, and health and medical care at 10.9%.

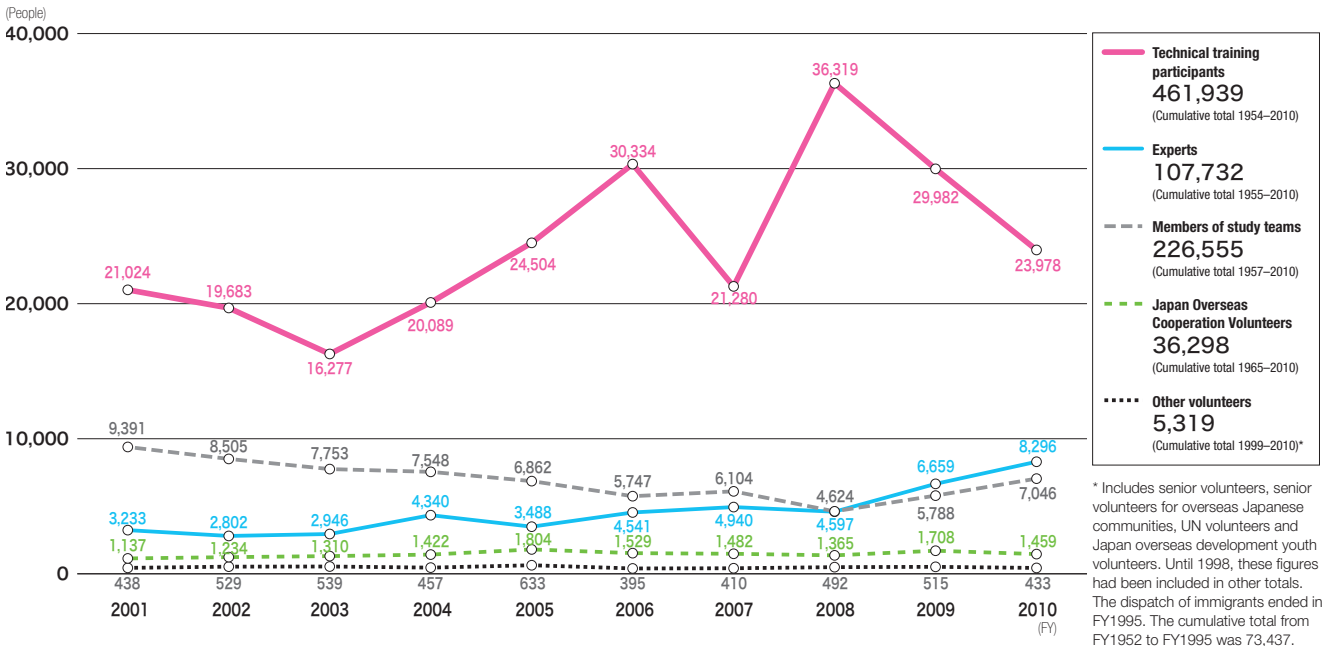
### Number of Personnel by Type of Technical Cooperation

The number of personnel by type of JICA program in fiscal 2010 was as follows. The number of technical training participants (new) was 23,978, while JICA dispatched 8,296

experts (new), 7,046 study team members (new), 1,459 Japan Overseas Cooperation Volunteers (new) and 433 other volunteers (new). As a result, to date JICA has accepted a total of 461,939 technical training participants (FY1954–FY2010) and dispatched a total of 107,732 experts (FY1955–FY2010), 226,555 study team members (FY1957–FY2010), and 36,298 Japan Overseas Cooperation Volunteers (FY1965–FY2010).

Trends in the number of personnel by type of cooperation since fiscal 2001 are shown in Table 13.

**Table 13 Trends in Number of Personnel by Type of Cooperation**



# JICA's Path for Development Activities

## JICA's Path for Development Activities in Fiscal 2011

Based on JICA's missions as the implementing agency of Japan's ODA ((1) addressing the global agenda, (2) reducing poverty through equitable growth, (3) improving governance, and (4) achieving human security), JICA will implement programs and formulate projects which address the priority issues identified below, while ensuring consistency with the policies of the Japanese government (e.g., "ODA Review Final Report," Priority Policy Issues for International Cooperation).

ODA is a means for pursuing the shared interests of the world. Bearing this in mind, JICA will promote further inclusiveness in its operations, particularly for the Middle East region which continues to face unrest. Furthermore, confronted with the soaring prices of natural resources and energy as well as food, JICA will provide support to the poor who are most impacted by the rising prices and ensure access to a stable supply of these resources. In addition, domestically, JICA will implement measures to promote Japan's recovery from the Great East Japan Earthquake as much as possible.

## Priority Issues

### 1 Promote Assistance for Sustainable Development in line with the New Growth Strategy

- Upon reviewing the results and outcomes of past cooperation while keeping in mind the Japanese government's New Growth Strategy (to achieve mutual prosperity and growth for Japan and Asian countries), JICA will provide support in the areas of: urban development and regional infrastructure development; soft infrastructure development; climate change measures; and human resources development and exchanges. JICA will effectively utilize its assets in development assistance and strengthen its collaboration with Asian countries that are achieving dramatic growth to promote initiatives for addressing global issues.
- JICA will actively support private sector activities which contribute to development. As part of this effort, JICA will carry out preparatory surveys for supporting Public-Private Partnerships and promote projects through the introduction of support systems for Base of the Pyramid (BOP) businesses.

### 2 Achievement of MDGs with Focus on Assistance to Africa

- In accordance with the three pillars of the Fourth Tokyo International Conference on African Development (TICAD IV) ((1) boosting economic growth, (2) ensuring human security,

and (3) addressing environmental and climate change issues), in order to contribute to the doubling of Japan's ODA to Africa by 2012, JICA will form and intensively allocate financial resources to programs/projects.

- JICA will contribute to the achievement of health-related MDGs, which are making slow progress towards achievement, by providing assistance primarily to Africa.

### 3 Support Peacebuilding in Afghanistan and Other Countries

- JICA will prioritize allocations for Technical Cooperation and Grant Aid projects for Afghanistan in order to provide up to US\$5 billion in ODA to the country by 2014.
- For countries other than Afghanistan, JICA will provide support which meets the individual needs of post-conflict countries while taking into account the Japanese government's commitments.

### 4 Initiatives toward Environmental and Climate Change Measures

- In order to achieve relevant commitments made by the Japanese government, JICA will implement and formulate necessary programs/projects through Technical Cooperation and financial assistance (Grant Aid and Loan Aid) by making full use of Japan's experience and skills, including those of the private sector's. In addition, JICA will steadily implement programs which contribute to the Japanese government's support program for promoting Japan's technologies related to the environmental field overseas, which is based on the New Growth Strategy and approved under the fiscal 2010 supplementary budget.
- JICA will steadily follow up the outcome of the 16th session of the Conference of the Parties (COP 16) to the United Nations Framework Convention on Climate Change and the 10th meeting of the Conference of the Parties (COP10) to the Convention on Biological Diversity and take appropriate responses in view of the next meetings.

# Concrete Initiatives of JICA's Programs in Fiscal 2010



Laotian junior high school students

## Region-Specific Activities and Initiatives

Southeast Asia	32
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## Issue-Specific Activities and Initiatives

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# Southeast Asia

## Strategic Cooperation for Sharing Prosperity between Japan and Southeast Asia

Southeast Asian countries have shaken off the 2008 global financial and economic crises with minimum impact, and continue to record steady economic development as one of the growth centers of the world. The Association of Southeast Asian Nations (ASEAN) has agreed on a roadmap for establishing the ASEAN Community by 2015, and is taking steps to achieve economic integration, including the elimination of tariffs within the region. In this context, it is necessary for Japan to build new partnerships for realizing growth together with the Southeast Asian countries.

Meanwhile, growth has brought widening disparities within the ASEAN region, along with individual countries which also face serious concerns about increasingly evident urban and environmental issues as well as disparities within a country. Furthermore, the region continues to confront many challenges, including the prevalence of natural disasters and civil unrest. JICA is addressing these new issues to contribute to sustainable growth in Southeast Asia, which also is critical for Japan.

### Key Aid Strategies

Achievement of Regional Economic Growth and the New Growth Strategy, Promotion of Inclusive Development and Efforts toward Common Issues within the Region

#### Regional Economic Growth and the New Growth Strategy

With Asia deemed as the center of global economic development, Japan's relations with Southeast Asia have become ever more imperative for the future of Japan. JICA aims to support the development of Southeast Asian countries, and is reinforcing its links with the New Growth Strategy and the Asia Strategy of the Government of Japan.

