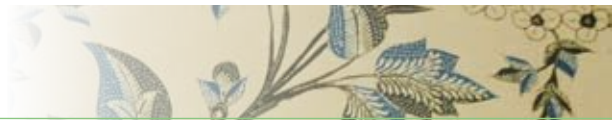


Southeast Asia



Facilitating Partnerships between Southeast Asia and Japan to Achieve Sustainable Development

The nations of Southeast Asia have shaken off the recent global financial and economic crises, and they continue to record steady economic development. The Association of Southeast Asian Nations (ASEAN) has agreed on a roadmap to establishing the ASEAN Community by 2015, and is taking steps to achieve economic integration including the elimination of regional tariffs. It is incumbent on Japan, as the largest investor in Southeast Asia, to build new partnerships with the region.

Growth has also brought widening disparities within the ASEAN region, and individual countries also face serious concerns about increasingly evident urban and environmental issues, as well as domestic disparities. The region also continues to face many challenges including the prevalence of natural disasters and civil unrest. JICA is addressing these factors with new projects designed to contribute to sustainable growth in Southeast Asia.

Key Aid Strategies

Achieving Regional Economic Growth, Remediating Disparities and Securing Regional Stability

Southeast Asia consists of the 10 ASEAN member countries, plus Timor-Leste.

In response to the global financial and economic crises of 2008, JICA provided emergency financial support in 2009 to prevent a recurrence of the Asian Financial Crisis that occurred over a decade ago. In total, approximately ¥100 billion was provided including assistance for climate change projects. Fortunately, the nations in the region are steadily recovering despite the impact of the global financial and economic crises.

ASEAN established the ASEAN Free Trade Area (AFTA) in 1992 through the Framework Agreements on Enhancing ASEAN Economic Cooperation to liberalize regional trade, encourage direct investment from abroad and intra-regional investment, and strengthen the international competitiveness of local industries. JICA is leveraging

its experience with extending ODA over the past half century in an effort to strengthen cooperation for the future of ASEAN.

The challenge facing Southeast Asia is the disparity in development between ASEAN's original members—comprising Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei—and its newer members, namely Cambodia, Laos, Myanmar and Viet Nam. To remedy these disparities and achieve development for the region as a whole, it is essential that poverty be reduced through development of cross-border social and economic infrastructure, and that comprehensive environmental conservation measures be taken.

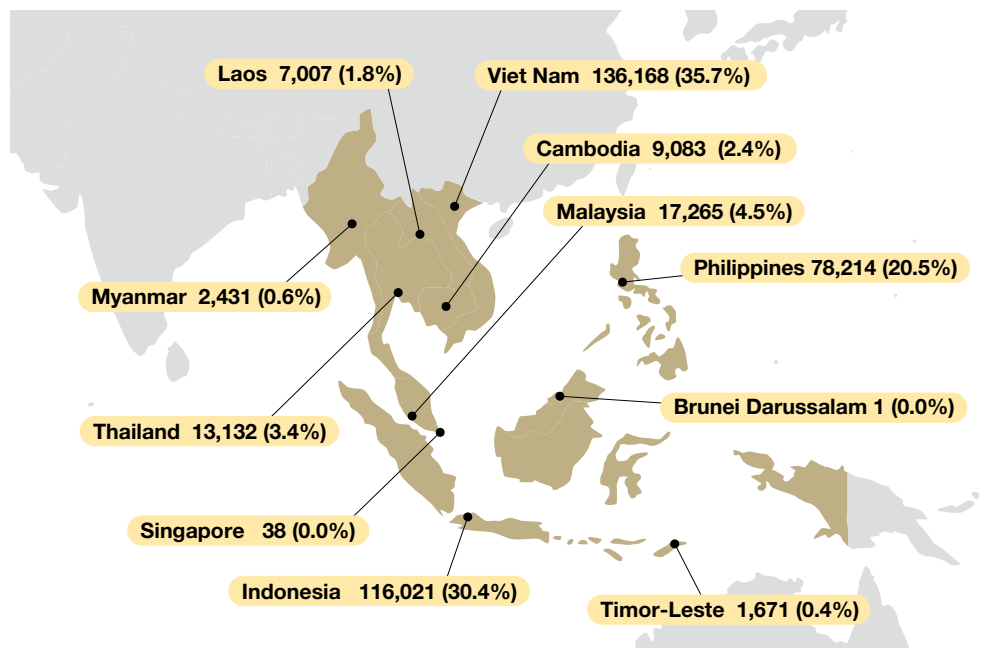
JICA is collaborating with countries such as Thailand, which has reached the level of the middle-income countries, in providing effective solutions for regional issues, including the development of

JICA Programs in Southeast Asia (Fiscal 2009)

The figure shows the total value of JICA programs in each country including Technical Cooperation projects, dispatch of volunteers, other expenditures, ODA Loans (Disbursements) and Grant Aid (Newly concluded G/A agreements).

