



Motorbikes driving in Ho Chi Minh City, Viet Nam (Photo: NNA=Kyodo)

## Section 1

## Realizing Growth through Infrastructure Development

The year 2013 marks the 40th year since the start of exchanges between Japan and ASEAN. Various commemorative events were held in Japan and ASEAN member states throughout 2013. In December, the ASEAN-Japan Commemorative Summit was convened in Japan. Over the past 40 years, Japan and ASEAN have forged close cooperative relations for the peace, stability, development, and prosperity in this region. In particular, the mid-1980s and onwards saw a proliferation of Japanese companies entering ASEAN markets, against the backdrop of the yen's rapid appreciation. For many Japanese companies, ASEAN member states have become key investment destinations as well as important business partners.

Through ODA, Japan has supported ASEAN countries with infrastructure development, human resource development, and improvement of the trade and investment environment. Adopting the view that

economic growth is key to poverty reduction, Japan's ODA has been directed at sectors which directly help the poor, including the education, health, and medical fields, as well as at stimulating trade and investment through economic infrastructure development, improving the investment environment, including legal system development, human resource development, private sector development, and promoting technology transfers. The region which embodies such ODA support and in which such support blossomed into growth is Southeast Asia. For instance, for the development of the East-West and North-South Economic Corridors indispensable to the economic development of the Mekong region, Japan implemented arterial road development and rehabilitation projects. Specific examples include: road construction and improvement (National Road No. 1 [Cambodia] and the Project for Improvement of National Road No.9 as East-West Economic Corridor of the Mekong Region

[Laos]); bridge construction (Kizuna Bridge [Cambodia] and Second Mekong Bridge [Cambodia]); and airport and port improvement (Sihanoukville Port [Cambodia] and Da Nang Port [Viet Nam]). In island countries, such as Indonesia, Malaysia, and the Philippines, Japan contributed to the improvement of numerous ports to develop the Maritime ASEAN Economic Corridor, including Subic Bay Port (the Philippines) and Johor Port (Malaysia). Furthermore, Japan has an extensive track record in such support as technical cooperation for capacity development in infrastructure maintenance and management and in customs and the dispatch of advisors for improving the investment environment.

Thus, the development of the business environment through ODA further encouraged private investment and gave impetus to Japanese companies' advance into ASEAN member states. Today, the ASEAN region has a population of approximately 600 million people and has grown to become a massive market with a GDP totaling over \$2 trillion. Drawing attention as a key "production base," Japanese investment in the ASEAN region accounts for approximately 17% of Japan's foreign direct investment in 2011. Japan's ODA has functioned effectively as "investment in the future" for both ASEAN member states and Japan, and supported the development and prosperity of Japan and ASEAN member states.

By 2015, ASEAN aims to establish the "ASEAN Community," which is comprised of three pillars, namely the "Political-Security Community," "Economic Community," and "Socio-Cultural Community." To achieve this, "strengthening connectivity" is deemed to be at the top of their agenda. During the 17th ASEAN Summit in October 2010, the master plan for strengthening connectivity was adopted, which has three components, namely: "physical connectivity" including transport, information communications, and energy network; "institutional connectivity" including the liberalization and facilitation of trade, investment, and services; and "people-to-people connectivity" in tourism, education, and culture.

With Japan's past contributions for ASEAN countries in the areas of infrastructure

development and investment environment development serving as a cornerstone, based on the understanding that "a more closely integrated ASEAN functioning as a hub of regional cooperation is important for the stability and prosperity of Japan, ASEAN and all of East Asia," Japan offers its full support for ASEAN's efforts, including by unveiling flagship projects for strengthening ASEAN connectivity, such as the "National Road No. 5 Rehabilitation Project" and the "Project for Construction of Neak Loeung Bridge" in Cambodia, which comprises the South Economic Corridor, and the "ASEAN Ro-Ro Shipping Network Development Project."