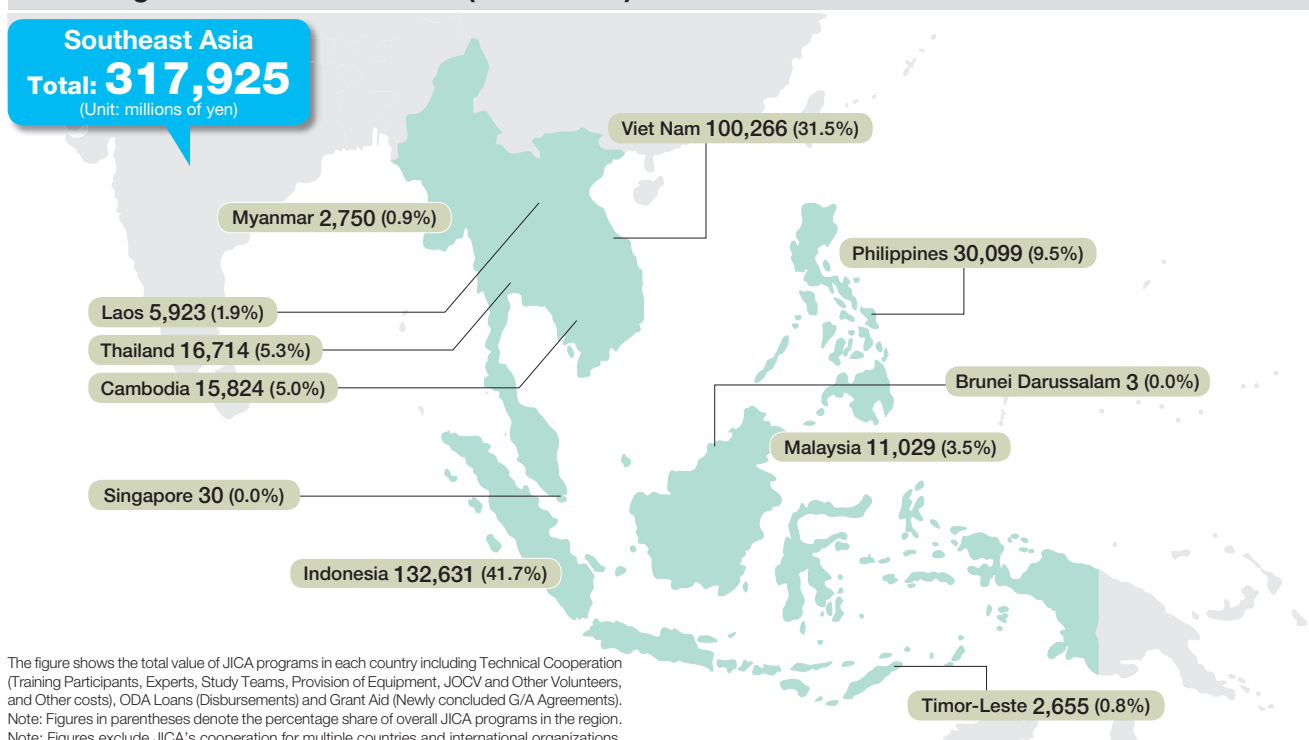
Specifically, JICA supports the economic and social development of Southeast Asian countries through a variety of projects, namely: infrastructure development, including roads, railroads, ports, airports, and water and sewerage systems;

improvement of investment climate and development of the supporting industry; and strengthening partnerships with private funds and corporate activities through the development of the Public-Private Partnership (PPP) scheme. In addition, JICA strives to develop and strengthen the basis of the activities of Japanese companies which contribute to the development of Southeast Asian countries.

#### Promotion of Inclusive Development

JICA supports the economic growth of the region as well as its inclusive development. In other words, it extends support to remedy two types of disparities: disparities within the region and

### JICA Programs in Southeast Asia (Fiscal 2010)





disparities within the country.

The disparities within the region include the disparity in development between the ASEAN's original member countries—comprising Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei—and its newer members, namely Cambodia, Laos, Myanmar and Viet Nam. In the latter countries, in order to enhance the foundations of socioeconomic development (basic education and health care) and promote growth by capitalizing on the economic growth of the Southeast Asia region, JICA actively advances soft and hard infrastructure development as well as industry-related human resources development that are in line with each country's stage of development.

Meanwhile, in ASEAN's original member countries with a higher level of socioeconomic development, disparities exist within the countries, and taking into account their potential to become destabilizing factors for society, JICA takes measures to remedy and prevent disparities.

### Addressing Common Issues within the Region

In endeavoring to achieve regional economic growth and the New Growth Strategy as well as inclusive development, JICA has bolstered regional cooperation towards common issues within the Southeast Asia region, in addition to its traditional cooperation for individual countries. For example, in order to strengthen regional “connectivity” needed to promote cross-border economic and social activities, JICA has enhanced “physical connectivity” through the development of hard infrastructure, such as roads, ports, and airports, as well as “institutional connectivity” through the development of soft infrastructure, such as capacity building of customs and harmonization of systems of each country. Furthermore, “human connectivity” has been enhanced through strengthening partnerships between the universities of ASEAN countries and Japan.

Additionally, in promoting measures towards common issues within the region, the aim is to further deepen JICA's partnerships with ASEAN's original member countries by capitalizing on the assets of JICA's cooperation of many years to these countries.

## Priority Issues and Efforts

### Assistance for ASEAN's Original Member Countries

ASEAN's original member countries have continued to record steady economic growth. However, in order to sustain growth,



Lying on lowland terrain and susceptible to frequent flood damages, the Kamanava area in the Metro Manila, the Philippines, was installed with floodgate (photo) and drains, etc. by ODA Loans.

urban issues arising from rapid urbanization require an urgent resolution. JICA's activities are, therefore, designed to create cities which are efficient, environmentally harmonious, and pose little burden on the environment. This is achieved by supporting the formulation of urban master plans, establishment of urban planning systems to control development, and technological transfers and necessary infrastructure development, including Japan's public transportation system, energy supply, water supply, and waste disposal system.

In addition to the issues related to the development of “hard” infrastructures, a variety of issues also exist with respect to “soft” infrastructures (systems). In more industrialized countries, in order to overcome the “trap of middle income countries”<sup>\*</sup> and achieve sophistication of industries, it is deemed essential to add value by enhancing human capital and strengthening the protection of intellectual property rights, among other measures. JICA has, therefore, also bolstered its initiatives for tackling these challenges.

Furthermore, countries such as Indonesia and the Philippines have experienced a wave of natural disasters in the form of flooding and earthquakes, which are impediments to sustained economic growth. JICA provides humanitarian assistance when natural disasters occur, as well as reconstruction and development assistance such as for the development of economic infrastructure, and assistance for mid- to long-term disaster prevention such as for the development of early warning systems. In addition, JICA also is taking measures to address climate change, which it deems as a critical challenge facing this region. They range from forest fire prevention and development of geothermal and other renewable energies to the development

<sup>\*</sup> Many developing countries, after escaping from the “poverty trap,” achieve high growth temporarily. However, when the per capita gross domestic product (GDP) reaches middle-income level, economic growth tends to stagnate in these countries, due to distortions accompanying rapid development, including a widening gap between the rich and the poor and increased prevalence of corruption.

of urban high-speed rail in order to alleviate traffic and reduce exhaust gas emissions, as well as adaptive measures to address the region's vulnerability to the effects of climate change.

### **Cross-Border Development of the Mekong Region**

The Mekong River region in the Indochinese Peninsula, including Myanmar, Laos, Thailand, Cambodia and Viet Nam, is called the Mekong region. Of these countries, newer ASEAN members—comprising Cambodia, Laos, Myanmar and Viet Nam—fall behind in economic development, and to this day are struggling with high poverty rates. In order to achieve ASEAN's integration by 2015, the intra-regional disparities between the original and newer ASEAN members pose a major challenge.

However, this region in recent years, particularly Viet Nam, has become a prominent investment destination for Japanese firms. Its continued high economic growth leads to expectations for further development in the future and even stronger ties with Japan.

In the Tokyo Declaration adopted at the Mekong-Japan Summit held in Tokyo in November 2009, Japan pledged to provide more than ¥500 billion in ODA Loans to five Mekong countries over a period of three years. In the Mekong-Japan Action Plan 63 announced simultaneously, Japan also committed its assistance for the "A Decade toward the Green Mekong" initiative.

Based on the policy of the Japanese government, JICA is implementing a broad range of projects in partnership with other countries such as Thailand that drive the development of the region, in order to remedy the intra-regional disparities of ASEAN and further develop the Mekong region.

## **Country Overviews and Priority Issues**

### **Indonesia**

Despite its poverty rate of 13.3% (2011, World Bank) as of 2010, Indonesia's real GDP growth rate reached roughly 6.0% in 2010 (2010, International Monetary Fund [IMF]), and with a population of 240 million people, the country is emerging as a driving force for the ASEAN regional economy. In recent years, there is a growing need in Indonesia for an improved investment climate, including infrastructure development; responses to global issues, including climate change; as well as safe and secure society-building through remedying disparities and disaster prevention.

Based on the cooperation needs of Indonesia, JICA carries out initiatives in the capital city of Jakarta which confronts serious infrastructure shortages. Notably, JICA provides cooperation for improving the investment environment through concepts such as the Metropolitan Priority Area (MPA) for Investment and Industry in JABODETABEK area. Furthermore, in order to promote the entry of private companies, JICA undertakes efforts to enhance the institutional development of PPP (Public Private Partnership) [→ See the Case Study on page 11].

Regarding climate change measures, JICA supports



The *sabo* dam constructed with JICA cooperation preventing debris flow after the eruption of Mt. Merapi (Indonesia)

improvements to Indonesia's policy framework in this area through the provision of the Climate Change Program Loan. JICA also promotes comprehensive measures in the field of climate change through the implementation of individual projects, including forest preservation and geothermal power generation projects [→ See the Case Study on page 14].

