

## 1. East Asia

East Asia consists of a variety of nations: countries such as the Republic of Korea and Singapore, which have attained high economic growth and have already shifted from aid recipients to donors; least developed countries (LDCs) such as Cambodia and Laos; countries such as Indonesia and the Philippines, which still have internal disparities despite their dramatic economic growth; and countries such as Viet Nam, which are transitioning to market economies. Japan has close relationships with these

### <Japan's Efforts>

Japan has contributed to the remarkable economic growth in East Asia by implementing development cooperation that combines ODA with trade and investment, including the improvement of infrastructure, development of institutions and human resources, promotion of trade, and revitalization of private investment. Currently, Japan is aiming to further enhance open regional cooperation and integration while sharing basic values, to promote mutual understanding, and to maintain consistent regional stability. Therefore, Japan has made efforts to proactively provide assistance in an array of areas such as disaster risk reduction, environment

countries in all aspects of politics, economy, and culture, so the development and stability of the region significantly impacts the security and prosperity of Japan as well. From this perspective, Japan is engaging in development cooperation activities that respond not only to the diverse socio-economic circumstances of East Asian countries, but also to the changes in the type of development cooperation that is required.

and climate change, strengthening of the rule of law, health and medical care, and maritime safety, in parallel with the assistance for developing infrastructure to date. Japan is also working to promote mutual understanding through large-scale youth exchanges, cultural exchanges, and projects to disseminate Japanese language education. In order for Japan and other East Asian countries to achieve further prosperity, it is important to assist Asia to become “a center of growth open to the world.” Accordingly, Japan is providing assistance to strengthen Asia's growth and to expand domestic demand in each country.

### ● Support for Southeast Asia

The member states of the Association of Southeast Asian Nations (ASEAN)<sup>1</sup> are pivotal countries for Japan on both the political and economic fronts, as they are located on its sea lanes and have strong economic ties with Japan, with many Japanese companies entering the region's markets. ASEAN had been strengthening connectivity and narrowing gaps within the region in order to achieve the top objective of establishing an ASEAN Community in 2015. In light of ASEAN's efforts, Japan provides ODA supports in a range of areas based on the pillars of strengthening connectivity and narrowing gaps. These areas include infrastructure development, strengthening rule of law, maritime safety, disaster risk reduction, health and medical

care, and peacebuilding.

With regard to strengthening connectivity, at the ASEAN Summit Meeting held in October 2010, ASEAN adopted the Master Plan on ASEAN Connectivity, aiming to intensify physical connectivity, institutional connectivity, and people-to-people connectivity in the region. In light of this, Japan has utilized ODA and public-private partnership (PPP) to provide proactive assistance to put the Master Plan into action. In addition, Japan promotes the development of physical infrastructure, including roads and bridges, railways, airports, and ports, as well as institutions and non-physical infrastructure, such as improving customs systems. These activities are carried out based on a twofold concept of building the East-West and Southern Economic Corridors in the Mekong region, and building the Maritime ASEAN Economic Corridor in Indonesia, Malaysia, the Philippines, and other countries. Note that in the ASEAN Summit in September 2016, the Master Plan on ASEAN Connectivity 2025\* was adopted as the successor document to the Master Plan on ASEAN Connectivity. Japan will continue to support ASEAN connectivity based on this new document.

In 2013, which marked the 40th year of ASEAN-Japan friendship and cooperation, the Vision Statement on ASEAN-Japan Friendship and Cooperation was adopted at the ASEAN-Japan Commemorative Summit Meeting in Tokyo in December. The statement presented medium- to long-term visions for deepening ASEAN-



The Japan-ASEAN Summit Meeting held in Vientiane, Laos in September 2016 (Photo: Cabinet Public Relations Office)

Note 1: ASEAN member states: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam (however, Singapore and Brunei are not ODA recipients).

Japan relations. On this occasion, Japan pledged ¥2 trillion of ODA assistance over five years based on the pillars of “strengthening connectivity” and “narrowing gaps” which ASEAN identifies for establishing the ASEAN Community in 2015. In the area of disaster risk reduction, Japan unveiled the Package for Strengthening ASEAN-Japan Disaster Management Cooperation in response to the catastrophic devastation caused by Typhoon Yolanda in the central Philippines in November 2013. The package included expanding the disaster risk reduction network and implementing support for realizing disaster-resilient societies. As part of this package, Japan announced assistance of ¥300 billion and human resources development for 1,000 people over five years, with the objective of improving the disaster response capacities of ASEAN and developing its quality infrastructure for disaster risk reduction. Japan is advancing individual support tailored to the needs of each country, and in July 2016, it started the Project for Strengthening the ASEAN Regional Capacity on Disaster Health Management for the entire ASEAN region, and going forward it will strengthen coordination systems related to disaster healthcare in the ASEAN region.

