

East Asia

Strengthening Partnerships with Japan's Neighbors in East Asia and Promoting Mutual Understanding

East Asia has achieved remarkable economic growth and maintains close ties with Japan. JICA is effectively providing cooperation to East Asia, recognizing that the stable development of the countries in the region is of prime importance not only to Japan but to all of Asia.

China will become the world's second largest economy in terms of GDP in 2010. However, China faces many challenges including growing regional disparities and issues such as environmental pollution and infectious diseases that have raised concerns about their impact on Japan. In 2009, JICA extended support to China to encourage a recycling-oriented economy and to support food safety, co-existence of people and ibises, disaster prevention and forest recovery.

Mongolia faced a severe shortage of revenues when prices of copper—a key export commodity for the country—collapsed with the onset of the global economic crisis in late 2008. In addition to extending emergency assistance to Mongolia, JICA is providing support for human resource development, regional development, environmental conservation and infrastructure development in the nation.

Key Aid Strategies

Supporting Stability and Sound, Sustainable Development

JICA's support for China focuses on the three priority areas listed below. Across all three, it emphasizes intellectual support for the development of policies and programs, together with technology transfer and human resource development. JICA also provides various kinds of cooperation such as support for disaster prevention and reconstruction.

- (1) Cooperation to tackle environmental and other global issues including measures against environmental pollution and infectious diseases
- (2) Assistance for the reform and open policy, covering promotion of sound governance and the transition to a market economy
- (3) Promotion of mutual understanding

Mongolia took its first steps toward democratization and the pursuit of a market economy in 1990. Since then, Japan has been a top donor nation to Mongolia, extending support in the four priority areas listed below. In recent years, JICA has been supporting Mongolia's efforts to diversify its national industries beyond those that are dependent on natural resources. JICA is also extending support to solve urban issues in the capital city of Ulaanbaatar, and is assisting with expansion of basic social services.

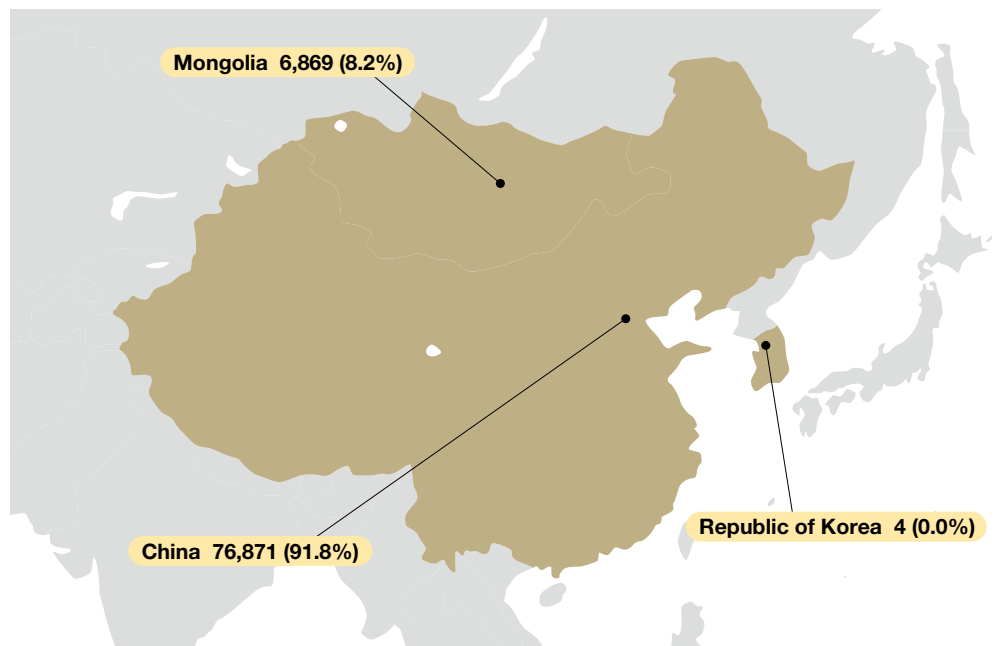
- (1) Institution-building and human resource development to promote a market economy
- (2) Rural development
- (3) Environmental conservation
- (4) Infrastructure development to promote economic activity

JICA Programs in East 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.

**East Asia
Total: 83,744**
(Unit: millions of yen)



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

Priority Issues and Efforts

■ China

China has sustained a high level of economic growth, having achieved a real economic growth rate of more than 9% averaged over the last 20 years. In 2009, the country's GNP per capita reached US\$3,687.

