

South Asia

Cooperation for Long-Term Growth in Asia While Reflecting the Region's Diversity

South Asia, including India, Bhutan, Afghanistan, Pakistan, Sri Lanka, Maldives, Bangladesh, and Nepal, is about the same size as Europe, and has 1.6 billion people that account for about one-quarter of the world's total. Situated at the center of the sea lanes between East and Southeast Asia and the Middle East and Africa, the region is in a geopolitically and strategically key position as a hub of economic exchange with other regions. Looking at the countries in the region, they exhibit a rich diversity of religions, ethnic groups, cultures, and languages. It can also be said that the region grapples with sources of instability that include income disparity and conflicts.

Ensuring economic and social stability and progress in South Asia is vital to the stability and advancement of the entire Asian region, including Japan. JICA is providing a diverse array of cooperation in response to the needs of each country and is also planning to address transregional and transnational issues.

Concrete Initiatives
Region-Specific Activities and Initiatives

Key Aid Strategies

- Aid for Sustainable Growth and Vitalization of the Private-Sector Economy
- Peacebuilding and Reconstruction Aid
- Inclusive Development and Poverty Reduction
- Countermeasures on Environmental Concerns and Climate Change

JICA has established the following four priority areas for its aid programs in South Asia:

1. Aid for Sustainable Growth and Vitalization of the Private-Sector Economy

JICA provides aid toward emerging South Asian countries with notable economic growth, and aims to achieve sustainable growth through assistance in development of transportation, electric power, sewage systems, and other infrastructure that form the foundations of economic growth. Moreover, Japanese companies are becoming increasingly interested in India, Bangladesh, and other countries in South Asia because of their rapid economic growth. Keeping in mind the Japanese government's growth strategies, JICA is also enhancing cooperation aimed at

collaboration with the private sector.