In particular in terms of infrastructure development Japan underscores the importance of “quality infrastructure investment” based on its experience with its assistance for Southeast Asian countries. At the Japan-ASEAN Summit held in November 2015, Prime Minister Abe announced the follow-up measures to the Partnership for Quality Infrastructure<sup>3</sup>, which upgraded and expanded systems by the improvement of Japan’s ODA loans and Private-Sector Investment Finance including the acceleration of procedures of Japan’s ODA loans and the establishment of new types of Japan’s ODA loans, greater collaboration with the Asian Development Bank (ADB), and structural reforms and management improvements to the Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI).

Furthermore, in advance of the G7 Ise-Shima Summit in May 2016, Prime Minister Abe announced the Expanded Partnership for Quality Infrastructure, and declared that Japan would aim to provide financing of approximately \$200 billion as the target for the next five years to infrastructure projects across the world including in Asia and at the same time to advance further improvements of measures.

The above-mentioned efforts to promote quality infrastructure investment in ASEAN are steadily bearing fruit. For example, the opening ceremony of the Neak Loeung Bridge (commonly known as “Tsubasa (‘Wing’ in English) Bridge”) was held in April 2015, and it has become the cornerstone of the Southern Economic Corridor in Cambodia. In Thailand, the Purple Line as the urban railway commenced its operations in August 2016 to reduce



The Mass Transit System Project in Bangkok, Thailand. The railway which started service in August 2016 has an overall length of 23km, and adopted the first-ever Japanese railcars used in Thailand. (Photo: JICA)

traffic congestion and improve air pollution at Bangkok, and it was the first time in the history of Bangkok urban transport to adopt train cars made in Japan.

Moreover, with the belief that infrastructure development and also development of the industrial human resources that will establish and upgrade the key industries of each country are essential for sustained growth in Asia, Prime Minister Abe announced at the forum of the Japan-ASEAN Summit Meeting in November 2015 the Industrial Human Resource Development Cooperation Initiative under which Japan will assist the development of 40,000 industrial human resources in the next three years, and Japan has developed more than 16,000 industrial human resources in the ASEAN region by the summer of 2016. Going forward, Japan will continue to actively support the development of industrial human resources in Asia. In addition, the announcement made by Japan on the occasion of the ASEAN Summit in September 2016 on the Innovative Asia project under which Japan will encourage innovation throughout Asia through ODA support was welcomed by the ASEAN members. This supports the circulation of advanced human resources between Asian countries, including ASEAN, and Japan through study programs at Japanese universities or other institutions and internships at Japanese companies, etc., and this was welcomed by the ASEAN countries. This project was also clearly stated in the Japan Revitalizing Policy 2016 and the plan is to accept 1,000 outstanding students to Japan over the five years from FY2017.

Regarding the Mekong region which is particularly rich in potential among the ASEAN countries, Japan established the assistance policies for this region at the Mekong-Japan Summit Meeting held in Japan (around once every three years) whereas Mekong-Japan Summit Meetings are held annually.

At the Seventh Mekong-Japan Summit Meeting (fourth

Note 2: The pillars of the content of the Partnership for Quality Infrastructure are (i) Expansion and acceleration of assistance through the full mobilization of Japan’s economic cooperation tools, (ii) Collaboration between Japan and the ADB, (iii) Measures to double the supply of funding for projects with relatively high risk profiles by such means as the enhancement of the function of the JBIC, and (iv) Promoting “quality infrastructure investment” as an international standard.

held in Japan) in July 2015, the New Tokyo Strategy 2015 was adopted to serve as the strategy for Japan-Mekong cooperation over the next three years, consisting of the following four pillars: (i) Industrial infrastructure development in the Mekong region and strengthening “hard connectivity” within the region and with the surrounding regions; (ii) Industrial human resource development and strengthening “soft connectivity”; (iii) The realization of a Green Mekong;<sup>3</sup> and (iv) Coordination with various stakeholders. At the same time, Japan announced that it would implement assistance of ¥750 billion over the next three years through ODA to achieve “quality growth” that is also comprehensive, sustainable, and resilient in the Mekong region. At the Eighth Mekong-Japan Foreign Ministers’ Meeting held in August the same year, the Mekong-Japan Action Plan for Realization of the New Tokyo Strategy 2015 was adopted and the development of physical infrastructure was accelerated in particular.