At the same time, the high rate of economic growth has caused distortions to emerge in Chinese society, and these demand solutions as China seeks to develop a balanced and harmonious society. China faces major issues in terms of lagging behind in the areas of environmental pollution and socioeconomic policy in particular. These issues cannot be neglected as economic ties between China and Japan grow stronger. China is also the world's biggest producer of carbon dioxide, and has a major role to play in the effort to build a low-carbon society.

Japan has continued to provide assistance to China since 1979, following the signing of the Treaty of Peace and Friendship between Japan and the People's Republic of China in 1978. JICA is strengthening the partnership between the two nations to resolve these challenges, while providing effective and efficient cooperation that leverages Japan's experience and knowledge.

1. Addressing Environment Pollution and Infectious Disease

To help China address environmental issues, JICA provides

policy and technical support to combat climate change and to encourage the development of a recycling-oriented economy in China. The Promotion of Circular Economy Project is a Technical Cooperation project under which JICA is extending support to facilitate environmentally friendly business activities, raise the environmental awareness of Chinese citizens, foster optimal waste management and develop human resources in the forestry sector.

In 2009, JICA initiated intellectual cooperation to develop a new program for extending government compensation to victims suffering from pollution-related health problems, and started a project to upgrade sewage treatment facilities and operations. JICA also launched a project to build a regional environment for the co-existence of people and ibises, in an effort to preserve biodiversity. Although no new ODA Loans were extended to China in 2009, JICA is supporting environmental conservation initiatives under existing ODA Loans. The ongoing initiatives involve the development of water and sewage infrastructure, measures to address water and air pollution, and measures to promote afforestation and prevent desertification in China.

In the fight against infectious diseases in China, JICA cooperates with the World Health Organization (WHO), particularly in combating HIV/AIDS. JICA's efforts also reach out to individual communities, supporting the improvement of their sanitation and health services.

Case Study

Reconstruction after the Great Sichuan Earthquake

Japan-China Cooperation Plan of Earthquake First-aid Capacity Training / Human Resource Development Project for Aseismic Buildings / Project for Capacity Development on Mental Health Services for Reconstruction Support of Sichuan Earthquake / Project on Forest Restoration after the Earthquake in Sichuan Province

China is working hard to rebuild after the Great Sichuan Earthquake that devastated a large area in the country in May 2008. JICA is providing multidimensional support including for the development of frameworks of emergency rescue, development of human resources in the field of seismic construction, mental healthcare for earthquake victims and recovery of forests destroyed by the earthquake.

When the Great Sichuan Earthquake hit China, JICA dispatched a Japan Disaster Relief team and medical team and provided emergency supplies. In February 2009, JICA conducted a seminar in Chengdu, China, focusing on mental healthcare for earthquake victims as part of reconstruction efforts. The seminar was attended by mental healthcare practitioners including community workers, school teachers, psychology specialists and nurses who are involved with disaster victims. In June 2009, JICA conducted training for mental healthcare practitioners in Japan under the theme of planning for mental health services after disasters. As part of the training, JICA arranged for the participants to visit areas that

were impacted by the Great Hanshin-Awaji Earthquake and Chuetsu earthquake.

JICA, with the cooperation of the Ministry of Housing and Urban-Rural Development of China, is conducting training and sending



JICA conducted training under a plan to provide mental healthcare for earthquake victims in China. The participants visited a classroom at a Kobe elementary school in Japan that is used to display memorabilia from the earthquake.

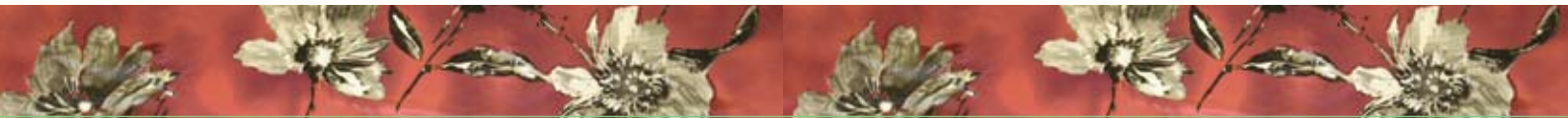


JICA seminar for mental healthcare practitioners

experts to China under a project to develop human resources in the field of seismic construction. This initiative is designed to assist with the development of Chinese building standards for the design and construction of buildings that meet seismic standards. JICA also initiated a project in March 2010 to develop suitable local methods for restoring forest vegetation damaged by landslides from the earthquake, leveraging Japanese technical expertise in afforestation and the development of administrative programs.



