

# Japan's ODA to Mekong River Basin Countries<sup>1</sup>

*Minoru Makishima and Mitsunori Yokoyama*

## 1. OVERVIEW

Official Development Assistance (ODA) refers to the funds and technology that the Japanese government provides to developing countries and consists of three components, namely: (a) bilateral grant and technical cooperation, (b) bilateral loan (generally known “as Yen Loan”), and (c) contribution and subscriptions to multilateral donors. In charge of implementing the major components are Japan International Cooperation Agency (JICA) for the bilateral grant and technical cooperation, and Japan Bank for International Cooperation (JBIC) for the Yen Loan.

Grant aid means the provision of funds to the governments of developing countries without the obligation of repayment. It covers general project grants such as for reforestation, child welfare, medical care and support for human resource development, and non-project grants such as for disaster relief, food aid, and assistance to overseas students and cultural activities. With respect to the sectoral distribution of bilateral ODA, it was formerly said that Japanese economic assistance was mainly for hard infrastructure. However, the present proportion of social infrastructure and services in the distribution is almost the same as that of economic infrastructure.

On the other hand, the Yen Loan is meant to provide developing countries with long- term development funds at low interest and mainly for economic infrastructure. In October 2008, the function of providing concessionary loans by the JBIC was

integrated into JICA's operations under the supervision of the Ministry of Foreign Affairs (MFA). The integration is expected to enhance the effectiveness and quality of ODA operations by combining technical cooperation and ODA loans.

Meanwhile, with regard to the subscriptions to multilateral donors, the Ministry of Finance (MOF) holds jurisdiction over the budget. The Overseas Economic Cooperation Fund (OECF) used to be under the supervision of the MOF. Japan has long been a key donor to the Asian Development Bank (ADB) and successive presidents of the ADB used to be high officials of the MOF. However, as seen in Tables 1 and 2, many other government agencies apart from the MOF are engaged with ODA projects and most of the projects are independently planned and practiced.

In Figure 1, it can be seen that for eight consecutive years from 1993 to 2000, Japan ranked as the world's top donor to the developing countries. However, in view of its budget deficit and the rapid decline in its tax revenue following the collapse of the bubble economy in the late 1990s, Japan's ODA budget dramatically declined, and in 2001, the United States (US) dislodged Japan from its position as number one donor to developing countries. The structural reforms that took place in Japan also led to a reduction of the ODA budget more than public works expenditure. In fact, Japan's ODA was cut by about 40 percent for recent 10 years, and the ODA budget in 2007 represented only about 60 percent of what it was during its peak year in 1998. On the other hand, the US and Europe have greatly increased their ODA after the 9/11 terrorist attacks in 2001 as a form of counter-terrorism strategy, owing to the conviction that the breeding ground for terrorism is rooted in poverty in mostly developing countries. The worsening environmental problems also led to increased ODA in an effort to prevent deforestation and desertification in developing countries (see Figure 2).

**Table 1 : Total Government ODA Budget (General Account)**

(Unit: ¥ 100 million, %)

Type	2007	2008	
	Budget	Budget	Percentage increase
<b>I. Grants</b>	<b>5,703</b>	<b>5,507</b>	<b>-3.4</b>
1. Bilateral grants	4,831	4,674	-3.3
1) Economic development assistance, etc.	1,636	1,588	-2.9
2) Grant aid for increase of food production, etc.	-	-	-
3) Transfer to Trade Reinsurance Special Account	25	24	-4.5
4) Budget for JBIC	200	135	-32.5
5) Technical cooperation, etc.	2,970	2,972	-1.4
(Technical cooperation implemented by JICA)	1,556	1,538	-1.2
2. Contribution and donation to multilateral institutions	872	833	-4.4
1) International organizations including UN, etc.	626	595	-5
2) MDBs	246	238	-3.1
<b>II. Loans</b>	<b>1,591</b>	<b>1,495</b>	<b>-6.0</b>
JBIC	1,591	1,495	-6.0
<b>III. Total</b>	<b>7,293</b>	<b>7,002</b>	<b>-4.0</b>

Notes : 1. Individual totals may not be equal to the sums of the individual parts because some numbers have been rounded off.