Foreign Minister Fumio Kishida attended the Ninth Mekong-Japan Foreign Ministers’ Meeting held in Vientiane, Laos in July 2016, and explained about the progress of Japan-Mekong cooperation.

The Ninth Mekong-Japan Foreign Ministers’ Meeting in July 2016 announced the launch of the Japan-Mekong Connectivity Initiative as the next stage. This initiative aims to work on the strengthening of institutional connectivity (institutional improvements, development of bases such as Special Economic Zones, etc., measures to promote industry, the facilitation of customs clearance, etc.) so that physical connectivity can be utilized sufficiently and the strengthening of person-to-person connectivity. In order to realize “vibrant connectivity” that generates the flow of people and goods in the region and spread the fruits of growth throughout the region to boost regional integration and the strengthening of the ASEAN community under this initiative, at the Eighth Mekong-Japan Summit Meeting, which was held in Laos in September 2016, Japan announced a list of ODA projects that should be given priority under the initiative. At this Summit Meeting, appreciation for Japan’s efforts in both hard (physical) and soft (non-physical) areas was expressed and the smooth

start to the New Tokyo Strategy 2015 was highly evaluated.

Among the Mekong region countries, taking into account that Myanmar has been taking significant steps to advance democratization, in April 2012, Japan reviewed its economic cooperation policy, and decided to provide a wide range of assistance to Myanmar to back up the rapid progress of its reform efforts. Japan is actively providing a variety of assistance to Myanmar, such as improvements in people’s livelihoods, including assistance for ethnic minorities, assistance for legal and judicial system development, human resources development, and infrastructure development mainly in the Thilawa Special Economic Zone (SEZ) in Yangon. In May 2014, the sale of leasehold rights for the Class A Area of the Thilawa SEZ started. In September 2015, the opening ceremony of Thilawa SEZ was held with the attendance of Deputy Prime Minister Taro Aso.

Japan is continuing to support development of infrastructure around the SEZ. As of August 2016, 78 companies from around the world, including 39 Japanese companies, have started their business in the SEZ. This is a successful example of Japan’s “quality infrastructure investment” garnering trust from the world.

Furthermore, when State Counsellor Aung San Suu Kyi visited Japan from Myanmar in November 2016, Prime Minister Abe announced that Japan would make a contribution of ¥800 billion at the public and private levels over five years from FY2016. This is based on Japan’s policy of both the public and private sectors providing full-fledged support for the consolidation of democratization, national reconciliation, and economic development in Myanmar, while also taking into account the Japan-Myanmar Cooperation Program.\* As a part of that, it was also announced that Japan would provide support of ¥40 billion over the same five years for areas with ethnic minorities in order to support the progress of national reconciliation. At the same time, he noted that Japan plans to implement exchanges and human resources development on the scale of 1,000 people a year to help in nation building.



The entrance gate to the Thilawa Special Economic Zone (SEZ) in Myanmar (Photo: Yutaka Araki / JICA Myanmar Office)

Note 3: An initiative between Japan and the Mekong region countries designed to create a “Green Mekong” filled with greenery, rich in biodiversity, and resilient to natural disasters.



## ● Relations with China

In 1979, Japan began providing ODA for China as one of the pillars of the Japan-China relationship. However, the provision of new ODA loans and General Grant Aid, which accounted for a large share of Japan's ODA to China, was terminated approximately ten years ago based on the recognition that it had already achieved a certain goal in light of the economic development and improvement of the technology level of China.<sup>4</sup> We recognize that Japan's past assistance has contributed to the stable growth of the Chinese economy, and by extension, made a considerable contribution to the stability of the Asia-Pacific region, as well as to improving the investment environment in China for Japanese companies and deepening the economic ties between the two countries' private sectors.<sup>5</sup>

Currently, ODA to China is implemented to a limited degree only for items with genuine need for cooperation, such as cross-border pollution, infectious diseases, and food safety, which directly affect the lives of the Japanese people. Technical cooperation is the main form of cooperation (disbursements of ¥806 million in FY2015),<sup>6</sup> while Grant Assistance for Grass-Roots Human Security Projects is also being implemented (disbursements of ¥106 million in FY2015).<sup>7</sup>

With regard to technical cooperation, for example, Japan is implementing projects to tackle environmental problems focused on air pollution, including PM2.5, which could have an impact on Japan, and projects to support the drafting of civil laws, patent laws, etc. in China that could contribute to facilitating the business activities of Japanese companies operating in China.