Studying forest vegetation that was impacted by the earthquake.



2. Pursuing a Market Economy and Sound Governance

China has achieved spectacular economic growth, and with its acceptance into the World Trade Organization (WTO) needs to establish a market economic system harmonized with international rules.

JICA is providing support for China to develop a sound market economy. These initiatives include the development of legal systems for economic activity, development of basic rules such as for food inspection and development of human resources for the suitable administration of these systems. In addition, JICA is extending support to enhance central and regional governance in China in order to correct regional disparities associated with the nation's rapid economic growth.

3. Enhancing Mutual Understanding

Enhancing the level of mutual understanding between the citizens of Japan and China is essential to achieving good long-term relations between the two nations. JICA sends volunteers to China, promotes exchanges between local governments and conducts youth training and business training for new managers and middle management through visits to Japan, while also supporting the activities of NGOs. For example, in 2009, JICA supported a grassroots Technical Cooperation project to provide the visually impaired with narrated movies and sporting events through the cooperation of the Japan Braille Library.

In addition, JICA is implementing diverse initiatives that are designed to develop human resources who possess a good understanding of Japan, while helping to increase opportunities for direct exchange between the citizens of both nations, and to enhance the level of understanding of each other's culture and society. JICA's Higher Education Project aims to contribute to good relations through an ODA Loan which seeks to improve the level of higher education with a focus on inland China.

4. Supporting Disaster Prevention and Reconstruction

JICA responded to the Great Sichuan Earthquake that devastated China in May 2008 by dispatching a Japan Disaster Relief team and medical team following a decision by the Japanese government, and by providing emergency supplies. Hu Jintao, President of the People's Republic of China, expressed his gratitude to Japan for these activities, which promoted mutual understanding between the two nations.

In 2009, JICA initiated support focusing on human technical assistance to leverage Japanese experience, knowledge and technical expertise in post-earthquake reconstruction in response to the Chinese government's wish to learn from Japan's experience with reconstruction from the Great Hanshin earthquake. Specifically, the initiative involves the following activities: development of human resources in the field of seismic construction, mental healthcare for earthquake victims, assistance for the restoration of damaged forests and assistance to strengthen the capabilities of personnel involved in earthquake rescue.

5. Building Stronger Ties with External Economic Assistance Organizations

In January 2009, JICA and the Export-Import Bank of China conducted a joint workshop on external economic cooperation. The Export-Import Bank of China, like other government-supported financial institutions in China, functions in many ways like JICA's ODA Loan operations. Therefore, it is important for both sides to develop further mutual understanding and strengthen their collaborative relationship. Through the workshop, officials from JICA and the Export-Import Bank of China exchanged opinions on a diverse range of topics and explained their respective methods for developing and evaluating new projects and engaging in risk management.

■ Mongolia

Mongolia shifted to a market economy system in 1990. The country maintained a high average economic growth rate of around 9% from 2004 to 2007, and its GNI per capita reached US\$1,590 in 2009. Meanwhile, the global economic crisis in 2008 caused a sharp drop in natural resource prices, which seriously affected the country's economy due to its dependence on copper and other resource exports. The country's economic foundation needs to be strengthened through industrial diversification and other measures.

Against the backdrop of a rapid demographic shift from rural areas to Ulaanbaatar—the nation's capital, which accommodates 40% of the entire population—and interregional disparities, nearly 35% of Mongolia's population lives in poverty. The migration to the city has caused rapid urbanization, giving rise to serious problems including delays in constructing basic infrastructure and environmental pollution, particularly in the Ger districts where most of the immigrants from rural areas reside.

The finance situation for resources development in Mongolia is expected to improve in the future, but the country is increasingly looking to Japan to support the development of a stable and harmonized socioeconomic situation.

1. Supporting the Promotion of a Market Economy

Mongolia has completed the groundwork for its transition to a market economy, and the country's future depends on its stable economic growth. Accordingly, JICA is focusing on providing assistance for establishing legal systems required for a market economy, promoting the private sector and fostering human resources. Major projects in the legal systems area include the reinforcement of taxation functions and the introduction of settlement systems. In private-sector promotion, JICA extends medium- to long-term loans to small and medium-sized enterprises (SMEs) and holds business seminars. In human resource development, JICA is supporting the maintenance of elementary school facilities and the improvement of teaching methods with an emphasis on basic education.

