

# Southeast Asia and the Pacific

Seeking to Improve Regional Connectivity, Reduce Disparities, and Promote Growth through the Development of Economic Infrastructure and Human Resources



Myanmar: The Opening Ceremony of the Thilawa Special Economic Zone (SEZ). JICA has been providing multiple form of support for the SEZ. This involves investment in one of the firms that operate the SEZ, the construction of peripheral infrastructure, and the development of related legislation, as well as administrative agency management and environmental and social considerations.

## Regional Issues

- In Southeast Asia, the ASEAN Community was launched in December 2015. Even at this major milestone, the region remains in great need of infrastructure development. It is also seeing the emerging challenges associated with the maturing of society.
- For the Pacific island countries, the challenge is vulnerability to climate change and environmental issues.

## Fiscal 2016 Initiatives

- As part of its assistance for strengthening physical, institutional, and people-to-people connectivity as called for by ASEAN, JICA worked on a wide range of areas, from the development of hard infrastructure, including the East-West Economic Corridor and the Southern Economic Corridor, to institutional development, including the digitalization of a customs clearance system.
- JICA also extended cooperation to address cross-border issues such as disaster risk reduction and climate change mitigation and adaptation.

## Future Cooperation

- In order to help achieve the Sustainable Development Goals (SDGs), JICA is aiming at promoting “quality growth” through “quality infrastructure investment,” support for women’s empowerment and the development of human resources by means such as scholarship programs.
- JICA will focus on formulating and implementing programs and projects in line with the initiatives the Japanese government has announced, including the Partnership for Quality Infrastructure in ASEAN, the Industrial Human Resource Development Cooperation Initiative, and assistance pledges made at the Eighth Pacific Islands Leaders Meeting.

## Southeast Asia

### ● Promoting Regional Initiatives

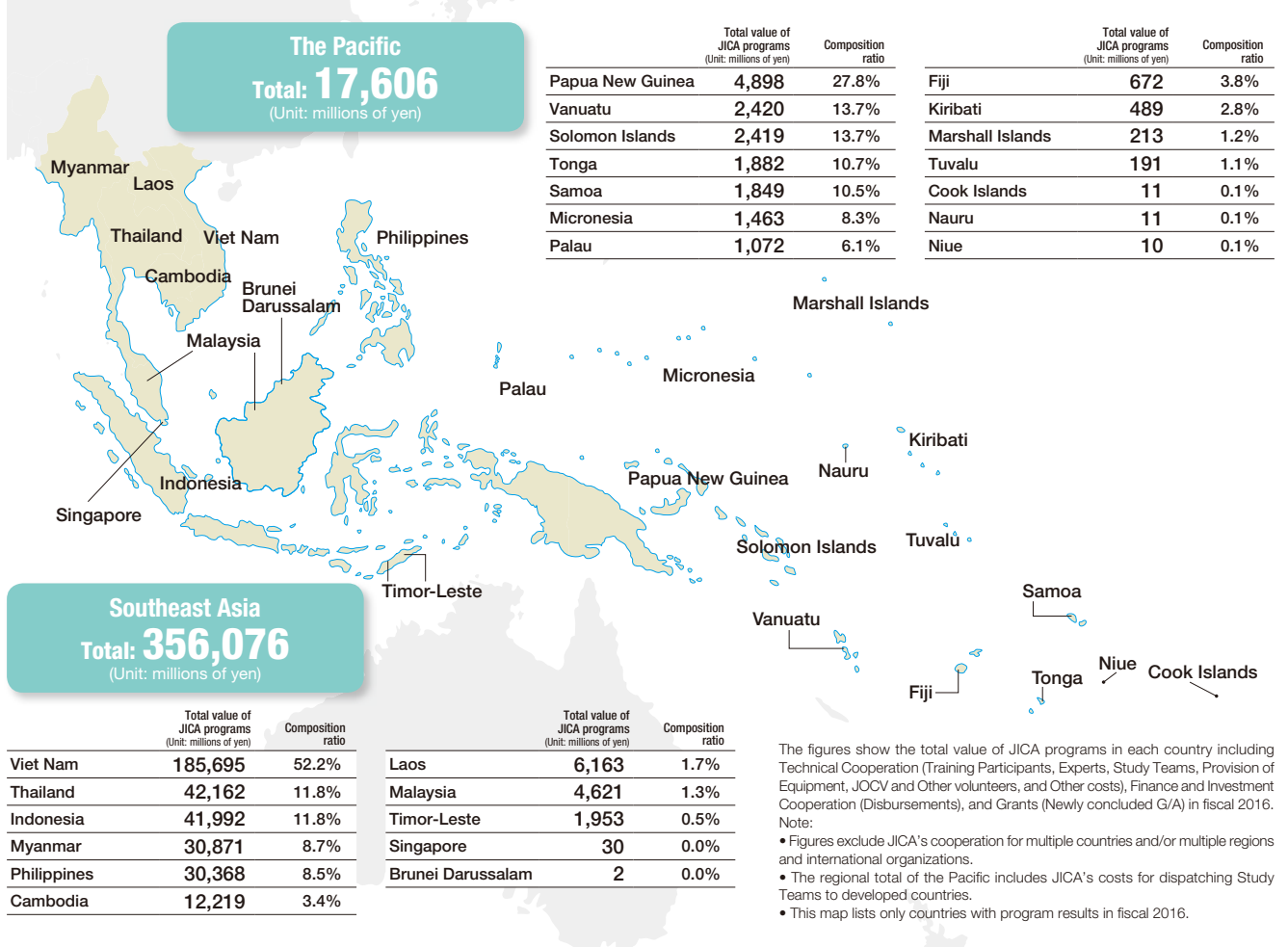
The Association of Southeast Asian Nations (ASEAN), an intergovernmental organization that comprises 10 of the 11 countries that make up Southeast Asia (Timor-Leste is the only non-member of ASEAN), continues its efforts to deepen regional integration even after the launch of the ASEAN Community in December, 2015. In order for ASEAN countries to develop and deepen integration, 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) need to promote high-value-added industries and train human resources that support industrial development in order to sustain economic growth without being caught in the so-called “middle-income trap.”<sup>1</sup> The newer ASEAN member states (Cambodia, Laos, Myanmar, and Viet Nam) have also been undergoing the development of economic corridors in recent years. Those are the fruits of the ASEAN integration and enable them to unleash their growth potential. They will need to achieve high economic growth and thereby improve people’s lives in order to further narrow the gaps with the original ASEAN member states.