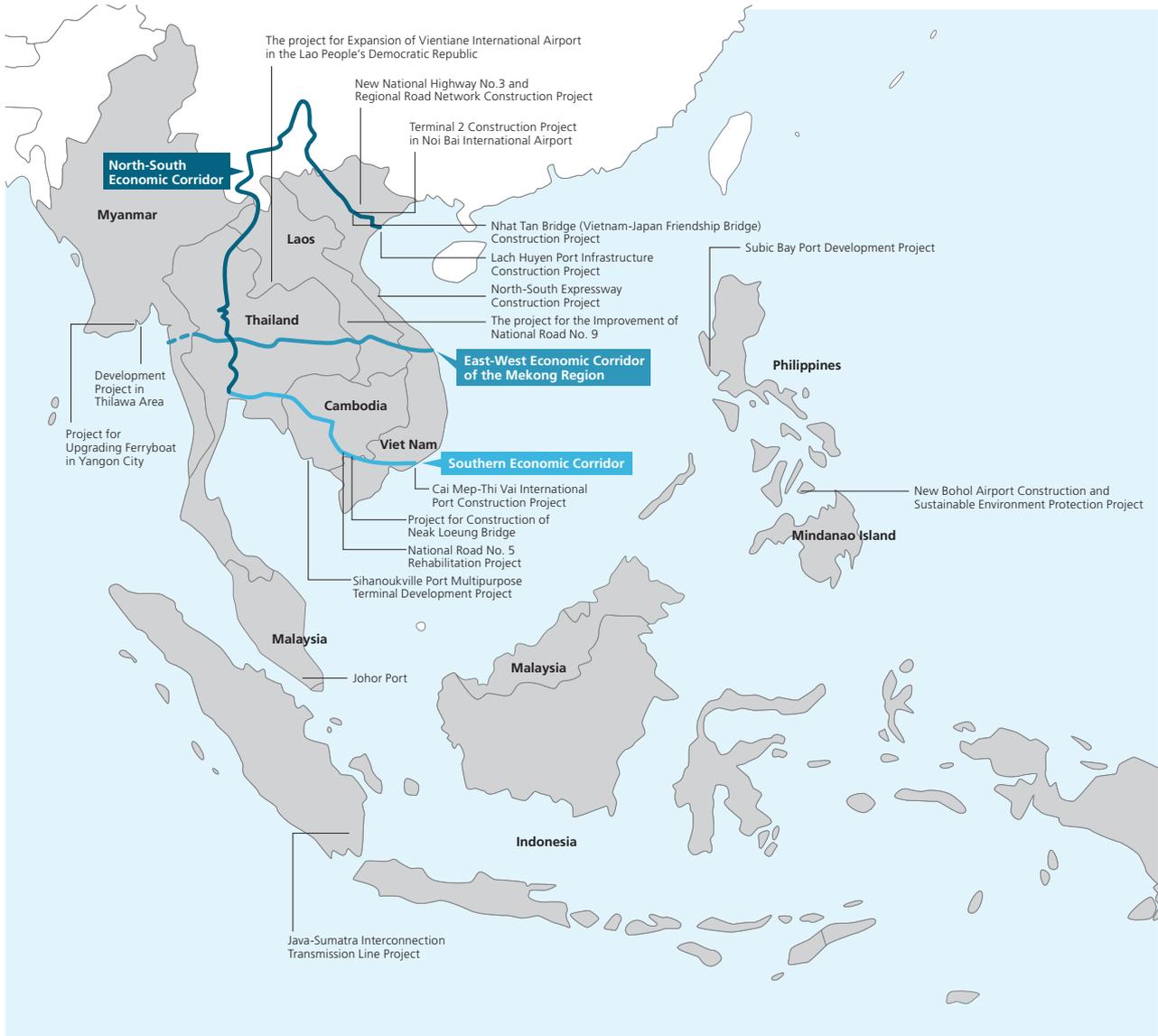
In 2013, on the 40th Year of ASEAN-Japan Friendship and Cooperation, Japan and the ten ASEAN member states held an array of exchange programs and conferences throughout the year covering a wide range of areas, including politics, economy, culture, youth exchange, and tourism. In December, the ASEAN-Japan Commemorative Summit was held in Tokyo, at which a mid- to long-term vision was presented for strengthening the Japan-ASEAN relations. Prime Minister Shinzo Abe pledged that Japan would continue its infrastructure assistance and assistance to narrow the development gap in the region in order to continue to strengthen ASEAN connectivity, and announced Japan's ODA commitment on the scale of ¥2 trillion over the next five years. This commitment is expected to give further momentum to Japan-ASEAN cooperation for strengthening ASEAN connectivity.

ODA is expected to play an important role also in the context of Japan-ASEAN cooperation for strengthening ASEAN connectivity. Further efforts and creativity are demanded to realize ODA which contributes to forming the bases of the overseas businesses of Japanese companies, while supporting ASEAN's efforts for integration.



