

# The Middle East

## Regional Peacebuilding: The Key to Global Economic Development

Approximately 60% of global oil reserves and 40% of the world's natural gas reserves are in the Middle East. Japan depends on imports from the Middle East for nearly 90% of its domestic oil consumption, which makes the peace and stability of this region a critical factor for Japan's economic development.

The Middle East has undergone many conflicts in its history, which have impoverished its people and also had a grave impact on international politics and the global economy. Problems with access to resources have led to economic disparities, and even countries with abundant resources are confronted with the challenge of creating jobs and developing a forward-looking economic foundation that does not depend solely on oil exports.

JICA provides support with the aim of playing a key role in the international community, as well as in the Middle East, by addressing these issues. For example, JICA focuses on aid for peacebuilding in Iraq, where public order has been improving, and aid that contributes to the future establishment of a Palestinian State and peace in the Middle East.

### Key Aid Strategies

Supporting Peacebuilding with Six Priorities—Collaborating with the International Community

The Middle East has developed from ancient times as a strategic stop along trade routes, connecting the civilizations of the East and West. However, the region has been the scene of interminable ethnic and religious conflicts, as well as the Gulf War, the Iraq War and the Arab-Israeli wars. As a result, aid for peacebuilding in the conflict-torn countries, as well as aid for state-building and state reconstruction, is crucial not only for the stable supply of energy from the Middle East but also for global politics and economy.

Japan seeks to build on the trust it has earned by maintaining a neutral and objective position toward all parties in the Middle East. This allows JICA to collaborate with the international community in

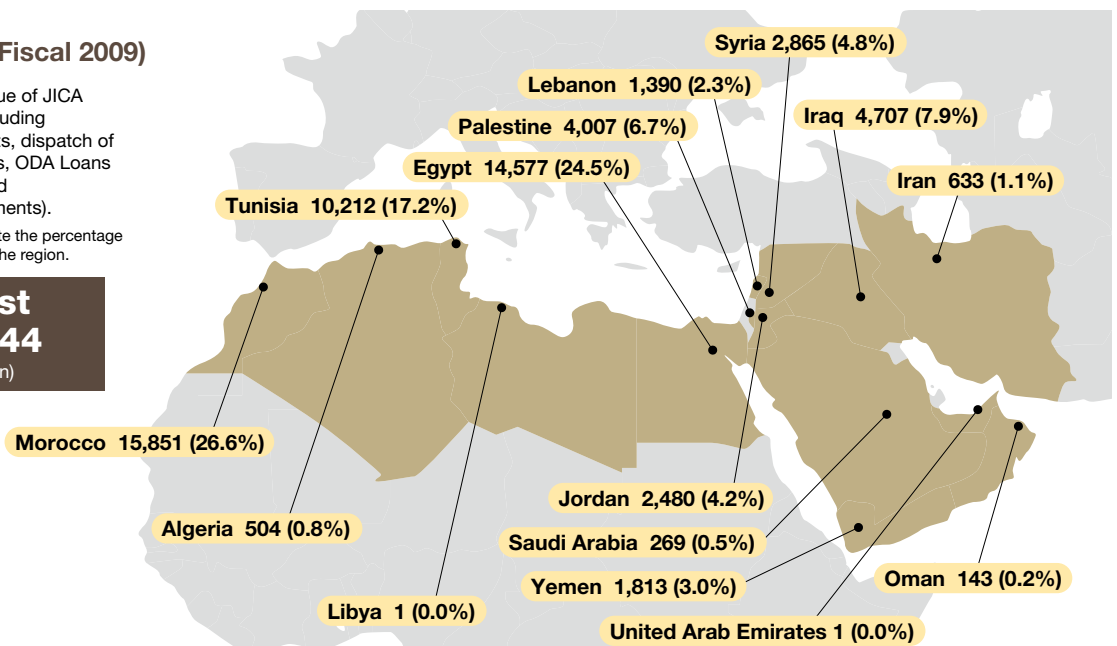
leading a series of initiatives aimed at peacebuilding in the region under the following six priorities: (1) support for peacebuilding in Iraq and the Palestinian Territories; (2) support for the ongoing peace process in the Middle East via assistance provided to the Palestine Authority and surrounding Arab nations; (3) support for democratization in the region; (4) development of socioeconomic infrastructure and support for measures mitigating poverty in low- and middle-income countries; (5) support for water resource management; and (6) support for human resource development tailored to the unique local needs of each country.

