

Southeast Asia

Capacity Development to Support Sustainable Development of the Region Growing Up with Japan

Key Aid Strategies

“Quality Growth” and Mitigating Disparities, Promoting Peacebuilding and the Sharing of Universal Values, Strengthening Operational Engagement on Global Issues and the International Aid Agenda, Expanding and Deepening Strategic Partnerships, and Supporting an Active Role for Women and Their Empowerment in Developing Countries

There are growing expectations for Southeast Asia, a region embracing an estimated population of about 630 million, to become the center of growth for the global economy.

JICA views Southeast Asia as a community and region that will grow up with Japan, and is providing cooperation that focuses on regional capacity development to support the extensive socioeconomic transformation and diversity in development needs, and that is in line with the Development Cooperation Charter announced in

February 2015.

In particular, JICA is extending support for developing soft and hard infrastructure and narrowing the development gap within the Southeast Asian region and in individual countries in order for the countries to achieve sustainable economic growth. It also cooperates in various fields such as disaster risk reduction, maritime safety, the rule of law, health, women's empowerment, and peacebuilding utilizing Japanese knowledge, technology, and experience.

● “Quality Growth” and Mitigating Disparities

ASEAN, which comprises 10 of the 11 countries that make up Southeast Asia (excluding Timor-Leste), is moving toward the establishment of the ASEAN Community at the end of 2015. In order for ASEAN countries to develop and intensify as the ASEAN Community, it will be necessary to strengthen connectivity within ASEAN Member States, between ASEAN and Japan, and between ASEAN and the world, both in hard and soft aspects.

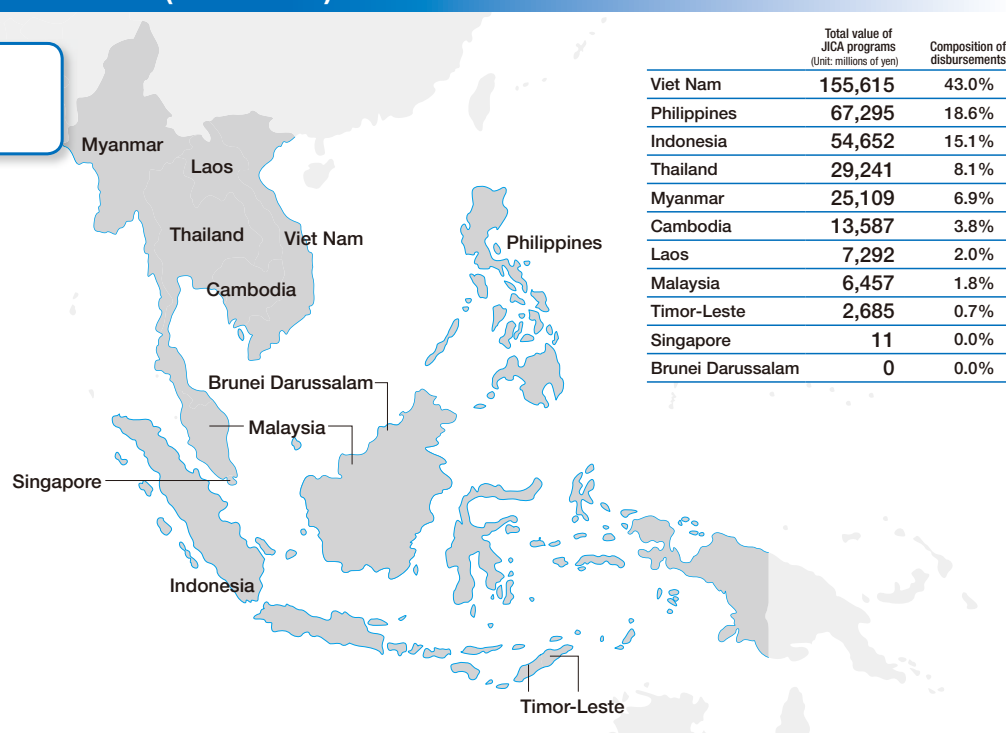
The original ASEAN Member States (Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand) will have to achieve sophistication of trade, investment, and logistics toward

