

Third Party Evaluation Report 2017
Ministry of Foreign Affairs of Japan

Evaluation on Japan's Assistance to Connectivity
in the Mekong Region with a Focus on
the Southern Economic Corridor

February 2018

International Development Center of Japan Inc.

Preface

This report under the title Evaluation on Japan's Assistance to Connectivity in the Mekong Region with a Focus on the Southern Economic Corridor was undertaken by the International Development Center of Japan Inc. (IDCJ), entrusted by the Ministry of Foreign Affairs (MOFA) in fiscal year 2017.

Since its commencement in 1954, Japan's Official Development Assistance (ODA) has contributed to the development of many countries/region and has contributed to bring solutions for international issues which vary over time. Recently, in both Japan and the international community, implementing of ODA requires higher effectiveness and efficiency. MOFA has been conducting ODA evaluation every year, of which most are conducted at the policy level with two main objectives: to improve the management of ODA; and to ensure its accountability. These evaluations are conducted by third parties to enhance transparency and objectivity.

The present evaluation study was conducted with the objectives of reviewing Japan's assistance to connectivity in the Mekong region with a focus on the Southern Economic Corridor, drawing on the lessons from this review to make recommendations for reference in policy planning and its effective and efficient implementation in future assistance for connectivity in the Mekong region with a focus on the Southern Economic Corridor efforts of the Government of Japan. The study also intends to ensure the accountability of Japan's ODA by making the evaluation results widely available to the general public.

Prof. Naonobu Minato, Visiting Professor of International University of Japan, served as a chief evaluator to supervise the entire evaluation process and Ph.D. Manabu Fujimura, Professor of Aoyama Gakuin University, served as an advisor to share his expertise on economic effect of the Mekong region corridors. They have made an enormous contribution from the beginning of the study to the completion of this report. In addition, in the course of this study both in Japan and in the Mekong region, we have benefited from the cooperation of MOFA, Japan International Cooperation Agency (JICA) and the local ODA Task Force, as well as government agencies in Thailand, Cambodia and Viet Nam, donors and private companies. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study.

Finally, the Evaluation Team wishes to note that the opinions expressed in this report do not necessarily reflect the views or positions of the Government of Japan.

February 2018

International Development Center of Japan Inc.

Note: This English version of the Evaluation Report is a summary of the Evaluation on Japan's Assistance to Connectivity in the Mekong Region with a focus on the Southern Economic Corridor.

Evaluation on Japan's Assistance to Connectivity in the Mekong Region with a Focus on the Southern Economic Corridor (Brief Summary)

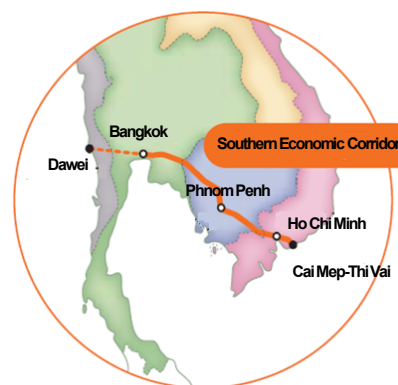
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Period subject to Evaluation: 2015 – 2017

Period of the Evaluation Study: June 2017 – February 2018

Field Survey Country: Thailand, Cambodia, and Vietnam



source: JICA

Background, Objectives and Scope of the Evaluation

The Mekong region is an important region in geopolitical and economic terms with strong historical and cultural ties to Japan. Maintaining and developing global competitiveness, and delivering “quality growth” across the region have significant implications for the peace and prosperity of Japan. To bring about stability and prosperity in the Mekong region, it is necessary to strengthen connectivity in the region. Recognizing this, this report evaluates Japan’s assistance to strengthening connectivity in the Mekong region with a focus on the Southern Economic Corridor. The aim of the evaluation is to obtain recommendations based on the evaluation results that will prove constructive for planning and implementing the assistance policies for the connectivity in the Mekong region in the future, and to ensure accountability to the nation.

Brief Summary of the Evaluation Results

• Development Viewpoints

(1) Relevance of Policies (Evaluation Result: A—Highly satisfactory)

The aim of the policy, which is stability and “quality growth” in the Mekong region by strengthening connectivity, is highly consistent with Japan’s Development Cooperation Charter and related policies. It is also consistent with the development policies, development issues, and socioeconomic development needs in each Mekong country. There is also consistency with international priorities that aim for sustainable development through industrialization and the development of hard infrastructure. In terms of assistance with connectivity in the Mekong, Japan’s advantages are neutrality within the Mekong region, credibility with each country, quality infrastructure technology, and efficient aid schemes. Due to these advantages, Japan is expected to fulfill the role of a coordinator in the Mekong region. There are several corridors in the Mekong region and the development priorities differ depending on the country. Assistance that considers each country’s development needs and potential in more depth is advisable. It is also important to integrate the multiple policy documents related to the assistance to connectivity in the Mekong region, and bring them together into a unified form.

(2) Effectiveness of Results (Evaluation Result: B—Satisfactory)

In terms of hard infrastructure connectivity, the Evaluation Team confirmed the strong effects of shortening traveling time and increasing traffic/logistics volumes by developing infrastructure such as roads, bridges, and port facilities. In terms of soft infrastructure connectivity, the Team confirmed that streamlining legislation related to logistics and reducing logistics costs are remaining issues despite the streamlining of customs clearance procedures following the introduction of electronic customs clearance. Aside from ODA, cooperation with a range of relevant agencies including the private sector is required. Since it will take time before the effects of the assistance for industrial human resources development, one of the priority areas of the policy, emerge, monitoring with a longer-term perspective is necessary. In addition, setting clear targets and associated indicators in the policy documents allows consideration of more effective methods of assistance.

(3) Appropriateness of Processes (Evaluation Result: B—Satisfactory)

Based on sufficient coordination in Japan and in the Mekong region through the Mekong-Japan meetings, Japan’s cooperation with regard to strengthening connectivity in the Mekong is determined after collecting the opinions of various stakeholders. The evaluation rated highly on almost all studied items, but it is necessary to

consider monitoring at the program level and information-sharing about policy level monitoring and evaluation results between MOFA and Japan's diplomatic missions.

- Diplomatic Viewpoints

Amid the increasingly severe security environment in Asia in recent years, further integration, prosperity, peace and stability in the geopolitically strategic ASEAN, which includes the Mekong countries, is extremely important for peace and stability in Asia and in the international community. For Japan, the Mekong region is also an extremely important market in terms of trade investment and overseas infrastructure development. Based on such political and economic aspects, assistance with the strengthening of connectivity in the region is diplomatically imperative.

In addition to expressions of support from the ASEAN countries for Japan's standpoint on security, investment from Japan in the Mekong region and the number of companies expanding to the region are increasing. Human exchanges between Japan and the Mekong countries have also been revitalized. It is difficult to clearly indicate the causality between Japan's ODA for strengthening of connectivity in the region and the diplomatic impacts, but Japan's ODA is strengthening relations with the Mekong countries, and there is a degree of diplomatic impacts from the political, economic, and social aspects generated by this.