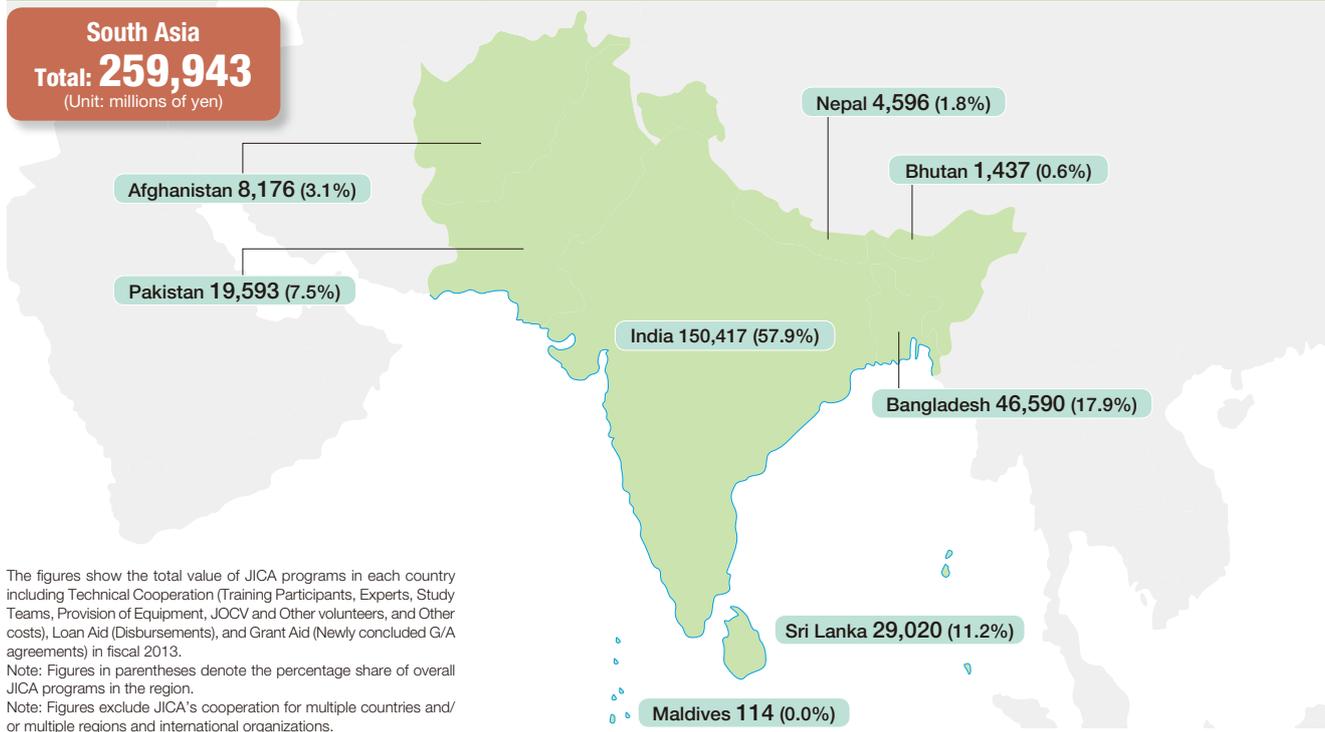
2. Peacebuilding and Reconstruction Aid

JICA aims to contribute to the peace and stability of countries and areas in the South Asian region. There are programs in Afghanistan and Pakistan as well as in Sri Lanka, which has been shifting to the development stage from the early reconstruction stage, 30 years after the internal conflict, in May 2009. JICA is also active in Nepal, which is in the process of establishing a government under a new constitution.

3. Inclusive Development and Poverty Reduction

Poverty is a common issue for all countries in South Asia. The

JICA Programs in South Asia (Fiscal 2013)



region contains approximately 500 million impoverished people, exceeding the number of poor in Sub-Saharan Africa. With gender disparity remaining a serious problem in the region, there are some South Asian countries that may be unable to achieve the Millennium Development Goals (MDGs). Giving consideration to the socially vulnerable and impoverished segments of countries in planning aid for establishing infrastructure that forms the basis for economic growth and for health care, education, agriculture, rural development, and other fields, JICA is proactively endeavoring to encourage inclusive development, and through such activities, JICA aims to continually reduce the number of impoverished people in the region. JICA is also engaged in gender-related assistance, such as improving women's status and social empowerment.

4. Countermeasures on Environmental Concerns and Climate Change

Pakistan, Sri Lanka, Bangladesh, and other countries in South Asia are highly vulnerable to cyclones, floods, earthquakes, and other disasters caused by climate change and natural disasters. Moreover, South Asia is a globally important region for the preservation of biodiversity. Consequently, JICA is providing cooperation with countermeasures on environmental concerns and climate change.

Country Overviews and Priority Issues

● India

India has been increasing its global presence, with its growing population exceeding 1.2 billion in 2010, and its GDP at purchasing power parity as the third largest in the world for the last three years. The Japan-India relationship has been steadily strengthened, as seen in the visit of their Majesties the Emperor and Empress of Japan to India in November and December 2013,

and the Japan-India Summit Meeting, held in New Delhi and Tokyo in January and September 2014, respectively.

In order to achieve the annual growth rate of 8% during the 12th Five-Year Plan (2012–2017), the Government of India expects that \$1 trillion of investment is necessary for infrastructure development to build the foundation for industries. In this regard, Japan-India joint projects, such as the Delhi-Mumbai Industrial Corridor¹ and Chennai-Bengaluru Industrial Corridor,² have been promoted as well as individual projects in the field of transportation and electricity.

Behind such growth, however, 400 million people, or 32.7% of the total population in 2010, live on less than \$1.25 a day. This is the largest poverty-stricken population in a single country worldwide. In fiscal 2013, JICA signed a Grant Agreement for the project named “Improvement of the Institute of Child Health and Hospital for Children Egmore, Chennai, Tamil Nadu, India,” to tackle an urgent challenge of improving the quality of health and social services for low-income people.

Along with economic growth, India has been demonstrating its importance as a node of South Asian supply chains, which makes connectivity with Southeast Asian countries necessary while India is strengthening its economic interdependency with the region. Through the “Data Collection Survey on Cross-Border Cooperation in South Asia,” JICA has studied the logistics and transportation infrastructure in the Indian border areas, as an example of increasing Japan-India cooperation.