Note: Figures in parentheses denote the percentage share of overall JICA programs in the region.

Southeast Asia Total: 381,032
(Unit: millions of yen)



Note: Figures exclude JICA's cooperation to multinational and international organizations.

cross-border infrastructure in areas like the Mekong River basin.

Countries such as Myanmar and Timor-Leste, the latter of which achieved independence in May 2002, continue to deal with political instability. For these countries, JICA is strengthening its support for nation-building activities that improve administrative

capabilities and develop human resources, as well as assistance which contributes to poverty reduction.

Priority Issues and Efforts

Supporting the Original ASEAN Member States, Remediating Regional Disparities and Countering Natural Disasters and Climate Change

Among ASEAN's original member states, Indonesia, Malaysia and Thailand are recording steady economic growth.

Rapid economic development in these nations has brought a widening gap between urban and rural areas, and issues such as urban traffic congestion, pollution and urban waste have intensified. Meanwhile, in rural areas, many people have no access to basic social services such as health and medical care, education, information, and water and sanitation, pointing to a strong need for JICA to support social development.

Countries such as Indonesia and the Philippines have in recent years experienced a rash of natural disasters in the form of flooding and earthquakes, which are impediments to sustained economic growth. These countries require humanitarian assistance when natural disasters occur, as well as subsequent support for reconstruction of economic infrastructure, and support for disaster prevention.

Measures to address climate change are another critical challenge facing this region. They range from forest fire prevention and development of geothermal and other renewable energies to the development of urban high-speed rail in order to alleviate traffic and reduce exhaust gas emissions, as well as adaptation measures to address the region's vulnerability to the effects of climate change.



A tropical storm caused devastation in the Philippines in 2009.

Cross-Border Development of the Mekong Region

The Mekong River measures 4,800km in length, flowing from the Tibetan Plateau through China's Yunnan Province and the Indochinese Peninsula. The basin area of the Mekong River is more than twice the size of Japan's total land area.

The Mekong region encompasses Myanmar, Laos, Thailand, Cambodia and Viet Nam in the Indochinese Peninsula. Of these countries, newer ASEAN members—comprising Cambodia, Laos, Myanmar and Viet Nam—lag behind in economic development, and to this day are struggling with high poverty rates.

However, these countries are experiencing continued economic growth which attracts investment from Japanese firms, leading to expectations for further development in the future and even stronger ties with Japan.

JICA has made it a priority to support development in the Mekong region. Representatives from nations in the region expressed high praise for Japan's contributions at the Japan-Mekong Foreign Ministers' Meeting held in Tokyo in November 2009. The Tokyo Declaration adopted by the meeting outlined Japan's commitment to provide more than ¥500 billion in ODA Loans to five nations over a period of three years. The Mekong-Japan Action Plan 63 was also announced following the Tokyo Declaration, and outlines three areas of focus: projects in Viet Nam and Laos under an initiative called "A Decade toward the Green Mekong"; further development of both hard and soft infrastructure, promotion of public-private cooperation; and overcoming vulnerabilities to natural disasters in Myanmar.

Under the guidance of this action plan, JICA will collaborate with Thailand and other new providers of development assistance working in the region in order to implement a broad range of projects.

Country Overviews and Priority Issues

■ Indonesia

As of 2008, Indonesia continued to register a high poverty rate of 14.2% (2009, World Bank), but its gross national income (GNI) per capita reached approximately US\$2,238 (2008) to gain middle-income country status and become a driving force for ASEAN economic growth. Looking ahead, Indonesia needs infrastructure development in the energy sector in order to achieve sustainable growth, as it works to become an upper-middle-income country and do its part in addressing the global issue of climate change.

JICA is providing cooperation to Indonesia with a priority on: (1) achieving sustainable growth driven by the private sector; (2) creating a democratic and equitable society; and (3) securing peace and stability.