Recommendations

1. Integrated Mekong-Japan regional cooperation policy (strengthen cooperation between MOFA and other ministries and agencies)

Where the relevant policy documents are concerned, strengthen sharing and cooperation between the related ministries and agencies in Japan and provide clear descriptions to the stakeholders in the Mekong region of the aims and methods of Japan's assistance policy for connectivity in the Mekong region.

2. Strengthen the relationship between development policy in each Mekong country and corridor development cooperation

Verify development policy priorities based on the development policies and needs of each country, and implement development cooperation linked to strengthening international competitiveness in the region. Consider support not only for the manufacturing sector, but also for industrial development that leverages the special characteristics of each country. Aim to revitalize the regional economy by continuing support for institution building, etc.

3. Reinforce initiatives to strengthen connectivity in the Southern Economic Corridor

Continue assistance with developing hard infrastructure and quality maintenance management. Strengthen soft infrastructure connectivity to ease congestion near national borders, to streamline logistics and to facilitate trade.

4. Demonstrate Japan's initiative in assisting the Mekong region

For Japan to take the initiative (with assistance to strengthening connectivity) in the Mekong region in the future, it is important to clarify policy aims involving the strengthening of connectivity, and to bring a long-term perspective to establishing indicators and action plans. Demonstrate how Japan's role as a coordinator in the Mekong region differs from conventional bilateral cooperation. In addition, endeavor to understand China's movement in Mekong regional cooperation as China has a large presence in the region. Make assistance with strengthening connectivity in the Mekong region more effective.

5. Review and continue the cooperation approach in ODA

Continue to assist governments of the Mekong region with policy formulation and institution building by dispatching policy advisors and other long-term experts. Promote regional cooperation through Triangular Cooperation that leverages each country's field of expertise. Take a flexible approach when considering new cooperation schemes.



Thai-Cambodia border
(Poipet, Cambodia)



Tsubasa bridge
(Cambodia)



Vietnam North South
Expressway
Ho Chi Minh – Long Thanh-
Dau Giay



Cai Mep-Thi Vai Port
(Vietnam)

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Chapter 1: Implementation Policy for the Evaluation

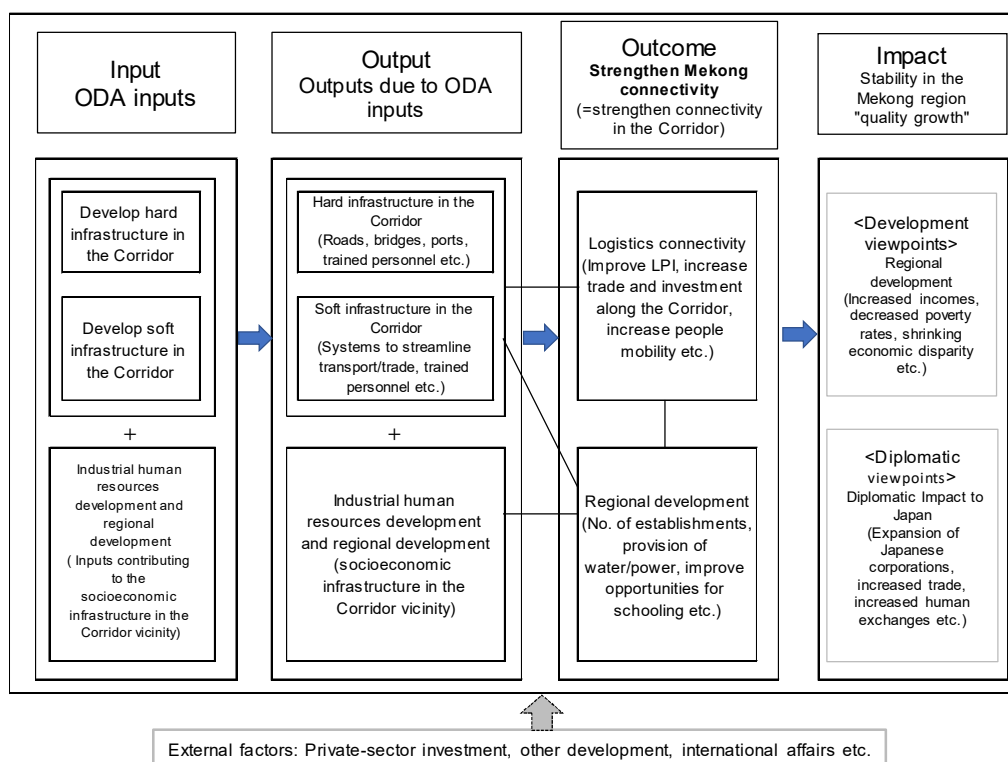
1-1 Background and Objectives

The Mekong region, which consists of the five countries of Thailand, Vietnam, Cambodia, Myanmar, and Laos¹, is an important region in geopolitical and economic terms with strong historical and cultural ties to Japan. Maintaining and developing global competitiveness, and delivering “quality growth” across the region has significant implications for the peace and prosperity of Japan. To bring about stability and prosperity in the Mekong region, it is necessary to strengthen connectivity. Recognizing this, this report evaluates Japan’s assistance to strengthening connectivity in the Mekong region with a focus on the Southern Economic Corridor. The aim of the evaluation is to obtain recommendations based on the evaluation results that will prove constructive for planning and implementing the assistance policies for the connectivity in the Mekong region in the future, and to ensure accountability to the nation.

1-2 Scope of the Evaluation

The policy for the assistance to connectivity in the Mekong region with a focus on the Southern Economic Corridor, which is the scope of this evaluation, has not been compiled into a single clear policy document. Consequently, the policy documents consulted for this evaluation are the “New Tokyo Strategy 2015”, the “Mekong-Japan Action Plan (2015)”, and the “Japan Mekong Connectivity Initiative (2016)”. Among the four pillars listed in the “New Tokyo Strategy 2015” policy document, the evaluation is concerned with the two pillars that are directly related to connectivity in the Mekong. They are 1. Strengthening hard connectivity and 2. Strengthening soft connectivity. Based on these two pillars, the Evaluation Team has established three priority areas for the objective framework of this evaluation. They are: 1) Strengthening hard infrastructure (the corridor and the main connecting transport and traffic facilities); 2) Strengthening soft infrastructure ((a) streamlining transportation, (b) facilitating trade); and 3) Industrial human resources development and regional development (developing the socioeconomic infrastructure in the vicinity of the corridor).

¹ The framework for Japan’s assistance to the Mekong region defines the region as the five countries of Thailand, Vietnam, Cambodia, Myanmar, and Laos.



