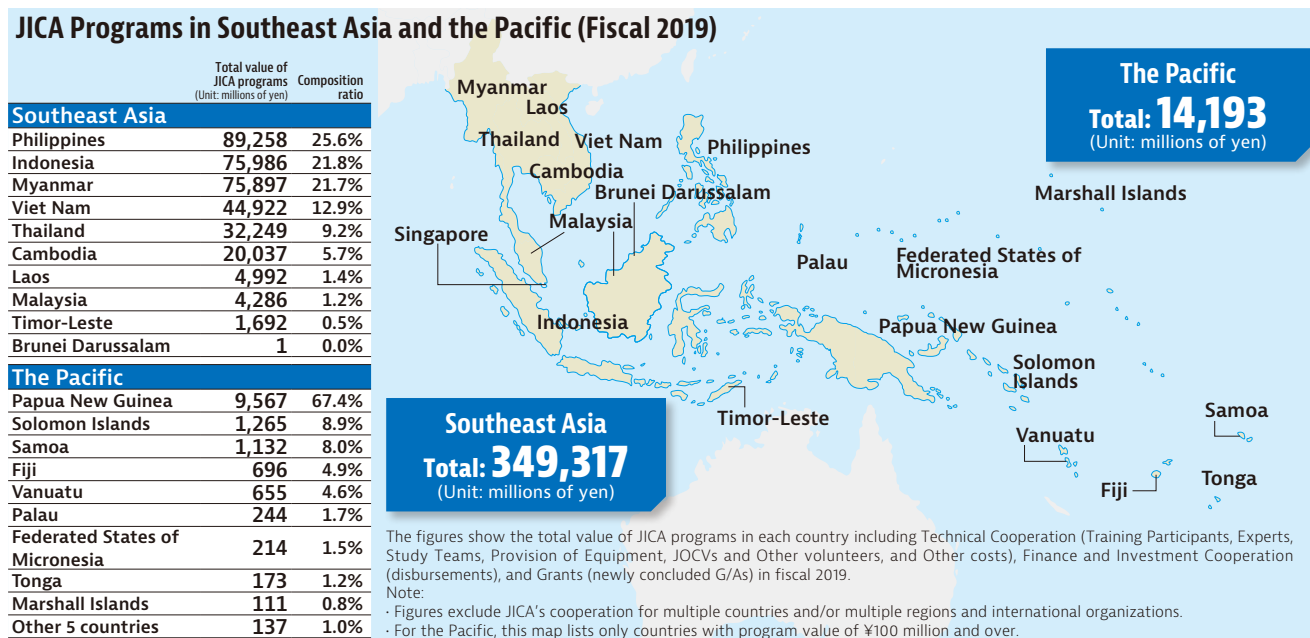


Southeast Asia and the Pacific

Promoting a “Free and Open Indo-Pacific”



Southeast Asia

Regional Issues

The Association of Southeast Asian Nations (ASEAN) is a leader in promoting the stability and prosperity of this region, which borders on the Indian and Pacific oceans. It plays a pivotal role in advancing a “Free and Open Indo-Pacific (FOIP),” a vision advocated by the Japanese government. Accordingly, Japan needs to expand its strategic assistance to enhance the autonomy, independence, and integrity of ASEAN—or put simply, to deepen its integration—both for the benefit of the region and for the national interest of Japan.

Holding the key to promoting an FOIP are two approaches. One is to deepen ASEAN integration by strengthening connectivity through, for example, the development of the East-West and Southern Economic Corridors on land. The other is to develop marine infrastructure and strengthen maritime law enforcement capabilities.