2. Budget for JBIC and JIBC above include the budgets associated with JICA from October 2008.

**Table 2 : The ODA Budget of Ministries and Agencies (General Account)**

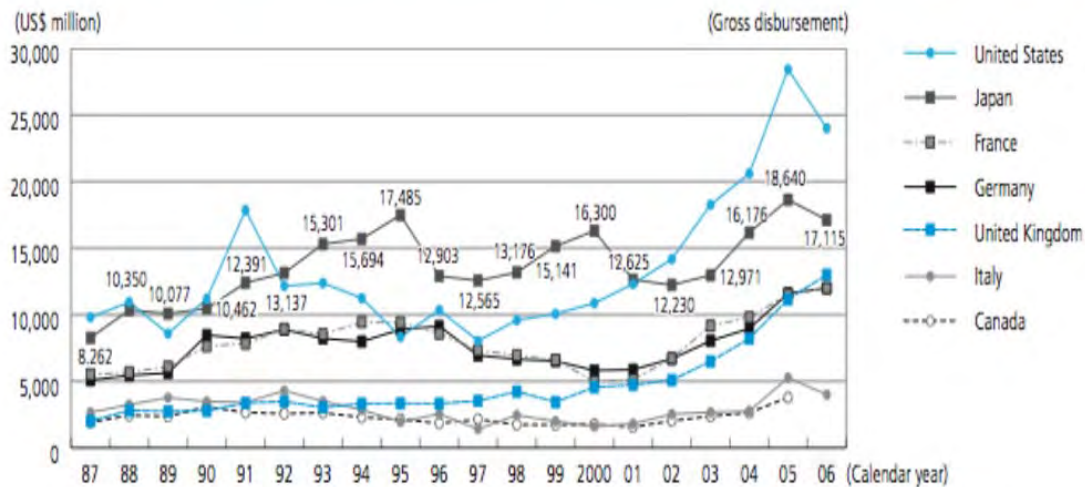
(Unit: ¥ 100 million, %)

Type	2007	2008	
	Budget	Budget	Percentage increase
Cabinet Office	37	26	-29.4
National Police Agency	30	30	-0.1
Financial Services Agency	94	133	42.0
Ministry of Internal Affairs and Communications	963	913	-5.2
Ministry of Justice	342	225	-34.3
Ministry of Foreign Affairs	454,359	440,729	-3.0
(JICA Allocation)	155,626	153,786	-1.2
Ministry of Finance	185,292	174,155	-6.0
Ministry of Education, Culture, Sports, Science and Technology	42,688	40,539	-5.0
Ministry of Health, Labour and Welfare	10,348	9,361	-9.5
Ministry of Agriculture, Forestry and Fisheries	4,753	4,541	-4.4
Ministry of Economy, Trade and Industry	29,182	28,314	-3.0
Ministry of Land, Infrastructure and Transport	834	801	-3.9
Ministry of the Environment	417	406	-2.7
<b>Total</b>	<b>729,339</b>	<b>700,173</b>	<b>-4.0</b>

Note : Individual totals may not be equal to the sums of the individual parts because some numbers have been rounded off.

Source: Ministry of Foreign Affairs of Japan

**Figure 1. Trends in the ODA of Major DAC Countries (Gross Disbursement)**



Source: 2007 DAC Press Release; Development Co-operation Report 2006

Notes: (1) Excluding assistance to the Eastern European and graduated countries.

(2) US figures for 1990-1992 exclude military debt relief.