Source: Prepared by the Evaluation Team

Figure 1-2-1 Objective framework of Japan's assistance policy for connectivity in the Mekong region

The period subject to evaluation is the period since 2003 when Japan unveiled its assistance to the Mekong region with a particular focus on the period since the previous evaluation in fiscal year 2014, i.e., fiscal year 2015 to 2017. The area subject to evaluation is the Mekong region linked by the Southern Economic Corridor including the countries of Vietnam, Cambodia, Thailand, and Myanmar.

Connectivity, which is the subject of this evaluation, comprises assistance across multiple sectors. Strengthening connectivity in the Corridor is not only stand-alone development in a single sector, but it is achieved by overcoming issues that straddle sectors, and issues that are shared across sectors. To overcome the issues, it is essential to cooperate and coordinate with government agencies in each sector and private-sector institutions other than ODA.

1-3 Methodology of the Evaluation

1-3-1 Analytical Process and Evaluation Framework

The analytical process for the evaluation consists of the following steps: (1) Establish the implementation policy for the evaluation, (2) Overview of the Mekong region, identify and analyze connectivity in the Mekong region, (3) Analyze Japan's assistance performance and outcomes, (4) Analyze questionnaires at Japan's diplomatic missions, and (5) Summarize evaluation results. When summarizing the evaluation results, the Team carried out evaluations from the development viewpoints (Relevance of Policies, Effectiveness of Results,

and Appropriateness of Processes) and from the diplomatic viewpoints based on steps (1) through (4) above, and in line with the ODA Evaluation Guidelines (10th Edition, June 2016) by Ministry of Foreign Affairs. The Team rated the three items evaluated from the development viewpoints. Recommendations were drawn from the evaluation results.

Table 1-3-1 Rating Criteria for Evaluation from the Development Viewpoints

Evaluation Item	Rating	Rating Criteria
Relevance of Policies	Highly satisfactory	High relevance confirmed for all studied items
	Satisfactory	Relevance confirmed for nearly all studied items
	Partially unsatisfactory	Relevance confirmed for several studied items, but some issues require improvement
	Unsatisfactory	Low relevance confirmed for several studied items
Effectiveness of Results	Highly satisfactory	Highly satisfactory results confirmed for all studied items
	Satisfactory	Satisfactory results confirmed for nearly all studied items
	Partially unsatisfactory	Satisfactory results confirmed for several studied items, but some issues require improvement
	Unsatisfactory	Results not confirmed for several studied items
Appropriateness of Processes	Highly satisfactory	All studied items were implemented with high appropriateness
	Satisfactory	Nearly all studied items were appropriately implemented
	Partially unsatisfactory	Several studied items were appropriately implemented, but some issues require improvement
	Unsatisfactory	Several studied items were not appropriately implemented

Source: Prepared by the Evaluation Team in line with the “Draft Revision of MOFA ODA Third Party Evaluation Rating Criteria” (January 2018)

1-3-2 Implementation Procedure for the Evaluation

The evaluation was carried out in the period from June 2017 to February 2018 according to the following steps: (1) Formulate evaluation plan, (2) Conduct surveys in Japan, (3) Conduct field surveys² and (4) Analyze and prepare the report in Japan.

Chapter 2: Overview of the Mekong Region

2-1 Connectivity in the Mekong Region

The main assistance frameworks in the Mekong region are those of the ASEAN, the Greater Mekong Subregion (GMS) of the Asian Development Bank (ADB), and Japan. Thailand apart, there is a development gap between the four Mekong countries of Cambodia, Lao PDR, Myanmar and Vietnam (CLMV³), who joined the ASEAN at a late stage, and the other member countries. The Master Plan on ASEAN Connectivity (below, MPAC) was drawn up in 2010 to redress disparities within the ASEAN and to enhance international competitiveness. In the MPAC, connectivity encompasses (1) physical connectivity, (2) institutional connectivity, and (3) people-to-people connectivity. The ASEAN Economic Community (AEC) was established at the end of 2015 with the objective of integrating the ASEAN region by

² For this evaluation, local conditions were confirmed by traveling the Southern Economic Corridor, which links Bangkok (Thailand) with Cai Mep-Thi Vai port (Vietnam) via Phnom Penh (Cambodia) and Ho Chi Minh (Vietnam), during the period October 4 to 15.

³ CLMV is an acronym for Cambodia, Laos, Myanmar and Vietnam.

strengthening connectivity. Since 1992, the ADB has served as the secretariat for the GMS Economic Cooperation Program, a regional cooperation program⁴. The members include the five Mekong countries and China. “Connectivity” is noted as one of the GMS strategies in the 2007 midterm review⁵. Improving connectivity denotes the elimination of physical barriers by developing hard infrastructure, and the elimination of non-physical barriers by streamlining cross-border trade. The framework for Mekong-Japan Cooperation began in 2003 when Japan designated the five Mekong countries as the Mekong region and launched a program of assistance. Developing the Southern Economic Corridor has been on the table since the first policy document. Since then, the assistance policy has been renewed every three years with Japan continuing to provide assistance through ODA.

The geographic concept of a corridor is defined as space with an agglomeration of economic activities (areas with a high concentration of corporations) connected along the physical backbone of transport infrastructure. Typically, a corridor is dotted with intermediate size cities and towns in between large urban areas with high economic density (economic activity per unit area). Normally, corridors evolve gradually from “transport corridors” to “logistics corridors,” “trade corridors,” and via the agglomeration and decentralization of company locations and finally transform into “economic corridors.”⁶

Japanese corporations began to move into the Mekong region with the expansion to Thailand in the 1960s and 70s, to China in the late 1980s and the 1990s, with the target for investment subsequently broadening to Vietnam⁷. By the early 2010s, it emerged that corporations in labor-intensive industries were shifting a part of their production from Thailand in search of cheap labor in the neighboring countries. Contributing factors were the flooding on the outskirts of Bangkok in late 2011 and the nationwide rise in the minimum wage. This is referred to as the “Thailand Plus One” corporate strategy⁸. The expansion to Phnom Penh, which was on the receiving end, accelerated and supply chain construction moved forward. The expansion gradually spread to the Thai-Cambodia border and the Cambodia-Vietnam border. Business has increasingly expanded to Myanmar since the economic sanctions were lifted in 2011. Among the three principal corridors in the Mekong region, the majority of Japanese corporations are located along the Southern Economic Corridor, which is an important corridor for Japan.

⁴ In terms of principal donors to the ADB, Japan is on an equal footing with the United States, so it can be said that Japan has contributed to regional assistance through the GMS program.

⁵ Asian Development Bank. 2007. *Midterm Review of the Strategic Framework of the Greater Mekong Subregion (2002-2012)*

⁶ Nogales, E.G. 2014. *Making Economic Corridors Work for the Agricultural Sector*. FAO Agribusiness and Food Industries Series 4, Rome

⁷ Fujimura, M. Spring 2016. *Mekon chiiki ni okeru keizai kairō to nikkei kigyō no tenkan* (Economic Corridors in the Mekong Region and the Expansion of Japanese Corporations). ITI.