JICA is participating actively in a joint public-private sector taskforce

<sup>1</sup> An economic situation in which a fast-growing developing country has reached a middle-income level and successfully reduced poverty, but has lost its international competitiveness in export manufacturing and its past growth momentum, due mainly to rising wages.

### JICA Programs in Southeast Asia and the Pacific (Fiscal 2016)



that comprises Japanese government ministries and private-sector organizations, established by the Japanese government in order to support the strengthening of ASEAN connectivity. Aligning itself with ASEAN's various policies on and plans for deepening connectivity from the formulation stage through dialogue with ASEAN, JICA is providing support for economic and social infrastructure development, investment climate and business environment improvement, and legal systems development. Furthermore, JICA is also supporting ASEAN in its efforts to strengthen connectivity among the member states by cooperating with the member states, particularly the newer ASEAN member states, in improving basic education, governance, health, agriculture, and water supply, with a view to narrowing the prevalent development gaps within and among the member states. JICA also promotes such cooperation in the forms of South-South cooperation and tripartite or triangular cooperation.

Toward Timor-Leste, JICA is cooperating in formulating a comprehensive urban master plan that covers multiple sectors, including transportation and water supply, needed for sustainable economic growth.

● **Encouraging “Quality Growth”**

JICA promotes development of “quality infrastructure” that supports sustainable growth in Southeast Asia, based on Japan's initiative called “Partnership for Quality Infrastructure: Investment for Asia's Future” to meet the growing need of infrastructure development in ASEAN by building “quality infrastructure,” which is

easy to use, durable, environmentally friendly, and disaster resilient, as well as cost-effective in the long run. “Quality infrastructure” also supports significantly improvement of people's lives through enhancing connectivity among ASEAN member states, creating jobs for local people, increasing local skills, and providing better access to social services.

JICA takes an inclusive approach to infrastructure development in which the process mobilizes a wide range of financial resources, including those from the private sector and development financial institutions, as well as strengthening partnerships with international organizations and private businesses. In addition, JICA considers life-cycle costs and implications for the environmental and social aspects in consideration of extending various types of assistance in human resources development, which include support for the development of industrial human resources, the empowerment of women, and the nurturing and networking of pro-Japanese individuals and groups. JICA also works to make the process of formulating each project prompt.