### JICA Programs in the Middle East (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.

**Middle East  
Total: 59,544**  
(Unit: millions of yen)



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

## Priority Issues and Efforts

### Assistance Tailored to the Different Needs of Oil-Producing and Non-Oil-Producing Nations

The Middle East is home to countries that enjoy high incomes from oil production as well as non-oil-producing countries. Its populations are characterized by diverse ethnic backgrounds and cultures, which has created a complex social makeup that requires finely tuned aid that meets the individual needs of each country.

JICA carries out peacebuilding and reconstruction assistance in Iraq and the Palestinian Territories. It also provides various kinds of

support tailored to various countries' needs in the areas of water resource management, industrial development, technician training and environmental conservation, which are all strong needs shared across the region.

Raids on ships by pirates in the Indian Ocean and the Straits of Malacca have been more frequent in recent years, and JICA is providing aid for anti-piracy measures. These include training for officers in charge of the coast guard authorities in Yemen, Oman and some Asian countries in 2009.

## Country Overviews and Priority Issues

### ■ Iraq

#### Pursuing Regional Balance to Enable Self-Development

The repeated wars and terrorist activities that Iraq has suffered from since 1980, including the Iran-Iraq War, the Gulf War and the Iraq War, have led to the destruction of much of the country's socioeconomic infrastructure and impoverished the country. Now, seven years after the Iraq War, many Iraqis are still living in abysmal conditions. Iraq has the world's third largest oil reserves, and the government relies on revenue from oil exports for approximately 90% of its annual revenue, which means that trends in oil prices have a major impact on the country's finances.

Under these circumstances, JICA has used the three schemes of Grant Aid, Loan Aid and Technical Cooperation to provide comprehensive reconstruction assistance in the following four areas: (1) Strengthening the Foundation for Economic Growth (oil, gas, agriculture, manufacturing and mining sectors); (2) Activation of the Private Sector (electric power, transportation and telecommunication sectors); (3) Rehabilitation of Basic Living Infrastructure (water supply, sewage, health and education sectors); and (4) Governance Development (foundation for administration and human resources).



Offshore crude export terminal from which about 80% of crude oil exports are shipped from Iraq; export capacity will be doubled as a result of aid provided through an ODA Loan project.

Since the Iraq War ended, JICA has committed to 15 projects for a total of ¥364.6 billion, through ODA Loans, and has carried out various training courses for more than 4,200 Iraqis through Technical Cooperation. In fiscal 2009, JICA committed to provide ODA Loans for three projects, including the Water Supply Sector Loan Project in Mid-Western Iraq and the Al-Aikkaz Gas Power Plant Construction Project. These projects are significant in that they target the Mid-Western Iraq region in which reconstruction and development has been slow to get underway due to security problems. The reconstruction and development support in this region, in which Sunnis took the central role, helped to balance out other aid provided to the northern Kurdish region and the southern region (in which Shias dominate), and thus furthered efforts to provide aid that will lead to the sound and sustainable development of the entire country.

Political developments still bear close observation, on the other hand, as a new government has not yet been formed after the General Parliamentary Elections on March 7, 2010.\*

JICA set up an office in Erbil in the Kurdistan region in March 2009 and sent staff to reinforce cooperation on the ground. JICA is also working to deepen direct dialogue with Iraqi government officials as it proactively provides aid for socioeconomic reconstruction.

\* As of December 21, 2010

## ■ The Palestinian Authority

### Economic Independence for Achieving Peace

In accordance with the Oslo Accords signed in September 1993, a Palestinian Interim Self-Government was established and the international community accelerated aid in order to achieve peace in the region. However, the outbreak of the Second Intifada in September 2000 caused deterioration of the security situation in the area and the peace process stalled at that point. Subsequently, the Israeli government has imposed a blockade on the occupied territories, and the Palestinian economy has been severely damaged because of the restrictions imposed on transportation and limited distribution of goods as well as a decline in job opportunities for the Palestinian workers within Israel.