JICA has provided several Climate Change Program Loans to Indonesia. These ODA Loans support policy reforms in Indonesia aimed at reducing greenhouse gas emissions and addressing climate change. Loan agreements were signed in September 2008, December 2009 and June 2010. JICA has also provided support for many geothermal power plant projects designed to encourage renewable energy use, such as the Lahendong Geothermal Power Plant in North Sulawesi.

■ Philippines

The Philippines government is concentrating on implementing policies that accelerate economic growth and create new employment to address the basic issue of poverty. However, in 2008, soaring international prices for energy resources and food (rice, etc.), combined with the global economic crisis, caused a downturn in the Philippine economy that was particularly hard on the lives of the country's impoverished.

JICA is committed to the following priority issues: (1) sustainable economic growth aimed at creating employment opportunities;

(2) support for the self-reliance of impoverished people and improvement of their quality of life; and (3) peace and stability in Mindanao.

Under the Logistics Infrastructure Development Project launched in 2009, medium- and long-term financing is being provided through the Development Bank of the Philippines to develop logistics infrastructure for private companies and local governments. This initiative is expected to assist with building a logistics network that achieves a best mix of marine transport and intra-island transportation.

JICA continues to provide cooperation aimed at promoting peace and securing stability in the conflict region of Mindanao. Specifically, JICA is implementing various projects to strengthen administrative capabilities and improve basic lifestyle conditions based on surveys of the needs of local residents and a regional development plan.

■ Thailand

The government of Thailand is pursuing the 10th National Economic and Social Development Plan (2006–2011), which aims to enhance human resources and policies to facilitate adaptation to future change, and achieve further globalization. With this aim, Thailand is taking steps to strengthen international competitiveness, boost domestic demand and strengthen grassroots economies. The GNI per capita of Thailand has reached US\$3,760 (2009), as the nation shifts its focus to development that addresses challenges in working toward becoming an upper-middle-income country.

JICA is extending its cooperation to Thailand in three priority areas: (1) Enhancement of Competitiveness for Sustainable Growth to drive further development; (2) Adaptation to the Development Issues in a Maturing Society with a view to resolving the challenges that come with growth; and (3) Joint Cooperation to Third Countries, taking into account Thailand's shift to becoming a donor nation.



Indonesia has more geothermal resources than any other country.



Development in the Philippines has also brought growing economic disparities.

Based on these three priority areas, JICA is taking both hard and soft infrastructure initiatives. These initiatives include development of human resources and institutions for industrial promotion, development of infrastructure such as the Mass Transit System in Bangkok, support for strengthening environmental management systems and climate change-related policies, cooperation on development issues for the aging society, support for the socially vulnerable including measures against human trafficking and

cooperation on promotion of South-South Cooperation.

■ Cambodia

Cambodia has seen its economy grow by more than 7% on average in the last five years. Cambodia's GNI per capita improved to US\$640 (World Bank) in 2008, yet its Human Development Index (HDI), which includes literacy and infant mortality rates, remains among the lowest of ASEAN countries.

Case Study

Using Satellite Technology to Prevent the Spread of Forest Fires

Indonesia

JICA's Cooperation Program for Responding to Climate Change

JICA has been providing assistance to Indonesia for forest fire prevention since the 1990s to address the frequent large-scale forest fires that ravage the country. Under JICA's cooperation program for addressing climate change, research is being conducted on satellite observation and fire spread simulations, with a focus on preventing peat fires that emit high levels of greenhouse gases.

Massive Forest Loss due to Fires

Major forest fires that erupted in Sumatra in 1982 and Kalimantan in 1997 razed several million hectares of the country's forest land. Haze from the fires drifted as far as Malaysia and Singapore, affecting the health of people throughout the region. The disasters also upset transportation and had serious consequences for the tourism industry.

In 1991, JICA provided assistance to conduct a fact-finding study on forest fires, and in 1993 dispatched forest fire experts to Indonesia. When fires broke out in Kalimantan, the Japanese government made emergency arrangements to provide firefighting equipment and materials through Grant Aid, and dispatched a Japan Disaster Relief team comprised of experts from the Fire and Disaster Management Agency and Tokyo Fire Department. After the fire was extinguished, JICA provided assistance to help with the recovery of a national park, restoring greenery to 360ha of park land.