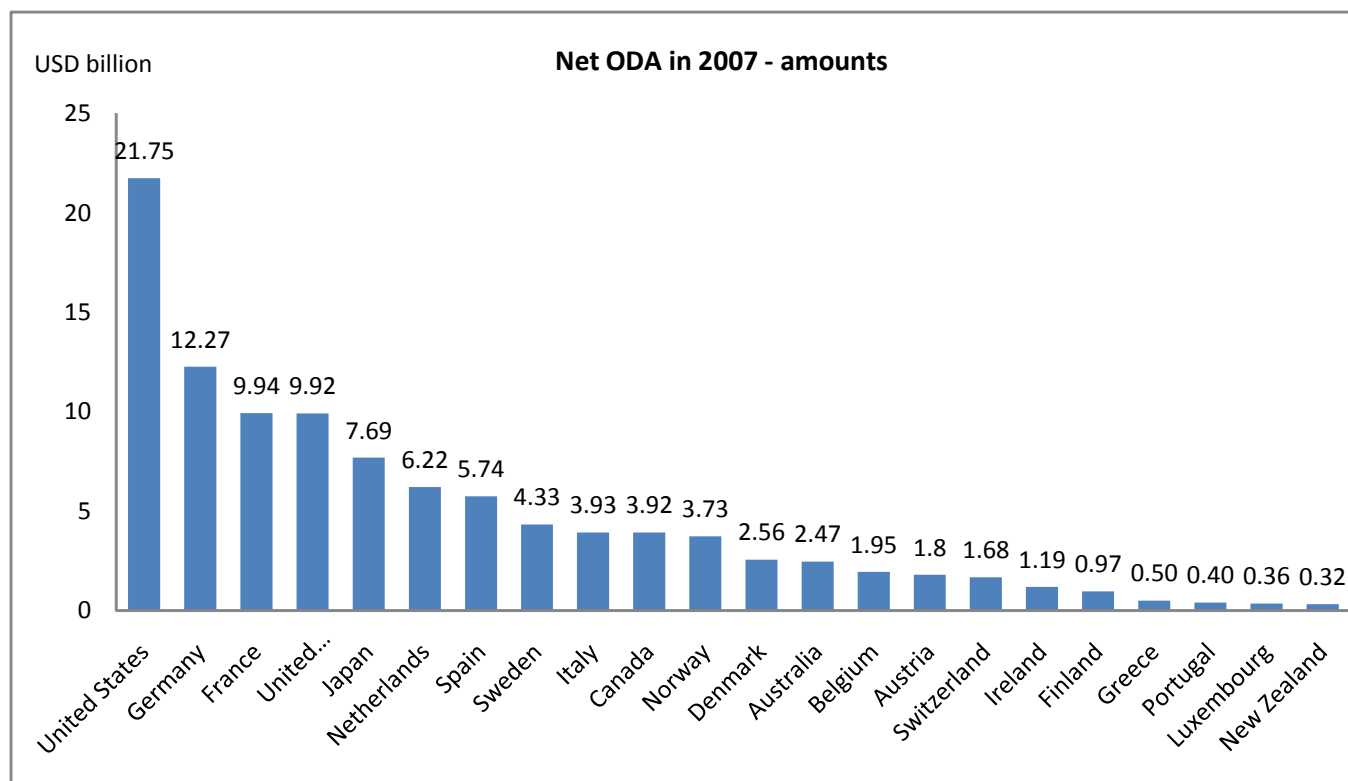
(3) Provisional value for 2006, except Japan.

(4) No report on Canada for 2006.

It is reported Japan slid down to fifth place in 2008, falling behind the US, England, Germany, and France in terms of ODA disbursements with the amount of about 700 billion yen or US\$ 7.7 billion (net). Because Japan has utilized the ODA as a means for diplomacy in the absence of an army, the reduction in its ODA may somewhat weaken its diplomatic power.

For Japan, East Asia is a very important region with respect to historical, geographical and economic relationships. In the early 1980s, the share of bilateral aid for the region was around 50 percent. But since the late 1980s, Japan's ODA has expanded to other regions such as South Asia, the Middle East, and Africa. Recent decades have also witnessed the remarkable development in the economies of Malaysia and Thailand, thereby exempting them being recipients of grant aid. As a result, the proportion of bilateral aid in the East Asian region declined to a 30 percent level.