In July 2006, the Japanese government proposed the Corridor for Peace and Prosperity concept as a medium- to long-term framework for future co-existence and co-prosperity of Israel and Palestine. This framework is based on the idea that a “two state solution” is crucial to achieving peace between Israel and Palestine, and is intended to strengthen the socioeconomic foundation of the Palestinian Authority in order to ensure a smooth transition to economic independence for future statehood, while building trust with neighboring countries through regional cooperation among Palestine, Israel and Jordan.

Starting in 2005, JICA has provided various Technical Cooperation projects for local government, maternal and child health, and waste management, primarily in the Jericho area, to improve living environments in the region. JICA has also provided technical support for improving agricultural technology and for attaining sustainable tourism, and has conducted surveys on construction of the Agro-Industrial Park for materializing the Corridor for Peace and Prosperity concept.

## ■ Egypt

### Playing a Key Role in Bringing Peace and Stability to the Middle East

As a major country in the Middle East, Egypt is expected to play a key role in the realization of peace in the Middle East, and achieving this



Palestinian refugee camp in Zubeidaa near the border with Jordan  
(Photo by Kenshiro Imamura)

role is premised on Egypt having a competitive and stable economy and society. JICA is implementing projects that emphasize Realization of Sustainable Growth and Employment Creation, Poverty Reduction and Improvement of Living Standards, and Promotion of Regional Stabilization, all tailored to Egypt's unique development issues.

In its aid to promote Realization of Sustainable Growth and Employment Creation, JICA provides financial support for the development of infrastructure such as wind power and solar energy to balance energy supply with environmental considerations, as well as Technical Cooperation with the establishment of the Egyptian Export Promotion Center and the Kaizen Center. JICA carries out various activities in tourism and culture, such as providing aid for the construction of a museum and the preservation and restoration of cultural assets, as well as supporting the establishment of the Egypt-Japan University for Science and Technology (E-JUST) aspiring to achieve industrial human resource development.

JICA supports Egyptian efforts to reduce poverty and improve living standards by providing basic infrastructure such as water and sewage systems in the Nile Delta, promoting school health services in Upper Egypt and developing capacity for water resource management in the Nile Delta.

JICA also contributes to peacebuilding, regional stability and social development in the Middle East and Africa through the Third Country Training Program.

## ■ Morocco

### Addressing Regional Disparities and Water Resource Development

Morocco has achieved steady economic growth and reduced poverty as a result of its economic deregulation policies implemented since the 1990s. However, the economic disparities between urban areas and rural areas remain large, and mitigating these gaps has become a major issue.

JICA provides ODA Loans for aid with a focus on the development and revitalization of agriculture and fisheries and the development of water resources, such as water for agricultural purposes and drinking water. Accordingly, JICA supports projects for the construction of water and sewage systems in rural cities, improvements to the urban environment and the construction of rural roads. In addition, JICA concentrates on the Third Country Training Program as a



Third Country Training Program to learn about engine models and the operation of construction equipment (Photo by Shinichi Kuno)

program to support French-speaking Africa.

Case Study

**Support for Economic Sustainability in the Palestinian Authority**

**The Palestinian Authority: The Corridor for Peace and Prosperity and the Jericho Agro-Industrial Park**

**JICA carries out Technical Cooperation to improve agricultural technology and plans to construct the Jericho Agro-Industrial Park (JAIP) in the suburbs of Jericho city with the aim of materializing the Corridor for Peace and Prosperity concept announced in July 2006.**

**Focusing on Developing the Agricultural Sector, Processing Agricultural Products and Revitalizing Distribution Systems**

Approximately 70% of the population in the Jericho area on the West Bank of the Jordan River work in agriculture, and revitalizing the agricultural sector plays a crucial role in regional stability and development. However, because of poor agricultural techniques and weak distribution and sales systems for agricultural products, farmers are failing to earn enough income from their work.

With this background, JICA has provided research and training that meets the local workers' needs, aiming to improve economic conditions for small-scale farmers by developing the capacity of leaders who promote better techniques in the local community.