● **Realizing a Peaceful and Secure Society**

JICA's bilateral assistance in this context focuses on strengthening governance and supporting the democratization process. This involves support for ethnic minorities in Myanmar and the prevention of human trafficking in Viet Nam. JICA also addresses regional issues, extending assistance in establishing legal and judicial frameworks and enhancing maritime security capabilities [ → see the Case Study on page 62].

## Country Overviews and Priority Issues

### ● Indonesia

Indonesia's real GDP picked up again in 2016, posting 5% growth after continued sluggish growth on the back of the slowing Chinese economy and low resource prices. The growth is expected to remain strong in the medium term through steady execution of government spending and promotion of economic policies. 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.

Case Study

**Thailand:**  
**Mass Transit System Project in Bangkok (Purple Line) (I) (II)**

9  
INDUSTRIAL INFRASTRUCTURE

11  
SUSTAINABLE RESOURCES


### Helping to Alleviate Traffic Congestion and Improve the Urban Environment with Japanese-style Urban Railways

In August 2016, the Purple Line, the first suburban railway in Bangkok, started operations. The elevated 23-kilometer line starts from Tao Poon in the capital, Bangkok, crosses the Chao Phraya River, and ends at Bang Yai in Nonthaburi Province, northwest of Bangkok. The line, with 16 stations, was constructed with Japanese ODA Loans.

The Blue Line, a subway that started service in 2004 with Japan's assistance, is now an important means of transportation for Bangkok's citizens. Scenes of many passengers waiting in line for trains on platforms during the morning and evening rush hours are part of daily life in the capital city. The use of both the Purple Line and the Blue Line makes it possible to travel by rail from the suburbs to the city center.

The rolling stock, railway system, and maintenance services of the Purple Line are provided by a consortium of Japanese firms that won the contract. The Purple Line represents the first case where Japan-made train cars were introduced to urban transportation in Bangkok and where a Japanese consortium, including a railway operator, participated in railway maintenance services overseas. It is expected that Japanese-style safe and comfortable services will take root in Thailand.

In addition to supporting the development of hard infrastructure, including the railway system, JICA provides support for the soft infrastructure as well—including revising the urban railway master plan for the Bangkok Metropolitan Area and formulating development plans for areas surrounding train stations. Japan will thus continue to contribute to mitigating traffic congestion and improving the urban environment in Bangkok.



Passengers getting on and off a train at a station along the Purple Line (photo credit: East Japan Railway Company, Toshiba Corporation, and Marubeni Corporation)

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.

In addition, JICA extends support for coastal protection and maintenance of irrigation facilities and equipment. As Indonesia frequently suffers from natural disasters, and based on Japan's experience with similar disaster-prone settings, JICA is also 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.

### ● Philippines

In 2016, the Philippines economy continued its steady growth with GDP rising by 6.8%. Philippines does, however, face a number of challenges for sustainable development, including insufficient infrastructure investment, the threat of natural disasters, and the long-standing Mindanao peace process.

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) support for the peace process in the conflict-affected areas in Mindanao. In particular, JICA supports the development of transport infrastructure such as railways and roads in order to address traffic congestion, among other urban problems. As for assistance aimed at disaster risk reduction, JICA supports river improvement projects that will contribute to a better investment climate as well as assisting in efforts to make the country more resilient to natural hazards by establishing forecast and warning systems. In Mindanao, JICA continued its technical cooperation designed to support the peace process. It also encourages private-sector activities aimed at increasing employment opportunities through innovative financial mechanisms.

### ● Thailand

With a GNI per capita of \$5,720 in 2015, 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 throughout the ASEAN region, such as strengthening ASEAN connectivity and narrowing the development gap.

JICA focuses on three priority areas. The first area is sustainable development of the economy and coping with a maturing society. JICA continued its assistance for the development of a mass transit network in the Bangkok Metropolitan Area [ → see the Case Study at left], while also responding to the aging issue by supporting the establishment of a sustainable social security system. The second area is coping with common issues in ASEAN countries. JICA extends a wide range of assistance, supporting the development of human resources for addressing such issues as the tariff system and climate change [ → see Case Studies on pages 58 and 87]. The third priority area is promoting cooperation with countries outside the ASEAN region.