● Bhutan

Bhutan is a landlocked country located at the eastern tip of the Himalayas, with a population of about 700,000. Bhutan is

1. A Japan-India joint project of regional development to construct a Dedicated Freight Corridor between Delhi and Mumbai through a Japanese ODA Loan, and to develop infrastructure such as industrial parks, logistics bases, power stations, roads, ports, residences, and commercial facilities along the railroad, mainly through private investments.
2. A Japan-India joint project of a comprehensive regional development plan in the rapidly growing Chennai-Bengaluru area, succeeding the Delhi-Mumbai Industrial Corridor.

Case Study **India: Investment Promotion Program in Tamil Nadu State**

Improving the Investment Environment to Promote Direct Investment from Overseas Investors, Including Japanese Companies

In India, a country with a population of more than 1.2 billion and rapid economic growth, JICA assists the continuing economic development by engaging itself in improving the investment environment based on requests from Japanese companies.

Policy Supporting ODA Loan

India is one of the most important countries for Japan. In fact, India's GDP at purchasing power parity has already overtaken Japan's, and now India is the third-largest economic power in the world. The number of Japanese companies operating in Tamil Nadu State in southern India, in particular, is increasing rapidly due to the State's advantages, such as its location on the sea lane connected to the Southeast Asian region, ample labor, and the State's consistent policies to attract foreign investors.

However, underdevelopment of investment

infrastructure is a challenge for India. India was ranked 132nd out of 185 countries in the World Bank's “Doing Business 2013” report, which measures the ease of doing business; this ranking was lower than those of neighboring South Asian countries. Japanese companies operating in Tamil Nadu have been sending suggestions for improvement in infrastructure, including investment rules, roads, and water and sewerage systems to the state government every year.

Under these circumstances, JICA signed a Japanese ODA Loan agreement with the Government of India in November 2013 for the



Program Monitoring Committee of the Tamil Nadu Investment Promotion Program

Tamil Nadu Investment Promotion Program. It is a program loan, which provides loan proceeds according to the implementation of efforts made by Tamil Nadu State to improve the investment environment, such as institutional improvement and infrastructure development that are strongly demanded by overseas investors, including Japanese companies.

Together with the Government of Tamil Nadu, JICA is promoting enhancement of the investment environment and infrastructure development through periodical joint monitoring of the implementation status of policies.

known for its commitment to the fundamental concept of Gross National Happiness (GNH). The concept aims to create a society that focuses not only on the economic growth but also on people's happiness. Bhutan's average GDP growth rate is approximately 8% from 2008 to 2012, and this high economic growth was achieved based on supplies of hydroelectric power utilizing the country's abundant water resources. On the other hand, a number of challenges have emerged in recent years, such as issues related to urban environment due to rapid urbanization, job creation, regional disparities, and the vulnerability of the economic foundation.

Based on the priority areas of the Government of Bhutan, JICA is focusing aid programs on the following four main sectors: (1) agricultural and rural development, (2) economic infrastructure development, (3) social development, and (4) strengthening of governance.

● Afghanistan

In its operations in Afghanistan, JICA is pursuing projects that contribute to economic growth, including job creation, and the stabilization of the lives of citizens in the country while implementing a maximum level of safety, taking into account the unstable security situation. Working together with the Afghan government, JICA has been extending its assistance in two priority areas: infrastructure development, mainly in the Kabul metropolitan area, and agriculture and rural development.

For the Kabul metropolitan area, development of social and economic infrastructure such as highways and electric power, construction of a new city in the Dehsabz district, and redevelopment of Kabul city have been completed, and formulation of further projects involving highways, water resources, and other infrastructure components are in progress.

For agricultural and rural development, JICA extends its assistance in strengthening administrative functions and capacities, human resources development, development and

management of water resources, and improvement of agricultural productivity, along with others.

In addition, JICA runs the Project for the Promotion and Enhancement of the Afghan Capacity for Effective Development (PEACE). This Project sends up to 500 training participants to Japanese graduate schools for medium- and long-term human resources development in priority fields such as infrastructure and agricultural development. JICA has also been cooperating closely with international organizations such as the United Nations Children's Fund (UNICEF) and international NGOs including the Aga Khan Foundation in order to extend our assistance to areas that have been difficult to reach in the past.