In addition, JICA has long implemented disaster prevention and reconstruction assistance for Indonesia, which, like Japan, is plagued by damages from volcanic eruptions and earthquakes. Support in both structural and non-structural measures have been provided continuously, including assistance for the capacity building of engineers and the establishment of an early warning system [→ See the Case Study on page 109]. The *sabo* facilities constructed with JICA cooperation when Mt. Merapi erupted in October 2010 contributed to the significant reduction of damages from pyroclastic flow.

### **Philippines**

The Philippines faced temporary economic stagnation as a result of the effects of the financial crisis of 2008 after having registered 7.1% economic growth in 2007, which was the highest in the past 30 years. Nonetheless, the Philippine economy demonstrated a remarkable recovery in 2010, recording economic growth of 7.6% (in real terms). The poverty incidence has also improved from 33.1% in 1991 to 26.5% in 2009. Nevertheless, compared with other original member countries of ASEAN (Indonesia, Thailand, Malaysia), the Philippines' GDP growth rate over the past 50 years is low and the progress of poverty reduction is slow, while income disparities continue to be high. The country also faces the challenge of supporting a growing population with an annual average growth rate close to 2.0%.

The Government of the Philippines aims to become a middle income country alongside the other original member countries of ASEAN. In order to further drive economic growth and create employment, the Government actively promotes infrastructure development through utilization of private financial resources and improves the investment climate. In addition, the country is vulnerable to external factors, including soaring food prices and natural disasters, and the Government provides direct assistance especially for the poor who are concentrated in rural areas to include them into the development process.



## Contributing to Regional Development

Through the transportation network development program, JICA extended assistance to enhance the logistics and transportation infrastructure in the non-conflict affected areas in Mindanao and to strengthen the competitiveness of small and medium-sized enterprises (SMEs) in the region, and thereby, contributes to the development of the region.



In the banana industry cluster, a federation of cooperative associations was launched to establish a new banana production center for export.

### Promoting Logistics Network through Construction of Container Terminal

The Cagayan de Oro Port served as the entry port of Northern Mindanao, which mainly handled cargoes of the nearby PHIVIDEC industrial park (where Japanese companies are also located). Due to the overcrowding of the Port, however, ships were forced to wait offshore for a longer period of time and logistics and transportation in the area had become inefficient.

In response, the Mindanao Container Terminal was completed in 2004 within the PHIVIDEC industrial park supported by an ODA Loan, in order to resolve the congestion of the Cagayan de Oro Port and promote smooth logistics and transportation.

Since the Terminal's completion, the volume of imported container cargo increased by 3.3 times, while the volume of exported container cargo increased by 28% from 2008 to 2009. To meet the increasing demand, maritime freight forwarders with offices at the terminal increased from 7 companies (as of the commencement of the Terminal's operation in 2004) to 19 companies (as of 2010). This contributed to establishing an active logistics network in the area and to the improvement of the business environment for local companies.

Excluding 2009 when the global economic crisis was severely felt, exports from the area have increased especially for major industries in sectors such as food and mining products. Thus, the Terminal also had a positive impact on the regional economy.

### Promoting SMEs Development through Industry Cluster Activities

Meanwhile, in Davao, the largest city in Mindanao, the Davao Regional Development Council has been striving to revitalize regional industries based on the "industry cluster"\* approach to achieve regional economic growth. Since October 2007, JICA has implemented a Technical Cooperation project to promote this approach as well as to build capacity of the agencies concerned.

Clusters are created for each of the eight major industries of the region (banana, mango, coconut, seaweed, timber, mining, tourism, and information and communications technology [ICT]) in Davao. SMEs, government agencies, universities and research institutes shared their knowledge and experiences with addressing common issues to develop the industries. JICA has provided technical assistance for

developing strategies, making work plans, and implementing pilot projects. Through the implementation of actual work plans, JICA also assisted to strengthen the capacities of cluster team members, government agencies, and staff of local governments to enhance the implementation of the cluster approach.

### Project Wins ODA Best Practice Award

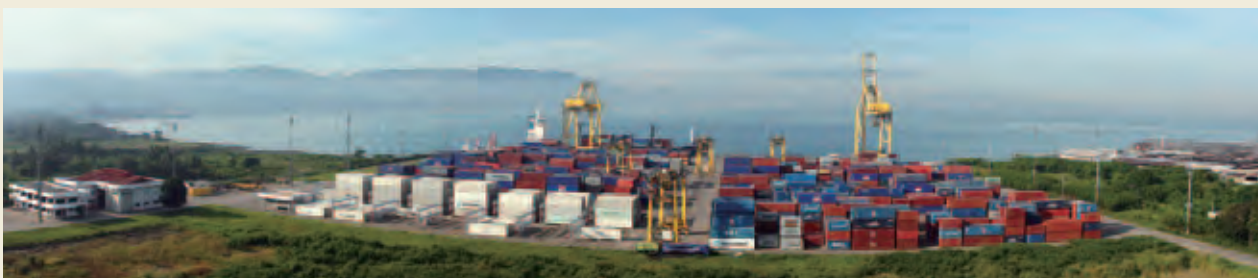
The Technical Cooperation project as described above has helped to jump-start the activities of the cluster teams. In the mango industry, in order to improve the yield ratio of mangoes, pesticide management methods were improved as a pilot project for clustering activities. Training programs were also provided to promote the planned production of mangoes, so as to prevent overlaps in production and shipment periods with other regions. In the banana industry, local farmers have joined together to launch a new federation. The federation conducts market research of Japan and other countries and is working on creating a new exporting channel.

Furthermore, joint development activities among clusters have increased. New ideas are actively proposed, and information is proactively exchanged. Various spillover effects have been observed, which were not initially expected.

The project was completed in June 2010. Its outcomes and impact were highly acknowledged, including the promotion of exports of bananas, timber, and other products. The project consequently won the ODA Best Practice Award given by the National Economic Development Authority (NEDA) of the Philippines in December 2010. Some members of the cluster teams have received inquiries from Japanese companies regarding further business opportunities.

As described above, the development of a central port in Mindanao and the revitalization of local industries are expected to activate intra-regional transportation and to promote economic development.

\* The industry cluster approach aims to improve the regional business environment through the development of a network of organizations, including SMEs, venture companies, and research institutions.



Mindanao Container Terminal

JICA's cooperation to the Philippines focuses on the following priority issues: 1) sustainable economic growth aimed at creating employment opportunities; 2) support for the self-reliance of the poor and improvement of their quality of life; and 3) peace and stability in Mindanao. Under the above priority issues, JICA provides assistance for: infrastructure development through Public Private Partnership; policy and institutional improvement aimed at improving the investment climate; disaster risk reduction and management; and community development in the conflict affected areas of Mindanao [ → See the Case Study on page 35].

## Thailand

The Government of Thailand is pursuing the 10th National Economic and Social Development Plan (2006–2011), which aims to enhance human resources and policies to facilitate adaptation to future change, and achieve further globalization. With this aim, Thailand is taking steps to strengthen international competitiveness, boost domestic demand and strengthen grassroots economies. The GNI per capita of Thailand has reached US\$3,760 (2009), as the country shifts its focus to development that addresses challenges in working toward becoming an upper-middle-income country.

JICA is extending its cooperation to Thailand in three priority areas: 1) Enhancement of Competitiveness for Sustainable Growth to drive further development; 2) Adaptation to the Development Issues in a Maturing Society with a view to resolving the challenges that come with growth; and 3) Joint Cooperation to Third Countries, taking into account Thailand's shift to becoming a donor nation.

Based on these three priority areas, JICA is taking both hard and soft infrastructure initiatives. These initiatives include development of human resources and institutions for industrial promotion, development of infrastructure such as the Mass Transit System in Bangkok, support for strengthening environmental management systems and climate change-related policies, measures for remedying the disparities between urban and rural areas, cooperation on development issues for the aging society, support for the socially vulnerable including measures against human trafficking and cooperation on promotion of South-South



Chulalongkorn University, one of the universities responsible for the region cooperation, ASEAN University Network / Southeast Asia Engineering Education Development Network (AUN/SEED-Net). The project aims to develop human resources who will support industry.

Cooperation [ → See the Case Study on page 37].

## Cambodia

The Cambodian economy is recovering since 2010, after losing momentum in 2009 from the highs of over 10% per year due to the effects of the global financial crisis. Nominal GDP in 2010 was US\$11.6 billion (IMF estimate)—nearly twice as high as five years ago. However, Cambodia continues to rank low among the ASEAN countries on various development indexes, including per capita GNI and infant mortality rate. In view of ASEAN's integration by 2015, in order for Cambodia to achieve further economic development and overcome poverty, the country must develop its economic and social infrastructure and continue to engage in institutional building and human resources development in a variety of sectors. To meet these needs, JICA is providing support for the development of both hard and soft infrastructure.