Behind this concept is the recognition that Thailand plays an increasingly important role as a springboard for extending assistance to other ASEAN countries and beyond. In this regard, JICA supports the acceptance of training participants from Africa and elsewhere.

### ● 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 \$1,070 in 2015. However, Cambodia still faces a number of development challenges. Infrastructure, which is the fundamental requirement for industry and people's daily lives, remains inadequate, and although indicators for health and education are on an upward trend, many remain relatively low within ASEAN.

JICA assists Cambodia in its state-building process to overcome these challenges and achieve steady and sustainable economic growth and balanced development at the same time. To these ends, JICA focuses on three priority areas: (1) strengthening the economic base, (2) promotion of social development, and (3) strengthening of governance. In fiscal 2016, JICA specifically extended assistance aimed at the development of industrial human resources based on the Industrial Development Policy (IDP), which the Cambodian government formulated and publicly announced in 2015. In providing support to reinforce the Southern Economic Corridor extending from Ho Chi Minh City in Viet Nam to Bangkok in Thailand through the improvement of National Roads No. 1 and No. 5 as well as Sihanoukville Port, JICA is also contributing to strengthening connectivity within the Mekong region, and economic growth within Cambodia.

### ● Laos

Laos has been making progress toward the goal of graduating from the least developed country status by 2020.

JICA builds its assistance to Laos on the Japan-Lao PDR Joint Development Cooperation Plan for the Sustainable Development of Lao PDR, which was agreed on in September 2016 between the Japanese and Laotian governments. Specifically, JICA aims to (1) "strengthen connectivity with countries in the region on the tangible and intangible fronts" through such means as improving inland distribution, developing airports, and increasing power availability; (2) "develop industrial human resources in order to diversify Lao PDR's industries and enhance their competitiveness" through such means as strengthening basic education, enhancing higher education, developing vocational training, improving the investment environment, and promoting agriculture; and (3) "rectify disparity through balanced urban and regional development that takes environmental and cultural preservation into account" through such means as improving public transportation, developing waterworks, and raising the quality of health care.

JICA is also addressing cross-sectoral issues in Laos, including unexploded ordnance removal, legal system development, and fiscal stabilization. JICA and the Japanese government have recently begun to deliver assistance for fiscal stabilization, one of the issues considered urgent by the new administration of Laos, launched in 2016.

### ● Myanmar

Following the inauguration of the NLD administration in March 2016, Myanmar stepped up efforts to support economic growth and



A JICA expert providing training on program production at Myanmar Radio and Television (MRTV) in Myanmar. After military rule was replaced by a civilian government in 2011, MRTV was reformed into a public broadcaster, bearing the role to provide accurate, impartial and neutral information. JICA is supporting the reform of MRTV and capacity building of its personnel.

improve people's lives.

JICA helps the new administration with state-building based on the Japan-Myanmar Cooperation Program, announced when State Counsellor Aung San Suu Kyi visited Japan in November 2016, as well as on the Japanese government's economic cooperation policy for Myanmar, announced in 2012.

Seeking "balanced development between urban and rural areas," the Japan-Myanmar Cooperation Program focuses on nine sectors: rural infrastructure, job creation, transportation, industrial development, energy, urban development, finance, telecommunications, and health. JICA addresses not only hard infrastructure, including transport and power facilities, but also soft infrastructure, including institutions and technologies that support these and other facilities [ → see the Case Study on page 65].

In November 2016, the Japanese and Myanmar governments signed the Exchange of Notes on an Agreement to Dispatch Japan Overseas Cooperation Volunteers to Myanmar. JICA is now making preparations for the first dispatch of JOCVs to Myanmar.

### ● Viet Nam

Viet Nam has made remarkable economic development for the past three decades. In 2015, per capita GNI reached \$1,990, joining the ranks of middle-income countries. The poverty rate fell to 3% in 2014. Education and health indicators are now on par with those of advanced ASEAN economies. Yet, in order to sustain development after becoming a middle-income country, Viet Nam needs to further develop infrastructure, increase industrial competitiveness, address environmental problems and climate change, and streamline administrative functions, among other issues.