Furthermore, as a new form of cooperation that takes into account the economic development of China, Japan has recently been providing cooperation in which its costs are borne by China. For example, in the area afflicted by the Lushan earthquake that occurred in Sichuan Province in 2013, Japan supported China's disaster risk reduction education and construction of disaster risk reduction centers, for example, by sharing information on Japan's disaster countermeasures and providing instruction regarding quake-resistant and seismic isolation technologies, with China bearing the costs of these supports.

Regarding Grant Assistance for Grass-Roots Human Security, Japan is primarily implementing support for the socially vulnerable, such as AIDS patients and persons with disabilities in China including regions with ethnic minorities.

## Glossary

### \* Master Plan on ASEAN Connectivity 2025

This is the action plan for strengthening ASEAN connectivity that was adopted in the ASEAN Summit Meeting in 2016 as the successor document to the Master Plan on ASEAN Connectivity which sets 2015 as its goal year (adopted in 2010). It is positioned as a part of "ASEAN 2025: Forging Ahead Together," which was adopted in November 2015. The document stipulates the five major strategies of "sustainable infrastructure," "digital innovation," "seamless logistics," "regulatory excellence," and "people mobility" and presents priority initiatives under each of the strategies.

### \* Japan-Myanmar Cooperation Program

This program extracts issues to be tackled with priority in nine major sectors that are important for the development of Myanmar; specifically its pillars are: (i) Agriculture and agricultural infrastructure development in rural areas, (ii) Enrichment of education widely received by the people, and job creation in line with industrial policies, (iii) Urban manufacturing accumulation and industrial development, (iv) Strengthening of transportation infrastructure to connect urban and rural areas, (v) Energy cooperation to enable industrial development, (vi) Urban development / urban transport, (vii) Cooperation for the improvement of the financial sector (policy-based finance/private finance), (viii) Telecommunications, broadcasting and postal services as tools to connect people, and (ix) Improvement of the health sector, which is directly linked to people's lives.



A Japan Overseas Cooperation Volunteer, Mr. Takeshi Maruoka provides practical skills training on flower and vegetable cultivation at a technical college in Dornod Province located in the eastern region of Mongolia. He is instructing students how to harvest cucumbers in a plastic greenhouse. (Photo: Takako Tsukagoshi)

Note 4: New provision of ODA loans and General Grant Aid were terminated in 2007 and 2006, respectively.

Note 5: The cumulative totals until FY2015 were as follows: Loan aid ¥3.3165 trillion (commitment base); grant aid ¥157.6 billion (commitment base); and technical cooperation ¥184.0 billion (amount disbursed by JICA) (however, the new provision of ODA loan and General Grant Aid has already been terminated).

Note 6: Disbursements of technical cooperation in recent years ¥3.468 billion (FY2010), ¥3.296 billion (FY2011), ¥2.527 billion (FY2012), ¥2.018 billion (FY2013), ¥1.436 billion (FY2014), ¥806 million (FY2015)

Note 7: Disbursements of Grant Assistance for Grass-Roots Human Security in recent years ¥1.466 billion (FY2010), ¥843 million (FY2011), ¥288 million (FY2012), ¥284 million (FY2013), ¥85 million (FY2014), ¥106 million (FY2015)

## The Philippines

## Support to Increase Agricultural Income of Micro-Scale Rice Farmers through Improvement of Farming Management in Northern Luzon

### Grant assistance for Japanese NGO projects (December 2015 – )

In Northern Luzon Island, known as one of fertile agricultural zones in the Philippines, there historically exists a wide disparity of wealth. Many small-scale rice farmers cannot make a sustainable living within the income gained by utilizing their own tiny patch in poor condition, so they are forced to engage in one-day labor to cover income shortages. They suffer hardship burdened with debt and left in poverty.