Prime Minister Shinzo Abe and the leaders who attended the ASEAN-Japan Commemorative Summit held in Tokyo in December 2013

## Japanese ODA cooperation for ASEAN countries (Key connectivity strengthening projects)



"Kizuna Bridge" in Cambodia (Photo: Kenshiro Imamura / JICA)

## Section 2

# Human Resource Development: Japan's Cooperation which Forms the Foundation of Nation-Building

For the sustainable development and stability of developing countries, fostering human resources who will play an important role in the development process is crucial as the foundation of nation-building. Japan, in addition to infrastructure development assistance, has proactively supported human resource development as “investment in the future.” Human resource development cooperation in various sectors via ODA has not only contributed to the development of developing countries, but also to strengthening the friendship and mutual understanding between Japan and developing countries.

In the following examples of Japan's technical cooperation in Southeast Asia for human resource development – one of Japan's top priorities, the efforts for fostering and utilizing human resources are recapped.



Ms. Watanabe, a JOCV (occupational therapist) (front) who has been dispatched to a hospital in Ho Chi Minh City, Viet Nam. Looking at the X-ray, she and her colleague consult each other about the treatment method. (Photo: Yuki Kato / JICA)

## ■ Timor Leste, “Capacity Development of the Faculty of Engineering, Science and Technology, the National University of Timor-Leste”

The National University of Timor-Leste (UNTL), which opened in November 2000, is the only public institution of higher education in Timor-Leste. Plagued by many years of political turmoil, educational institutions suffered from significant deterioration. At UNTL's inception, the faculty lacked the necessary teaching knowledge, and more than 70% of the school's buildings and educational equipment were damaged due to the turmoil accompanying independence in 1999. Against this backdrop, Japan began extending assistance to UNTL's Faculty of Engineering in 2001, and implemented various cooperation, including the installation of educational equipment, dispatch of experts, and faculty training.

Following-up on the assistance extended continuously since 2001, this project was initiated in 2011 to ensure the provision of high quality engineering education under appropriate management and operations. In 2013, the third year of the project, a teaching curriculum was

developed, the number of faculty with a master's degree increased from 24 to 44 people, and research activities gained further momentum.

As indicated by Timor-Leste's Strategic Development Plan established in 2011, which states that “The government will strengthen institutions of higher education beginning with UNTL to train human resources who will be the future leaders of the country,” extraordinary expectations are attached to the Faculty of Engineering at UNTL that fosters human resources who are responsible for the future of technology. This project, designed to improve the education and research capabilities of the Faculty of Engineering, is expected to contribute to agriculture, the country's current primary industry, as well as to the development and improvement of economic and industry bases over the country's future by producing promising human resources who are equipped with advanced technologies.



Local staff in Timor-Leste receiving an explanation on the experiment apparatus from Japanese experts (Photo: JICA)

## ■ Laos, “Supporting Community Initiatives for Primary Education Development in the Southern Provinces”

Inhabited by many ethnic minorities, the southern region of Laos has a high level of poverty and little development progress. The Government of Laos carries out activities in a variety of sectors to fundamentally solve the problem of poverty in this region, and identifies the expansion and improvement of education as one of its priorities.

To support the activities of the Government of Laos, Japan began extending cooperation for primary education in this region in 2007. The goal of the project is to improve primary school education with local residents’ participation in the management of schools. In this region where the school enrollment rate is lower than in other regions, the issues facing school education are addressed through the participation of the local community, including parents, guardians, and temples, with residents themselves brainstorming and proposing solutions. There are various reasons for which children cannot or continue to attend schools. Some reasons are attributable to schools, such as problems of shortage of and improper school buildings and classrooms, shortage of teachers, and quality of teachers, while some reasons are attributable to problems, such as a lack of understanding or poverty of families. This project demonstrated that in addition to the efforts by schools, the community’s mutual support has substantial impact on children’s school attendance and continuation, and shed light on which field activities are effective.

Japan, by means of dispatching experts and supplying equipment, among other activities, supported the project by encouraging schools and residents to participate. As a result, the average net school attendance rate for the relevant schools improved dramatically from about 73% to nearly 100%.

As a follow-up to Phase 1 of the project implemented from 2007, Phase 2 started in 2012. In assessing the different reasons by village and household and finding clues for resolving the problems, local governments, including districts and provinces, play a crucial role. Phase 2 intends to understand the situation of each school, and develop local government services to provide the necessary support to those schools in need of assistance. Schools, while receiving support from the community and local governments, strive to understand the problems they themselves face and make improvements so that they can make continuous enhancements on their own. Japan assists these efforts by dispatching experts and implementing trainings.