⁸ Refer to Ishida, M., Umesaki, S., Yamada, Y. 2016. *Thailand Plus One Corporate Strategy*. Keiso Shobo (in Japanese), and others.

2-2 Overview of the Mekong Region and Countries

With the exception of Thailand, GDP in the Mekong region is ranked at the low end among the ASEAN. However, compared to the other ASEAN countries, the GDP growth rate is high in the CLMV countries. In actual fact, Vietnam and Laos PDR were recognized as lower middle-income economies according to the World Bank classification system in 2010. Similarly, Myanmar and Cambodia joined the lower middle-income countries in 2015 and 2016 respectively, so there are indications that disparity within the region is being redressed.

Based on the Thailand Plus One corporate strategy, one important condition for any redistribution of the production processes is physical and non-physical connectivity with a low cost burden. The socioeconomic situation in other adjacent Mekong countries is an important factor when corporations decide to expand.

Development Issues in Thailand

In Thailand, recent policy objectives aim for a shift to a knowledge-intensive economy to avoid the middle-income trap. The “Thailand 4.0”, which was unveiled in 2016, aims to upgrade industry. To advance Thai industry, it is essential to develop industrial human resources at the local level. At the ASEAN Summit Meeting in November 2015, the Government of Japan announced the “Industrial Human Resource Development Cooperation Initiative”⁹ and agreed to provide industrial human resources development training for 40,000 people over the next three years. However, the population of Thailand is expected to peak in 2023 before taking a downward turn. The birthrate is already falling and society is aging as the proportion of the young adult segment declines. It would appear that the period of the demographic bonus has come to an end.

Development Issues in Vietnam

In its Socio-Economic Development Strategy in 2011 (SEDS 2011-2020), Vietnam has set “becoming an industrial nation by 2020” as a government target. Advancing industry and developing industrial human resources are pressing issues to achieve industrialization and sustainable economic growth¹⁰. In addition to industrialization, the interest in improving agriculture leveraging the potential of the Southern Vietnam, which has been on the rise in recent years. The third most populous country after Indonesia and the Philippines, Vietnam is a promising market among the ASEAN. The high literacy rate and the competitive labor force have contributed to high economic growth. Consequently, Vietnam is attracting investments for enhancing itself as a production hub.

⁹ Extract from the Ministry of Foreign Affairs website: <http://www.mofa.go.jp/mofaj/files/000112832.pdf> (Japanese) <http://www.mofa.go.jp/files/000112833.pdf> (English)

¹⁰ Refer to JICA. 2012. *Betonamukoku jinzai ikusei bunya jōhōshūshu•kakunin chōsa fainaru repōto* (Data collection survey of human resource development in Vietnam: Final report)

Development Issues in Cambodia

From the late 1960s, Cambodia experienced a long period of civil war in which intellectuals were purged and more than a million citizens were killed in mass atrocities. This historical background still has a major negative impact on Cambodia and is said to be associated with problems the society faces today, including a lack of industrial human resources and a shortage of teachers. Cambodia has achieved steady economic growth and poverty reduction since the peace accord and in July 2016, the country entered the ranks of lower middle-income countries. At present, Cambodia's development goal is the "Rectangular Strategy," which aims to overcome regional disparity and urban issues. Foreign Direct Investment (FDI) to Cambodia has increased rapidly since 2005. Job creation in labor-intensive industries such as the garment industry and growing clothing exports have been the drivers of the Cambodian economy. There is low added value in the Cambodian garment industry, but the relatively cheap labor wages were attractive. However, there has been a significant rise in wages in recent years. The challenge is to generate industry with high added value other than labor-intensive industries that are based on the garment industry.

2-3 Performance of Main Donors in the Mekong Region

In the order of the amount of bilateral ODA contributions to the Mekong region (on average in 2009-2013), Japan ranks first followed by Korea, the United States, France, and Australia. By country, Japan is the top donor in the four Mekong countries, except for Thailand. Among the International Organizations, the World Bank is ranked top, followed by the ADB, while the EU Institutions¹¹ and the Global Fund¹² are ranked third and fourth with nearly equal amounts (on average in 2009-2013).

Chapter 3: Performance and Outcomes of Japan's Assistance to Mekong Connectivity

3-1 Hard Infrastructure and Human Resources Development

The main hard infrastructure projects implemented in the Southern Economic Corridor that benefit from Japan's assistance are Cambodia's National Road No.5, National Road No.1, and the Tsubasa Bridge (Neak Loeung Bridge), as well as Vietnam's East-West Highway, the North-South Expressway (Ho Chi Minh City–Dau Giay section, Ben Luc–Long Thanh section), and Cai Mep–Thi Vai Port. Hard infrastructure along the Southern Economic Corridor also includes Sihanoukville Port.

¹¹ A general term for organizations established under the EU such as the European Council and the European Commission.

¹² The official name is The Global Fund to Fight AIDS, Tuberculosis and Malaria. The Fund was established in Switzerland in 2002 to counteract the three major epidemics of AIDS, tuberculosis, and malaria.

The effects of construction and improvements made to Cambodia's National Road No.1 and the Tsubasa Bridge using Japan's quality technology have eased congestion in the vicinity of Phnom Penh, increased traffic volumes, shorten the time required for river crossings, and enabled 24-hour river crossings. Given that National Road No.5 is repaired, expanded to four lanes, and a bypass is constructed, it is projected to become a major arterial road, replacing National Road No.6. National Road No.5 is expected to completely change the logistics routes in Cambodia and to bring more development to the Southern Economic Corridor. Vietnam's North-South Expressway (Ho Chi Minh City–Long Thanh–Dau Giay) has eased congestion on National Routes 1 and 51, shortened travel time between cities, and responded to the rising demand for increased transport in Ho Chi Minh City and Dong Nai Province where there is considerable industrial development. Shorter access times have also had a great impact on Long Duc Industrial Park where many Japanese corporations are based.

Connectivity in the Southern Economic Corridor has been strengthened, and the missing links were eliminated resulting in rising traffic volumes and shorter transit times. In the current situation, hard infrastructure assistance is adequate with the effects emerging or expected to emerge.

The characteristics of Japan's assistance are, firstly, that Japan has assisted with upstream planning including the formulation of various master plans for many years. In Vietnam, Japan has assisted with the formulation of the "Vietnam National Transport Development Strategy" (VITRANSS) and the "Comprehensive Study on the Sustainable Development of the Transport System in Vietnam" (VITRANSS II) since 1999, advancing Vietnam's basic infrastructure development in a comprehensive and strategic manner under these master plans. In Cambodia, the logistics master plan is currently under development while the "Comprehensive Urban Transport Plan in Phnom Penh Capital City" formulated together with Phnom Penh municipality is addressing measures to ease congestion and to improve traffic safety by introducing signaling systems and public bus transport. Secondly, as can be observed in Cambodia, Japan has dispatched transport policy advisors to the Ministry of Public Works and Transport over a period of nearly ten years. These advisors have contributed to improving the policy formulation ability of administrative officials and high officials at the Ministry in Cambodia by assisting with the formulation of master plans while building relationships of mutual trust with the Ministry. This is assistance based on relationships of mutual trust with countries in the Mekong region, a characteristic not found among other donors.