Figure 2: NET OFFICIAL DEVELOPMENT ASSISTANCE IN 2007

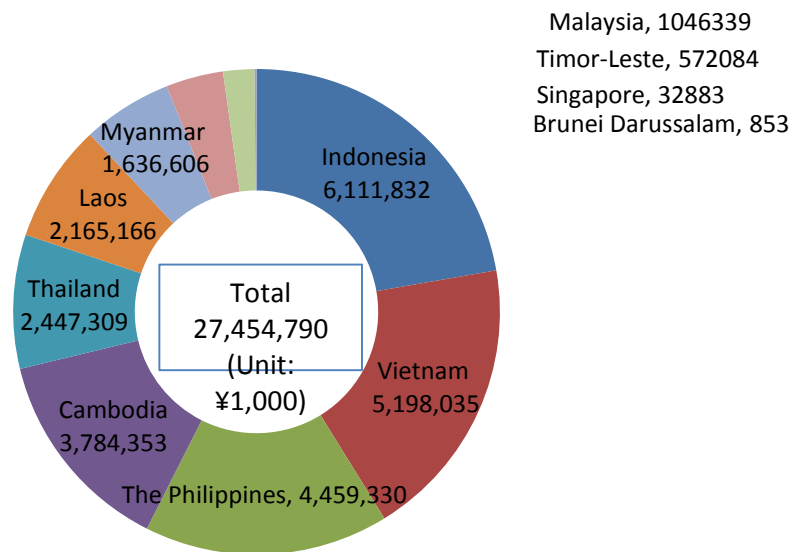


It increased to the 40 percent range, though, in 1998 because of Japan's support in connection with the Asian currency crisis. However, it decreased again after 2000, marking the share of East Asia at 18.4 percent even as Japan still holds the position of being the largest aid donor in the region.

Meanwhile, in terms of the distribution of bilateral ODA within the Asian region, Cambodia, Laos, Myanmar and Laos (CLMV) have gained a higher proportion at about 57 percent (see Figure 3).

The increase in Japan's share of ODA for CLMV is premised on the need to reduce the economic gap between CLMV and the other leading ASEAN countries and promote regional integration. In the aftermath of the civil war in Cambodia, Cambodia gained membership to the ASEAN, after Lao PDR, Myanmar and Vietnam became members in 1999, thereupon creating the ASEAN 10. However, the regional imbalance between the CLMV countries and other ASEAN countries was an issue that needed to be resolved. For example, the per capita national income of each of the CLMV countries was less than US\$ 1,000 in 2006, while the average per capita national income of the leading ASEAN countries was about US\$11,945 or ten times more. In addition, aside from the economic difference, the difference in the social infrastructure was also remarkable. Apart from Vietnam, the percentage of enrollment in junior high school was less than 50 percent in Cambodia, Laos and Myanmar in 2006 while that in the other ASEAN countries (except Indonesia) was generally 70-90 percent during the same year. The percentage of the poor and infant mortality was also high in Lao PDR and Cambodia.

**Figure3. Cooperation results in Southeast Asia (FY2007)**



\* This is the total amount of bilateral cooperation. The amount of cooperation provided to Asia including cooperation that covers a group of countries is 45,121,925 thousand yen.

Source: Ministry of Foreign Affairs of Japan

In view of these, Japan has put priority to the development of the CLMV countries through increased international cooperation and coordination among international organizations and new donor countries such as Thailand and China for CLMV's further development. The subsequent sections summarize Japan's ODA to CLMV.

## **2. JAPAN'S ODA FOR CAMBODIA**

At the onset of the peace agreement in 1991 that put an end to the prolonged civil war in Cambodia, a mass of international aid flowed into Cambodia, totaling about US\$1,400 million from 1992 to 1996. Japan has played a role as leading donor since the early stage of economic assistance for Cambodia.

At present, the Cambodian Government is implementing the Third National Strategic Development Plan (2006-2010) which consists of four pillars, namely, enhancement of agriculture, rehabilitation and construction of infrastructure, development of the private sector and job creation, and capacity building and human resource development.

In keeping with the strategy of the Cambodian government, Japan has formulated the following ODA policy to Cambodia:

(a) Sustainable Economic Growth and Stable Society

- Support for Reforms, Basic Economic Infrastructure, Poverty Reduction through Rural Development and so forth



(b) Support for the Society's Vulnerable People

- Education, Health Care

(c) Responses to Global Issues

- Environment Conservation, Anti-drug Measure and so forth

(d) Catching up with the other ASEAN Member Countries

- Including Mekong Regional Development

Above all, Japan is focusing on the rebuilding of the infrastructure badly damaged by the long civil war, poverty reduction, consolidation of the fragile legal system and increasing of transparency.