the establishment of the ASEAN Community. It is necessary for these countries to promote high-value-added industries in order to sustain economic growth and to avoid the so-called middle-income trap.¹ The newer ASEAN members (Cambodia, Laos, Myanmar, and Viet Nam), have recently been enjoying high economic growth with the evolution of the ASEAN economic community network. In order to further improve national living standards and reduce the development gap with the original ASEAN members, they need to maintain current economic growth

¹ A situation where a country that has overcome poverty and reached the middle-income level loses its competitiveness due to rising wages and other reasons.

JICA Programs in Southeast Asia (Fiscal 2014)

Southeast Asia
Total: 361,946
(Unit: millions of yen)



The figures show the total value of JICA programs in each country including Technical Cooperation (Training Participants, Experts, Study Teams, Provision of Equipment, JOCV and Other volunteers, and Other costs), Loan Aid (Disbursements), and Grant Aid (Newly concluded G/A agreements) in fiscal 2014. Note: Figures exclude JICA's cooperation for multiple countries and/or multiple regions and international organizations. Note: The value of JICA programs in Brunei Darussalam: ¥384,000 is rounded off to the nearest million yen.

by making use of connectivity in the region.

JICA, together with Japanese government ministries and agencies and private-sector organizations, is participating in the joint public-private sector taskforce to support the strengthening of ASEAN connectivity with the aim of quality growth in the region that combines inclusivity, sustainability, and resilience. As well as involvement in various policies and master plans in sectors relating to connectivity from the formulation stage through dialogue with ASEAN members, JICA is providing support in such areas as individual infrastructure development projects, improving the soft aspects of the investment climate, and developing legal systems. JICA is also providing support in such sectors as basic education, health, agriculture, and water supply to the newer ASEAN members with a view to narrowing the development gap within the region and within individual countries, and is also promoting South-South cooperation and triangular cooperation.

In Timor-Leste, JICA is providing cooperation for the formulation of comprehensive urban master plans that cover multiple sectors, including transportation and water supply needed for sustainable economic growth.

Still, infrastructure demand in Southeast Asia is huge and will require the kind of infrastructure development that uses not only public funds but also public-private partnerships (PPPs) and other private-sector resources. As well as providing assistance for establishing the institutions necessary to promote PPP projects and supporting privately funded development, JICA is providing support for operating overseas business expansion and promoting overseas investment to Japanese private companies, including small and medium-size enterprises, and is working to make the necessary system improvements that can boost project outcomes.

● Promoting Peacebuilding and the Sharing of Universal Values

JICA projects aiming at human security in Southeast Asia are focusing on ethnic minorities, the elderly, human trafficking, and other similar issues. Specifically, JICA is providing support for ethnic minorities in Myanmar; capacity development of administrative organs in Mindanao, Philippines, where a peace agreement has been reached; formulation of policy proposals for nursing care services for elderly persons needing long-term care and others in need in Thailand [→ see the Case Study on page 84]; and border control measures in Viet Nam to combat human trafficking. JICA is also providing cooperation on the regional issue of strengthening maritime Coast Guard capabilities and for global health.

● Strengthening its Operational Engagement on Global Issues and the International Aid Agenda

Southeast Asia is a region beset by frequent natural disasters, so measures to reduce the impact of global issues, and especially disasters, are crucial not just from a social safety perspective, but also in terms of sustaining economic growth. To contribute to the building of a resilient society that can withstand disasters in line with the “Sendai Cooperation Initiative for Disaster Risk Reduction” announced by Prime Minister Abe at the Third UN World Conference on Disaster Risk Reduction in March 2015,

JICA provides humanitarian aid when a natural disaster occurs and support during the recovery and reconstruction stages, and, focusing on disaster prevention and pre-disaster measures, JICA also extends support for evaluating risks associated with natural disasters, drawing up disaster preparedness and response plans, and establishing early warning systems using Japanese knowledge and experience [→ see the Case Study on page 91].