● Pakistan

Pakistan has the world's sixth-largest population, at about 180 million people. Following the September 11 Attacks in 2001, the role of Pakistan in maintaining peace in the region, including Afghanistan, has been highlighted. As a result, the international community has placed increased importance on the stable and sustainable development of Pakistan. The country's large workforce could be a driving force for economic growth, and Pakistan has much potential as an emerging economic market. However, economic growth has been sluggish in recent years because of the unstable political and security conditions as well as unfavorable macroeconomic factors. Furthermore, the country faces various development issues, such as a large number of people still left poverty-stricken—about one in four citizens is poor.

Consequently, the emphasis of JICA's assistance for Pakistan is centered on three themes: (1) improvement of economic infrastructure, (2) achievement of human security and improvement of social infrastructure, and (3) stabilization and balanced development of the Pakistan-Afghanistan border areas. JICA is placing priority on the assistance for solving energy shortages, which have been a bottleneck for economic activity,

Case Study

Pakistan: The Project for Promotion of Value Added Fruit Products in Gilgit-Baltistan

Adding Value to Fruit through the Pakistan-Japan Relationship

JICA supports sales and value-addition to fruit products such as apricots to mitigate rural poverty in Pakistan.

Also Sold in Japan's Major Department Stores

In the Gilgit-Baltistan (GB) area, located in the northern part of Pakistan and surrounded by mountains over 7,000 meters above sea level, horticulture is widely conducted, making use of meltwater and the cool climate. However, due to a lack of expertise in processing, marketing, and other necessary procedures, a large amount of products is wasted or sold locally at low prices. Adding value to these fruit products plays an important role in mitigating poverty of farming households.

For the Project for Promotion of Value Added Fruit Products in GB, JICA has chosen

apricots and apples as target products with the potential of value-addition based on a basic research conducted beforehand, and is providing technical advice on cultivation, selection, and drying, and furthermore on packaging, market development, and branding.

The tangible results of this cooperation are being witnessed one after another, leading to income increases for farming households. Trial sales of apples with improved selection and packaging process in Islamabad resulted in prices almost twice as high as before at the fruit and vegetable markets. Also, dry apricots prepared with improved harvesting and processing methods are sold not only in



An apricot dryer made using local materials on a trial basis. Improvements are being made to enable farmers to produce clean, fine, dry apricots in a shorter time in their gardens.

domestic Pakistani markets, but also in major Japanese department stores and specialty organic food stores. The prices are sometimes double compared to those in the past.

As such, in this Project, the Pakistan-Japan relationship is improving productivity, adding value to horticultural products, and contributing to poverty mitigation of farming households in Pakistan.

and for enabling the domestic manufacturing industry to produce value-added content. In other areas, JICA is strengthening polio countermeasures and vaccination programs by combining Technical Cooperation and Grant Aid in a single program and also building infrastructure and establishing frameworks for water and sewer systems in urban areas. Furthermore, utilizing the knowledge gained from being one of the world's most disaster-prone nations, JICA has helped Pakistan to draw up its National Disaster Management Plan and is providing the country with assistance for its early execution.

● Sri Lanka

In Sri Lanka, there are about 20 million people living in an area equivalent to 80% of Hokkaido, Japan. Ever since the end of the 30-year conflict in 2009, growing postconflict reconstruction demand is stimulating economic growth. Sri Lanka is maintaining a high real GDP growth rate of 7.3%, and its GNI per capita has reached \$2,920 in 2012; Sri Lanka is now recognized as a middle-income country.

The Government of Sri Lanka, aiming to promote economic development and conflict reconstruction simultaneously, has set a development goal of \$4,000 GNI per capita by 2016. In order to achieve this goal, the Government plans to increase private-sector investment by improving infrastructure such as transportation and electricity. The Government is also implementing measures to mitigate economic disparity between urban and rural areas.