With the missing links in the Southern Economic Corridor eliminated, the current situation is that hard infrastructure assistance is adequate with the effects emerging or expected to emerge. However, there are still issues with extreme congestion at national borders facing the increase in traffic volume.

Recognizing that the port plays an important role in the expansion of the logistics volume and the optimization of Cambodian imports and exports, Japan has been providing assistance to Sihanoukville Port for many years. In order to make effective use of the ODA financing that Japan has invested in Sihanoukville Port, the remaining issues such as expanding the container terminal at the port and enhancing the convenience and cost benefit performance of the logistics routes through the port need to be solved.

In terms of development in the Tanintharyi region, which includes the Dawei Special Economic Zone (SEZ) in Myanmar, there are issues with an uncertain vision, difficulties in harmonizing trilateral coordination among Myanmar, Thailand and Japan, and problems with technology and financing related to building the roads (the Southern Economic Corridor) that connect Bangkok with the region. JICA is currently undertaking a survey and careful investigation based on the survey outcome will be necessary.

3-2 Soft Infrastructure and Human Resources Development

Logistics is a relatively new concept introduced to the Mekong region. In Cambodia, there are neither a government agency that has been identified to assume responsibility nor adequate related legislation put in place. In this regard, Japan has used ODA to survey and research what kind of assistance Japan should implement, what kind of assistance is effective, and to classify the needs of cross-border traffic and transport for regional development¹³. In addition, by dispatching experts as advisors for the long term to the relevant departments, including the ministries of transport, public works, customs, economy and trade etc. in the Mekong countries, Japan has prepared the relevant policies and strategies in these countries, formulated action plans, and implemented technical cooperation and human resources development.

Japan's assistance related to trade facilitation is mainly focused on customs clearance. JICA experts on secondment from the Customs and Tariff Bureau at Japan's Ministry of Finance assist with customs clearance in the five Mekong countries. In addition, Japan's assistance include assisting with the preparation of international standardization and standard certification systems, WTO participation, and prepare legislation related to intellectual property protection, investment system improvements, and the economy.

Customs clearance has been improved through assistance with streamlining transport and trade. There is still room for improvements from the perspective of modernizing customs clearance, but sound progress has been made. In interviews at border customs clearance, the Evaluation Team found that the time required to clear customs had been shortened and no problems had been identified with operating the installed electronic systems. But in the case of Cambodia, the function of electronic customs clearance systems is not fully utilized

¹³ Including *The Research on the Cross-Border Transport Infrastructure (2005-2010)* by JICA etc.

since legislation related to electronic approval has not yet been completed. In order to improve transportation quality and logistics services, it is necessary to collaborate with the relevant agencies and with the private sector to prepare the related legislation and systems. The quality required in logistics service in international supply chains for the manufacturing industry would be more demanding in near future.

3-3 Industrial Human Resources Development and Regional Development

3-3-1 Industrial Human Resources Development

Japan announced the “Industrial Human Resource Development Cooperation Initiative” as a response to industrial policy in Thailand, Vietnam, Cambodia and the associated issue of industrial human resources. Japan agreed to provide industrial human resources development training for 40,000 people over the next three years (FY2015-FY2017) by implementing meticulous assistance with full-cast diplomacy.

Japan has been implementing a variety of human resources development projects through ODA. The “Japan Centers” Projects, which were launched to assist with the transitional economy, have trained business managers and middle managements with the aim of conveying an understanding of business administration and management that is compatible with a market economy. In 2016, two human resources development programs started under the leadership of the Ministry of Economy, Trade and Industry. The programs cooperate with Japanese corporations in the ASEAN countries, undertaking technical training that is customized to the local needs of Japanese corporations. Multiple support programs for industrial human resources development, and cases in cooperation with Japanese corporations in the Mekong region are distinctive characteristics of Japan’s assistance.

However, it is generally difficult to observe and measure the outcomes of human resources development. The importance of basic education for industrial human resources development has been clearly spelled out, but it will take time before the outcomes manifest themselves.

3-3-2 Regional Development in the Vicinity of the Corridor

The projects contributing to regional development in the vicinity of the corridor cover a broad range of topics including regional development and planning, SEZ development, energy, information and communication technology (ICT), health and medical care, environmental protection and disaster prevention. Japan’s assistance to the energy sector has contributed much to developing the Southern Economic Corridor into an economic corridor. Japan’s assistance to the energy sector started in 1992, in the capital Phnom Penh directly after the peace accord, extending to the vicinity of the international port at Sihanoukville, and then to the two national borders along the Southern Economic Corridor. These are the regions where Cambodia’s industrial agglomeration is most advanced, and where the outcomes of the

energy sector have contributed to the development of the Southern Economic Corridor in addition to improving the lives of the surrounding population.

Chapter 4: Analysis of Questionnaire Surveys at Japan's Diplomatic Missions

The Evaluation Team conducted questionnaire surveys at Japan's diplomatic missions in the five Mekong countries with the aim of collecting information on the degree of Japan's contribution to strengthening connectivity in the Mekong region and associated issues, as well as recognition of the importance of the Southern Economic Corridor to each country. Responses were obtained from four out of five establishments in Thailand, Cambodia, Vietnam, and Myanmar targeted for the questionnaire. As a result, it was ascertained that all four countries place a high priority on connectivity in the Mekong region. Nonetheless, the Team found that the Corridor is extremely important to Cambodia which makes up the core of the Southern Economic Corridor, while Thailand focuses its attention on a policy for the Eastern Economic Corridor. Vietnam, with its long, narrow territory stretching from south to north, and Myanmar, which emphasizes development focused on Yangon, prioritize the East-West Economic Corridor.

Concerning priorities for assistance to strengthen connectivity, there is recognition that hard infrastructure and logistics have to a degree been resolved in Thailand, and that the country now prioritizes institution building, human resources development, and other soft connectivity assistance. Alternatively, Triangular Cooperation with Myanmar was also mentioned. Meanwhile, from an industrial development perspective, assistance in all areas is considered a priority for Cambodia, Myanmar, and Vietnam.

In the context of these differences in perception, the questionnaire survey also revealed that awareness of the advantages of Japan and degree of contributions Japan has made to connectivity in the Mekong differs from one mission to another.