Specifically, JICA is assisting with the development of critical economic infrastructure, such as ports, major arterial roads and bridges and electric power facilities, as well as the establishment of special economic zones to stimulate the private sector. JICA is also providing assistance to improve investment-related services, as well as develop irrigation facilities and improve distribution for raising the productivity of the key agricultural sector [ → See the Case Study on page 117]. To realize inclusive development, JICA is extending assistance in rural areas for the establishment of water supply, the enhancement of healthcare services, and human resources development in the education sector [ → See the Case Study on page 101]. JICA also continues to help strengthen the nation's economic foundation and enhance governance as the backbone for social development. These initiatives include assistance for improving the legal system; improving administrative capabilities including for local government; and strengthening national taxation- and customs-related capabilities.

## Laos

Laos is the only landlocked country in ASEAN. With a population of just 6.3 million people in a country about the size of Japan's Honshu island, the population density is extremely low. Meanwhile, Laos is also a multiethnic country comprised of 48 ethnic groups. Some 80% of the country's workforce is engaged in agriculture. Laos is designated as a least developing country (LDC) by the United Nations (UN) in the context of its low per capita GNI and economic vulnerability. Mountainous terrain comprises 80% of the landmass in Laos, and along with an undeveloped infrastructure, communities tend to be isolated, making it difficult for people to access social services. Based on these circumstances, the Government of Laos is promoting market economy principles. Identifying poverty reduction as a national goal, Laos aims to achieve the Millennium Development Goals (MDGs) by 2015 and graduate from LDC status by 2020.

JICA's approach to extending assistance to Laos revolves around: support for the steady achievement of the MDGs; support for building a foundation for economic growth that will serve as a driving force for the country's independent and sustainable growth; and support for capacity development as a prerequisite



## Maximizing Community Strengths

Thailand is facing a rapidly declining birthrate and aging society. For an expected project period of four years beginning in 2007, JICA and the Government of Thailand are developing a model for providing sustainable care for the elderly. This model, rooted in community practices, will draw on the strengths of the community, including community members, volunteers and senior persons' clubs.



Elderly persons participating in community health exercises (Khon Kaen)

### Rapidly Aging Society

In Thailand, the ratio of elderly persons over the age of 65 has already reached nearly 10%. Due to the extremely rapid pace of population aging in the country, the proportion of elderly persons is expected to surpass 14% in 2023 and make Thailand an "aged society" as defined by the United Nations.

The project is being implemented jointly by the Ministry of Public Health, which oversees health care services, the Ministry of Social Development and Human Security, which oversees social welfare, and JICA, with the cooperation of the local municipalities and community members. Through model activities, the project is intended to establish an integrated health care and welfare services model for elderly persons. In the future, the model is expected to be expanded across the whole country. Specifically, community members are implementing activities in the four project sites by taking into account community needs and available resources, with support from the project.

### Expanding the Model Across the Country

In Surat Thani in the south, access to health care and welfare services is poor due to the lack of transportation means, among other reasons. In light of these circumstances, the Mobile One-Stop Services model has been developed and

is implemented every month. Under this model, health care and illness prevention staff, welfare staff, and community volunteers jointly visit each village and offer consultation on health checks and welfare.

While project activities differ by each project site, they all share the basic framework, namely, "community members, including volunteers, play a large role," "relevant organizations, including local governments, provide technical assistance," and "community members and local governments work together." In addition, through the dispatch of short-term experts for providing technical courses for central government employees in dementia care and care management, as well as training for community members on basic nursing care skills, human resources are developed at both the levels of the central and local governments.

In August 2010, a national conference was held in Bangkok to share the outcomes of the activities in the four project sites. An active exchange of views took place with the participation of 260 people from 50 provinces across the country.

By the project's termination in November 2011, JICA will summarize the achievement of model activities as the lesson to be applied to other activities for the care of elderly persons and create a manual which explains the details of the activities at each project site. A compilation of recommendations which will

offer practical know-how for leading further successes will also be created. Through these efforts, JICA aims to expand the outcomes of the model activities across Thailand.

#### From Our Expert

#### Keiji Takebayashi Chief Advisor

In Bang Si Thong Town, Nonthaburi Province, the senior peoples' club and community members played key roles in the startup of illness prevention and health promotion activities. Furthermore, they helped to establish a rehabilitation center with the cooperation of the town (while it sounds fancy, it is really an ordinary home). Community members who have received training provide rehabilitation services as volunteers.

These activities stem from the firm belief of the community members that services provided by nonprofessionals are better than not having any services at all.

At the end of 2010, the vice chairman of the senior peoples' club in the community, who was a central figure in these activities, suffered a cerebral hemorrhage. Because of his daily involvement in health activities, perhaps, the vice chairman detected the abnormality himself, took a taxi to the hospital, and on the way became unconscious. Although he has paralysis of the right side of the body, he was discharged from the hospital and has started rehabilitation with volunteers—a service he himself helped to organize. And now, he is able to walk with the use of a cane.

I believe things would have been a lot more worse had he not quickly gone to the hospital or had he not quickly started rehabilitation (and I believe the majority of the people in Thailand fall under this worse-case scenario). It gave me hope that even with scarce medical resources, something can be done to a certain extent with the strengths of the community and the people.

I believe this is one of the outcomes of the project.



Mr. Takebayashi, JICA expert, visiting the house of an elderly person with a volunteer

for Laos to achieve self-reliant efforts. JICA is providing a variety of cooperation for the following priority areas: improved access to basic education, expansion of healthcare services, rural development, social and economic infrastructure development, strengthening of the private sector and improvement of administrative capabilities [ → See the Case Study on page 10].

With Laos falling behind other ASEAN countries in development, JICA commenced the Laos Pilot Program (LPP) as a new initiative for remedying intra-regional disparities toward ASEAN's integration by 2015. In partnership with the ASEAN Secretariat, the project aims to extract the charms of Laos, a country rich in nature, and promote its sustainable development based on the concept of "Clean, Green and Beautiful Laos" [ → See the Case Study below]. Also, the many unexploded ordnances that remain in Laos not only hinder its development but also take the lives of many people. JICA has started taking countermeasures, drawing on its experience in mine cleaning in Cambodia.

### Myanmar

Myanmar held its first general election in approximately 20 years in November 2010, and a new administration was launched under former Prime Minister Thein Sein as President in March 2011. Japan, while closely following the progress of democratization and improvement of human rights situations in Myanmar, will consider and implement on a case-by-case basis projects centering on basic human needs which would directly benefit the people.

Specific assistance includes cooperation for: the prevention of the three major infectious diseases of malaria, HIV/AIDS and



The Project for Strengthening Capacity of Training Teams for Basic Health Staff (Myanmar)

tuberculosis; the provision of water supply to villages in the central dry zone that face a critical water shortage; drug control measures in northern Shan State; the preservation of agricultural lands and mangroves in the Ayeyarwady delta which were heavily damaged by Cyclone Nargis; and the provision of cyclone warnings.

### Viet Nam

Viet Nam has achieved steady economic growth of about 7% in recent years, and per capita GDP registered over US\$1,000 in 2009. Poverty reduction has progressed with the share of people living on less than US\$1.25 a day (poverty rate) declining from 50% in 1998 to 12.3% in 2009. Meanwhile, the development of a high quality workforce to support the economic growth, as well as basic infrastructure, such as electricity and transport, have not sufficiently caught up and serve as bottlenecks to growth.

## Case Study

## Laos Pilot Program for Narrowing the Development Gap towards ASEAN Integration (LPP)

### A Cooperation Scheme for Remedying Intra-regional Disparities Toward ASEAN's Regional Integration

**Remedying intra-regional disparities is one of the key challenges for ASEAN's regional integration by 2015. JICA and the ASEAN Secretariat have therefore begun providing cooperation to support the efforts made by Laos, a country that falls behind other ASEAN countries in development, toward integration with ASEAN. Through this assistance, JICA and the ASEAN Secretariat jointly aim to develop a scheme for supporting newer ASEAN members in order to remedy the intra-regional disparities within ASEAN.**

#### Capitalizing on the Strengths of Nature-rich Laos

The cooperation started in October 2010 based on the "Clean, Green and Beautiful Laos" concept in the following three areas: Tourism promotion; Promotion of safe agricultural

products; and Environmental management. The partnership between JICA and the ASEAN Secretariat is a feature of this program, which, through specific assistance, will aim to develop a tripartite cooperation mechanism (JICA, ASEAN, and counterpart government) for newer ASEAN member states and standardize the procedures for project planning, implementation, monitoring, and evaluation. This "pilot" program will be expanded to other ASEAN countries in the future.

The program office was established in the capital city of Vientiane, and the first steering committee meeting was held in March 2011. With 2012 the Year for Tourism in Laos, the tourism component has been jumpstarted with the JICA project team and the Lao National Tourism Administration holding a meeting in February and three provinces being selected as pilot provinces.



JICA and ASEAN concluded an MOU between Secretary General of ASEAN Surin Pitsuwan (right) and President of JICA Sadako Ogata in June 2008.



Furthermore, income disparities between urban and rural areas and environmental degradation also pose challenges. Governance should also be strengthened to tackle these development challenges.