● Expanding and Deepening Strategic Partnerships

By promoting collaboration with the civil society, local governments, private-sector entities, universities, and other partners, JICA extends its support utilizing Japanese technologies and experience for emerging issues as a country that faced similar challenges, such as aging of the population, slightly earlier. The number of collaborating partners is expanding with the increase in open-application-type projects, and JICA is promoting the implementation of quality projects while strengthening the implementation structure.

The World Bank, Asia Development Bank (ADB) and other donors are also providing cooperation in this region, and there is a need to continue exchanges and collaboration with these donors through regular meetings also from the viewpoint of keeping pace with the establishment of the Asia Infrastructure Investment Bank (AIIB) and the resulting developments within ASEAN.

● Supporting an Active Role for Women and Their Empowerment in Developing Countries

In fiscal 2014, JICA jointly hosted the Japan-U.S. Cambodia Women’s Entrepreneurship Seminar with the aim of promoting women’s empowerment in the region. JICA is also providing support for training female police officers in Indonesia, and for women’s entrepreneurship as a part of support for industrial development promotion in the Philippines. JICA plans to implement projects that incorporate a gender perspective for all sectors and issues.

Country Overviews and Priority Issues

● Indonesia

Although Indonesia’s real GDP growth rate in 2014 decelerated slightly to 5.02%, with the nation’s young population of about 250 million, the growth is expected to remain strong in the medium term, with a per capita GNI of \$3,650 in 2014. To ensure Indonesia’s stable economic growth, it is necessary to improve the investment climate and narrow regional disparity by promoting infrastructure development that supports economic activities as well as human resources development with advanced knowledge and skills.

JICA is also supporting infrastructure development through using the knowledge and know-how of the private sector. Some examples are the country’s first subway project in Jakarta, aimed at easing traffic congestion in the metropolitan area, and the development of geothermal power generation, in which Japan has great technological advantages.

Indonesia also frequently suffers from natural disasters, and based on Japan’s experience with similar disaster-prone



A disaster management drill was conducted at North Sulawesi Province, Indonesia. JICA is supporting the enhancement of disaster management capacities of Regional Disaster Management Agencies.

settings, JICA is providing support for measures to reduce the risk of disasters as well as countermeasures for climate change issues by strengthening regional connectivity, promoting regional development, reducing regional disparity, and strengthening the social security system.

Inaugurated in October 2014, the Joko Widodo administration has set infrastructure and maritime development as priority policy issues, and JICA will align its cooperation to the new government's development priorities through policy dialogue.

● Philippines

In 2014, the Philippines economy continued its steady growth with GDP rising by 6.1% (per capita GNI of \$3,440 in 2014). Philippines does, however, face a number of challenges for sustainable development, including a lack of infrastructure

investment, frequent natural disasters, and the unstable security situation.

JICA's cooperation in the Philippines focuses on the following priority issues: (1) sustainable economic growth by promoting investment; (2) overcoming the country's vulnerabilities; and (3) establishing peace in the conflict-affected areas in Mindanao.

As well as starting to provide technical support for capacity-building with the aim of promoting infrastructure investment under a public-private partnership (PPP), JICA provided support for the formulation of the "Roadmap for Sustainable Urban Development" in Metro Cebu, the second-largest metropolitan area in the Philippines, in collaboration with Yokohama City. At the Third UN World Conference on Disaster Risk Reduction, JICA and the World Bank co-hosted a public forum dealing with disaster risk reduction and management to improve resilience as well as the role of finance in investment in disaster reduction as an initiative for realizing a disaster resilient society from the viewpoint of "Build Back Better." JICA also tackled regional peace and stability, such as holding a Mindanao peacebuilding seminar in Hiroshima in June 2014, providing support for developing systems for the establishment of a new autonomous government, and support for medium- and long-term regional development.