In 1996, JICA initiated Technical Cooperation for the Forest Fire Prevention Management Project to build a system for the early identification of fire hotspots using meteorological satellites and develop basic technology for early fire suppression. In Phase 2 of the project begun in 2001, JICA provided cooperation for the development of fire spread danger maps and the creation of fire prevention guidelines for national parks, and supported other disaster prevention initiatives such as the establishment of fire-

fighting groups and citizen patrols. Since 2006, JICA has also been involved in pursuing fire prevention activities through resident-led initiatives in areas that experience frequent forest fires, namely Riau, Jambi and East Kalimantan.

Utilizing Satellite Detection Technology for Fire Spread Prevention and Evacuation

Building on its track record in Indonesia, JICA launched a five-year project in 2009 to provide cooperation for measures to address peat fires—which emit high levels of greenhouse gases—as a neutralization measure under JICA's cooperation program on climate change. Indonesia has many areas with distributions of peat deposits, which are particularly hazardous in case of forest fires. To prevent peat fires, JICA is collaborating with Hokkaido University to develop a system for detecting fire hotspots through analysis of information from the Advanced Land Observing Satellite (ALOS), called Daichi, and other satellites, and

conducting research on fire spread simulations in order to rapidly predict the spread of fire for evacuation and firefighting activities.

A Grassroots View

Shigeru Takahara

Chief Advisor, Project for Facilitating the Implementation of National Forestry Strategic Plan

Indonesia ranks fourth in the world in greenhouse gas emissions and is in urgent need of action to counteract climate change, including measures to limit the loss of forest land in the country. JICA has been cooperating with Indonesia to deal with fires in peat regions, which emit large amounts of carbon dioxide. These initiatives are an extension of JICA's ongoing cooperation to address forest fires, with a focus on assistance that is directly linked to the fight against climate change.



Putting out peat fires in Riau, Indonesia.

In order for Cambodia to achieve further economic development and overcome poverty, the country must develop its economic and social infrastructure, and continue to develop policies and human capacity in a variety of areas.

JICA is providing support for both hard and soft infrastructure to meet Cambodia's needs. JICA is assisting with the development of critical economic infrastructure such as the Sihanoukville Port and key trunk roads, as well as special economic zones to promote the private sector. JICA is also working to improve power supply and assist the development of frameworks for attracting investment. In the key agricultural sector, JICA is helping to develop irrigation facilities, encourage the adoption of agricultural technology and develop models for improving logistics, while providing cooperation for human resource development.

To assist Cambodia in capitalizing on the fruits of growth and social development, JICA is extending cooperation for the development of social infrastructure, including improved water supply, healthcare services and education in science and mathematics.

JICA is also working to strengthen the nation's economic foundation and enhance governance as the backbone for social development. These initiatives include strengthening legislation and policies and developing legal professionals; enhancing the management of public finances; and improving administrative capabilities including for local government.

■ Laos

Laos is promoting the adoption of market economic principles in an effort to eradicate poverty. Laos is grappling with extreme poverty, in that 33% of the nation's population of 6.3 million (2008) live below the poverty line. Some 82% of the country's workforce subsists through agricultural means, while an estimated 49 ethnic groups make up a highly multiethnic society. Mountainous terrain comprises 80% of the landmass in Laos, and along with an undeveloped infrastructure, each region tends to be isolated from the others, making it difficult for people to access social services.

JICA's approach to extending assistance to Laos revolves around three principles: (1) support for the steady achievement of the United Nations Millennium Development Goals (MDGs); (2) support for building a foundation for economic growth that will serve as a driving force for the country's independent and sustainable economic growth; and (3) support for capacity development as a prerequisite for Laos to achieve self-reliant efforts. Under these goals, JICA has designated the following priority areas: basic education, healthcare services, rural development, social and economic infrastructure development, strengthening of the private sector and improvement of administrative capabilities.

Guided by these principles and priorities, JICA supports the Capacity Development for Sector-Wide Coordination in Health (Phase 2) project, which aims to strengthen the business regulation

capabilities of the Ministry of Health (Lao PDR). JICA has also extended a Budget Strengthening Support Loan to provide joint financing for Laos to implement reforms through its own efforts, and is conducting the Study on the Improvement of Water Environment in Vientiane Capital. These initiatives are aimed at helping Laos to rise out of its impoverished state and achieve self-reliance.

