Japan initiated its economic assistance towards Pakistan with the provision of technical assistance in 1954; Japanese ODA loan aid in 1961 and grant aid in 1970, which has continuously played an important role in the country's development. The accumulated total of Japan's economic assistance to Pakistan was 1,094 billion Yen [549 billion Pakistani Rupees (1Yen = 0.5 Pakistan Rs.)] until CY 2005 on commitment basis.

In response to the nuclear tests conducted by Pakistan in May 1998, economic measures were imposed and then loan and grant aid for new projects was suspended. However, the Government of Japan continued to provide grant assistance on an emergency and humanitarian basis, grant assistance for grassroots projects, technical cooperation and loan aid for ongoing projects.

After the simultaneous terrorist attacks of September 11, 2001, recognizing Pakistan's efforts to contribute to strengthening the international coalition against terrorism, and in view of Pakistan's difficult domestic situation, Japan decided to discontinue the economic measures imposed in May 1998 and an announcement to this decision was made on 26th October, 2001. Subsequently, Japan pledged a grant of US$ 300 million in November 2001. Japan also rescheduled debt worth US$ 4.5 billion in March 2003 in pursuance of agreed minutes of the Paris Club. Moreover, in April, 2005 the Japanese Prime Minister announced the resumption of Japanese ODA Loan programme to Pakistan so as to enhance the country's capacity to undertake large-scale infrastructure development projects.

The October 2005 earthquake extensively damaged infrastructure in Pakistan. After the earthquake, the Government of Japan immediately decided to extend emergency assistance. The Japanese assistance related to the earthquake

**Japan as the top Donor to Pakistan**

Japan's Country Assistance Programme for Pakistan


Recognizing the considerable changes in the international environment around Pakistan, Japan has extensively analyzed development issues facing Pakistan and has defined its medium and long-term goals for the country that are aimed at “Building a Sustainable Society”. Under this specific goal, three priority target areas have further been identified as guideposts for extending economic cooperation to Pakistan which include 1. Ensuring human security and human

**Japan's ODA to Pakistan on Commitment Basis**

<table>
<thead>
<tr>
<th>(Calendar Year 1996-2005)</th>
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<tr>
<td><strong>Billion Yen</strong></td>
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<tr>
<td>70.00</td>
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<tr>
<td>Technical Cooperation</td>
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<tr>
<td>Grant Aid</td>
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<td>Loan Aid</td>
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Mr. Shaukat Aziz, Prime Minister of Pakistan and Mr. Seiji Kojima, Ambassador of Japan to Pakistan at the inauguration of a prefabricated operation theater in the earthquake affected area in Batagram.
The Government of Japan provides ODA based on requests made by the Government of the Islamic Republic of Pakistan. ODA is classified into following three types:

Japanese ODA Loan Aid is extended on “soft” terms, characterized by a low interest rate and a long maturity. ODA Loans have been extended towards basic economic and social infrastructure projects that provide indispensable underpinning for Pakistan’s national development. The ODA Loan thereby supports poverty reduction through “economic growth” and “capacity and institution building”. Japan Bank for International Cooperation (JBIC) is an official agency with a statutory mandate to provide Japanese ODA loans.

Grant Aid is financial assistance to support development projects and social sector activities in various sectors, including health, education, water works etc. with an aim to benefit basic human needs. Grant Assistance for Grassroots Human Security Projects (GGP) is a sub category of grant aid through which flexible and timely support is provided to non-profit organizations for small-scale development projects all over Pakistan.

Technical Cooperation focuses on capacity development. Japan International Cooperation Agency (JICA), which dispatches Japanese experts and volunteers in various fields and provides training opportunities to Pakistani officials, is an official agency with a statutory mandate to implement the technical cooperation. Technical Cooperation has been designed in order to enable people to become self reliant, solving their problems through their own efforts.

Further detailed information regarding Japan’s ODA towards Pakistan can be obtained from the Embassy’s

**Scheme of Japan’s Official Development Assistance (ODA)**

The three main areas of focus for Japan’s ODA in Pakistan are:

1. Development, 2. Development of a sound market economy, 3. Achieving a balance in regional socio-economic development. These three target areas are essential for Pakistan in achieving economic and social development which is viable and compatible with the real needs of the population. Japan intends to implement ODA to Pakistan in an effective and efficient manner based on the said country’s programme in order to help Pakistan achieve a bright future through utilizing the enormous potential of its excellent human resources.

Further detailed information regarding Japan’s ODA towards Pakistan can be obtained from the Embassy’s

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**Japanese Assistance for Various Sectors of Pakistan**

Based on the Country Assistance Programme, Japan is actively supporting the efforts of the Government of Pakistan to revive its economy and to reduce poverty through a series of reforms and supporting the initiatives taken through Poverty Reduction Strategy Paper (PRSP). In doing so, following sectors have been identified as being crucial: Health, Sanitation, Education, Agriculture, Irrigation, Economic Infrastructure and Economic Development.