In addition to promoting an FOIP, there are four priority issues: (1) quality growth, (2) climate action, (3) human resources development, and (4) the sharing of flexibly defined universal values and the creation of a peaceful, stable, and secure society. Specific focus should be placed on (1) “quality growth” that overcomes the negative effects of economic growth and solidifies the stability and prosperity of the region; (2) climate action in alignment with the global trend of decarbonization, (3) the fostering of future national leaders and administrative officials who play key roles in national management; and (4) measures to counter regional vulnerability, not least in Rakhine State in Myanmar and Mindanao in the Philippines. Situated

in geographical proximity, Japan and ASEAN enjoy a strong relationship. In extending development cooperation, it is more essential than ever to make maximum use of the broad-ranging expertise and know-how of private-sector companies, universities and research institutions, and local governments.

Assistance to Timor-Leste needs to support the country’s accession to ASEAN and its transition from reconstruction to development.

JICA Initiatives

1. Encouraging “Quality Growth”

JICA provides assistance for “quality growth” that embraces inclusiveness, sustainability, and resilience. JICA considers physical connectivity and key land and maritime transport infrastructure to be vital for meeting expanding infrastructure needs.

Urban problems such as traffic congestion and air pollution caused by sudden population increase hinder sustainable growth and are becoming a social issue. As the Southeast Asian countries continue their economic growth, JICA is placing priority on the development of urban infrastructure and the urban environment, including traffic systems, industrial waste disposal, and water supply and sewerage, which are crucial for improving urban functions and fostering the urban middle class.

JICA encourages the development of “quality infrastructure” that serves as the foundations for environmentally friendly “quality growth” that improves livelihoods in local communities through job creation and better access to social services. JICA is also continuing to promote infrastructure development in the East-West Economic Corridor and the Southern Economic Corridor in Indochina to enhance east-west connectivity in

Southeast Asia, and is working to strengthen “vibrant and effective connectivity,” such as improving customs systems and personnel training for this with the aim of strengthening institutional connectivity.

2. Climate Change

The impact of climate change is quite severe in the ASEAN region, with its large population concentrated in coastal cities, and support for disaster risk reduction and other climate change measures must be strengthened. At the same time, energy demand in the ASEAN region is soaring, so energy policies that strike a balance between growth and the environment are crucial. JICA is therefore promoting the active use of Japan’s low-carbon technologies, and is also tackling the construction of new energy supply chains, including liquid natural gas (LNG) terminals, an area where Japanese companies are at the forefront in technical expertise.

The climate action projects JICA implemented in the region in fiscal 2019 included the Project for Improvement of Equipment and Facilities on Meteorological and Hydrological Services in Laos to reduce climate disaster risks, as well as the Project of Capacity Development for the Implementation of Climate Change Strategies in Indonesia to support climate policy and institutional development.

3. Human Resources Development

ASEAN countries are undergoing a generational change among people who are deeply interested in and have a strong affinity for Japan. Through the JICA Development Studies Program [→ see page 65], JICA is strategically strengthening long-term training programs (Knowledge Co-Creation Programs)



Interaction with training participants during a lecture given by JICA president Shinichi Kitaoka under the SDGs Global Leadership Program

for future leaders and promising administrative officials who play a key role in national management, and is also fostering personnel in advanced industries at the forefront of industrial development and technological innovation.

In fiscal 2019, JICA accepted 25 participants for study at nine universities in Japan under the newly-launched SDGs Global Leadership Program. In January 2020, JICA president Shinichi Kitaoka gave a lecture to these program participants. This was followed by a networking gathering involving the participants and JICA staff, providing an opportunity for JICA to build a trusting relationship with these future national leaders. JICA is stepping up efforts to scale up this and other JICA scholarship programs. In fact, it has already decided to accept participants from Timor-Leste from fiscal 2020 onward.

4. Sharing Flexibly Defined Universal Values and Building a Peaceful, Stable, and Secure Society

In promoting an FOIP, it is necessary for ASEAN in a new era to foster a sound middle class that fully respects freedom, democracy, equality, the rule of law, and good governance, and can play a central role in national development. JICA will assist this process. It will also address looming social problems, such as non-communicable diseases and aging populations, with pioneering approaches.