In December 2015, a specified nonprofit corporation, the GLM Institute, launched a project under the framework of the Grant Assistance for Japanese NGO projects of MOFA to improve the livelihood of small-scale rice farmers in such a severe situation through farm management improvement in Isabela province and Nueva Vizcaya province.

Under the project, the GLM Institute has implemented training for petty farmers on rice and vegetable farming, production and use of organic fertilizer, and post-harvest work after teaching them how to calculate income and expenditure and make farming plans. As a result of these activities, the farmers have learned farm management techniques leading to income improvement. The farmers also have been instructed on marketing with the aim of increasing their income by sales promotion and marketing expansion.

As of the end of August 2016, approximately eight months from the project launch, a total of 25 training sessions have been implemented in the regions covered by the project. A total of 123 farmers have mastered basic knowledge such as methods of calculating income and expenditure and making farm management plans. The farmers have improved their knowledge ranging from rice-planting to disease and pest control through the training in rice cultivation techniques.



Approximately 70 farmers participated in the training for worm compost making. (Photo: GLM Institute)

They also received practical training in organic fertilizer manufacturing and agricultural machinery.

In the future, the GLM Institute is going to incorporate more practical methods into each session of training through deepening collaboration with local government-affiliated institutions and make the effects of this project last after it is completed. When the rainy season comes, roads on the farms will be submerged, which makes it difficult for the farmers to transport their agricultural produce and work on the farm. In order to overcome these challenges, the Japanese NGO will instruct the farmers in repairing roads on the farm and try to secure and improve their production activity and access to markets. It is expected that the outcomes of these activities will be combined organically to improve the income of the petty rice farmers and enable them to escape from a tough living environment. (As of August 2016)



Students participate in a sewing class at San Pedro National High School in Laguna, the Philippines. (Harvey Tapan / Third Eye Visual)

