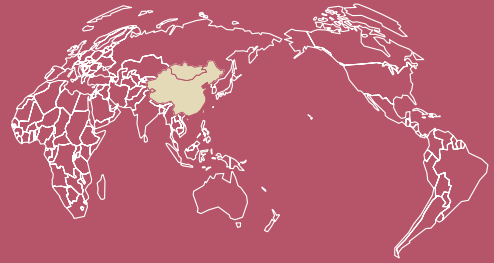
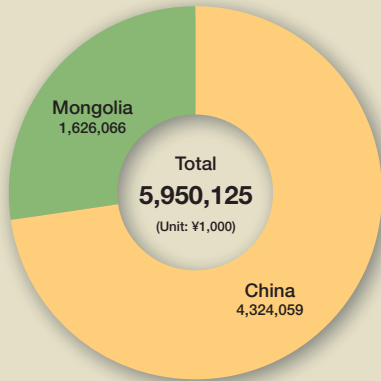


East Asia



Pillars of Aid Human Resources Development and Institution-building through Human Relations

Cooperation results by country in East Asia (FY2006)



* This is the total amount of bilateral cooperation. The amount of cooperation provided to Asia including cooperation that covers a group of countries is 51,115,695 thousands of yen.

Japan has supported China in promoting its open and reform policy for over 20 years since the launch of the policy at the end of the 1970s, greatly contributing to the realization of remarkable economic development. However, China's aid needs have changed due to its rapid development and changes in socioeconomic structure while effective and efficient aid is warranted under Japan's severe economic and financial conditions. In light of these drastic changes in the situation surrounding ODA to China, the Japanese Ministry of Foreign Affairs (MOFA) issued the China Economic Cooperation Plan in October 2001.

In March 2006, the Chinese government formulated another five-year plan aiming at a balanced society. JICA works to understand fully China's aid needs based on the five-year plan and implements technical cooperation in line with the China Economic Cooperation Plan. JICA's technical cooperation in China is implemented in the following four priority areas, while paying attention to Japan's support for activities carried out by the private sector and the progress of multilateral cooperation.

- 1) Cooperation towards resolving environmental and other global issues
- 2) Assistance for open and reform policy
- 3) Promotion of mutual understanding
- 4) Assistance for poverty alleviation

Mongolia's economy fell into chaos due to the breakdown of the COMECON system in 1991. However, the economy has stabilized gradually since 1995 by means of rigid economic stabilization policies and aid from other countries, including Japan. Support for Mongolia, which is in the process of promoting its transition to a market economy, is based on Japan's Country Assistance Program for Mongolia issued by the MOFA in November 2004. JICA's cooperation is conducted in line with this Program, which identifies the following four priority areas.

- 1) Support for institution-building and human resources development necessary for promoting a market economy
- 2) Support for rural development
- 3) Support for environmental protection
- 4) Support for the development of infrastructure to promote economic activity

Current State of Development

China—Aiming at Balanced Society

China has successfully maintained high economic growth over a long period of time, with an average rate of real economic growth of over 9% per year for the last two decades. Real GDP per capita, which was US\$225 in 1978, reached US\$1,740 in 2005. Since China joined the World Trade Organization (WTO) in December 2001, it has increasingly more impact on the world economy. The total volume of China's trade reached US\$ 1.7 trillion (more than twice that at its entry into WTO) in 2006, which makes it the third in the world. In its relation with Japan, China is the largest trade partner.

On the other hand, the activity report of the government of China issued in March 2007 pointed out that many contradictions and problems must be solved in order to build a balanced society. Such problems include environmental contamination, mass consumption of resources and energy, expanded disparities between

urban and rural areas or among regions.

Mongolia

Though the average rate of GDP growth of Mongolia was 2.7% per year between 1995 and 2002, it increased to 5.5% in 2003, jumped to 10.6% in 2004, and remained high at 6.2% in 2005. All international organizations and donor countries recognize that the reform groundwork toward transition to a market economy has been completed.

However, while the macro economy is in good shape, GNI per capita is US\$690 (2005) and nearly 36% of the population, most of which comprises people living in rural areas and Ger inhabitants in the capital who have moved from rural areas, are in the poverty group. The unemployment rate is 14.2% and expanding disparities are of concern.

Addressing Priority Issues in JICA Programs



Nomads collecting seeds from planted trees (Seeds Collection for Prevention of Desertification Project in China)

China

1) Environmental issues and infectious disease control

Environmental issues and infectious diseases are still very serious in China. These issues can affect Japan beyond national borders, requiring response through international cooperation. In addition to measures against acid rain and yellow sand storms, JICA supports measures to prevent global warming and provides policy and technical support to promote a circular economy. JICA also supports the conservation and recovery of a natural environment, the development of human resources who will contribute to sustainable usage of water resources, planning, and technology development.

In order to address infectious diseases, using its experience in contributing to the eradication of polio in China, JICA cooperates in combating HIV/AIDS and the SARS epidemic in cooperation with the World Health Organization (WHO).

2) Establishment of a market economy system

Efforts to establish a market economy system in compliance with international rules are important from the perspective of supporting activities carried out by Japan's private sector, too. Specifically, JICA supports the development of economic laws and corporate-related laws and implements human resources development. In developing human resources, Japan's experience and current situations are introduced to establish and disseminate tax systems, intellectual property rights, and technical and compliance standards in accordance with international rules (see p.18).

3) Promoting mutual understanding between the peoples of Japan and China

Promoting mutual understanding between the peoples of Japan and China forms a basis for a sound, long-term relationship. Through the dispatch of volunteers, promotion of exchange between local governments, the Youth Invitation Program, training of young and middle-level executives in Japan, and assistance to NGO activities, etc., JICA expands opportunities for the peoples of both countries to interact directly and assists with enhancing mutual understanding of culture and society from various aspects.

In addition, in order to alleviate economic disparities between urban and rural areas, JICA supports the Chinese government in

developing policies and institutions. Specifically, improving local governance through human resources development is sought and rural reforms are supported through the establishment of social safety nets.

Mongolia

1) Education and human resources development in the private sector

Now that Mongolia has completed the process of building a foundation for reform toward a market economy, stable economic growth is essential for the future. JICA provides assistance in educational areas, particularly with an emphasis on basic education, primarily to develop human resources who are involved in administration, including strengthening taxation functions, and who will play a leading role in the future of Mongolia. With an aim to further activate the private sector, which accounts for 80% of GDP, JICA also places importance on the development of a law enforcement environment to facilitate economic activities, as well as the development of human resources related to the private sector with the help of the Mongolia-Japan Center for Human Resources Development.

2) Rural development

In the rural development area, JICA promotes cooperation for reducing disparities between rural areas and the capital primarily by strengthening and supporting the livestock and agriculture sector, which is a key industry.

3) Environmental protection

Cooperation associated with environmental protection is also supported, including measures to manage solid wastes in urban areas and yellow sand storms that adversely affect northeastern Asia across national borders.

Furthermore, since the development of infrastructure forms the basis of Mongolia's economic growth, JICA also cooperates in urban planning to solve urban problems, including improvement of basic infrastructure in the suburb of Ulaanbaatar (Ger District), which is experiencing a rapid population concentration.



Ger District in the suburb of Ulaanbaatar: The living infrastructure is undeveloped. (The Study on City Master Plan and Urban Development Program of Ulaanbaatar City in Mongolia)