■ Myanmar

Myanmar has been under military rule since 1988. The Japanese government has in principle withheld any new proposals for assistance to the country since Aung San Suu Kyi was detained and put under house arrest in 2003. However, as an exception, Japan is supporting high urgency and true humanitarian issues, issues of human resource development for democratization and economic restructuring and issues that target all ASEAN or CLMV countries (Cambodia, Laos, Myanmar and Viet Nam). Specific assistance includes support for eradication of the drug trade, prevention of the three most threatening infectious diseases—malaria, HIV/AIDS and tuberculosis—and support aimed at providing water supply to villages in the central dry zone that face a critical lack of supply.

In 2008, Myanmar was ravaged by Cyclone Nargis, which took an unprecedented toll on the country. JICA is supporting recovery and restoration efforts in the Ayeyarwady delta area, an area that was particularly hard hit by the cyclone, with a focus on disaster prevention, protection of agriculture and mangrove rehabilitation.



JICA medical team provides care in the aftermath of Cyclone Nargis in 2008.

■ Viet Nam

Since 1990, Viet Nam has recorded average GDP growth of more than 7.5%, and its poverty rate has significantly improved, dropping from 58.1% in 1993 to 14.5% in 2008.

Now welcomed into ASEAN Free Trade Area (AFTA), Asia-Pacific Economic Cooperation (APEC) and the World Trade Organization (WTO), Viet Nam must strive to enhance its international competitiveness. Meanwhile, issues such as income disparities between urban and rural citizens and environmental destruction have emerged.

JICA is providing support through a combination of financial and Technical Cooperation focusing on the following priority areas: (1) promotion of economic growth and strengthening of international

competitiveness; (2) improvement in living and social conditions and corrections of disparities; (3) environmental conservation; and (4) strengthening of governance.

Case Study

Building the Resilience of the Nation and Community to Natural Disasters

Philippines

Disaster Risk Management Program

The Philippines is exposed to many natural disasters including typhoons, floods and volcanic eruptions. Natural disasters are an obstruction to economic development, and are a major challenge in the nation's efforts to reduce poverty.

JICA, building on lessons learned from more than four decades of extending assistance, is promoting a disaster risk management program to assist with hard and soft community and nation building aimed at strengthening the Philippines against natural disasters. JICA also provided support to assist recovery from the effects of typhoons that struck the Philippines in 2009.

Aiming to Reduce Loss of Life by Half

In Japan, residents voluntarily evacuate to safe places such as schools and public halls in response to typhoon or torrential rain forecasts. These evacuation centers are stocked with emergency rations, drinking water and blankets. Hazardous areas are routinely inspected and improved, and sandbags are prepared against possible water intrusion, all part of measures learned from past disasters.

The Philippines, like Japan, is exposed to many natural disasters, which extract a human toll as well as being an impediment to the nation's economic development through the destruction of roads, and flooding and runoff in agricultural lands. Natural disasters are a major challenge to the Philippines in its efforts to reduce poverty.

JICA is leveraging Japan's expertise as a nation with an advanced disaster risk management infrastructure. For more than 40 years, JICA has been providing ODA Loans and Grant Aid to support sediment and flood countermeasures for rivers, and supplied Technical Cooperation to strengthen the capabilities of engineers involved in disaster risk management and river management. Building on knowledge gained from these initiatives, JICA initiated a disaster risk management program in 2008 that is aimed at building the resilience of the nation and community to natural disasters in the Philippines. The program encompasses assistance for the construction of flood control and sabo facilities, and comprehensive

support for soft measures such as capacity development on disaster risk management at both the government and community levels, and improving the quality of disaster information. The aim of the program is to halve the loss of human life in disasters by 2017.

Disaster Recovery and Protection of Lives and Land

In 2009, Tropical Storm Ketsana and Typhoon Parma devastated the Philippines on a scale rarely seen worldwide, bringing torrential rain the likes of which statistically occurs once every 180 years. Close to 1,000 people lost their lives in floods and landslides, with the typhoons also causing significant damage to essential roads and bridges needed for the economic lives of Philippine citizens, and damaging flood control facilities needed to protect human lives. JICA cooperated with the implementation of studies spearheaded by the World Bank, and formed an infrastructure rehabilitation project through ODA Loans signed in May 2010, responding to requests from the Philippine government. This project

aims to assist the recovery of economic and social activities in disaster-stricken areas, and work toward prevention of secondary disasters.

