

South Asia

Contributing to “Quality Economic Growth” and “Foundation-Building for a Free and Democratic Society”



Regional Issues

South Asia has great growth potential, with young people under age 25 estimated to account for about a half of the regional population of 1.8 billion. On the back of a thriving service sector and growing consumption, the region has recently shown robust economic growth. Yet the number of people living in absolute poverty in the region (about 220 million) make up one-third of the world's total.¹ Efforts are thus needed to reduce national and regional disparity and build inclusive and sustainable communities as called for in the Sustainable Development Goals (SDGs).

The hitherto steady growth weakened somewhat in 2019, pointing to the need to address two major bottlenecks for future growth in the region: insufficient physical and nonphysical infrastructure and inadequate human capital formation. As the region is also beset with a fluid security situation and is vulnerable particularly to natural disasters, the proper management of downside risks is essential.

1. World Bank, “Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle.”

JICA Initiatives

The stability and development of South Asia, a strategic region linking ASEAN and the Middle East and Africa, is vital for overall global stability and development.

Focusing on human security, JICA is extending cooperation that meets the needs of individual countries and strengthens national and regional connectivity. Under the Partnership for Quality Infrastructure, the vision of a Free and Open Indo-Pacific, and intergovernmental joint statements, JICA is working with various countries and international organizations to promote quality economic growth and foundation-building for a free and democratic society.

In fiscal 2019, JICA gave priority to (1) developing economic foundations and improving connectivity, (2) ensuring peace and stability and improving basic public service delivery, and (3) improving access to basic human needs. JICA activities in these priority areas during fiscal 2019 are described below.

1. Developing Economic Foundations and Improving Connectivity

In India, Bangladesh, and Sri Lanka, in line with relevant intergovernmental joint statements, JICA implemented programs and projects that contribute to developing transport infrastructure (railways, roads, and ports)—an essential element for sustainable growth—and economic infrastructure centering around electric power, as well as to promoting private investment and strengthening industrial capabilities. A populous, rapidly urbanizing region, South Asia has great demand for improving the investment environment as well as for developing physical and nonphysical infrastructure (including social infrastructure) that covers such aspects as water supply, solid waste management, and health care. Accordingly, JICA worked on speedier project formulation as well.

As for improving connectivity in the region, JICA formulated a national highway improvement project, which constitutes part of an international corridor program that will connect Northeast India and Bangladesh. It also completed a project to improve a mountainous section of Pakistan's National Highway 70, thus stimulating physical distribution between Afghanistan and Iran.

2. Ensuring Peace and Stability and Improving Basic Public Service Delivery

In light of the Sri Lanka Easter bombings in April 2019, JICA extended technical cooperation in combating terrorism.

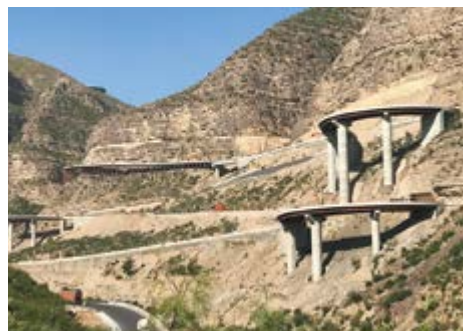
In an effort to improve basic public service delivery, JICA launched technical cooperation to Maldives, having dispatched a macroeconomic and fiscal policy advisor who offers policy advice to the country, which is confronted with macroeconomic concerns stemming from its huge external debt. JICA also increased the number of countries eligible for the Project

for Human Resource Development Scholarship (JDS), a Grant scheme of accepting young government officials and others from developing countries at graduate schools in Japan. As in the case of the ongoing Project for the Promotion and Enhancement of the Afghan Capacity for Effective Development (PEACE) launched in 2011, the graduates are now playing an important role in their home countries. Some of them are in managerial position in their organizations.

3. Improving Access to Basic Human Needs

In agricultural and rural development, JICA began developing guidelines aimed at applying the community irrigation model it has long supported in one area in Afghanistan to other parts of the country. For India, JICA approved an ODA Loan project for a large-scale development of ecosystem infrastructure for the first time ever. Ecosystem infrastructure development is aimed at addressing social and economic issues by taking advantage of ecosystem services provided by forests, wetlands, and other natural environmental elements. In the health sector, JICA launched assistance in strengthening community-based health systems in Bangladesh and an ODA Loan project designed to tighten non-infectious disease control in Sri Lanka.

In disaster risk reduction, JICA initiated technical cooperation in reducing and mitigating disaster risks in Nepal, which was hit by the 2015 earthquake. Four years on, the South Asian country is making progress in managing disaster risks following the post-quake reconstruction phase. JICA also formulated a Grant project for digital topographic mapping, the first of its kind for the organization, with a view to developing flood hazard mapping.



Pakistan: Bridges constructed on a steep slope with Japanese technology under the East-West Road Improvement Project (N-70)

Partnerships with Local Governments and the Private Sector

JICA is strengthening and expanding collaboration with local governments and private-sector companies when extending cooperation. For example, through the Initiative on Overseas Loan and Investment for ASEAN, JICA went ahead with Private-Sector Investment Finance (PSIF) projects in India. Under the Foreign Direct Investment Promotion Project, a Japanese company and a government agency of Bangladesh set up a joint special purpose company (SPC), which will manage special economic zones. For the SPC, JICA disbursed an ODA Loan called Equity Back Finance (EBF)², the first of its kind for the organization.

Considering that South Asia is home to many poor people and vulnerable to natural disasters, and also Japanese government policies including the vision for a Free and Open Indo-Pacific, JICA will continue to promote cooperation that focuses on strengthening intra- and inter-regional connectivity; enhancing industrial competitiveness, including improving the investment environment; ensuring peace, stability, and security; improving access to basic human needs; and addressing global issues.

2. A scheme that proceeds of the ODA Loan will be used as an equity contribution by the developing countries to PPP infrastructure projects.

Maldives: Project for the Formulation of Master Plan for Sustainable Fisheries (MASPLAN)

The government has endorsed the "Sustainable Fisheries Development Plan of Important Sub-sectors in the Maldives 2019–2025" based on JICA cooperation toward the Blue Economy



Maldivian officials and JICA experts holding the first catch of experimental diamondback squid fishing

Maldives is an island nation that consists of 1,190 small islands. In recent years, its economy strongly depends on the tourism sector, which is vulnerable to external factors such as the global economy and the pandemic. Fisheries is the second largest industry of Maldives and it is essential for domestic food security, job creation in rural fisheries communities, and the acquisition of foreign currency from the export of raw and frozen fish. Given the current circumstances of the fisheries sector in Maldives, including heavy dependence on specific species such as bonito and tuna, Maldives is increasingly required to diversify the range of species caught and to improve fishing methods in a sustainable and

eco-responsible manner.

To address these challenges, this project supported developing a master plan for sustainable fisheries in Maldives. During this cooperation, the Project team identified priority areas for improvement of fishing methods and also revealed the potential of diamondback squid, which was not commercially caught in the country but is much in demand for *sashimi* in Japan.

In 2019, the Government of Maldives adopted the output of the cooperation as a national plan, and kick-started promotion of sustainable fisheries toward realization of the Blue Economy.