In fact, Japan has been the single largest donor to Cambodia, providing 21 percent of all the development cooperation resources since 1992. Japan's total grant for economic cooperation was 43.3 billion yen and total Yen Loan was 16.0 billion yen from 1992 to 2006. In terms of a single year base, grants in 2006 was 6.5 billion yen, technical cooperation, 4.0 billion yen and Yen Loan, 2.6 billion yen. Financial aid by grant therefore makes up a substantial portion of Japanese ODA in Cambodia, with emphasis on transportation, social development such as water, sanitation, housing and safety, and human resource development.

The following cases illustrate Japan's contribution to Cambodia.

Cases of Japan's ODA for Cambodia

(1) Cambodia's National Route 1 Improvement Project (FY2005-FY2010)

National Route 1 is one of the major roads connecting Phnom Penh and Bavet close to the border of Vietnam. Moreover, from the point of the Mekong development, the road has an important place because it extends to Ho Chi Minh City and is also a component of the Second East-West Corridor. The road of about 105 km between Neak Lueng and Bavet was repaired with the aid of the Asian Development Bank (ADB) in 2003.

However, the road of about 56 km between Phnom Penh and Neak Lueng is heavily damaged by flood because it lies parallel with the Mekong River. Japan has improved about 43 km of the road through the expansion of roads, construction of a bridge and culverts (drain ditch), and improvement of effluent treatment facilities, among others. The total cost of the ODA is estimated at about 8.2 billion yen<sup>2</sup>. The completion of the road will cut travel time between Phnom Penh and Neak Lueng from 1 hour 50 minutes to 50 minutes. Moreover, the construction will protect the road from flood damage. The main national roads have also been gradually improved through foreign assistance mainly from Japan, the World Bank and ADB (although several missing roads and bridges exist). It is expected that the new road will activate economic and social activities but further linkage with other roads crossing the border will be required.

## (2) Sihanoukville Port Urgent Rehabilitation Project

With respect to the port sector, Cambodia's port system does not have enough capacity to keep up with the increased cargo volumes of recent years. In order to improve the

cargo-handling capacity of the port system, the Sihanoukville Port Urgent Rehabilitation Project was started in 1999 through Yen Loan. There is another international port in Cambodia -- the Port of Phnom Penh -- but it is so limited that the ships must pass through the Vietnam-owned lower course. Moreover, it is very difficult for large vessels to pass since it is a river port. On the other hand, the Sihanoukville Port is the only port that faces the sea that would be able to handle all cargo-carrying vessels. In this connection, Japan exchanged a Memorandum with the Cambodian Government in 2004 on the cooperative undertaking for the port. The total Yen Loan for the project since 2004 until the present time amounts to 12 billion.

With this, a new 6 ha scale container berth was completed in March 2007, thereby gradually increasing the container handling volume which reached 25,000 TEU in 2007. It holds the length of 400m and the depth is 10m. In the offshore area of Sihanoukville, meanwhile, oilfield and gas mine were found. By 2011, an oil supply base, SEZ (special economic zone) and airport are expected to be built adjacent to the Sihanoukville Port. China has already ensured the putting up of an SEZ in the area. In addition, a One- Stop Service or a single window service for trade, custom and other related services is also going to be introduced in the SEZ.

At present, the dealing container volume of Sihanoukville Port is too small, compared to the Leam Chaban and Ho Chi Minh Ports, because of the limited number of industries and poor roadway infrastructure. Moreover, there is a missing link of railway of 264 km from Sihanoukville to Phnom Penh. To enable to build a Sihanoukville growth center that has industrial estates, the improvement of

transportation routes, both road and railway, is indispensable. Further economic assistance in cooperation with other donors shall thus be required.

### (3) Cambodia Garment Training Center (CGTC)

The CGTC was established by the Japanese Government and two Japanese private companies (Marubeni and JUKI) in 1999. It is managed by the Garment Manufacturers' Association in Cambodia (GMAC) which represents 300 garment export manufacturers in Cambodia. Technical training such as sewing, quality control, maintenance and supervisory management are conducted by Japanese experts who are dispatched by the Japan Overseas Development Corporation (JODC<sup>3</sup>) and by assistant trainers from the GMAC. The program accepts candidates from both those occupying managerial positions and the younger set who can learn skills practice before working at the factory. So far, the program has produced more than 2,300 graduates and at present, nearly 100 percent of the graduates can be employed by the company. Cambodia's garment industry remains virtually 90-100 foreign owned, with most aiming for a GSP (Generalized Systems of Preference) or the garment quota system to the US and the European Union (EU). At present, foreign direct investments (FDIs) into the garment industries are mainly from Taiwan, Korea, Hong Kong and China. Japanese investment into Cambodia is only for about 40 industries, with, ironically, none for the garment industry. There has been criticism that the Japanese aid, while contributing to human resource building in Cambodia, will nonetheless be only for the benefit to foreign industries. Still, if one looks at the broader perspective, there is no doubt that the CGTC will contribute to capacity building for Cambodia.