Myanmar: Developing the Thilawa Special Economic Zone

Mobilizing the full range of aid modalities for investment promotion and job creation



The One Stop Service Center in the SEZ is praised by client companies for its prompt execution of various procedures required for business activities.

In the Thilawa area, located more than 20 km southeast of the central area of Yangon (the largest city in Myanmar), business entities were set up in 2014 to develop a special economic zone (SEZ) by Japanese companies and the Myanmar government and enterprises. JICA invested in one of them to support the development of an SEZ.

JICA also extended comprehensive cooperation aimed at reducing investment risks. Its cooperation covered the development of peripheral infrastructure such as roads, electricity, water supply, a port, and telecommunications, as well as institutional improvements such as streamlined approval

and authorization procedures.

By June 2019, Japanese companies started operations in Thilawa Port. In February 2020, the access roads were completed, thereby improving the logistics at the SEZ. Since the launch of the SEZ, more than 100 companies—mainly from Japan but also from other countries as well—have become tenants, creating over 10,000 jobs.

In August 2019, State Counsellor Aung San Suu Kyi visited the SEZ and expressed her gratitude to Japan. The Thilawa SEZ is now a symbol of Japan’s public-private cooperation with Myanmar.

JICA's ongoing assistance in building a peaceful, stable, and secure society in the region includes support for ethnic minorities in Myanmar and the Mindanao peace process in the Philippines.

5. Technical Cooperation with the ASEAN Community

Under the Knowledge Co-Creation Program, JICA implemented a country focus training project titled "Capacity Building in Policy Formation for Enhancement of Measures to Ensure Cybersecurity in ASEAN Region" between January and February of 2020 as the first project under the Japan-ASEAN Technical Cooperation Agreement.

The agreement, which was concluded in May 2019, lays out a set of measures to be taken by ASEAN when JICA carries out technical cooperation for the regional community such as the dispatch of experts and study missions to ASEAN and the acceptance of training participants from the community. The pact directly targets the ASEAN Community and its affiliated organizations, both of which were not covered in conventional bilateral frameworks, thereby paving the way for supporting the designing of common standards and institutional arrangements for the 10 ASEAN member states.

The Pacific

Regional Issues

The Pacific region is faced with such challenges as increasingly complex maritime issues, vulnerable transportation

infrastructure, and exposure to natural disasters and climate change. In February 2019, the Japanese government launched the Interagency Committee for Promoting Cooperation with Pacific Island Countries. The committee has set out the policy of more strategically engaging with the Pacific region with an "All-Japan" commitment to assist in maintaining and developing a regional environment conducive to realizing a Free and Open Indo-Pacific.

JICA Initiatives

JICA has established its own policy of scaling up its engagement with Pacific island countries (PICs). Under this policy, JICA is extending cooperation in addressing the issues mentioned above with a view to upholding maritime order and achieving self-sufficient and sustainable development. The following paragraphs describe JICA's initiatives and major achievements in fiscal 2019.

1. Marine Cooperation

JICA proceeded with preparations to dispatch an advisor to the Pacific Community (SPC) in an effort to ensure the efficient and sustainable operation and management of port facilities in PICs. The advisor will help the capacity development of the port authorities in these countries through the SPC. In the Federated States of Micronesia, JICA has conducted a study for expanding Pohnpei Port in the capital city to improve maritime logistics.

2. Improving Connectivity

In Papua New Guinea, expansion and improvement work

Laos: Joint Policy Research and Dialogue Program for Fiscal Stabilization in Laos

The program's policy proposals command a high regard and provide an important input to the next National Socioeconomic Development Plan



Deputy Prime Minister and Minister of Finance Somdy Douangdy receiving fiscal stabilization proposals after being briefed on the final report meeting

Laos has seen its public finances deteriorate due to a current fiscal deficit and increasing public debt, making fiscal consolidation an urgent issue to be addressed for achieving sustainable development.