● Thailand

With a GNI per capita of \$5,410 in 2014, Thailand has joined the ranks of upper-middle income countries. However, many issues still need to be addressed to achieve sustained social and economic development: making industries more competitive, measures for an aging population, and environmental problems and climate change. In addition, there are several issues common

Case Study

Philippines: Environmental Development Project

Japanese Company Awarded the Development of a Sewage Treatment Plant by Tender Based on Life-Cycle Cost Evaluation

In recognition of Japanese expertise in maintenance and management technologies and life-cycle cost (LCC), in January 2015, a Japanese company was awarded a sewage treatment plant development project in Manila. In this project, Maynilad, the water and sewerage services provider in the West Zone of Metro Manila, will build a sewage treatment facility with funding for construction provided by the Environmental Development Project.

Highlighting Japan's Technical Expertise

There are concerns in the Philippines about the impact that population growth and expanding economic activities in Metro Manila

in particular are having on the natural environment. Capital investment in improving the environment tends not to deliver a profit, so private-sector financial institutions are generally reluctant to provide medium- and long-term loans for this. So in September 2008, JICA signed an ODA Loan agreement with the Development Bank of the Philippines (DBP) to support environmental preservation in the Philippines, and through the DBP, JICA is funding medium- and long-term loans to local governments, private companies and others for capital investment in the environmental sector.

Rapid urbanization in Metro

Manila has exacerbated water shortages, water pollution and various other issues, and this sewage treatment plant development project is one of the projects falling under this ODA Loan arrangement.

Maynilad aimed at the construction of high-quality and cost-efficient sewage treatment facilities, and in evaluating tenders for the project, the company not only looked at initial costs such as design and construction costs, but assessed LCC including maintenance and management costs as well. JFE ENGINEERING Corporation was awarded the contract, and stated, "Competitive maintenance and management costs are the strength of our company, and this was central to our bid and highlighted our expertise."

JICA will continue to contribute to improving the environment in the Philippines through ODA Loans, and will provide indirect support for the implementation of overseas projects using Japan's comparative advantages and technical expertise.



Conceptual drawing of the Parañaque Sewage Treatment Plant
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throughout the ASEAN region, such as strengthening ASEAN connectivity and narrowing the development gap.

JICA is extending cooperation to Thailand in three priority areas. First is sustainable development of the economy and coping with a maturing society, and here, JICA is continuing to extend cooperation for the development of a mass-transit rail network to alleviate traffic congestion in Bangkok. In December 2014, the Nonthaburi Bridge across the Chao Phraya River was opened. In food security and energy, JICA is promoting joint research between Japanese and Thai universities, and is also providing cooperation using Japanese expertise for measures to tackle issues concerning the elderly and also measures to counter environmental pollution [→ see the Case Studies on pages 84 and 99].

The second is coping with common issues in ASEAN countries, and for this, JICA is providing support for human resources development concerning customs systems and measures to counter climate change. In the third priority area of promotion of cooperation toward countries outside the ASEAN region, JICA is actively accepting trainees from Africa and other areas in cooperation with Thai aid agencies. Thailand is continuing to grow in importance as a base for support both within and outside ASEAN.

● Cambodia

Cambodia's economy has been achieving steady growth with real GDP rising by an annual average of about 7% since 2010, and per capita GNI reaching \$1,010 in 2014. While foreign investment

has increased, Cambodia still faces many challenges in power generation and roads, which are fundamental requirements for industry and people's daily lives, and other aspects of infrastructure development. Moreover, although the school attendance rate and indices relating to health and sanitation are on an upward trend, Cambodia still lags behind the other ASEAN member countries.

JICA is providing support in three priority areas in order to contribute to Cambodia's nation-building: (1) strengthening the economy's foundations, (2) promoting social development, and (3) strengthening governance.