Based on the development needs of Sri Lanka to relieve worsening traffic congestion in Colombo city, JICA has signed an ODA Loan agreement for the New Bridge Construction Project over the Kelani River in fiscal 2013. JICA has been assisting the establishment of transportation network for the Colombo Metropolitan Region through the formulation of the Urban

Transport Master Plan and the introduction of a highway traffic control system. There are other projects operating to improve electricity, water supply, and sewerage systems; to advance disaster management; and to enhance agricultural productivity through reformation of the vegetable seed supply chain system in rural areas.

● Maldives

The Maldives are a small island country comprising 1,190 islands and with a small population of 340,000 (2012). Therefore, it is difficult to conduct comprehensive social development programs in the country. The economy is based on the tourism and fisheries industries, which together account for about 40% of the country's total GDP, making the economy vulnerable to external shocks.

Considering these characteristics of the Maldives, JICA is cooperating in fields that contribute to socioeconomic development of the Maldives, and stabilization and improvement of people's lives (including climate-change adaptation). JICA volunteers are helping in areas such as education and youth development. In addition, JICA is providing aid for installation of clean energy systems.

● Bangladesh

Bangladesh has the eighth-largest population in the world, approximately 150 million people, and through development of industries that include garments and apparel, the country has kept economic growth at an annual average rate of 6% in the past 10 years. Recently, Bangladesh is emerging as a fascinating market and a destination for investment, due to its advantages such as rich reserves of low-cost labor and its potential market size. However, inadequate infrastructure development in such areas as

Case Study Sri Lanka: Climate Change and Disaster Management Program

Utilizing Japan's Experience and Knowledge in Disaster Prevention

Sri Lanka is always faced with threats of natural disasters such as floods and landslides; it had lost countless lives and property. Expenditure spent on disaster restoration and reconstruction has been a huge burden to the economy. For the country to become disaster-resilient, JICA is engaged in building disaster prevention systems and supporting the enhancement of disaster management capacity.

Supporting Disaster Management Capacity Enhancement

More than 30,000 people were killed in Sri Lanka by the Indian Ocean Tsunami, caused by the Sumatra-Andaman Earthquake in December 2004. In 2005, together with World Bank and Asian Development Bank, JICA conducted the Joint Needs Assessment Survey to assess the preliminary needs of the tsunami-affected communities in terms of the medium to longer term reconstruction and recovery phases following the relief period. Since 2011, JICA has initiated the Emergency Natural Disaster Rehabilitation Project to reconstruct infrastructure heavily damaged by floods, such

as roads and irrigation facilities.

Previously, the Government of Sri Lanka focused more on disaster recovery, but after the Indian Ocean Tsunami suffering, it aims to develop their capacity in disaster prevention. The Government enacted the Disaster Management Act in May 2005, which laid out a comprehensive legal framework that covers disaster prevention, recovery, and rehabilitation (including emergency relief, restoration and reconstruction), to cope with natural disasters and climate change.

In preparing Sri Lanka's disaster prevention measures, Japan's knowledge and experience in disaster management were utilized. With the



Tsunami Evacuation Training conducted as a part of the Project

Disaster Management Capacity Enhancement Project Adaptable to Climate Change (2010–2013), JICA has assisted the Government of Sri Lanka to establish disaster prevention models among related government authorities, and planned measures to enhance disaster management capacity in the medium to long term.

In addition to the technical cooperation in landslide countermeasures, improvement of weather observation, forecasting, and warning systems, JICA will further contribute to enhancing Sri Lanka's disaster management capacity through the ODA Loan project Landslide Disaster Protection Project of the National Road Network.

electricity, transportation, water supply, and sewerage systems has been an impediment to development. The country is also highly vulnerable to natural disasters such as cyclones, floods, and earthquakes. Reducing poverty is an enormous challenge, as over 50 million residents, accounting for approximately one-third of the population are impoverished.

JICA is providing assistance to accelerate economic growth and to overcome the vulnerabilities of the society. The ultimate goal of JICA's assistance is to achieve sustainable economic growth and alleviate poverty in Bangladesh.