It is also important to establish agro-industrial areas intended to add value to the agricultural products and/or distribution bases to maintain freshness and ensure regular shipments. This approach of revitalizing industries utilizing specific bases such as industrial parks is an effective approach to



A reenactment of a traditional wedding at the Jericho Festival held with the support of JICA

promoting industry in a region like Palestine where local firms operate all commercial activities with limited information and under Israeli restrictions. Other donors also plan to develop industrial parks in the Palestinian Territories.

The Jericho Agro-Industrial Park is expected to provide opportunities to the small- and medium-sized Palestinian companies that currently operate in individual cities to expand their business. The park is located close to the Allenby Bridge, which is the only gateway to Jordan, so that the local companies will be able to export their goods via

Jordan, which would in turn result in great economic opportunities for Palestine as a whole.

**Aid to Promote Public Services, Education and Tourism**

In addition to support for the agricultural sector, JICA also provides various programs to reinforce the capacity of local government administration, to strengthen social services and to develop tourism in the Palestinian Territories.

JICA intends to improve the social sector by developing capacity of the local governments, upgrading public facilities such as roads, hospitals and schools, managing disposal of wastes, and introducing maternal and child health handbooks to enhance medical services. In the tourism sector, JICA aims to help with attracting tourists to the world's oldest city, Jericho, by utilizing cultural assets as tourism resources, supporting the Jericho 10000 Festival and holding regular bazaars for tourists, as well as establishing a committee for promoting tourism via a public-private partnership.



Meeting between Palestinian President Mahmoud Abbas and JICA President Sadako Ogata in February 2010



Rendering of the Jericho Agro-Industrial Park (Stage I)

## Tunisia

### Meeting Demand for More Competitive Industry

Tunisia has achieved steady economic growth. However, the tariffs imposed on EU products have been abolished in phases since 2008, making it essential that domestic industries raise their level of competitiveness.

In addition to aid aimed at reducing poverty, mitigating disparities and conserving the environment, JICA provides support for projects to raise industrial competitiveness. These include the development of railways, roads and other infrastructure, the construction of higher education institutions and research institutions using ODA Loans, the training of science and technology personnel, and programs to revitalize local economies. JICA also focuses on the Third Country Training Program for programs supporting French-speaking Africa and the Middle East.



Technology Park currently being built in Borj Cedria in the suburbs of the capital Tunis

## Spotlight

### Jordan's Eco-Museum — Utilizing Living Cultural Heritage as Tourism Resources

Jordan's living heritage is attracting attention as a new resource in the tourism industry. This approach attempts to attract tourists by presenting its historic and quaint streets and local lifestyles as an ecological museum.

Jordan attracts many tourists, primarily from Europe and the United States, who are interested in visiting the Dead Sea; the remains of Petra, a world heritage site; and the Wadi Rum Desert. The tourist industry accounts for 20% of its invisible trade balance. JICA has provided support for tourism promotion with ODA Loans since 1999 for the upgrade of tourism zones and museums in the four regions of Amman, the Dead Sea, Karak and Salt. JICA also supported efforts to reinforce capacity for the independent administration of museums with Technical Cooperation from 2004.

In addition to these endeavors, JICA is supporting the creation of a new ecological

museum in Salt. This is an attempt to transform the beautiful streets of Salt, surrounded by low hills, into a museum. Noriaki Nishiyama, a Hokkaido University professor cooperating with JICA's tourism development in Salt, explains it this way, "Salt, a town of traders, overflows with appealing resources, including unique Islamic buildings and souks (markets). I am confident that this is the tourist site best suited as a stage on which to display the Jordanian people's hearts and culture."

A study team was sent in 2008 made up of Japan Overseas Cooperation Volunteers (JOCV) to turn this ecological museum idea into reality. As well as devising an overall plan, Kayo Murakami and the other team members actually walked the streets and surveyed the buildings made out of Salt rock (yellow limestone), orchards and souks, and also held interviews with elders well-versed in the city's history.

"At first, the residents asked us 'why are you doing this?,' but now when we are out conducting interviews, they casually ask us if we want some breakfast. I want to create a museum that will convey the warmth of these people."

Ms. Murakami and her team collected data on over 1,000 buildings and opened a photograph exhibit on Salt. Jordan's Ministry of Tourism and Antiquities and museum staff were instructed in these methods, and JICA will continue to provide further aid even after the study is completed so that it can continue.