In the lead-up to the launch of the ASEAN Economic Community, Cambodia has reached the stage where it can strive for further economic development through the diversification and upgrading of its industries. In providing support for the reinforcement of the Southern Economic Corridor extending from Ho Chi Minh City in Viet Nam to Bangkok in Thailand through construction of the Tsubasa Bridge and improvement of National Roads No. 1 and No. 5, JICA is contributing to strengthening connectivity within the Mekong region, and economic growth within Cambodia [→ see the Case Study below]. In rapidly growing Phnom Penh, JICA is providing support for stable power supply, formulation of an urban transport master plan, and the trial introduction of buses for a public transportation system. JICA is also contributing to the strategic and sustainable development of Cambodia through human resources development in various sectors.

Case Study

Cambodia: Project for Construction of the Neak Loeung Bridge

Linking Viet Nam, Cambodia and Thailand with a Single Road

In April 2015, the Tsubasa Bridge spanning the Mekong River was opened for traffic. Funded by Japanese Grant Aid, construction took ten years, and with the opening of the bridge, the main bottleneck along the Southern Economic Corridor was removed.

Strengthening ASEAN Connectivity

Currently being upgraded with Japanese cooperation, National Road No.1 is not only Cambodia's most important arterial highway, but in forming a part of the Southern Economic Corridor between Ho Chi Minh City

and Bangkok, it is also a vital route for the entire Mekong region. National Road No.1 was, however, cut at Neak Loeung, and the ferries across the Mekong River did not operate at night. During busy times, crossing the river could require a wait of up to seven hours.



The Tsubasa Bridge from the eastern bank of the Mekong River. The crane used during construction was removed just before the bridge was opened. (Photograph March 2015)

This project was for the construction of a long-span bridge at Neak Loeung where National Road No. 1 crosses the Mekong River, and the total length of the bridge including access roads is 5,400m. The opening of the bridge has enabled traffic to cross the river at any time of the day or night, and this, in turn, has greatly improved access to hospitals, schools, and

places of work for residents in the surrounding area.

The establishment of the ASEAN Economic Community at the end of 2015 is expected to lead to the much more active movement of people and products across national borders, and the completion of this bridge is of great significance in strengthening ASEAN connectivity. Along with National Road No.5, for which Japan is also providing support, National Road No.1 is expected to become a vital part of the Southern Economic Corridor linking Viet Nam, Cambodia and Thailand, and also function as a major arterial route underpinning economic growth in the Mekong region.

The bridge was named the Tsubasa Bridge (Spian Tsubasa*) as it has the appearance of two birds spreading their wings. The new 500 riel note issued to mark the opening of the Tsubasa Bridge features the bridge together with the Kizuna Bridge, which was completed in 2001 with support provided by Japan and was the first bridge spanning the Mekong River in Cambodia.

* "Spian" is the Cambodian word for bridge and "tsubasa" is for wings in Japanese.

Laos

The real GDP of Laos has been increasing in a stable manner at an annual rate of between 7% and 8% as the country makes progress toward graduating from the ranks of least developed countries and achieving the Millennium Development Goals (MDGs), with a GNI per capita of \$1,600 in 2014.

JICA provides cooperation for building a foundation for economic growth that will be a driving force for the country's self-reliant and sustainable growth and for the achievement of the MDGs. In detail, JICA focuses on cooperation for the following priority areas: (1) development of economic and social infrastructure; (2) agricultural development and forest conservations; (3) improvement of basic education; and (4) improvement of health care services. JICA is also involved in removal of unexploded ordinance and improvement of legal systems as a cross-sectoral issue.

Laos has recently been attracting attention for its investment opportunities. Savannakhet is particularly appealing for Japanese companies because of its location on the East-West Economic Corridor linking Viet Nam, Laos, and Thailand. JICA has to date extended cooperation for improving the investment climate, including development of the East-West Economic Corridor through ODA Loans and Grant Aid. JICA is also extending cooperation for improving public transport, water supply, and waste disposal with the aim of realizing a better urban environment in the capital, Vientiane, and regional core cities, which are central to the socioeconomic development of Laos.