Chapter 5: Evaluation Results

5-1 Relevance of Policies (Evaluation Result: A—Highly satisfactory)

The aim of the policy, which is to achieve stability and “quality growth” in the Mekong region by strengthening connectivity, is highly consistent with Japan's high-level policies and related policies. The Development Cooperation Charter, which is a high-level policy, lists “quality growth” and poverty eradication through such growth as one of its priorities. In terms of the ASEAN region, which includes the Mekong, the priorities are to build both hard and soft infrastructure, including to strengthen connectivity, and above all, to strengthen assistance to the Mekong region. Since each country is committed to strengthening connectivity in the

ASEAN, there is consistency with the development policies, development issues, and economic development needs in each Mekong country. There is also consistency with international priorities that aim for sustainable development through industrialization and the development of hard infrastructure. In terms of assistance with connectivity in the Mekong, Japan's advantages are neutrality within the Mekong region, credibility with each country, quality infrastructure technology, and effective assistance schemes. Dispatching policy advisors and other experts for the long term and providing technical cooperation schemes are characteristic features of Japan's ODA, but rarely seen among other donors. Such assistance has contributed much to the outcomes of connectivity assistance including the formulation of logistics master plan and upgrades to customs clearance in Cambodia. Due to these advantages, Japan is expected to fulfill the role of a coordinator in the Mekong region. Still, improvements could be made in the following areas. There are several corridors in the Mekong region and the development priorities differ from one country to another. Assistance that considers each country's development needs and potential in more depth is advisable. It is also important to integrate the multiple policy documents related to Japan's assistance to connectivity in the Mekong region, to clarify the positioning of each policy document to stakeholders in Japan, and to increase opportunities to explain the policy in accessible ways to stakeholders in the Mekong countries.

5-2 Effectiveness of Results (Evaluation Result: B–Satisfactory)

Priority Area 1: In terms of hard infrastructure connectivity, by developing infrastructure such as roads, bridges, and port facilities, the Team confirmed the following effects of the elimination of physical barriers. (1) In Cambodia, the traffic volume on National Road No.1 increased from 5,000 vehicles per day in 2009 to 11,000 vehicles per day in 2016 through improvements to the road and the completion of Tsubasa Bridge. (2) The opening of Tsubasa Bridge greatly reduced the time required to cross the Mekong river and shortened traveling time along the Southern Economic Corridor by facilitating 24-hour passage. (3) A steady increase in cargo volumes passing through Sihanoukville Port which is connected to Phnom Penh via a branch line of the Southern Economic Corridor. Japan has provided assistance to Sihanoukville port for many years, which is the only deep-sea port in Cambodia.

Priority area 2: In terms of soft infrastructure connectivity, the Team confirmed the following effects. (1) With long-term assistance by JICA and Japan's Customs and Tariff Bureau contributing much to the outcome, the introduction of electronic customs clearance has streamlined customs procedures. In Vietnam where the Vietnam Automated Cargo Clearance System (VNACCS) was introduced in 2014 with assistance from Japan, more than 90 per cent of private-sector respondents to a questionnaire survey on the response speed, stability, and overall evaluation of VNACCS gave each item a favorable rating. However, (2) this evaluation has been unable to confirm any clear effect on reducing the cost of logistics. There are issues with the Cambodia-Thailand and Cambodia-Vietnam trade

imbalance, cross-border traffic that has yet to be streamlined, lack of improvements in logistics services, and a lack of the concept that views logistics as a business strategy. Aside from ODA, resolving these issues requires cooperation with a range of relevant agencies including the private sector.

Priority area 3: Since it will take time before the effects of industrial human resources development and regional development in the vicinity of the corridor emerge, monitoring with a longer term perspective is necessary. The Team confirmed the following effects: (1) increasing opportunities for industrial human resources development and (2) improvements in the quality of employees (based on evaluations from companies). (3) There was limited effect in terms of the SEZ and the expansion in the number of companies as ODA provides little direct assistance and insufficient time has passed since the start of assistance. (4) Developing socioeconomic infrastructure in the vicinity of the corridor has had some effect in certain areas, but assistance has only just begun in some areas and where assistance is limited, the outcomes are also limited.

The following three indicators were verified to confirm the extent to which connectivity has been strengthened: (1) There are improvements in the Logistics Performance Index (LPI, World Bank) in Cambodia, Laos, and Myanmar who have recently joined the ranks of newly industrializing countries. (2) In terms of people-to-people connectivity, the Evaluation Team confirmed an increase in the number of exchange students and tourists in the Mekong region. In terms of labor migration, the movement of unskilled workers, which has always been brisk, is expected to continue in the future. In terms of the migration of skilled labor, which is promoted by the Mutual Recognition Arrangement (MRA) in the ASEAN, reality has not caught up with the vision. (3) In terms of regional development, the rate of growth in the number of corporations located in the provinces along the Southern Economic Corridor in Cambodia is high compared to other provinces. The Team confirmed that economic activity in the Mekong region increased in terms of both trade and investment.

Meanwhile, the Team has not confirmed any negative impact of the assistance with strengthening connectivity in the Mekong region. While not a priority area for this evaluation, awareness of the potential for negative impact in some areas alluded to in the New Tokyo Declaration 2015 merits recognition. To alleviate and avoid negative impact, JICA is implementing measures through ODA to counter human trafficking, environmental conservation measures, and measures to prevent epidemics and disease. Continuous project planning for these measures with a medium to long-term perspective will be required.

As a point to note related to the validity of the results, setting clear targets and associated indicators in the policy documents would allow for consideration of more effective methods of assistance.

5-3 Appropriateness of Processes (Evaluation Result: B–Satisfactory)

Based on sufficient coordination in Japan and in the Mekong region through the Mekong-Japan meetings, Japan's cooperation with regard to strengthening connectivity in the Mekong is determined after collecting the opinions of various stakeholders. The evaluation rated highly on almost all items, but it is necessary to consider monitoring at the program level and information-sharing about policy level monitoring and evaluation results among MOFA and Japan's diplomatic missions.

In terms of the policy formulation process, policy planning is implemented after adequate dialog between the Mekong and Japan, among each level, and between the public and private sectors based on the framework for Mekong-Japan Cooperation. However, it cannot be said that there is sufficient coordination, exchanges, and sharing of opinions between MOFA and METI in the process during which each ministry formulates policy. It would be advisable for Japan to clearly indicate the positioning of policy documents. In terms of the policy implementation process, project formation is appropriate and takes account of the needs of each Mekong country as well as the needs with regard to Mekong connectivity that each country considers important. Collecting information about and coordinating with China, which has a major presence in Mekong countries, presents difficulties, but Japan is cooperating with both the ADB and Thailand, leveraging its neutrality and credibility with the Mekong countries to show leadership while fulfilling the coordinator role that is difficult for other donors. In terms of the policy management process, project evaluation of bilateral assistance projects is implemented, but there is no implementation of monitoring or evaluation that perceives assistance to the Mekong region as a program. Progress reports on the initiatives are presented at the annual Mekong-Japan Summit Meetings, but it is advisable to itemize target amounts and to share the specifics of policy-level monitoring and evaluation results with Japan's diplomatic missions, JICA offices, and where possible, with local governments. In terms of the appropriateness of publication and dissemination of information, recognition should be given to the fact that in Japan, a public relations campaign presenting the outcomes of Mekong connectivity assistance was implemented using television, and in Mekong countries, Yokohama's initiatives with its own urbanization issues over 100 years was covered in newspapers by journalists from each of the ASEAN countries who were invited to Japan.