The streets of Salt, surrounded by low-rolling hills



Ms. Murakami surveying the town



Interacting with local children

## Case Study

## Pursuing Sustainable Energies to Balance Economic Development in Developing Countries and Global Environmental Conservation

## Egypt: Zafarana Wind Power Plant Project and the Gulf of El Zayt Wind Power Plant Project

**JICA actively supports the development of sustainable energies in Egypt. In addition to an ODA Loan for the Zafarana Wind Power Plant Project (total output of 120MW), which began operating in July 2009, JICA newly provided an ODA Loan for the Gulf of El Zayt Wind Power Plant Project in March 2010.**

## Support for Building the World's Largest Wind Farm

Power demand in Egypt has surged as its economy grows, and the Egyptian government is focusing on utilizing new and renewable energy in order to conserve the environment. Accordingly, the government has announced a goal of obtaining 20% of its total power generation from renewable energy by 2020, of which 12% will be from wind power.

The pilot plant for wind power generation was the Zafarana Wind Power Plant built along the Red Sea, southeast of the capital Cairo. The wind direction and speed in this region is consistent throughout the year and has attracted the development of large-scale wind farms with the cooperation of countries including Denmark, Germany and Japan.

Based on these successes, the Egyptian government planned the development of a wind power plant in the Gulf of El Zayt region, further south of the Zafarana region. With average annual wind speed over 10m per second, this is one of the best sites in the world for wind power generation, and in March 2010, JICA signed an ODA Loan agreement with the Egyptian government to build a wind power plant with a maximum output of 220MW, the largest in Egypt as a single facility, and about three times the output of the Shin Izumo Wind Farm in Japan, which has a total output of 78MW. This project will increase Egypt's total power generation capacity by about 1%, and will reduce CO<sub>2</sub> emissions by 490,000 tons per year as compared to an equivalent quantity of power produced with fossil fuels.

The JICA project has been followed by ODA from other countries such as Germany and Spain, and projects run by private companies are also underway in this region, with plans to make this the world's largest wind farm with a total output of more than 900MW.

Since attracting private-sector investment is essential to achieving Egypt's national strategic goals, it is important to promote public-private partnerships. The goal is to have government and related organizations devise

basic plans and undertake the pilot projects to demonstrate the project's feasibility, and then develop large-scale plants with private-sector investment. JICA's projects play an extremely important role in laying the groundwork for these public-private partnerships.

## CDM Project Attracts the World's Attention

The Zafarana Wind Power Plant Project was registered as the world's first Clean Development Mechanism (CDM)\* project carried out with large-scale ODA Loans. JICA is also supporting preparations for formation of the CDM component of the Gulf of El Zayt Wind Power Plant Project under the post-Kyoto international framework.

Given the escalating need around the world to shift to new energy sources to build low-carbon societies with lower greenhouse gas emissions, even emerging economies are working to develop and promote renewable energy to meet growing energy demand. This has raised interest in CDM projects carried out in cooperation with developed nations. Currently, CDM projects are concentrated in countries such as China, India and Brazil with strong market and economic potential, but the development of renewable energy through public-private partnerships in Egypt is also attracting attention as projects demonstrate the growing potential of CDM.

JICA also supports other major renewable energy projects, such as the Kuraymat Integrated Solar Combined Cycle (ISCC) Power

Plant, and will continue to support efforts in a wide range of sectors to achieve a balance between Egypt's economic development and global environmental conservation by providing aid for new wind power plants, feasibility studies for photovoltaic power plants and biofuel development.

\* The Clean Development Mechanism (CDM) is one of the Kyoto Mechanisms for developed countries and countries transitioning to a market economy to carry out projects to reduce greenhouse gases. These reductions (emission credits) are given to the country as a credit that can be used to achieve their own targets. This framework also contributes to the sustainable development of developing countries.

## A View from Our Partner

**Abd El Rahman Salah El Din  
Chairman, New & Renewable Energy  
Authority (NREA)**

This wind power plant built with Japanese ODA Loans began operating smoothly in 2009. This loan was indispensable in pursuing this project and bolstering its economic potential, and we are very grateful for this cooperation from the Japanese government and JICA.



Zafarana windmills stand like a forest on the Red Sea coast.