

# A Partnership for the Future

Sri Mulyani Indrawati  
Managing Director, The World Bank

## Assistance as Part of a Bigger Whole

This year marks the 40th anniversary of ASEAN-Japan Friendship and Cooperation, and there is much to celebrate. Since the founding of ASEAN in 1967, Japan has been a strong partner for the organization and its founding members, and JICA has played a crucial role in this. Japan's trade, investment, and aid ties to ASEAN countries have spurred development throughout the region, and the partnership is set to strengthen in the future, with new markets like Myanmar opening up, ASEAN's continued rapid growth, and Japan's renewed attention to the potential of the region.

I believe the key strength of JICA's assistance is that it is part of a bigger whole, and it supports closer ties among the countries in trade and investment as well. Furthermore, linking closely to the countries' evolving priorities has been key to JICA's success, and stepping up to the plate in times of need—such as during the Asian financial crisis—has strengthened trust between ASEAN and Japan, which is a strong basis for future successful cooperation.

It is clear that Japan is a very important economic partner for ASEAN. After ASEAN itself, Japan is the largest destination for ASEAN's exports and the second-largest origin of ASEAN's imports after China. Foreign direct investment inflow from Japan to ASEAN reached its peak of almost \$20 billion in 2011, and Japan is the largest single-country investor in the region—only outpaced by the European Union, and larger than the United States and China. Japan has comprehensive economic partnership agreements with almost all ASEAN countries, and there is agreement to strive for more: the ASEAN-Japan Framework for Comprehensive Economic Partnership (AJCEP), originated in 2003 and ratified in 2009, aims to create a free-trade zone across borders of the 11 member countries with broad commitments on trade in goods, services, investment, rules of origins, dispute settlement, and economic cooperation. Negotiations for stronger commitments are to be concluded by 2015, when the ASEAN Economic Community will begin. Finally, Japan has been a key driver behind the Chiang Mai Initiative, which strengthens monetary cooperation among

the ASEAN+3 countries, with the potential to reduce volatility and financial risks.

## A Key Development Player

I believe that a strength of Japan's official development assistance has been its complementary nature to growing economic ties. Development cooperation with ASEAN member states has been strong since Japan joined the Colombo Plan in 1954. According to the OECD, since 1960, grant aid to ASEAN countries had totaled \$24 billion, whereas technical assistance added up to \$13 billion and loan assistance to \$77 billion. Since 1973, 36% of bilateral ODA in ASEAN member states originated from Japan, and Indonesia, Viet Nam, and the Philippines have been the largest recipients. Japan accepted almost 170,000 trainees from ASEAN countries and dispatched some 48,000 experts to ASEAN countries over the years, a major factor in the region's development. In addition to this, Japan is a generous contributor to IDA, and most ASEAN countries have been beneficiaries of IDA in the course of their development. Finally, Japan is also a strong supporter of the ASEAN Secretariat.

Today, I think that JICA's vision of "Inclusive and Dynamic Development" suits ASEAN very well: the region has experienced dynamic growth since the recovery from the Asian financial crisis, and most countries are—or are well on their way to becoming—middle-income countries. Yet, devel-

opment challenges remain daunting: poverty is far from eradicated in most ASEAN countries, inequality is on the rise, and infrastructure, education systems, and investment climate issues are holding some countries back in their development. JICA is engaged in each of these areas in ASEAN, with particularly strong presence in infrastructure and human resource development. And Japan has been a leader in the development community on disaster risk management and climate change, areas of high relevance for ASEAN and growing in importance in terms of development funding from Japan. These are areas where I feel ASEAN has much to learn from Japan and further knowledge exchange would be most welcome.



# TRENDS



## Defining a Brighter Way Forward for the Future of Africa

PHOTO: SHINICHI KUNO



**H**and in Hand with a More Dynamic Africa” was the theme of TICAD V, the fifth Tokyo International Conference on African Development, held in Yokohama on June 1-3, 2013.

In his speech presented at the opening ceremony, Prime Minister Shinzo Abe said that the relationship between Japan and Africa has transcended that of “good partners” to make the parties “comanagers” of the future, which he hoped would be a bright one. The Government of Japan pledged a total of ¥3.2 trillion in support for Africa, including approximately ¥1.4 trillion in Official Development Assistance, for the coming five years.

JICA's contributions during TICAD V included 19 public seminars on “inclusive and dynamic development in Africa.”

JICA will contribute to the strategic approaches adopted under the Yokohama Declaration 2013 and Yokohama Action Plan 2013-2017 by implementing a number of assistance packages.

These packages will include financial support totaling \$6.5 billion to accelerate physical infrastructure development. On the soft assistance side, they will focus on strengthening of human resources by training 30,000 African people for industrial development and improving the learning environment for 20 million African children through mathematics and science education, as well as primary school management.

They will also include increasing agricultural production and productivity, especially for rice cultivation, and promoting a “farming as business” approach for 50,000 small farmers.



## Helping Japanese Business Take Root in Iraq



**S**ince the conclusion of the 2003 Iraq war, the country has been aggressively courting both foreign and domestic investment by rehabilitating the national infrastructure and establishing investing regulations. Japan views Iraq as a promising developing market, and Japanese companies are well poised to enter it.

JICA jointly held a workshop on the business environment in Iraq in Tokyo on June 19 with the Japan Cooperation Center for the Middle East (JCCME) and JETRO. The workshop included JICA presentations on the findings of its study on the business environment in Iraq to identify challenges and explore possibilities for further assistance. The June workshop was the second such meeting on the study, which began in

The JICA-hosted workshop produced insight on getting Japanese business back to Iraq.

December 2012, following an interim report session in April. Iraq has a high opinion of the work done by Japanese people prior to the war and is eager for a quick return of Japanese businesses.

The high level of Japanese interest in Iraq was apparent at the workshop, with close to 100 representatives in attendance from a broad range of Japanese companies.

Against a backdrop of ongoing uncertainty about societal and governmental stability, overall foreign investment remains low, and Japan accounts for a scant 1%-2% of foreign business activity in Iraq. But JICA is committed to advancing the Iraqi business climate and to facilitating Japanese entry into the market. Mitigating business risks and the concerns they create will be decisive in developing Iraq's economic base and improving the environment for foreign investors, including Japanese firms.



## Reconstruction and Development in Afghanistan



**O**ver 30 years of conflict have left Afghanistan with damaged economic and social infrastructure and a serious talent exodus. JICA has engaged in numerous projects to bring stability to and build capacity in the country. One recent effort launched in 2011 is PEACE, the Project for the Promotion and Enhancement of the Afghan Capacity for Effective Development.

PEACE complements JICA's work in infrastructure, agriculture, and rural community development by addressing human resource capacity issues. The project seeks to bolster the abilities of administrators and university academics, empowering them in their vital roles for the future of the country. During its five years of

JICA President Akihiko Tanaka (with ribbon) poses with newly minted Afghan graduates.

operation, PEACE will offer as many as 500 people from Afghanistan the opportunity to do graduate-level studies in Japan.

Afghan participants in the program say their learning goes beyond the classroom. One who graduated in June this year says that Japanese people's sense of ownership of their nation is one thing he hopes to bring back home.

As of September 2013, 89 Afghans were studying at 25 universities throughout Japan on the program, and in June, PEACE celebrated its first graduates. In autumn 2013, 85 new graduate students are expected to arrive in Japan for the program's next year.

JICA hopes that the graduates of PEACE will contribute vigorously to reconstruction in Afghanistan, building needed capacity while they help to create bridges between their country and Japan.