## Japan's international cooperation policy in the East Asia Region

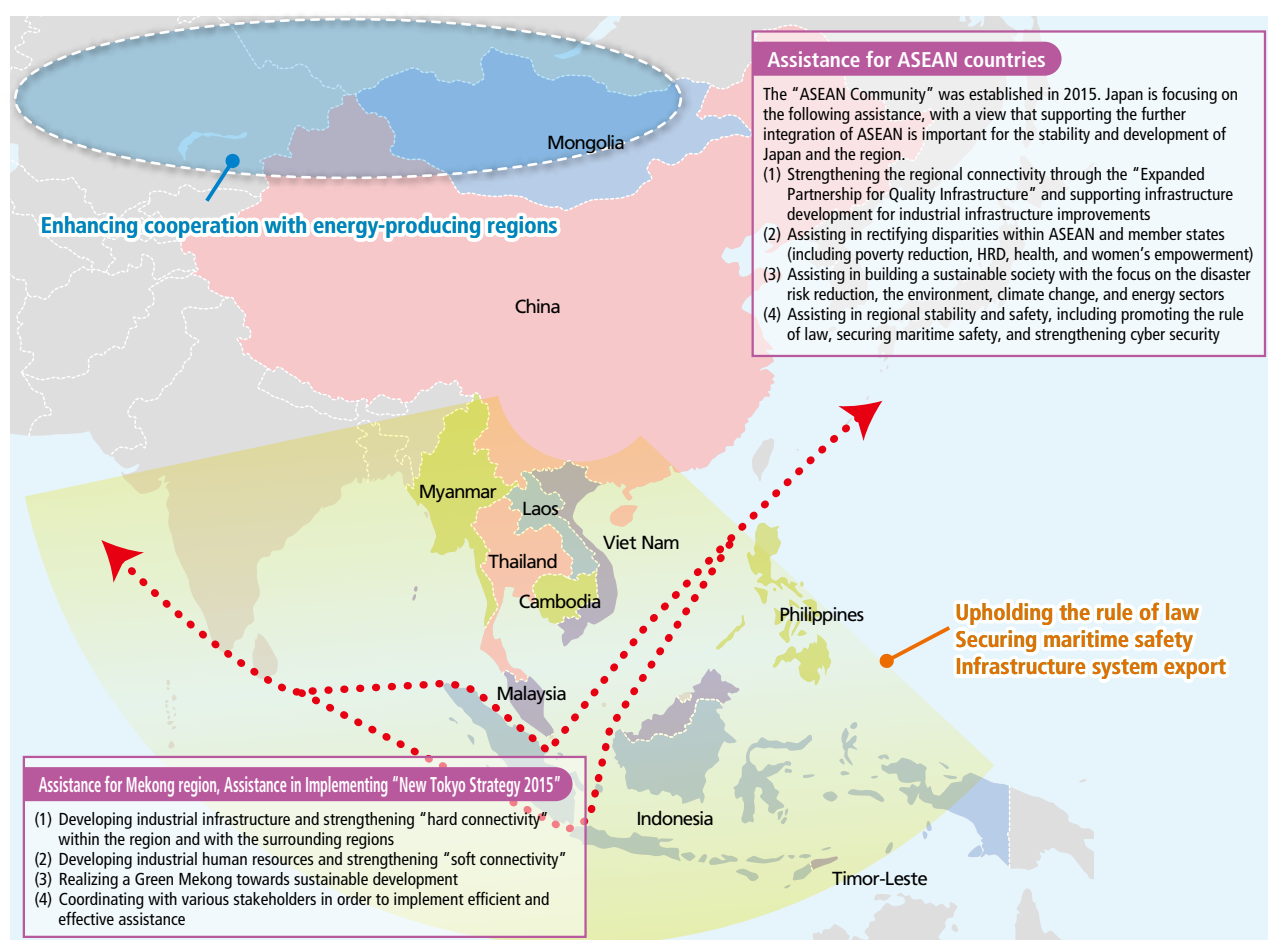


Chart II-8 Japan's Assistance in the East Asia Region

Calendar year: 2015

(US\$ million)

Rank	Country or region	Grants			Total	Loan aid			Total (Net disbursement)	Total (Gross disbursement)
		Grant aid	Grants provided through multilateral institutions	Technical cooperation		Amount disbursed (A)	Amount recovered (B)	(A)-(B)		
1	Viet Nam	12.94	—	78.52	91.46	1,327.42	343.96	983.46	1,074.92	1,418.88
2	Philippines	46.20	0.10	49.66	95.85	446.10	471.65	-25.55	70.30	541.95
3	Indonesia	25.24	—	53.06	78.30	400.31	1,477.73	-1,077.42	-999.12	478.60
4	Myanmar	202.11	33.63	53.31	255.43	95.71	—	95.71	351.13	351.13
5	Thailand	27.52	0.02	19.57	47.08	125.68	256.01	-130.33	-83.25	172.77
6	China	0.79	—	9.29	10.08	141.36	894.23	-752.86	-742.78	151.45
7	Laos	51.87	—	28.65	80.52	26.64	4.47	22.17	102.69	107.17
8	Cambodia	50.06	1.22	28.54	78.60	27.47	4.33	23.14	101.75	106.08
9	Mongolia	14.84	—	20.95	35.79	64.93	13.71	51.22	87.01	100.72
10	Malaysia	0.57	0.49	9.58	10.15	65.76	124.24	-58.48	-48.33	75.91
11	Timor-Leste	11.57	—	7.52	19.10	0.17	—	0.17	19.26	19.26
	Multiple countries in East Asia	4.52	4.52	5.31	9.83	—	—	—	9.83	9.83
<b>East Asia region total</b>		<b>448.24</b>	<b>39.99</b>	<b>364.18</b>	<b>812.43</b>	<b>2,721.54</b>	<b>3,594.14</b>	<b>-872.60</b>	<b>-60.17</b>	<b>3,533.97</b>
<b>(ASEAN total)</b>		<b>416.51</b>	<b>35.47</b>	<b>321.02</b>	<b>737.53</b>	<b>2,515.09</b>	<b>2,682.39</b>	<b>-167.30</b>	<b>570.23</b>	<b>3,252.62</b>

\*1 Ranking is based on gross disbursements.

\*2 Due to rounding, the total may not match the sum of each number.

\*3 [—] indicates that no assistance was provided.

\*4 Grant aid includes aid provided through multilateral institutions that can be classified by country.

\*5 Aid for multiple countries is aid in the form of seminars or survey team dispatches, etc. that spans over multiple countries within a region.

\*6 Country or region shows DAC recipients but including graduated countries in total.

\*7 Disbursements under "Multiple countries in East Asia" utilize figures based on the OECD-DAC criteria, and therefore, do not include disbursements for multiple countries, including Myanmar.

\*8 Negative numbers appear when the recovered amount of loans, etc. exceeds the disbursed amount.