5-4 Diplomatic Importance and Impacts

5-4-1 Diplomatic Importance

Amid the increasingly severe peace and security environment in Asia in recent years, further integration, prosperity, peace and stability in the geopolitically strategic ASEAN, which includes the Mekong countries, is extremely important for peace and stability in Asia and in the international community. Strengthening connectivity in the Mekong region through the Japan-Mekong Connectivity Initiative is mentioned as a means of peace and stability in the

Diplomatic Blue Book with Japanese aid officials (Japan's diplomatic missions and JICA) holding the same views. Japan is considered a neutral actor in the region and enjoys strong credibility from the Mekong countries. For this reason, Japan is able to implement effective connectivity assistance in the Mekong region while Japan's ODA is diplomatically important in terms of peace and stability in the region. For Japan, the Mekong region is also an extremely important market in terms of trade investment and overseas infrastructure development. Since prosperity in the Mekong region is extremely important for the peace and stability of Japan, many policy documents including the Diplomatic Blue Book, the Priority Policy for Development Cooperation FY2017, and the Export Strategy for Infrastructure Systems allude to ODA as a means of contributing to stronger connectivity in the Mekong region. With a motive of prosperity in the Mekong region, ODA contribution to connectivity is also diplomatically important. Based on such political and economic aspects, assistance with the strengthening of connectivity in the region is diplomatically imperative.

5-4-2 Diplomatic Impacts

In addition to expressions of support from the ASEAN countries for Japan's standpoint on security, there are "strategic partnership" relationships between Japan and all Mekong countries except Myanmar. Thailand, which leads the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), has requested assistance with the formulation of a master plan of the Mekong region on the basis of Japan's credibility with the Mekong countries. The Japanese corporations that have expanded to the Mekong countries have also seen improvements in convenience due to the strengthening of connectivity in the Mekong region. The number of Japanese corporations expanding to the five countries is increasing, and the increase is particularly noticeable in Myanmar and Cambodia. Bilateral trade value between the Mekong countries and Japan is either stable or partly increasing, while FDI from Japan to the Mekong countries—Cambodia, Vietnam, and Myanmar, in particular—is rising. Human exchanges between Japan and the Mekong countries have also been revitalized. It is difficult to clearly indicate the causality between Japan's ODA for strengthening of connectivity in the region and diplomatic impacts, but Japan's ODA is strengthening relations with the Mekong countries, and there is a degree of diplomatic impact from the political, economic, and social aspects generated by this.

Chapter 6: Recommendations

Recommendation 1: Integrated Mekong-Japan regional cooperation policy (strengthen cooperation between MOFA and other ministries and agencies)

For Japan to perceive the Mekong region as whole and to continue cooperating with the region as a whole in the future, the Japanese side should unite and indicate to countries in the Mekong region that Japan formulates, implements, and evaluates policies that present

the aims and approaches of Japan's assistance to the Mekong region. In cases where several relevant policies exist, the Evaluation Team recommends developing a common understanding of each policy's position among the Japanese side and providing clear descriptions to the Mekong countries of integrated Japanese policy.

Recommendation 2: Strengthen the relationship between development policy in each Mekong country and corridor development cooperation

Since the Southern Economic Corridor connects cities such as Bangkok in Thailand, Phnom Penh in Cambodia, and Ho Chi Minh in Vietnam where the Japanese manufacturing industry is concentrated, there is a tendency to focus on building supply chains for the manufacturing industry. However, the Evaluation Team recommends considering the prioritization of industrial development and corridor development, not only the manufacturing industry, but also based on the development policies and development needs of each country, and providing assistance based on the verification results.

2-1: Assistance for the construction of a value chain that leverages the special characteristics of each Mekong country

Consider development of an industry that leverages the special characteristics and competitiveness of each Mekong country, and the effective use of the Southern Economic Corridor. With regards to Cambodia, in addition to the manufacturing industry, it is necessary to verify ways to add high value by improving productivity of agriculture and agricultural products processing in order to examine the assistance to increase utilization of the Southern Economic Corridor. Thailand is aiming to shift to a knowledge-intensive economy and to prioritize other areas for development than the Southern Economic Corridor. Also in Vietnam, apart from industrialization, the sophistication and development of industries including the agriculture in the south of the country has been pursued. In cases where development of corridors other than the Southern Economic Corridor have higher priority in each Mekong country, consider prioritizing assistance with the development of other corridors.

2-2: Continue assistance to strengthen the socioeconomic infrastructure and institution-building

To support production activities in each Mekong country, continue to assist with the development of socio-economic infrastructure such as knowledge, energy (stabilize the power supply and establish tariffs etc.), and technologies that are closely related to production activities. In addition, to make effective use of the socioeconomic infrastructure, continue assistance for soft infrastructure development including institution building such as financing and the investment environment. Since there is also much room for improvement in terms of reinforcing governance, the assistance also needs to be continued in this aspect.

2-3: Continue to develop human resources for policy formulation and institution building

To build capacity and discover people who can formulate policy in the Mekong countries, consider introducing a system of scholarships in Japan, or expanding the existing system. Through cooperation with the dispatch of policy advisors and experts, which is one of Japan's approaches to assistance, aim to deliver more effective assistance with policy and institution building.

2-4: Strengthen connectivity and position transport infrastructure linking Sihanoukville Port as a branch line of the Southern Economic Corridor

Sihanoukville Port is Cambodia's only port facing the open sea. When considering the future development of trade and industry in Cambodia, timely assistance continues to be required as the port is expected to become increasingly important in the future. Position transport infrastructure to Sihanoukville Port as a branch line of the Southern Economic Corridor, and strengthen connectivity between Sihanoukville Port and urban areas, and the areas where industry is located. At the same time, it is necessary to conduct an evaluation of development assistance for Sihanoukville Port and the surrounding region from a cost-effectiveness perspective.

2-5: Consider Dawei development as part of the Southern Economic Corridor (the Tanintharyi development)

From Bangkok to Yangon, there are already routes that connect the North-South Economic Corridor and the East-West Economic Corridor. Construction of the Southern Economic Corridor from Bangkok toward Dawei is expected to be difficult as the border zone is mountainous. Concerning the development of the surrounding areas, it will be necessary to carry out assessments of the impact on the local population and the (natural) environment as well as surveys of the investment environment. Concerning any extension of Myanmar's Dawei Corridor from Bangkok, currently impassable, any decision must be made based on careful investigation and analysis of geopolitical viewpoints, the value chain perspective, private-sector opinion, and cost effectiveness.