Under this program, which was launched in March 2018, JICA examined issues to be addressed and steps to be taken to attain Laos' fiscal stabilization through joint policy research between Laotian administrative officials and researchers and Japanese academics, as well as through dialogue with high-ranking government officials of Laos. Researchers and officials from the two countries worked closely in four Working Groups: (1) Fiscal and Debt Management, (2) Resource Export Management, (3) Balance of

Payment and Foreign Reserve Management, and (4) Financial System Development. They came up with a final report and a set of policy proposals for fiscal stabilization.

They held the final report meeting in January 2020 to report on and submit these documents. This particular assistance by Japan was highly appreciated by the Laotian government and the outcome documents were put to use in formulating the next Five-Year National Socioeconomic Development Plan (2021–2025).

JICA will continue to support fiscal stabilization in Laos with its technical cooperation and in collaboration with international organizations.

began for Nadzab Airport near Lae, the second largest city in the country. JICA also commenced a study for expanding Tokua Airport, which serves as a gateway to East New Britain Province, in which Rabaul—a township with close historical ties with Japan—is located. In the Solomon Islands, JICA is proceeding with the Project for the Improvement of the Honiara International Airport, the only international airport in the country.

3. Environmental Management

JICA has been supporting institution building for sustainable waste management at the regional and national levels in cooperation with the Samoa-based Secretariat of the Pacific Regional Environment Programme (SPREP), thereby contributing to marine plastic reduction and climate action.

4. Disaster Risk Management and Climate Change

To support the efforts addressing climate change by PICs, which are highly vulnerable to natural disasters, JICA set up the Pacific Climate Change Center (PCCC) at SPREP and launched technical cooperation for developing the capacity of climate change specialists by using PCCC as a hub for this purpose. In Fiji, JICA proceeded with preparations for technical cooperation aimed at building the capacity to carry out disaster prevention activities. It also signed a loan agreement for a Stand-by Loan for Disaster Recovery and Rehabilitation to accommodate post-disaster financial needs [→ see the case study below].

5. Stable Supply of Energy

PICs commit to increase renewable energy supply, and JICA



Samoa: Training participants engaging in group work at PCCC under the Project for Capacity Building on Climate Resilience in the Pacific

has provided PICs with technical assistance that is aimed at optimal introduction of renewable energy while stabilizing electric power systems and making efficient use of diesel power generation. In Tonga, JICA installed a wind power generation system designed to secure stable energy supply by promoting renewable energy generation and diversifying power sources.

6. Human Resources Development

In fiscal 2019, 40 JICA scholars completed their courses under Pacific Leaders' Educational Assistance for Development of State (Pacific-LEADS), a program designed to nurture fast-track junior officials who will lead the development of PICs. JICA accepted 17 JICA scholars under the SDGs Global Leadership Program, a successor to Pacific-LEADS. These JICA scholars experience internships at government agencies or private companies in Japan, and this creates mutual learning opportunities for both sides.

Fiji: Stand-by Loan for Disaster Recovery and Rehabilitation

When preparations for cyclones pay off



A village hit by Cyclone Harold

Situated at the center of the South Pacific, Fiji is prone to cyclones from November to April. Almost every year, cyclones destroy buildings and inundate homes and farmland in the country. In February 2016, Cyclone Winston, one of the most intense cyclones on record, made landfall in Fiji, causing damage totaling some \$600 million (equivalent to about one-third of the national annual budget).

In preparation for disasters like this, JICA signed a loan agreement, "Stand-by Loan for Disaster Recovery and Rehabilitation," with the Fijian government on February 21, 2020.

It was the first ODA loan to Fiji in 22 years. This loan agreement is designed to promptly meet financial needs in the wake

of a disaster while supporting disaster risk reduction policies that have been developed with JICA's technical cooperation, including the National Disaster Risk Reduction Policy.

On April 8, just one month and a half after the loan agreement was concluded, Cyclone Harold made landfall in Fiji, destroying 2,000 homes. In addition to emergency supplies, JICA provided loans to Fiji under this agreement, thus contributing to the process of swift rehabilitation in the aftermath of the devastating cyclone.