JICA also launched a plan to build a meteorological radar system in 2009. The aim is to reduce the toll from future typhoons by strengthening the nation's typhoon monitoring capabilities and improving announcements for typhoon warnings.

A Grassroots View

Minoru Kamoto

Expert in Integrated River Basin Management

The people of the Philippines have displayed real strength and solidarity, with little sign of yielding to social uncertainty in the face of repeated disasters—something that Japan can stand to learn from. At the same time, funding, personnel and technology are insufficient, and work on prevention, recovery and restoration is moving slowly. Given the circumstances, JICA's assistance for disaster risk management in the Philippines is extremely significant.



A disaster site in West Mangahan.



In fiscal 2009, JICA extended ¥47.9 billion in ODA Loans to Viet Nam for emergency measures to address the global financial and economic crises. JICA is providing support for many initiatives aimed at developing small and medium-sized enterprises and supporting industries. The initiatives include ODA Loans to finance small and medium-sized enterprises, assistance from JICA experts to strengthen policy frameworks, Technical Cooperation projects and volunteers to improve the technology and expertise of small and medium-sized enterprises, and Technical Cooperation projects to train skilled technicians.

JICA has also emphasized support for Viet Nam's water environment sector. The support includes Technical Cooperation to help administrative agencies better manage water environments, and Technical Cooperation to boost the capacity of research institutes. In addition, JICA extends ODA Loans to build sewage and drainage facilities in metropolitan areas.

■ Timor-Leste

Public order in Timor-Leste has been gradually improving since the latest Presidential elections and National Parliament elections in 2007. Under the slogan, "Goodbye Conflict, Welcome Development," the government of Timor-Leste has stepped forward into a stage of development.

For the sake of peace and stability in the Asia-Pacific region, JICA has been providing assistance to Timor-Leste in the following priority areas: (1) human resource development and institution building; (2) maintenance and improvement of infrastructure; (3) agricultural and rural development; and (4) consolidation of peace.

For maintenance and improvement of infrastructure, JICA has provided capacity building assistance for "life-line" roads, maintenance, policy development for road rehabilitation and technical transfer to engineers. JICA is focusing on providing assistance for the development of economic infrastructure that contributes to the country's economic growth, such as in the transportation sector, shifting away from the emergency and recovery aid which JICA has been heavily involved in so far.

In addition, for poverty reduction purposes, JICA is supporting rural development through improvement of irrigated rice cultivation systems to increase rice crop productivity, and the dispatch of experts to strengthen water management associations.

■ Malaysia

Malaysia is achieving steady growth and has become one of the more developed ASEAN nations. The Malaysian government announced the New Economic Model (NEM), a long-term economic roadmap for the country, in March 2010. The NEM plan outlines policies that aim to increase annual per capita income to US\$15,000 by 2020 through strategies such as a shift to knowledge-intensive industries. In order to aid Malaysia in building more equitable and cooperative partnerships, JICA will continue providing assistance

with a focus on the following four priority areas: (1) enhancement of mutual interests between Japan and Malaysia; (2) overcoming challenges associated with rapid growth; (3) resolving regional issues; and (4) strengthening capacity development as a donor and promoting Japan-Malaysia cooperation.

Major projects currently being implemented through ODA Loans include the Pahang-Selangor Raw Water Transfer Project for supplying water to the Malaysian capital of Kuala Lumpur and the Higher Education Loan Fund Project, or HELP3 initiative, which gives local students the chance to study science and engineering in Japan. Major projects being implemented through Technical Cooperation are the Bornean Biodiversity & Ecosystems Conservation Programme Phase II (BBEC II) initiative in Sabah and the Improvement of Ability in Maritime Safety and Security project aimed at enhancing the capabilities of the Malaysian Maritime Enforcement Agency (MMEA).

JICA is also implementing the study to analyze the economic structure of Malaysia, to confirm the process, conditions and policies for economic development in Malaysia over the past 30 years, in order to organize the information necessary for future discussions on economic growth policies. The study will also be used to analyze issues that remain for Malaysia and the potential for assistance.



Environmental training at the Rainforest Discovery Centre in Sabah
(Photo by Arase Sugawara)

■ Singapore

Singapore has achieved remarkable economic development, having already joined the ranks of the developed nations. JICA closed its Singapore liaison office in fiscal 2009. JICA will implement the Japan-Singapore Partnership Programme for the 21st Century (JSPP 21), and send a research fellow to the Lee Kuan Yew School of Public Policy of the National University of Singapore, to initiate network-building activities such as joint research and seminars to capture useful input for JICA projects.