JICA is engaging in a wide range of cooperation focusing on the following priority areas: 1) promotion of economic growth and strengthening of international competitiveness; 2) improvement in living and social conditions and corrections of disparities; 3) environmental conservation; and 4) strengthening of governance. The cooperation covers various issues, such as: improving business environment and development of supporting industries; infrastructure development of highways, railways, water and sewerage systems; improving healthcare services; disaster prevention; and climate change measures [ → See the Case Studies on pages 10, 83, 87, 129, 113].

### ■ Timor-Leste

Timor-Leste will soon celebrate its 10th anniversary of its independence, gained in 2002. In the last several years, the country has achieved a rapidly stabilizing security situation and double-digit economic growth since 2008. In July 2011, Timor-Leste announced the Strategic Development Plan that sets out a vision toward 2030, and the country has begun taking steps to graduate from the “reconstruction” stage and to embark on full-fledged economic development.

JICA has been providing assistance to Timor-Leste in the following priority areas so far: human resources development and institution building; improvement and maintenance of infrastructure; agricultural and rural development; and consolidation of peace. However, with the stabilization of the security situation, JICA is shifting its assistance from “consolidation of peace” to give greater focus to the development of economic infrastructure which contributes to economic opportunities promotion. The sustainability of the country requires the development of industries that can replace the revenues from oil industry. JICA’s assistance aims to create a more favorable environment to this end. In addition to the above, JICA will continue to make efforts in the following: rural development that contributes to poverty reduction (one of the key development



Roads are frequently blocked due to road surface damages from heavy rainfall during the rainy season (photo is of the Government’s restoration work). JICA supports capacity building in road maintenance work (Timor-Leste).

challenges of Timor-Leste); assistance to improve agricultural technology; and development of human resources whose lack of skills also serves as a severe bottleneck to development [ → See the Case Study on page 97].

### ■ Malaysia

Malaysia is on a steady growth path as one of the most developed ASEAN nations. It was among the first to escape from the calamity of the world financial crisis and is back on a stable growth track. The Malaysian government announced the New Economic Model (NEM), a long-term economic roadmap, in March 2010. The NEM plan outlines policies that aim to increase annual per capita income to US\$15,000 by 2020 by shifting to knowledge-intensive industries, among other strategies. In June 2010, the Tenth Malaysia Plan was announced, which establishes guidelines on the development budget allocations for the next five years.

In response to these actions taken by Malaysia, JICA has been providing assistance in order to forge cooperative relations as a more equitable partner of Malaysia, with a focus on the following four priority areas: 1) enhancement of mutual benefits between Japan and Malaysia; 2) overcoming challenges associated with rapid growth; 3) overcoming regional issues; and 4) strengthening aid implementation capacities and promoting Japan-Malaysia aid coordination.

Some examples currently being implemented through ODA Loans include the Pahang-Selangor Raw Water Transfer Project for supplying water to the Malaysian capital of Kuala Lumpur and the Higher Education Loan Fund Project, or HELP3 initiative, which gives local students a chance to study science and engineering in Japan. Other examples being implemented through Technical Cooperation are the Bornean Biodiversity & Ecosystems Conservation Programme Phase II (BBEC II) initiative in Sabah and the Improvement of Ability in Maritime Safety and Security project aimed at enhancing the capabilities of the Malaysian Maritime Enforcement Agency (MMEA).

Based on the above new development policy trends, etc., JICA is now conducting a country analytical work to study how JICA’s ODA to Malaysia should be implemented in the next few years.

### ■ Singapore

Singapore has achieved remarkable economic development. The country, which “graduated” from JICA’s ODA assistance in fiscal 1998, and Japan have been cooperating with each other not as a donor and an aid recipient but as a partner, and carrying out approximately 20 training courses a year mainly for other ASEAN nations. Since the launch of the Japan-Singapore Partnership Programme (JSPP) in fiscal 1994 and up to fiscal 2009, more than 250 training courses were implemented with the participation of over 4,600 training participants from 87 countries.

Since fiscal 2009, as a new initiative, JICA has been dispatching a research fellow to the Lee Kuan Yew School of Public Policy of the National University of Singapore to build networks with relevant organizations which can enhance JICA programs, through such activities as joint research and seminars.

# East Asia — Promoting Strategic Partnerships

The East Asia region consists of China, Japan's largest trading partner with the world's second highest total nominal GDP in 2010 (per-capita GDP approximately one tenth of Japan's at US\$4,382) and Mongolia, with rapid economic growth based on its abundant mineral resources. The region is becoming increasingly important not only for Japan but also for the global economy. Through top-level joint declarations with each country, the Japanese government

has recognized the relationship between each country as "promoting strategic reciprocal relations" (China) and "building a strategic partnership" (Mongolia).

Under these circumstances, JICA is cooperating in dealing with the challenges faced by these two countries, and is assisting in building mutual understanding to support bilateral relations with Japan.

## Key Aid Strategies

### Promoting Stable and Sustainable Growth and Mutual Understanding

JICA's support for China focuses on the three priority areas listed below, with emphasis on human resource development and policy support.

- 1) Cooperation to tackle environmental and other global issues including measures against environmental problems and infectious diseases
- 2) Assistance for the open and reform policy, covering promotion of sound social development and the transition to a market economy
- 3) Promotion of mutual understanding

As a part of this support, JICA has activities which also are useful for Japanese private enterprises with high-end technology. One of the activities is holding seminars with the participation of Japanese private enterprises on the appropriate management and

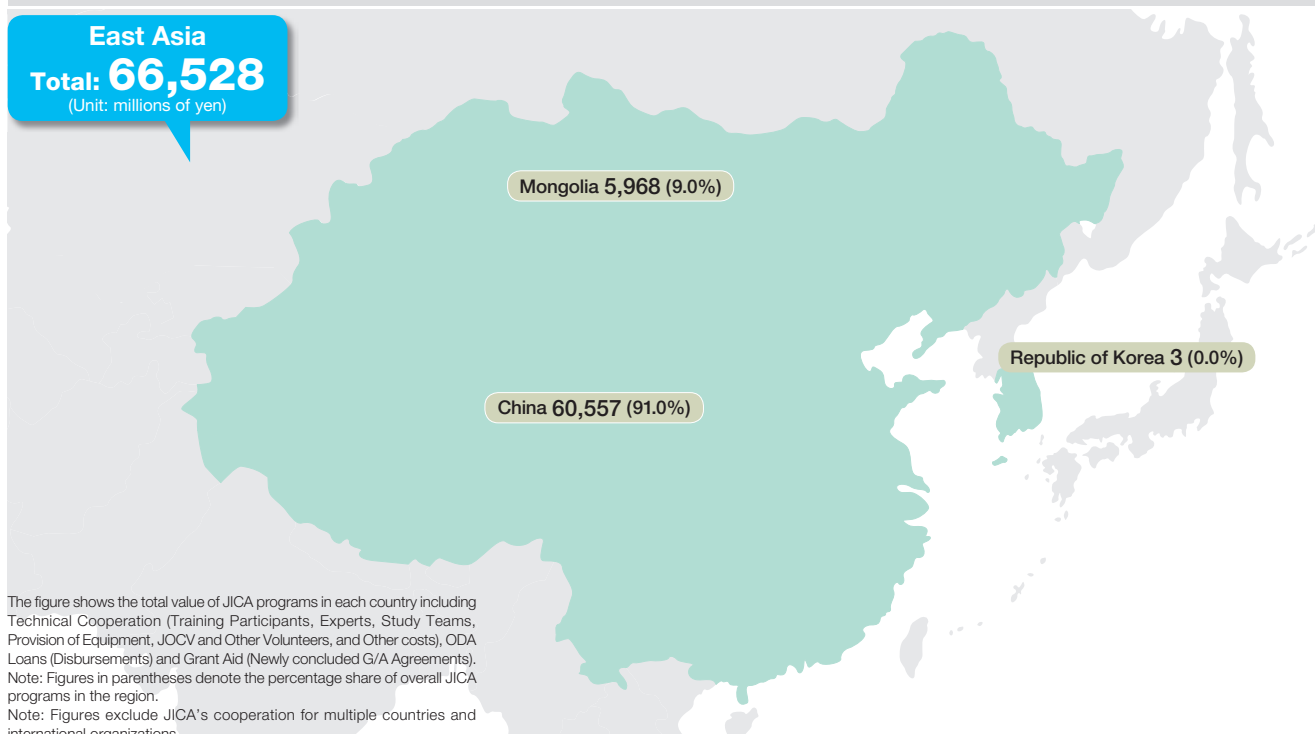
recycling of polluted sludge. Furthermore, since the Great Sichuan Earthquake in May 2008, JICA has provided technical support to enhance disaster prevention and reconstruction efforts.

For Mongolia on the other hand, since its democratization and transition to a market economy in 1990, JICA has extended support in the four priority areas listed below.

- 1) Institution-building and human resource development to promote a market economy
- 2) Rural development
- 3) Environmental conservation
- 4) Infrastructure development to promote economic activity

In recent years in particular, JICA has been supporting Mongolia's efforts to diversify its national industries beyond those that are dependent on natural resources. JICA is also extending

### JICA Programs in East Asia (Fiscal 2010)





support to solve urban issues in the capital city of Ulaanbaatar, and is assisting with expansion of basic social services. In November 2010, in the presence of the leaders of both countries, an ODA Loan agreement was signed, aiming for sustained development through support for small and medium-scale enterprises.

