



East Asia

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

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.

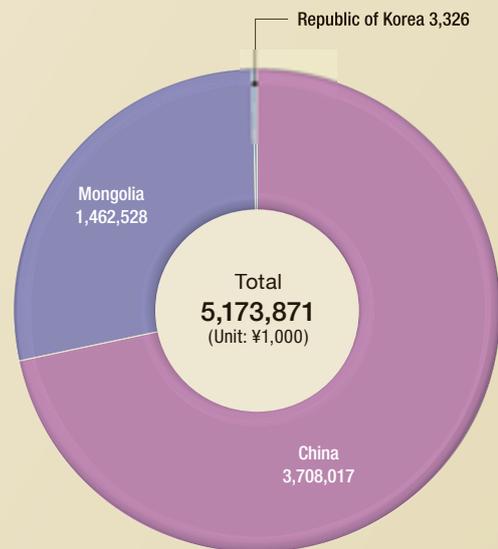
In March 2006, the Chinese government formulated another five-year plan aiming at a balanced society. JICA works to fully understand China's aid needs based on the five-year plan and implements technical cooperation in line with the China Economic Cooperation Plan. JICA's technical cooperation in China is implemented in the following three 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

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 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

● Cooperation results by country in East Asia (FY2007)



* This is the total amount of bilateral cooperation. The amount of cooperation provided to Asia including cooperation that covers a group of countries is 45,121,925 thousand yen.

* Cooperation provided to the Republic of Korea was for emergency relief and other forms of aid.

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\$2,040 in 2006. 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 relations with Japan, China

is the largest trade partner.

On the other hand, the activity report of the Chinese government 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, and 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 significantly thereafter, and reached 9.9% in 2007. As per capita GDP has gone up to US\$1,480 (as of 2007), all international organizations and donor countries recognize that the reform groundwork toward

Mongolia's transition to a market economy has been completed.

However, while the macro economy is in good shape, 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

China

1. Environmental issues and infectious disease control

Environmental issues and infectious diseases are still very serious in China. These issues go beyond national borders and could affect Japan as well, and therefore require response through international cooperation. JICA provides policy and technical support to prevent global warming and promote a circular economy. JICA also provides support in human resources development, planning and technical development toward conservation and recovery of the natural environment and sustainable usage of water resources.

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 through partnership with the World Health Organization (WHO).



A visiting AIDS testing service for migrant workers (GANSU HIV/AIDS Control Project, China)

2. Transition to a market economy and good governance

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 and intellectual property rights in accordance with international rules.

To realize the development of a fair society, JICA supports the policy and system development by the Mongolian government.

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 various forms of activities such as dispatch of volunteers, promotion of exchange between local governments, the youth training programs, 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 understanding of each other's culture and society.

Mongolia

1. Education and human resources development in the private sector

Now that Mongolia has completed the process of building a foundation of 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, in order to develop human resources who are involved in administration, including 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 places importance on developing a law enforcement environment to facilitate economic activities, as well as development of human resources related to the private sector with the help of the Mongolia-Japan Center for Human Resources Development.



Children conducting a scientific experiment. A teaching method that encourages children to think through experiments was developed and introduced through a project. (Teaching Methods Improvement Project towards Children's Development in Mongolia)

2. Rural development

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

3. Environmental conservation

JICA also provides assistance in environmental conservation issues including solid wastes in urban areas and yellow sand storms that adversely affect northeastern Asia across national borders.

Furthermore, as the development of infrastructure forms the basis for 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.