Case Study**Boosting International Competitiveness by Raising the Level of Industry****Viet Nam: Cooperation Program on the Development of Small and Medium-Sized Enterprises (SMEs) and Supporting Industries (SIs)**

Viet Nam continues to achieve steady growth, and it faces the challenge of developing supporting industries that can supply parts with stable quality, cost and delivery (QCD) to foreign-affiliated assembling companies in order to enhance its international competitiveness amid ongoing globalization. JICA is providing multifaceted support including assistance for formulating policies to promote small and medium-sized enterprises, and for human resource development among business owners and skilled technicians.

Leveraging Business Expertise from Japanese Companies

In Viet Nam, JICA is implementing the Cooperation Program on the Development of Small and Medium-Sized Enterprises (SMEs) and Supporting Industries (SIs). The program is focused on the following primary support: strengthening policy formulation and frameworks for implementation; improving access to finance for small and medium-sized enterprises; developing human resources for industry by fostering business owners and skilled technicians; and strengthening technology and business expertise for small and medium-sized enterprises in supporting industries.

Since shifting to a market economy, Viet Nam has sought direct investment from overseas, touting its large labor pool and low labor costs, in order to achieve steady growth. The private sector has also grown through government support. However, Viet Nam will face cutthroat international competition in the future in implementing various international commitments based on its WTO accession, and considering that AFTA member countries will abolish intra-regional tariffs by 2015.

Small and medium-sized enterprises comprise the majority of Viet Nam's private

sector. The Cooperation Program on the Development of Small and Medium-Sized Enterprises (SMEs) and Supporting Industries (SIs) seeks to expand the supply of business resources in human resources, financing and technology. It is critical to the development of small and medium-sized enterprises and supporting industries by strengthening capacity of administrative agencies in charge of policy implementation to assist the promotion of small and medium-sized enterprises.

Since 1998, JICA has provided assistance through the following projects: study for the plan to promote small and medium-sized enterprises; two-step loans for small and medium-sized enterprises; the Viet Nam-Japan Human Resources Cooperation Center; the Project for Strengthening Training Capability for Technical Workers in the Hanoi Industrial College; policy advisors for small and medium-sized enterprises; and the Project for the Reinforcement of the Small and Medium-Sized Enterprises Technical Assistance Center in Hanoi.

Leveraging this experience, and under the framework of the Japan-Viet Nam Joint Initiative to Improve Business Environment with a View to Strengthening Viet Nam's Competitiveness, which is implemented together with public and private authorities of Japan and Viet Nam, JICA is providing multifaceted assistance aimed at maintaining and strengthening the international competitiveness of the manufacturing industries in Viet Nam. This assistance is undertaken in collaboration with relevant authorities in Viet Nam, local chambers of commerce, Japanese-affiliated companies and public agencies in Japan.

A Grassroots View**Shinya Abe****General Director, Panasonic Vietnam Co., Ltd., and Chairman of the Japan Business Association in Viet Nam**

As a Japanese-affiliated company with operations in Viet Nam, we have a strong desire for improvement of the investment environment in Viet Nam. These range from the human resource development for industry, promotion of supporting industries, development of infrastructure and simplification of administrative procedures. The development of supporting industries is highly critical to ensuring that Viet Nam's manufacturing industries are able to survive when intra-regional tariffs are abolished.

A Grassroots View**Ha Quyet Than****Kim Long Company**

Doing business with foreign-affiliated companies helps to expand our business, and their exacting demands drive improvements to our work and services. It also provides opportunities for Vietnamese companies to strengthen creativity. The weaknesses of small and medium-sized enterprises like ours are management and production capacity. We expect that JICA will assist us to acquire modern management methods, and also expect that government of Viet Nam will provide financial support in order to increase production capacity.

Nguyen An Phon**Director, Phong Nam Company Limited**

Vietnamese companies can learn a lot about management methods from foreign-affiliated companies. In order to expand business with foreign-affiliated companies, it is necessary to earn their confidence by implementing 5S practices, respecting delivery dates and having the same expectation of quality. JICA is providing extensive support for the acquisition of management expertise and technology, but we also hope that JICA will provide a bridge for low-cost financing and disseminate information on financial support.



Senior Volunteer provides instruction to Vietnamese students.



Vietnamese students receive hands-on training.