## Country Overviews and Priority Issues

### China

Considering the experience and human network gained through more than 30 years of support for China, and taking into account the reciprocity, JICA is providing cooperation in the three aforementioned key areas. JICA is also contributing to strengthened relations between both countries in the disaster prevention sector and foreign economic cooperation.

#### 1. Addressing Environmental Issues and Infectious Disease

Infectious diseases and environmental issues in China, including the country's emissions of greenhouse gases, are problems with effects that extend across national borders. Strengthening the measures taken against these problems is considered an urgent matter.

In order to help China deal with environmental issues, JICA is working hard to provide technological support, policy support and human resource development to address climate change and promote a recycling-oriented economy. Through the Promotion of Circular Economy Project, implemented by the Sino-Japan Friendship Centre for Environmental Protection, JICA is extending support for a range of efforts including facilitating environmentally friendly business activities, raising the environmental awareness of Chinese citizens, and promoting the development of eco towns. The Municipal Waste Recycling Promotion Project in China, which began in 2010, is supporting policies for recycling waste and improving legislation [→ See the Case Study on page 42]. Furthermore, JICA is assisting in efforts aimed at environmental protection through ODA Loan projects currently underway in areas including the development of water and sewage infrastructure, measures to address water and air pollution, and measures to promote afforestation and prevent desertification in China.

In support of infectious disease countermeasures, JICA is helping to improve surveillance and inoculation services for conditions such as polio and measles, and the strengthening of measures against hospital-acquired infection. JICA is also encouraging capacity development in the health administration sector and sharing and exchange of information between Japan and China in order to push forward sustained measures against these diseases.

#### 2. Promoting the Transition to a Market Economy and Achieving Sound Social Development

As China's production capacity and domestic markets expand,

the need for it to establish a market economy system harmonized with international rules is becoming increasingly important not only for sustainable economic growth within the country, but also to increase prospects for the economic activities of Japanese companies, and consequently, the creation of new opportunities for economic growth for Japan. For these reasons, JICA is supporting the development of legal systems related to economic activity such as civil legislation, and the development of human resources to ensure the appropriate use of systems including capital markets and international taxation.

However, rapidly growing social disparities and the ambiguous use of administrative power presents risks to the economy and society. Accordingly, JICA is supporting efforts such as the establishment of systems for China as a country governed by the rule of law, the expansion of social security, and the elimination of regional disparities.

#### 3. Enhancing Mutual Understanding

Enhancing the level of mutual understanding between the citizens of Japan and China is essential to achieving good long-term relations between the two nations.

JICA sends volunteers to China, promotes exchanges between local governments and conducts youth training and training for new and middle level managers through visits to Japan, while also supporting the activities of NGOs.

In addition, JICA is implementing diverse initiatives that are designed to develop human resources who possess a good understanding of Japan, while helping to increase opportunities for direct exchange between the citizens of both nations, and to enhance the level of understanding of each other's culture and society. JICA's Higher Education Project aims to contribute to good relations through an ODA Loan which seeks to improve the level of higher education with a focus on inland China.

#### 4. Supporting Disaster Prevention and Reconstruction

Since the Great Sichuan Earthquake wreaked devastation in May 2008, JICA has engaged in a wide range of efforts to apply Japanese experience and techniques and also to backup disaster prevention and reconstruction initiatives in less-tangible terms, such as support for the capacity development of human resources in the fields of earthquake relief, seismic construction, mental healthcare for earthquake victims, and assistance for the restoration of damaged forests through tree planting.

After the Great East

The Japan-China Cooperation Plan of Earthquake First-aid Capacity Training. Scene of rescue training.





Japan Earthquake struck on March 11, 2011, a Chinese emergency relief team formed by the China Earthquake Administration, which assists in JICA projects relating to earthquake relief in China, was dispatched to Japan. This can be considered a good example of how the continued strengthening of relations through cooperation activities has engendered the spirit of mutual assistance.

### 5. Strengthening Exchanges Related to External Economic Cooperation

China has been implementing its own external economic assistance for many years, and it has increased the scale of this assistance in recent times. JICA is engaged in exchanging opinions in a wide range of areas with, for example, the Export-Import Bank of China, which is responsible for the provision of favorable loans for foreign countries, and the Ministry of Commerce—the ministry in charge of external assistance in China—with a view to deepening mutual understanding about concepts and methods of cooperation and building cooperative relations. In 2010, as well as implementing training in Japan for the Ministry of Commerce’s mid-level managers, a joint workshop was held by the Export-Import Bank of China and external economic assistance organizations of the Republic of Korea and Thailand.

#### Mongolia

Japan has a close relationship with Mongolia, a country to which it has been the largest donor nation since the commencement of the ODA relationship in 1990. Based on this favorable environment for cooperation, JICA is currently working to improve the aforementioned challenges.

#### 1. Promotion of the Transition to a Market Economy and Developing the Private Sector

Mongolia has enjoyed considerable economic growth in



Local training under the Enhancing the Extension System for Comprehensive Crop-Livestock Management in Mongolia project.

recent years, but its economic structure relies excessively on the development and export of mineral resources, which accounts for approximately 80% of total exports. Due to this situation, JICA is providing assistance primarily to strengthen governance, which will serve as the base for appropriate management of revenue from mineral resources and macroeconomic stability, private sector development, and the improvement of the investment environment. In fiscal 2010, a new Technical Cooperation project has begun with the purpose of introducing and establishing a mediation system in the judicial system of Mongolia.

Furthermore, JICA is working in multiple areas to aid the development of the private sector through efforts including cooperation to establish an action plan to develop the investment environment and increase the capabilities of the relevant organizations, and the launch of a two-step loan in order to provide long-term capital to small and medium-scale enterprises [→ See the Case Study on page 43].

#### 2. Supporting Regional Development and Enhancing Basic Social Services

In Mongolia, the benefits of rapid economic growth are simply

## Case Study China Municipal Waste Recycling Promotion Project

### Aiming at Policies on Recycling Solid Waste and at Legislative Development

**In October 2010, a Technical Cooperation project was started to support the promotion of national policies and the development of legislative systems for the recycling of municipal waste in China. Solid waste is disposed of through burial and incineration in China, but inappropriate reuse of waste is also practiced, and the risks to the health of town- and city-dwellers as well as to the environment are mounting.**



The reprocessing rate for packaging waste is low, while polluted water generated by recycling processes is frequently left untreated.

#### Expectations for Japan’s Intellectual Contribution

Although the volume of solid waste is increasing rapidly in China due to the processes of radical industrialization and urbanization, systems for recycling and appropriate disposal are not fully established.

In the interests of sustainable development, China needs to rise to the challenge of establishing an appropriate waste treatment and material-cycle system, such as promoting resource-recycling technologies, and recycling.

In order to deal with this challenge, the project will

target the areas of food waste from restaurants and other establishments, packaging waste such as PET bottles and cans, and used tires, with leading specialists from Japan and China collaborating on policy research for the cyclical use of each form of waste. In addition, surveys and pilot projects will be conducted in four provincial towns and cities, to promote the cyclical use and appropriate management of municipal waste as mentioned above. Both countries intend to feed their results back to one another, with the aim of promoting the development of policy and legislative systems for cyclical use.

The Chinese government enacted the Circular Economy Promotion Law in 2009 and clarified its position in emphasizing the development of a circular economy. The relevant parties in China have great expectations of an intellectual contribution from Japan.



not reaching the poorer classes, resulting in increasing disparities.

In order to reduce poverty, JICA is pushing forward with cooperation, focused both on the development of the agriculture and livestock sector, which are the key industries in rural areas, and the establishment of social service systems, including those for education, health and water supply. In terms of encouraging the agriculture and livestock-farming industries, JICA is implementing a Technical Cooperation project to facilitate the development of a system for extending the concept of a comprehensive crop-livestock industry in an attempt to stabilize and streamline farming management through collaboration between these two sectors. Furthermore, JICA is extending cooperation to drive the improvement of elementary education and water supply facilities through Grant Aid, and to increase the capabilities of individuals and organizations working in basic social services through the dispatch of volunteers and the provision of grass roots Technical

Cooperation.

### 3. Strengthening Urban Functions of Ulaanbaatar

Approximately 40% of the total population of Mongolia is concentrated in the national capital Ulaanbaatar, and this population is continuing to grow rapidly at a rate exceeding 3% per year. There are a number of serious issues, concentrated mainly in the Ger District where the majority of people moving from rural areas live, such as a lack of basic infrastructural development and environmental pollution due to rapid urbanization.

Accordingly, since 2007, JICA has supported the establishment of an urban planning program for Ulaanbaatar. Based on this plan, JICA has provided assistance in institution-building and human resource development to accelerate urban development and improve the living environment. Furthermore, JICA has also assisted the city in enhancing its comprehensive urban functions through the construction of an international airport and roads.

#### Case Study

### Mongolia Two-Step Loans Project for Small and Medium-Scale Enterprise Development and Environmental Protection (I) (II)

#### Aiming at Sustained Development through Support for Small and Medium-Scale Enterprises

This project will provide long-term capital for the small and medium-scale enterprises, which account for more than 90% of Mongolia's private enterprises and support its economic development, through the country's commercial banks.