Recommendation 3: Reinforce initiatives to strengthen connectivity in the Southern Economic Corridor

With high logistics costs and congestion at national borders, there is still much room for improvement in terms of streamlining the logistics in the Southern Economic Corridor (seamless transport and distribution of goods and services) and facilitating trade across national borders (seamless customs clearance, goods inspection etc.). It is necessary to resolve these issues and continue making efforts to enhance the economic benefits of developing the corridor. Improvement initiatives likely to create significant effects include the

following.

3-1: Strengthen connectivity and maintain quality of hard infrastructure

- Develop the highway along Cambodia's National Road No.1
- Ease congestion at the Thai- Cambodia border, and the Vietnam-Cambodia border
- Build bypasses in Phnom Penh
- Maintain and manage hard infrastructure, develop human resources
- Aim early completion of improvements to Cambodia's National Road No.5 without delay

3-2: Streamline logistics and facilitate trade

- Ease congestion at the Vietnam-Cambodia border
- Construct cold-chain logistics
- Continue technical assistance and human resources development to streamline customs clearance
- Assist with introduction of electronic approval at Cambodia customs clearance

Recommendation 4: Demonstrate Japan's initiative in assisting the Mekong region

Based on the development policy of each Mekong country, Japan has provided assistance through ODA for a long time. As a result, the Mekong countries have full confidence in Japan. In addition, by demonstrating the assistance based on the recognition of the Mekong region as one whole area, Japan is contributing to regional development, the reduction of disparity, and stability. The Evaluation Team recommends continuing to assist the region as a whole in order to increase the diplomatic effect by leveraging the advantages gained from past performance of ODA.

4-1: Clarify aims of assistance policies related to strengthening connectivity in the Mekong region

The aim of the most recent policy document is "quality growth," but it is difficult to understand the assumptions around achieving "quality growth" as there are no specific indicators that explain what it means. Specify policy aims with specific indicators when formulating policy documents. On this basis, consider which methods are effective and efficient to achieve the goals, and which programs and methods to implement to overcome problems together with the Mekong countries. As a result, Japan will maintain its presence, earn solid confidence from the region, and enhance both development outcomes and the effects of assistance. This will also facilitate more meaningful policy evaluations, which can be reflected in next-term policy formulations.

4-2: Establish Japan's role in assistance to the Mekong region

When developing corridors such as the Southern Economic Corridor, which links several countries, bilateral cooperation is important for the development of the border areas. It is also

important to coordinate and to create forums for negotiations between the countries concerned. Considering how to establish Japan's role to continue to take the initiative in terms of strengthening connectivity in the region, and how to enhance Japan's presence in the Mekong region is necessary. Conceivable approaches include each Mekong country taking the initiative in designing specific projects determined in consultation between the Mekong and Japan in the same way that the ADB is responsible for coordinating the Greater Mekong Subregion Program. Japan's role in such a case would have strong connotations of a coordinating role or a secretariat, but having gained the confidence of the five Mekong countries, it is a role that applies uniquely to Japan.

4-3: Monitor assistance to Mekong region connectivity as a program

In addition to monitoring and evaluating individual projects, the Evaluation Team proposes perceiving and monitoring assistance to connectivity in the Mekong region as a program. As a result, it will be possible for Japan to present its assistance to the Mekong region more clearly. It is also important to clearly present aims and indicators for policies and initiatives. It is advisable to implement program level monitoring together with the Mekong region. Since it takes a long time before the effects of assistance to strengthen connectivity emerge, it is advisable to implement monitoring and evaluation plans with a long-term perspective.

4-4: Understand China's movement in Mekong regional cooperation

The field survey of this evaluation study confirmed that China has a large presence in Thailand, Cambodia, and Vietnam, and that Chinese ODA provides the most amount of assistance to Cambodia. For Japan to maintain the initiative in the region, it is vital to gather information about China's development cooperation, trade, investment, and human resource exchanges in the Mekong region where China is expanding its presence. Even in cases where there is no active cooperation, it is advisable to gather sufficient information to initiate effective cooperation.

Recommendation 5: Review and continue the cooperation approach in ODA

Compared to direct investment in the Mekong countries, Japan's ODA input is not large and financial contributions made to economic activities in each country are decreasing. In order to demonstrate and maintain the assistance effect by leveraging the advantages gained from Japan's past performance and credibility of development assistance, it is necessary to review and continue the ODA cooperation approach by examining the attractiveness that Japan can use for the appeal based on the verified advantage of Japan's ODA.

5-1: Continue cooperation approaches that contribute to policy recommendations

As a cooperation approach in Japan's ODA, continue and expand assistance that contributes

to policymaking within government agencies in partner countries, institution building, and regional development coordination. Specifically, provide direct assistance to upstream areas such as the drafting of master plans and institution building, including governance improvement and related policy, by dispatching policy advisors to government institutions, ministries, and agencies with responsibility for connectivity including customs, institutions that formulate development planning, and ministries of public works and transport in each Mekong country. To increase this kind of assistance, it is necessary to make diligent efforts to recognize the credibility that Japan has cultivated, to implement sincere dialog, and to maintain the trust of governments in the Mekong region.

5-2: Continue regional cooperation approaches that contribute to strengthening connectivity in the Mekong region

Continue and strengthen the assistance approach that promotes cooperation within the Mekong region by leveraging the special characteristics of each of the five Mekong countries. Thailand has long experience as a supporter of Triangular Cooperation together with Japan. It is conceivable that Triangular Cooperation in the region will contribute to maintaining good relationships within the Mekong region. The Mekong region expects Japan to take a coordinating role in terms of Triangular Cooperation that leverages each country's expertise. This is also linked to maintaining Japan's presence in the region.

5-3 Revise cooperation approaches and consider new schemes

To demonstrate the advantages of Japan's assistance, it is necessary to consider more flexible and diverse cooperation schemes, make improvements where needed, and to leverage merits such as quality infrastructure technology. In terms of maintaining relationships with countries that are ready to graduate from ODA, the diplomatic importance of the country must be given careful consideration.

Under the present scheme, it is possible to reinforce technical assistance for maintenance management and for maintenance management planning, in addition to technical assistance for hard infrastructure construction under the "Partnership for Quality Infrastructure" of the Japanese government. In terms of new schemes, it would be useful to consider schemes that provide small-scale grant aid and to expand private-sector cooperation schemes. In regard to countries like Thailand that are ready to graduate from ODA, consider other public funding systems than ODA with strict loan conditions. In the future, Japan could conceivably collaborate with the loan agreements implemented by NEDA (The Neighbouring Countries Economic Development Cooperation Agency) in Thailand. In addition, regardless of the economic aspects, it is also worth looking into programs to maintain sociocultural relationships.