For economic growth, JICA continues to provide cooperation for building infrastructure such as electric power and transportation systems. JICA's support includes development of an urban railroad system to relieve the chronic traffic congestion in the capital city of Dhaka, transportation system development between Dhaka and Chittagong, and development of electric power stations. JICA signed a Grant Agreement for the Project for Improvement of Airport Safety and Security Systems in fiscal 2013, and is assisting with enhancement of air transportation safety.

From the perspective of overcoming the vulnerabilities of Bangladesh's society, JICA is providing assistance to strengthen the country's ability to cope with natural disasters such as cyclones, earthquakes, and floods. Besides these measures, JICA is continuing its efforts to improve basic education and maternal and child health care. Furthermore, JICA is providing assistance in building infrastructure in rural areas that have been left out, human resources development of public officials, and strengthening governance in local administration and anticorruption measures.

● Nepal

A landlocked state located between the two Asian giants

China and India, Nepal is one of the poorest countries in South Asia. Featuring great geographic and climatic diversity, Nepal is situated between the Himalayas' 8,000-meter peaks in the north, and flat lowlands with an elevation of around 60 meters in the south.

The Maoist Communist Party of Nepal formally began a civil war in 1996, which lasted for 10 years. Since the signing of a comprehensive peace agreement in November 2006, the peace process has progressed steadily. The 2nd Nepalese Constituent Assembly was held in November 2013 for the purpose of drafting a new constitution, and a new government was established. Under the new government, economic conferences have been held in succession, including the Nepal Economic Summit, and plans have been put in place to continue development in fields with large growth potential, such as agriculture, hydropower generation, and tourism. On the other hand, in addition to inadequate infrastructure and poverty issues, disparities based on gender and ethnicity, and other background issues are a concern.

Aimed at achieving equitable and sustainable economic growth, JICA's assistance to Nepal covers infrastructure development, consolidation of peace and a steady transition to democratic state, and poverty reduction in rural areas. Among infrastructure projects, construction of the 160-kilometer-long Sindhuli Road, symbolizing Japanese support for Nepal, for which JICA has extended its assistance since 1996, is expected to be completed in March 2015 [→ see the Case Study below]. JICA has also provided an ODA Loan for construction of a hydropower plant.

For democratization and poverty reduction, JICA is providing support for legal system development and strengthening of public administration capacity as well as the development of agriculture, education, and health sectors.

Case Study **Nepal: The Project for the Construction of Sindhuli Road**

The 160-Kilometer Road Completed after 20 Years of Construction; Beyond Completion, We Hope to See More Smiles in People's Lives

Through construction of Nepal's trunk road, JICA is contributing to vitalization of the country's economy as well as to better livelihoods of the people living along the road.

Road Completion Expected in March 2015

Nepal is a landlocked country located between China and India. Since the capital city, Kathmandu, is in the middle of the country, the roads that carry agricultural products from the Terai plane, bordering India to the south, along with imports from India, are the most important infrastructure to support the economy of Nepal.

However, major traffic between Kathmandu and the Terai used to rely on one trunk road, and cargo transportation was often suspended by landslides in the rainy season, when the road was blocked. In order to improve the situation, the Sindhuli Road has been under construction through Grant Aid from Japan.

The road is 160 kilometers long, equivalent to the distance between Tokyo and Shizuoka.

This construction project, which started in 1995, has overcome many difficulties, including landslide and flood damage caused by heavy rain and suspension of construction during deterioration of public order and unstable political conditions caused by the activities of Maoists. Now the road is expected to be fully completed in March 2015.

The construction of Sindhuli Road has brought bright changes to people living along the road, whose population is estimated to be about 1.17 million. Feedback from the people is positive. For instance, their income has increased due to the fast transportation of foods like vegetables, fruits, and milk by truck, while in the past they were carried on foot and some tended to spoil. People's lives have become more free of anxiety because ambulances can

drive into the villages now, and more children go to school by taking buses.

Beyond completion of the road project, a new project on commercial agriculture promotion will soon begin; it will increase incomes of the people living along the road, and we hope to see more smiles in their lives.



Sindhuli Road, Section II, winds along a steep mountain slope. Technology from Japan, a country with mountainous terrain similar to Nepal's, assists. (Photo credit: Nippon Koei Co. Ltd.)