Scene of the manufacture of frozen buuz (Mongolian style steamed dumplings) by Khaan Khuns Co., Ltd. The company used this project for capital investment and dramatically increased its sales.

In March 2006, JICA provided an ODA Loan of ¥2.981 billion for the first stage project, with another ¥5.0 billion provided in November 2010 for the second stage. More than 145 projects are currently making use of the first stage funding. Employment for over 1,300 people has already been created, and a contribution to an approximately 18,000 ton reduction in coal usage has been confirmed.

#### Responding to the Huge Need for Capital

In Mongolia, loans from commercial banks are mainly short term, and the small and medium-scale enterprises that suffer from low creditworthiness lack the long-term capital they require for capital investment. Furthermore,

there is no established system for procuring funding for environmental countermeasures. This project aims to promote measures for environmental protection, focusing on capital investment for atmospheric pollution countermeasures in urban areas, where the problem is becoming serious.

The Mongolian economy relies heavily on mining, with approximately 30% of GDP accounted for by the mining sector, and there are calls for industrial diversification through the development of the small and medium-scale enterprises, which account for the majority of businesses. Through this project, JICA is responding to the needs of small and medium-scale enterprises, while supporting the implementation of environmental countermeasures and backing the sustained and balanced growth of the country.

In addition to this project, JICA is engaged in Technical Cooperation projects to develop business-minded human resources through the Mongolian Japan Center for Human Development, to strengthen the capacity for assessing, observing and regulating the sources of Ulaanbaatar's atmospheric pollution,

and to increase the abilities of central banks. By collaborating with these activities, the project will support the promotion of Mongolian industry in a multi-faceted manner.

#### From the Grassroots

**B. Enhbold**  
President, Khaan Khuns Co., Ltd.

As a company manufacturing frozen buuz (Mongolian steamed dumplings), we started business in 2002 with ten employees. Thanks to financing from the ODA Loan in 2008, we automated part of the production process and were able to expand the scale of our operations. Now we have 200 employees and are enjoying drastically increased sales. Our stores have grown to 50 in number, and we now occupy a 45% market share.

#### From Our Staff in Charge

**A. Saihantoya**  
Staff Member of JICA Mongolia office

Many small and medium-scale enterprises are grateful for this project. After the Great East Japan Earthquake struck, messages of support and charitable donations were received from a large number of related parties, such as intermediary financial institutions (six commercial banks) and approximately 80 small and medium-scale enterprises that had received funding.

In addition to financing, this project is supporting improvements in the abilities of intermediary financial institutions and companies. Furthermore, the repayments from small and medium-scale enterprises are continually financing similar new enterprises through a revolving fund. Accordingly, Mongolia's independent and sustained development can be expected.

# Central Asia and the Caucasus

After the countries of Central Asia and the Caucasus gained independence following the collapse of the former Soviet Union in 1991, the international community provided support for their pursuit of market economic systems. Nevertheless, disparities have continued to grow in terms of the region's economic development due to each nation's respective natural resources and other factors. Furthermore, the proximity of

Central Asia and the Caucasus to unstable nations including Afghanistan and Pakistan has made development and stability in the region vital to ensuring peace and economic development within the international community. JICA's cooperation in the region is focusing on efforts that contribute to the improvement of the electric power and transportation infrastructures and the development of the private sector.

## Key Aid Strategies

### Enhancing Intra-Regional Cooperation for Ensuring Stable Development

The region of Central Asia and the Caucasus, located in roughly the center of the Eurasian continent, comprises five Central Asia countries—Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan—lying east of the Caspian Sea, and their three neighbors to the west of the Caspian sea, namely Armenia, Azerbaijan and Georgia.

#### Support for Improving the Electric Power and Transportation Infrastructures

The region faces many challenges that need to be addressed through intra-regional cooperation. These challenges include conflict, terrorism, the drug trade, transportation, effective use of water and energy resources, accelerated trade and investment, and environmental protection.

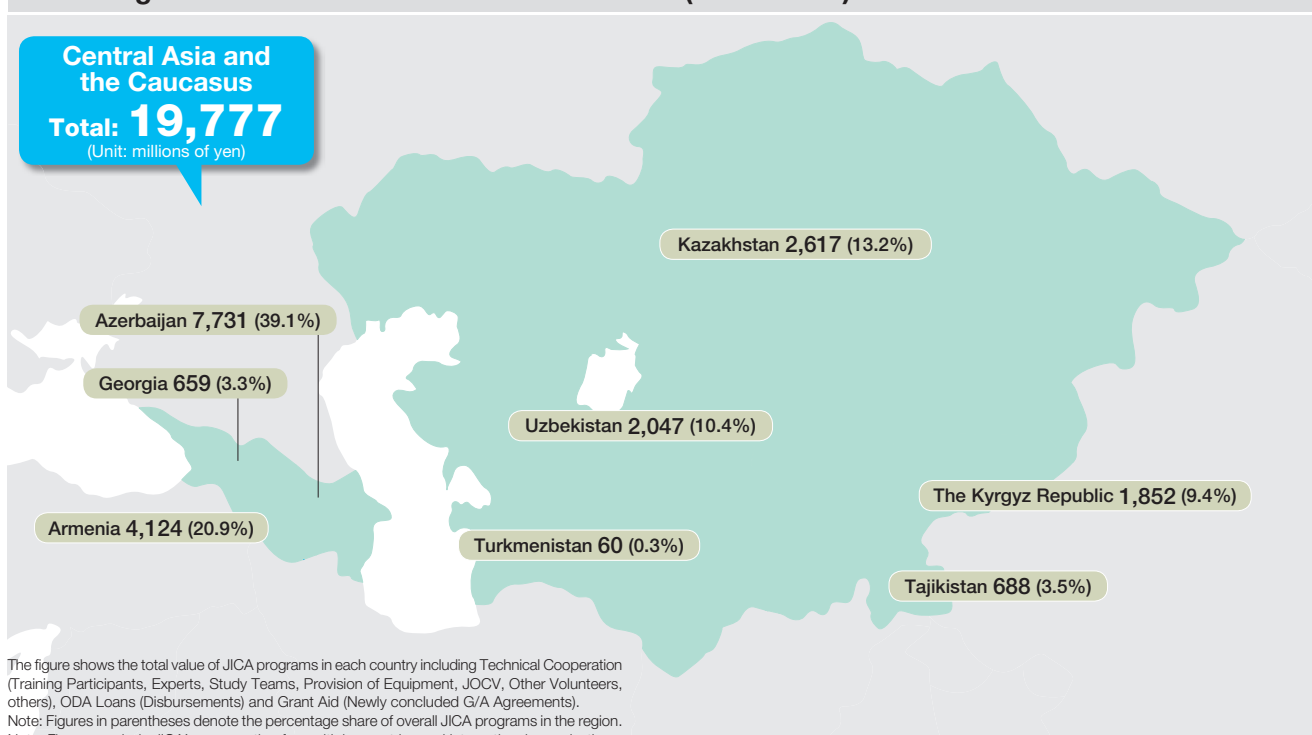
Based on the Japanese government's "Central Asia plus Japan

Dialogue" policy, which was launched in 2004 as a framework for promoting communication between Japan and the Central Asia countries, JICA has been providing assistance for the development of the electric power and transportation infrastructures in line with the framework for regional cooperation that includes the Central Asia Regional Economic Cooperation (CAREC) Program.

#### Support for Developing the Private Sector

Since gaining independence, the countries of Central Asia and the Caucasus have been pursuing a range of economic reforms, aiming for sustained economic development based on a market economy. In order to encourage economic reforms in each of these countries, JICA is providing support for the development of the private sector in areas such as private-sector human resource development, based on assistance for legislative development and

### JICA Programs in Central Asia and the Caucasus (Fiscal 2010)



## Aiming for Balanced Economic Development through Intra-Regional Cooperation

the Japan Center for Human Development.

### Country Overviews and Priority Issues

#### Kazakhstan

Kazakhstan is endowed with abundant energy and mining resources, including the world's second largest uranium reserves, which has made it the target of much attention in recent years.

The Government of Kazakhstan is aware that the diversification of industry is necessary in order to sustain economic growth in the future, and JICA is assisting in this endeavor, with its main emphases on training human resources through the Japan Center for Human Development, and on the economic infrastructure that serves as a foundation for industry. Moreover, Kazakhstan intends to pursue a joint project for energy conservation and renewable energy use based on mechanisms ratified under the Kyoto Protocol, a project that JICA is planning to support as a climate change measure.

#### The Kyrgyz Republic

The Kyrgyz Republic has fewer natural resources and leading industries than other countries in the region, and has been exposed to intense international competition due to rapid liberalization. The country still suffers from a high poverty rate due to unstable development. Furthermore, the political changes of April 2010, followed by the disturbances that occurred in two southern provinces in June of that year have led to severe economic strife within the country.

JICA has set a goal of aiding in promoting the reduction of poverty through economic growth based on the transition to a market economy. JICA is promoting intra-regional cooperation in priority support areas based on: 1) developing a foundation for economic growth including transport infrastructure; 2) support for social sectors; and 3) the Central Asia plus Japan Dialogue.