Aiming at achieving the goal of becoming a modern industrialized country, the Vietnamese government is putting priority on infrastructure development as well as economic and administrative reforms and human resources development. In this regard, JICA is extending cooperation with a focus on (1) promotion of economic growth and strengthening international competitiveness; (2) response to vulnerability, 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 higher education and vocational training, improvement of the urban environment, countermeasures against climate change, promotion of high-value-added agriculture,

improvement of health care, and improvement of the judiciary and administrative functions [ → see the Case Study below].

### ● Timor-Leste

In Timor-Leste, which achieved independence in 2002, a transition from post-conflict reconstruction to development is ongoing. However, the reality is that the majority of national revenue depends on oil and natural gas. The urgent issues are to diversify industry and create job opportunities in order to reduce the overreliance on revenue from natural resources. One more urgent issue is to develop human resources that makes possible industrial diversification and growth in job creation.

Case Study

**Viet Nam:  
Efforts to Improve the Business Environment through  
Support for E-Customs**



## Successfully Improving Customs Clearance Efficiency with Japan's Cutting-Edge IT Technology

Viet Nam has maintained a high economic growth rate of around 6% in recent years. Due to the increase in foreign direct investment, the number of cases of import and export was on the rise, making it urgently necessary to streamline import-export and customs procedures.

These circumstances prompted JICA to implement the Grant project, Project for E-Customs and National Single Window for Customs Modernization. This project took advantage of Japan's Nippon Automated Cargo and Port Consolidated System (NACCS) to develop a Vietnamese version of the customs IT system, called VNACCS. The installation of VNACCS in customs across the country was completed in June 2014. Now some 66,000 importers and exporters use VNACCS, with 99% of import-export declarations being handled with this IT system.

To support the introduction of VNACCS, JICA carried out the technical cooperation project, Project for Promoting E-Customs in Viet Nam, between 2012 and 2015. The project addressed such aspects as developing customs-related legislation, and training and institution building for the General Department of Vietnam Customs. Furthermore, JICA launched the technical cooperation project Strengthening the Effectiveness of Viet Nam Automated Cargo Clearance System (VNACCS) in 2015 to assist Viet Nam in making better use of VNACCS, as well as in operating and maintaining the system in a more stable manner.

All these efforts have shortened the average time required for customs clearance simple inspections for each case from 15 minutes to 1–3 seconds from 2010 to 2014, thus contributing to the improved business environment in Viet Nam and supporting Japanese firms that do business in the country.



Officers at Binh Duong Customs use VNACCS for clearance procedures.

JICA sets (1) Establishing the Foundation for Promoting Economic Activities, (2) Agriculture and Rural Development, and (3) Capacity Development of Government and the Public Sector as cooperation programs. JICA supports establishing the foundation for promoting industry, reactivating the rural economy, and developing human resources and the capacity of the government in preparation for accession to ASEAN. JICA supports, in particular, improvement of transportation infrastructure such as roads, human resource development for high-level industry, technical cooperation, and policy recommendations for the promotion of the rural economy, and technical cooperation for capacity development of the government in the formulation and implementation of development plans.

### ● Malaysia

Due to low natural resources prices, Malaysia's real GDP is slowing to around 4.2% for 2016. This did not, however, discourage Malaysia from continuing seeking balanced development that is aimed at attaining two goals—sustainable economic growth with increased labor productivity, and environmental conservation and support for the socially vulnerable—at the same time, with a view to achieve an advanced economy status by 2020, with a GNI per capita of \$15,000 or more.

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 and development of human resources for industry; protection of socially vulnerable people including persons with disabilities; and cooperation for environmental conservation, including disaster risk reduction measures. JICA is also assisting Malaysia in providing South-South cooperation to other countries.

### ● Singapore

Japan and Singapore work together to implement the Japan-Singapore Partnership Programme, which provides training mostly for ASEAN countries but also for developing countries in the Pacific, Africa, and the Middle East, among other regions. Experts from the two countries serve as instructors. From fiscal 1994 to fiscal 2016, the program offered some 370 courses in total, inviting about 6,600 participants from 95 countries. The courses in fiscal 2016 ranged in topic from the police box system (*koban*), which Singapore has developed with Japan's support, to productivity enhancement, streamlined customs procedures for ASEAN, maritime safety management, and disaster risk reduction.