**Health**

Infant mortality and mortality of pregnant and parturient women in Pakistan continue to remain high. Also, 40% of the total burden of disease (BOD) is due to infectious/communicable diseases, which suggests that health service delivery in Pakistan has room for improvement. The health expenditures of the Pakistani Government are rising but at a slow pace. Only 0.6% of GDP was allocated to the health sector in 2006.

**Communicable Disease Control Programme**

In strengthening the overall system of Directly Observed Treatment Short Course (DOTS) as Tuberculosis (TB) countermeasures, JICA gives support for improving the capabilities of outreach workers, supervisors and laboratory technicians. A comprehensive assistance has been provided through the formulation of action plans for educational activities, performance monitoring and logistical management of the stock of anti-TB drugs. These measures will definitely contribute to the reduction
Sanitation

Unsafe water and insufficient sanitation lead to high mortality due to water borne diseases and Pakistan suffers from such problems. Particularly the cities in Pakistan face the challenge of an increasing demand for proper sewage disposal due to rise of population and rapid urbanization.

Functional improvements in water supply and sewerage along with capacity building for maintenance and management in urban areas:
A grant aid has recently been extended to the Project For Improvement of Water Supply System in Faisalabad. The grant is being utilized to execute main construction works for water collection, transmission and distribution facilities in Faisalabad city. Once implemented, the project will benefit around 1.6 million residents of Faisalabad. With the project, it is expected that an additional water supplies of 91,000 cubic meters per day will be secured.

In Karachi, Study on Water and Sewerage System will be carried out until the end of March 2008 to formulate a master plan for improving the water supply and sewerage system of Karachi by the target year 2025.

This assistance is a good example of Japan's ODA project aimed at improving the sanitary situation synthetically which includes water supply and sewerage system of the mega city. Karachi Water Supply Project, (one of the Japanese ODA loan projects) is also currently being implemented to strengthen the filtered water supply capacity at Hub and Pipri treatment plants.

Improvement of water supply and sewerage facilities of the rural areas:
Japan's ODA project aims at helping improve the sanitary environment in rural area too. JICA will conduct
Human capital is one of the largest factors influencing a country's development. In the education sector, Japan recently has extended its support towards promoting basic (elementary and secondary) education as well as ensuring the provision of quality education. At the same time, Japan understands that the expansion of technical education and skills training at the secondary and post secondary school level is necessary to bring about an expansion in the middle class society of Pakistan.

Improvement in basic education and a reduction in various disparities:

**Punjab Literacy Promotion Project** is an on-going project in the four model districts of Punjab so as to strengthen the administrative and planning capacity of the literacy department both at provincial and district levels. The project has developed the comprehensive information system for an efficient and effective management of literacy programme.

**Balochistan Middle Level Education Project** by Japanese ODA Loan is also an on-going project which aims to improve access and quality of middle level education and to bring about reduction in gender disparity. Japan is supporting upgradation of two hundred primary schools to the level of middle schools, construction of science rooms and technical workshops, together with the provision of necessary equipments. A Japanese Expert is also working in collaboration with the Education Department for the project to strengthen the function of educational administration at the provincial as well as district government level.

**Support for Technical Education and Vocational Training (TEVT) to promote the expansion of the middle class:**

In response to the Government of Pakistan's growing interest in restructuring and expansion of TEVT sector,

**Agriculture, Irrigation and Water Resources**

Pakistan's rural population is linked directly or indirectly to agriculture for its livelihood. It plays a key role for the development of the economy, accounting for 22% of GDP, employing 45% of labor force and contributing 60% of export income. On the other hand, the poverty ratio in the rural areas is twice as much as that in the urban areas while 60% of the households in the rural area are non-agricultural.

**Improvement of Irrigation Facilities:**

Pakistan has the largest canal system in the world to bolster its agriculture sector. Water resource development to ensure sustainable supply of water for agriculture is extremely important, considering its impact on the life of the masses in Pakistan. Especially, the Indus irrigation system is the backbone of Pakistan's economy.

**Region Specific Products Development:**

Having suitable climatic conditions, the North West Frontier Province (NWFP) has a vast potential for agriculture. JICA has been supporting the development of value added products in the field of livestock, aquaculture and fruits processing. Such region specific products will contribute to the entire rural economy by promoting food processing and marketing as well as agricultural production.

**Lower Chenab Canal System Rehabilitation Project:**

Since the Indus Irrigation system was constructed a century
JAPAN’S OFFICIAL DEVELOPMENT ASSISTANCE FOR PAKISTAN

Economic Infrastructure and Economic Development

Upon his visit in April 2005, the then Prime Minister of Japan, Mr. Koizumi, announced the resumption of Japanese ODA Loan to Pakistan. This programme indeed opens new vistas for the development of this country, especially in its ability to undertake large scale infrastructure development projects. Japan has been making valuable contributions for the implementation of many mega projects in various sectors, a few of which

Transportation

An efficient transportation system is essential for the economic and social development of a country. It contributes to smoothing logistics and lower transactions cost on one hand, while creating a better access to medical services and markets on the other hand. A convenient and efficient transportation system is extremely important, especially for the rural poor.