2. Supporting Rural Development

Rapid economic growth has brought increasing disparities between Ulaanbaatar and rural areas. The poverty rate in rural areas is nearly 10% higher than that of the country's capital, and the establishment of social services in rural areas is lagging far behind the capital. In order to reduce these disparities, JICA is providing support to improve the income of farmers and livestock farmers by fostering the development of the livestock and agriculture sector, which is a key industry in the country. At the same time, JICA is assisting with the establishment of social service systems, focusing on education, medicine and water supply.

3. Strengthening Economic Functions in Ulaanbaatar

Ulaanbaatar has experienced a number of urban problems, such as deterioration in living environments and environmental pollution due to the rapid influx of immigrants. JICA has been helping the city to formulate an urban development plan since 2007. Based on this plan, JICA has provided assistance in institution-building and human resource development to accelerate urban development and improve the living environment. JICA has also assisted the city in enhancing its comprehensive urban functions through the construction of an international airport and roads.

Case Study

Focus on Social Welfare, Healthcare, Education and Urban Development

Mongolia: Social Sector Support Program

The onset of the global economic crisis in late 2008 caused Mongolia's budget deficit to expand even further, which led the country to implement structural reforms under the guidance of the International Monetary Fund (IMF). Under this initiative, JICA and the Asian Development Bank (ADB) collaborated to prepare a policy matrix for the nation through which JICA provides assistance that aims to integrate various schemes for ODA Loans, Technical Cooperation and development studies.

Using ODA Loans for Policy Implementation

The onset of the global economic crisis caused copper prices to collapse worldwide, with value plunging by 60% on the London Metal Exchange. The collapse of copper prices put the brakes on the Mongolian economy, which is dependent on revenue from copper resource exports. Up to that point, Mongolia had achieved steady economic growth driven by its mineral resource sector, and had set about to expand its social services based on anticipated

revenues from that sector. The collapse of copper prices upset the fiscal balance and plunged the nation into financial crisis.

In response, the IMF Standby Arrangement program directed Mongolia to carry out broad structural reforms covering public finances, the mining and financial sectors, and the nation's social safety net. Under the IMF guidance, JICA and ADB provided budget support for the Mongolian government and formulated a joint policy matrix for protecting the poor during the recession covering the sectors of social welfare, health, education and urban development. The policy matrix in the areas of education and urban development relates to the JICA project and draws from Technical Cooperation and volunteer projects. JICA supported the policy matrix and set up the matrix as a conditionality of the budget support loans for supporting the poor during the financial difficulties. The loan, which amounts to approximately ¥2.9 billion, will provide funds to assist Mongolia in efforts to reduce the impact of the global economic crisis.

In the field of education, the Teaching Methods Improvement Project toward Children's Development in Mongolia initiated in 2006 has entered its Phase 2 implementation. Under the Phase 2 project, JICA has launched a number of initiatives in fiscal 2010 for improvement of secondary education textbooks, improvement of teacher training in connection with the dissemination of new teaching methods and evaluation of teachers under new education standards.

In the field of urban development, JICA supported the drafting of the City Master Plan of Ulaanbaatar through 2030 and the urban development program within the project. Conditionalities of the matrix in the urban development sector are promoting the finalization of the City Master Plan which will benefit the poor and improve living conditions in the Ger districts where most of the underprivileged reside in Ulaanbaatar.

JICA strongly supports Mongolian efforts to build a stable, solid foundation for economic change.

Education Initiative Featuring the Picture Book *The Legend of City*

JICA is using the children's book, *The Legend of City*, written by acclaimed Mongolian author Dashdondog and featuring the work of illustrator Nurmaajav, to promote integrated learning at elementary schools in Mongolia under an initiative to improve the quality of primary education.

The picture book conveys a message about the importance of city development using a community participation approach. To promote the book, the author visited a state orphanage center and elementary schools in the suburbs of Ulaanbaatar. He read the book aloud and interacted with students on the theme of city development. In connection with this project, JICA organized a drawing contest entitled "My Dream City—Our Participation" among the students in elementary schools targeted by the JICA project. Using the winners' paintings, a 2010 calendar was also produced.



Golden Award-winning painting



Winners' interview at the awards ceremony



Painting book author Dashdondog reads to students in Mongolia.