Myanmar

It has been four years since Myanmar embarked on a process of reform for democratization and national reconciliation in 2011, and with general elections due to be held, 2015 is a crucial year for the nation. To support reforms enacted by the Government of Myanmar, JICA extends its cooperation with emphasis on three areas in line with the Japanese government's economic cooperation policy.

First is assistance for improvement of people's lives in Myanmar, and to facilitate this, JICA, in collaboration with Japanese NGOs and international organizations, is providing a broad range of support, including support for ethnic minorities, development of rural areas, support for the poor, agricultural development, and improvement of health care. Second is assistance for development of systems and institutions to sustain the economy and society. This includes assistance for economic reforms in the form of policy recommendations and capacity development for policy-makers in the fields of economy and finance; trade, investment, and SME growth; and agriculture and rural development, as well as assistance in establishing legal systems [→ see the Case Study below]. JICA is also providing advice on organizational structure and support for capacity development in relation to the establishment of a stock exchange in Myanmar in 2015. The third area is support for the improvement of infrastructure and related systems necessary for sustainable economic development. JICA's support for infrastructure development includes the formulation of master

Case Study

Myanmar: The Project for Capacity Development of Legal, Judicial, and Relevant Sectors

Providing Support for Capacity Development in Legal and Judicial Organizations

It is necessary for Myanmar to achieve rapid progress in the reform of its legal systems toward ASEAN integration in 2015. JICA is supporting organizational capacity development and human resources development of legal, judicial, and other relevant authorities in Myanmar so that they will be able to develop and implement laws that can respond to contemporary needs.

Development of Economic Law is an Urgent Task

Since the transition to civilian rule in March 2011, the Government of Myanmar has been pushing ahead with reforms in various sectors. Establishing the rule of law through reform of the legal and judicial sector is a vital element for promoting these reforms. Reform of legal and judicial systems to promote a market economy and attract foreign investment is a top priority for the government, especially with the approaching establishment of the ASEAN Economic Community in 2015.

In this cooperation, JICA will provide support for improving the legislative-screening capabilities in the Union Attorney General's Office and the legislative-drafting capabilities in the Supreme Court of the Union, while undertaking activities to meet the challenges of drafting and revising economic law and other laws in Myanmar. From a medium- to long-

term perspective, JICA will provide support for improving the basis of human resources development for prosecutors, judges, and other officials at both organizations, and for examining the mutual consistency of targeted laws and regulations, and the legislative order of precedence.

Three Japanese experts are stationed in the Myanmar capital, Nay Pyi Taw, where they discuss issues with officials from both organizations on a daily basis.

Based on Knowledge Gained in Japan

With general elections scheduled for November 2015, a large number of laws are newly being enacted or amended, but progress is slow. In March 2015, JICA conducted training in Japan to introduce the legislative processes of Japan and other countries, and through discussions with Japanese experts, examine the most suitable for Myanmar. The training

was extremely fruitful as participants were also invited from other related organizations, and this enabled participants to discuss not only the screening processes for draft laws submitted to the government, but all aspects of the legislative process.

Participants from the Union Attorney General's Office held a debriefing session soon after returning to Myanmar, and proposed the involvement of experts and the use of public comments in the drafting process in individual ministries and agencies to make the legislative process more efficient. Reform of the legislative process is gradually beginning to move ahead.



JICA long-term experts give lectures on criminal law during training for judges newly appointed by the Myanmar Supreme Court.

plans for the development of Greater Yangon and major sectors, transportation including railroads, communications, water supply, and electricity [→ see the Case Study on page 79].