Kohat Tunnel Construction Project is a Japanese ODA Loan project that was completed in 2003. It was the first major tunnel project in Pakistan, aiming to remove the impediments in Indus Highway (N 55). The latest Japanese ODA loan Project is Indus Highway Construction Project (Phase III), which will construct a 200 km two-lane carriageway between Sehwan and Ratodero. The Loan Agreement was concluded in December 2006.

As technical cooperation, Pakistan Transport Plan Study was conducted in 2006. The Ministry of Communications will use the report in order to facilitate the future networking of the transport system. Various trainings and technical cooperation such as dispatching a technical advisor to NHA are also part of this technical cooperation.

Power

Increasing self-dependence in power generation has been an important issue in Pakistan, together with an efficient distribution across the country. The Japanese Government has provided assistance mainly through Japanese ODA Loan.

Ghazi-Barotha Hydropower Project is another prominent example of Japanese ODA Loan projects co-financed by various donors including the World Bank and the Asian Development Bank. The project supported to cater for the increasing power demand in Pakistan and change its dependence from thermal power to hydropower. The latest assistance in this section is the DaduKhuzdar Transmission System Project, for which the Loan Agreement was concluded in December 2006.

The Japanese Government has also provided assistance for the ODA Loan projects such as rural electrification, national grid line strengthening and the power generation plants, such as Bin Qasim and Jamshoro Thermal Power Plants in the past.

An amount of about 3.8 billion Yen will be allocated to Load Dispatch System Upgrade Project, which is a good example of the Japanese support in the power sector. Due to the rapid expansion of the electric power system in Pakistan, a more reliable and accurate dispatch system is required. This project aims at upgrading load dispatch system for a stabilized and efficient operation in the electric power system.
Environment

Environment is viewed as one of the key components under the Japanese Assistance. In Pakistan, Japan is focusing mainly on urban environmental protection in the areas of Air & Water Pollution and Solid Waste Management.

Support for Environmental Monitoring System:
A grant aid project of $11 million was completed in March 2007 aiming at establishing a regional environmental monitoring network in Pakistan. The project ensures effective working of Environmental Protection Agencies (EPA) in Pakistan by enhancing their monitoring capacity and secures the scientific knowledge to take administrative measures for improving the quality of deteriorated air and water.

As the next step, technical cooperation will start for the purpose of enhancing the capacity for environmental management and monitoring at the Pak-EPA and Provincial EPAs.

Solid Waste Management in Urban Areas:
A JICA expert prepared guidelines for the effective Solid Waste Management, after a year long association with Pak-EPA.

Considering the ground realities and the strategies devised in the past by the Agency, the expert has suggested many ways to achieve efficient and effective solid waste management. The guidelines are available at the PEPA library in Islamabad.

Support for Environmental Monitoring System:

Currently, technical cooperation projects for capacity building for solid waste management is being

Grant Assistance for Grassroots Human Security Project (GGP) Scheme

The GGP programme was initiated in 1989 and so far a sum of US$ 13 million has been extended to 237 development projects across the country. The support is extended to small-scale development projects of non-profit organizations in order to provide flexible and timely support to various self-help initiatives. Priority is given to the projects of humanitarian nature such as those concerning primary health, basic education, vocational training/skill development, special education, agriculture, public welfare/basic infrastructure,

JICA Volunteer Programme in Pakistan

JICA has a volunteer programme which consists of two types as follows:

Senior Volunteer (SV)
Senior volunteers are between 40 to 69 years of age. They possess rich experience and are highly skilled in their respective field.

Japan Overseas Cooperation Volunteer (JOCV)
JOCV are between 20-39 years of age. They also have knowledge and skills in their field of expertise. They work with local people using local language as they had intensive language training before their arrival.

JICA started dispatching JOCV’s to Pakistan in 1995 and Senior Volunteers in 2001. So far more than 170 volunteers have provided their valuable services in different fields, mainly Health, Education, Environment, Industry and Social
What is JBIC

Japan Bank for International Cooperation (JBIC) has a statutory mandate to undertake lending and other operations for the promotion of Japanese exports, imports and economic activities overseas; for the stability of international financial order; and for economic and social development as well as economic stability in the developing economies, thereby contributing to the sound development of the Japanese economy as well as international economy.

JBIC operates under the principle that it will not compete with financial institutions in the private sector. For details see: http://www.jbic.go.jp/english/

What is JICA

Japan International Cooperation Agency (JICA) is ODA implementing Agency of the government of Japan. It implements the ODA in the form of technical cooperation and grant aid. Today, JICA has more than 90 overseas offices around the globe to contribute to the capacity development of the developing countries. JICA Pakistan office started its operations in 1983. On 1st October 2008, JICA and JBIC will merge together to make “new JICA”. For details, see http://www.jica.go.jp/pakistan/english/

What is JETRO

Japan External Trade Organization (JETRO) works to promote mutual trade and investment between Japan and the rest of the world. JETRO originally was established in 1958 to promote Japanese exports abroad. JETRO’s core focus in the 21st century has shifted towards promoting foreign direct investment into Japan and helping small to medium size Japanese firms maximize their global export potential. For details, see http://www.jetro.go.jp/