Japan’s cooperation is expected to improve access to education in the southern region of Laos and enhance the quality of education. At the same time, the strengthening of the capacities of the local community and the promotion of human resource development are expected to lead to poverty reduction and growth in this region.



Children in Laos learning at a classroom (Photo: JICA)

## Section 3 Myanmar: The Future of a Frontier Supported by Public-Private Partnerships

Since the inauguration of the Thein Sein administration in March 2011, the process of democratization, national reconciliation, and economic reforms has been moving along quickly in Myanmar, whose potential has drawn substantial attention. To support Myanmar's reform efforts, the Japanese government announced in April 2012 that it had reviewed its assistance policy towards Myanmar and that it would resume its extensive assistance. Upon implementing its arrears clearance operation with Myanmar and supporting its return to the international community, the Japanese government in May 2013, for the first time in 26 years, provided three new ODA Loans totaling approximately ¥51.1 billion to the Government of Myanmar.

All three ODA Loans are for infrastructure development. In order to promote development and poverty eradication in the whole country, Myanmar essentially needs assistance not only for large cities such as Yangon, but also for rural areas where many of Myanmar's poor citizens live (including areas where ethnic minorities live). The goal of "Regional Development Project for Poverty Reduction Phase 1" is to improve the livelihood of residents by constructing and rehabilitating life-supporting infrastructure, such as roads, electricity, and water supply, the inadequacy of which has been hindering the development of rural areas. "Urgent Rehabilitation and Upgrade Project Phase 1" is intended to address the problem of constantly enforced power cuts, which disturb people's daily lives and economic activities in Yangon. Yangon, where the demand for electricity is the largest in the country, is expected to see further boosts in economic activities. This project will work to solve the power shortage by means of rehabilitating and upgrading existing power facilities.

The third ODA Loan is "Infrastructure Development Project in Thilawa Area Phase 1." To raise national income through economic growth, the Government of Myanmar places importance on increasing direct investment from overseas. In particular, Myanmar has made it a policy to attract foreign companies by developing its Special Economic Zones (SEZs). Among them, the Thilawa SEZ Development Project being implemented in a neighboring area of Yangon, the largest city in Myanmar, has captured much interest as a large-scale project undertaken jointly by Japan and Myanmar. This project is expected to contribute to the improvement in economic activities and residents' lives in Thilawa area by developing a terminal at the Port and electric power facilities.

The Thilawa SEZ, located about 20 km southeast of Yangon, is a vast region with a total area spanning 2,400 ha (approximately 40% of Manhattan). The Governments of Japan and Myanmar have affirmed that the two countries

would collaborate to develop the Thilawa SEZ, and the public and private sectors of the two countries will make concerted efforts to develop the industrial zones.

In the Thilawa SEZ, preparations are underway to start establishing businesses in a 400 ha area, the section of the SEZ slated for initial development. Some of the resumed ODA Loans described above are to be used for the development of the surrounding infrastructure, namely roads and a port. Furthermore, a consortium established by private companies and other entities in Japan and Myanmar will lead the work of developing the industrial park in the initial development area. Japan is considering investing in this consortium using the JICA Private-Sector Investment Finance scheme which fully resumed in October 2012, and will work to reduce the investment costs and risks shouldered by private companies.

As a project which pools the strengths of the public and private sectors and supports development in cooperation with Myanmar, the Thilawa SEZ Development Project is precisely a model case of infrastructure assistance in developing countries and a project in which the Japanese business community has expressed great interest. This project is expected not only to serve as a foundation for the advance of foreign companies including Japanese companies into Myanmar, but also to play a large role in the sustainable economic development and expansion of stable employment in the country.

The Japanese government will continue to provide to Myanmar assistance for improving people's lives, including in the areas of agriculture, health, and education which contribute to poverty reduction, assistance for ethnic minorities, and assistance for the capacity development of human resources and institutional development. In the infrastructure sector which promotes economic growth, the Japanese government will further offer balanced cooperation through the close partnership of the public and private sectors, while gauging the needs of Myanmar and continuing to watch over the outcome of its reforms.



A panorama of the old city in Yangon. The temple located at the center of the intersection is Sule Pagoda. (Photo: Mika Tanimoto / JICA)