#### Tajikistan

Tajikistan is situated at the southern gateway to Central Asia. The country overcame a civil war with the signing of a peace accord in 1997, and has since pursued macroeconomic stability and structural reforms.

In April 2009, the Japanese government formulated the Country Assistance Program for Tajikistan, which identifies four priority areas for assistance: rural development and industry promotion; transportation (road development, maintenance and management); border control; and development of basic social services. JICA is providing Technical Cooperation for a project to improve agricultural extension service through reinforcing agrarian organizations and Grant Aid to develop roads and improve water supply in areas bordering Afghanistan.



Elementary fourth grade pupils visiting the Japan Center for Human Development in Uzbekistan.

#### Turkmenistan

Turkmenistan possesses one of the world's largest repositories of natural gas. This natural gas, which exists in rich reserves, drives the nation's industry. Other key industries include oil and the production of raw cotton. In 1995, the United Nations (UN) General Assembly acknowledged Turkmenistan's position as a permanently neutral country, and since the change in leadership in February 2007, the government has been taking steps to strengthen relations with Europe and neighboring countries. The direction of Turkmenistan today has a strong impact on the gas pipeline strategy in the Eurasian continent, as exemplified by the country's opening of a gas pipeline to China in December 2009.

Japanese cooperation for Turkmenistan is focused on ODA Loans for the railroad sector and training efforts to allow government workers to learn about Japanese experiences.

#### Uzbekistan

Uzbekistan has maintained high economic growth for a number of years, dependent on the export of underground resources including natural gas and gold. However, to continue this high level of economic growth in the future, a number of improvements will need to be made in areas including improvements to the business and investment environment, modernization of agriculture, and upgrading of the economic infrastructure. In September 2006, Japan formulated the Country Assistance Program for Uzbekistan, which identifies four priority areas for assistance: support for human resource development and institution-building to facilitate a market economy and develop the economy and industry; support for restructuring the social sector; economic infrastructure renovation and improvement; and promotion of intra-regional cooperation.

JICA opened the Uzbekistan-Japan Center for Human Development in 2000 to encourage the development of Uzbekistan's market economy and increase mutual understanding between the two nations. As well as efforts to provide business



training, Japanese language education and promote mutual understanding, JICA is providing a wide range of assistance in areas including legislative development, electric power plant construction and railroad development [ → See the Case Studies on pages 47, 149].

### Armenia

Armenia has proactively pursued democratization and a market economy since the collapse of the Soviet Union. Japan is extending assistance to Armenia with a focus on infrastructure development to support nation building, overcome aging economic infrastructure and prevent environmental degradation.

JICA is providing ODA Loans for the Electricity Transmission and Distribution Project and Yerevan Combined Cycle Co-Generation Power Plant Project as a priority area as part of its support for the energy sector [ → See the Case Study below].

### Azerbaijan

With steady petroleum development in the Caspian Sea, Azerbaijan has enjoyed rapid economic growth. However, improvement of the country's dilapidated infrastructure and development of non-petroleum sectors have become urgent challenges for ensuring sustainable economic development in the future.

The Japanese government has focused on three priority areas in providing development support for the country:

economic infrastructure, the social sector, and human resource development. JICA is providing support for the Shimal Gas Combined Cycle Power Plant Project (Second Unit) and Provincial Cities Water Supply and Sewerage Project through ODA Loans, and is assisting with administrative management and in the development of agricultural areas.

### Georgia

Georgia depends on the livestock industry and agriculture as its key economic drivers due to its lack of natural resources. In its efforts to reduce poverty through economic development, the country faces substantial challenges in the form of cultivating domestic production and small and medium enterprises, and in improving its education, health and public services, the quality of which are progressively falling due to a dilapidated infrastructure.

Following the armed conflict with Russia in mid-2008, Georgia is facing the challenge of rehabilitation of its infrastructure, which is urgently needed for future economic growth. In October 2008 at the Georgia Donor's Conference, Japan announced it would provide up to US\$200 million, under which JICA signed a ODA Loan agreement for the East-West Highway Improvement Project to improve the East-West Highway that is an important part of the international transportation network between Europe and Asia. This project will contribute to the economic development and postwar rehabilitation of Georgia.

## Case Study

## Armenia Yerevan Combined Cycle Cogeneration Power Plant Project

### Contributing to the Stable Supply of Electricity While Reducing Greenhouse Gas Emissions

**The Armenian capital of Yerevan suffers from an overconcentration of population, economic activity and industry and was in danger of facing energy shortages in the future. This problem was solved by the construction of Yerevan Combined Cycle Cogeneration Power Plant, which was funded by ODA Loan. Operation of the plant began in April 2010, and the stable supply of electricity now supports the economic development of the country. At the same time, this energy-saving power plant contributes to reducing greenhouse gas emissions.**

#### An Energy-Saving Power Plant Preventing Power Shortages in the Capital

Because most of the thermal power generation plants in Armenia were built in the 1960s and 1970s, they had become dilapidated and their supply capacity was declining. The

demand for electric power, however, was increasing due to economic development. Compared with a maximum daily demand of 1,177MW in 2004, the supply capacity was only 1,266MW. At the time, it was expected that peak daily demand would reach as high as 1,430MW by 2010, meaning that the issue of increasing the power supply capacity had to be solved as a matter of urgency.

The newly built power plant uses a natural gas fuelled cogeneration system featuring high power-generation efficiency. Since the exhaust heat and cooling water generated during power generation are used for cooling, heating and supplying hot water to the surrounding region, the plant is contributing to a decrease in greenhouse gas emissions.

For Armenia, this was the initial step in converting from low-efficiency Soviet-era power plants to modern high-efficiency ones. Since this is a newly introduced system, JICA has assisted with the technological transfer through training and in strengthening the systems of operation, maintenance and management.



The completed Yerevan Combined Cycle Cogeneration Power Plant



## Contributing to Speeding Up Customs Clearance and Preventing the Flow of Illegal Goods

Uzbekistan is situated in the central part of Central Asia, serving as an important location on the trade routes used by surrounding countries. However, the possibility has been raised of drugs, weapons and other illegal goods from neighboring Afghanistan flowing through the country. Strengthening the function of Uzbek border checkpoints is therefore vital for improving the efficiency of physical distribution in the Central Asia region, as well as for social stability.

Uzbekistan plans to introduce large-scale X-ray scanning equipment at 16 major border customs check points, and JICA is providing support through Grant Aid to assist in upgrading the equipment at three such points where the level of urgency is particularly high.



Vehicle-mounted large-scale scanner provided for use with cargo (Oybek Customs Check Point).

### A Substantial Decrease in Customs Clearing Times

Support from JICA is being utilized at the Ayrptom Customs Complex adjacent to Afghanistan, the Galaba Railway Check Point, and the Oybek Customs Check Point adjacent to Tajikistan. Each of these checkpoints has a significant record for the discovery of illegal goods such as drugs and weapons.

The first stage of the project, in March 2011, was the delivery of a single vehicle-mounted large-scale cargo X-ray scanner to the Ayrptom Customs Complex and Oybek Customs Check Point, respectively.

These were the first X-ray scanners used by the checkpoint workers who had previously carried out inspections by opening all cargo by hand. After their delivery, JICA also provided technical training at the Customs Training Center in the capital Tashkent, the Oybek Customs Check Point, and the Ayrptom Customs Complex. The customs staff worked very hard in training to learn how to operate the equipment and analyze the X-ray images.

For each vehicle loaded with cargo, the customs clearance procedure had previously taken three to five hours, with transport trucks

frequently forming a long line. Through mastery of the newly introduced X-ray equipment, this time can be reduced to around 20 to 30 minutes.

By strengthening the capacity to discover and control the import and export of illegal items such as heavy weapons and drugs, Uzbekistan will contribute not only to its own social stability, but also to that of the entire Central Asia region.



Technical training was provided for operation of the equipment and image analysis (Ayrptom Customs Complex).

### Support for Railroad Customs Check Points

The next stage will be the installation of a large-scale X-ray cargo scanner at the Galaba Railway Check Point. Like the first stage, this will be carried out in combination with technical assistance in developing the checkpoint system, operating the equipment provided, and improving the image analyzing technology.

The new scanner is expected to reduce the customs clearance process, which currently requires approximately an hour and a half per vehicle, to around 15 minutes. Thanks to the synergistic effect together with the railroad between Tashguzar and Kumkurgan, developed with an ODA Loan, this advance is expected to contribute to an increase in capacity for the transportation of goods to Afghanistan.

#### From Our Partner

Zohid Dusanov

Chairman, State Customs Committee

Large-scale X-ray scanning equipment for inspecting cargo is very expensive, but it is extremely useful for the State Customs Committee, which is trying to strengthen the system of inspection at checkpoints. In order to make this project a success, we have made preparations in collaboration with the relevant agencies and ministries in the country.

The two vehicle-mounted X-ray scanners provided recently were received with gratitude by the workers at both customs check points, who were eagerly awaiting their arrival. As the head of customs in the country, I guarantee that this equipment will be used effectively. By using these machines over the long term, I anticipate that the inspection work of border checkpoints will be carried out more effectively and efficiently.