## The Pacific

JICA provides assistance to the 14 Pacific island countries. These countries have diverse languages and their own cultures and customs. While their development statuses are different, they

face common issues derived from the common challenges unique to island countries: they are small, isolated, and remote. JICA's development cooperation for the region is twofold: bilateral cooperation designed to overcome each country's priority issues, and regionwide cooperation designed to address common issues. JICA's development cooperation also takes advantage of the knowledge and experience of Okinawa, an island prefecture in Japan.

### ● Environmental Management

Solid waste poses a serious problem to the small islands of the Pacific region. JICA works with the Secretariat of the Pacific Regional Environment Programme (SPREP) to support institution building for sustainable waste management at the regional and national levels.

In recent years, coastal ecosystems have been damaged by multiple factors, including the overexploitation of marine resources and coastal development. To address this problem, JICA assists the management of coastal resources in Vanuatu and the Solomon Islands. It also works with universities and research institutions in Japan to support the Palau International Coral Reef Center in building its capacities in research as well as operations and maintenance.

### ● Disaster Risk Management and Climate Change

With many isolated islands, the Pacific island countries are prone and vulnerable to natural disasters such as cyclones, floods, earthquakes, and tsunamis. JICA's assistance includes a program designed to train meteorological personnel using the Fiji Meteorological Service as the regional hub, support for the establishment of the Pacific Climate Change Center in cooperation with SPREP, and training for working-level officials responsible for addressing climate change in the region. Through these activities, JICA is engaged in the establishment of an early disaster warning system at the regional level and the development of planning and implementing capacities for climate change strategies.

### ● Transport Infrastructure Development

Transport infrastructure for carrying people and supplies constitutes a lifeline indeed for the Pacific island countries, whose territories cover a vast area of ocean. JICA's assistance in this sector involves the development of airports, roads, bridges, and harbors and the provision of passenger and cargo vessels through financial assistance to individual countries, as well as technical cooperation for the operation and maintenance of vessels and port facilities through the dispatch of regional advisors.

### ● Stable Supply of Energy

The Pacific island countries, with limited natural energy resources, face the challenge of how to reduce their reliance on diesel power generation—which is subject to the fluctuations of international fuel prices—and secure the stable supply of renewable energy. JICA extends bilateral financial assistance and regional technical cooperation to promote the optimal introduction of renewable energy while stabilizing electric power systems and making efficient use of diesel power generation.

### ● Social Services

In the past, JICA's assistance in health for the Pacific region

centered on the control of infectious diseases such as malaria. From fiscal 2015, however, it is shifting to technical cooperation that focuses on controlling non-communicable diseases (NCDs) and encouraging health promotion in the face of the disease structure tilting toward NCDs in recent years.

In the education sector, JICA has been working to increase access to education in remote areas and isolated islands. Grants and technical cooperation for the University of the South Pacific, which was established by 12 countries in the region, are designed to establish an information and communication technology (ICT) center and to train ICT staff.

Case Study

**14 Pacific Island Countries:  
Pacific Leaders' Educational  
Assistance for Development and  
States (Pacific-LEADS)**



## Contributing to Fostering Future Leaders by Offering Opportunities to Study and Participate in Internship Programs in Japan

At the Seventh Pacific Islands Leaders Meeting in May 2015, the leaders of Japan and Pacific island countries agreed to enhance cooperation with a central focus on seven areas. Japan announced the launch of a program designed to train public officers titled “Pacific Leaders' Educational Assistance for Development of State (Pacific-LEADS).”

This program provides young officers who will play a key role in creating the future of their countries with opportunities to study in master's courses and participate in internship programs at central or local governments in Japan. After the program, these officers will return their home countries and are expected to take advantage of the expertise they have acquired in Japan to resolve development challenges in their countries. They are also expected to contribute to deepening relations between their countries and Japan as pro-Japanese groups.

For a period of three years from 2016, JICA will accept approximately 100 participants from 14 countries. In August 2016, the first batch of 41 participants arrived in Japan from 10 countries: Papua New Guinea, Solomon Islands, Vanuatu, Fiji, Kiribati, Samoa, Tonga, Palau, Marshall Islands, and Micronesia. They are now studying in a total of 20 master's courses offered by 18 universities across Japan, from Hokkaido in the north to Okinawa in the south. More than 40 participants are scheduled to come to Japan in the second batch, as of May 2017.



Participants in a group training session