● Viet Nam

Viet Nam is continuing to achieve stable economic growth through the transition to a market economy and the policy of openness toward other countries under the Doi Moi (renovation) policy, with GNI per-capita of \$1,890 in 2014 and an annual real GDP growth rate of 5–6% in recent years. Meanwhile, abolishment of customs within the ASEAN region during 2015 has made strengthening industrial competitiveness an urgent task for Viet Nam. There is also a need to redress regional disparities between rural areas, which account for roughly 70% of the population, and urban areas; as well as to improve the urban public health environment; to reduce risks of natural disasters, including climate change; and to enhance medical services and the social security system.

The goal of the national development strategy of Viet Nam is industrialization of the country by 2020, putting priority on developing institutions, human resources, and infrastructure. In this regard, JICA is extending cooperation with a focus on (1) promotion of economic growth and strengthening international competitiveness; (2) response to fragility, the negative impacts brought by economic development; and (3) good governance. Specifically, JICA is extending cooperation over a broad range of fields, including infrastructure development, reforms of state-owned enterprises and the banking sector, enhancement of university education and vocational training, improvement of the urban environment, countermeasures against climate change, promotion of high-value-added agriculture, development of the systems in the fields of the health-care sector, and improvement of the judiciary and administrative functions.

● Timor-Leste

In Timor-Leste, which achieved independence in 2002, a transition from reconstruction to development is ongoing. Although its per-capita GNI reached \$3,120 in 2014 with stable economic growth, the reality is that the majority of national revenue depends on oil and natural gas. One of the urgent issues is to diversify industry and create job opportunities in order to reduce the overreliance on revenue from natural resources. In

order to achieve all this, developing human resources is key.

JICA has three cooperation programs: (1) establishing foundations for promoting economic activities, (2) agriculture and rural development, and (3) capacity development of the government and public sector. The specific activities include: development of transportation infrastructure, such as roads; development of human resources in the area of engineering; technical cooperation and policy recommendations to promote agriculture; and technical cooperation for the government's capacity development in formulation and implementation of development plans.

● Malaysia

The Malaysian government is now putting forth efforts to join the ranks of developed countries with a GNI per capita of \$15,000 or more by 2020. Malaysia has attained stable economic growth of 5.9% in 2014. However, several issues must be resolved in order to achieve this goal: transformation into a high-value-added economy; harmonization of development and environmental protection; and protection of the socially vulnerable.

Under such circumstances, JICA's cooperation to Malaysia focuses on three priority areas: (1) supporting balanced development toward Malaysia becoming a high-income nation and contributing to the mutually beneficial relations between Malaysia and Japan; (2) responses to common issues in the Southeast Asian region; and (3) Japan-Malaysia Development Partnership beyond the Southeast Asian region.

JICA is implementing projects in the following fields: development of human resources for industry with advanced technological skills; higher education for utilizing advanced scientific technologies; infrastructure development; protection of socially vulnerable people including persons with disabilities; and cooperation for environmental conservation, including climate change measures. JICA is also assisting Malaysia in providing South-South cooperation to ASEAN, African, and Islamic countries and supporting such countries by utilizing Malaysia's development experience.

● Singapore

After concluding the Japan-Singapore Partnership Programme in 1993, Singapore and JICA have been cooperating as partners in conducting approximately 10 to 15 training courses a year since fiscal 1994 covering various fields mainly for other ASEAN member states. In addition to courses provided with a view to the establishment of the ASEAN Economic Community in 2015, including courses on intellectual property rights, customs operations, maritime safety management, border controls, and other areas for strengthening ASEAN connectivity, and courses for newer ASEAN Member States (Cambodia, Laos, Myanmar, and Viet Nam) aimed at narrowing the development gap within the ASEAN region, Singapore and JICA are also running courses for Africa, Small Island Developing States, Timor-Leste, and the Palestinian Authority. By fiscal 2014, 350 courses had been conducted, with participation of about 6,100 trainees from 95 countries.



Water supply improvement advisor repairing deteriorated water pipes in Dili (Timor-Leste).