Aside from this Center, Japan also set up the Cambodia-Japan Cooperation Center

which aims at providing overall training, including Japanese language lessons. Many cultural exchanges between Cambodia and Japan are expected to be promoted through this Center.

### **3. JAPAN'S ODA FOR LAO PDR**

Lao PDR is located in the center of Indochina and shares borders with five countries such as China, Vietnam, Thailand, Cambodia and Myanmar. It is often said that Cambodia, in a sense, serves the role of a buffer in the region. The Japanese government recognizes this role wherein Lao PDR may geographically help the security and prosperity of the Mekong Region and also East Asia.

Japan has implemented bilateral assistance of roughly US\$75-90 million per year to Lao PDR and has been the largest donor country in terms of bilateral assistance to Lao PDR since 1991.

The Lao PDR government, meanwhile, is implementing the 6<sup>th</sup> National Socio-Economic Development Plan (2006-2010) in accordance with the National Growth and Poverty Eradication Strategy (2004). The Development Plan includes three primary challenges, namely, challenges to human development, challenges to economic development and challenges to the capacity development of the Laotian society. In accordance with Lao PDR's development policy and strategy, Japan has fleshed out the following ODA policy to Lao PDR.

As a basic policy, (i) Japan promotes poverty reduction from the viewpoint of "human security" and supports Lao PDR's efforts to achieve the Millennium Development Goals (MDGs), (ii) supports the base for a self-reliant and sustainable economic growth and development, and (iii) assists capacity building that will empower

Lao PDR in its independent efforts to achieve poverty reduction and economic development. To meet these goals, Japan has made the following as priority areas:

- (a) Enrichment of Basic Education
- (b) Improvement of Healthcare Service
- (c) Development of Rural Regions and Utilization of Sustainable Forest Resource
- (d) Improvement of Socioeconomic Infrastructure and Effective Utilization of Existing Infrastructure
- (e) Institution Building and Human Resource Development for Enhancing the Private Sector
- (f) Reinforcement of Administrative Capabilities and Institution Building.

In terms of grants, Japan puts emphasis on the improvement of infrastructure, basic human needs (BHNs), agriculture and rural development. Technical cooperation in the areas of human resource development, social infrastructure development and health care have also been emphasized. The following cases are illustrations of Japan's ODA to Lao PDR.

#### Cases of Japan's ODA for Lao PDR

##### (1) Nam Ngum Dam Project

The Nam Ngum Dam is located approximately 90 km north of Vientiane. It was completed through a financial assistance from 12 countries under the auspices of the United Nations in 1985. Then, the Nam Leuk Hydropower Plant was built in 1996 wherein Japan bore a quarter of the construction cost and the Yen Loan amounted to 9 billion yen by the third term construction. In fact, Japan's government and private industries have been involved in the construction of the dam from the very first stage of planning. Most of the machines and computer systems were also procured from Japan.

The Nam Ngum Dam has generated most of Lao PDR's electricity, including the power used in the capital city of Vientiane. About 70 to 80 percent of the electricity generated is also exported to Thailand which has contributed to an average of one-quarter of Lao PDR's foreign exchange income. Recently, though, the share has decreased to less than 10 percent due to the increase of Lao PDR's demand for electricity. The dam construction, however, submerged huge tracks of productive land and forest. Residents were forced to evacuate to other areas with less compensation. Environmental effects of the dam construction were also pointed out by global intellectuals and NGOs. The Lao PDR government aims to raise the generation of electrification from 47 percent to 70 percent in 2005 and to 90 percent in 2010. In the process, though, the social impact of the construction of the dam on the local community needs to be considered.

## (2) Second Mekong International Bridge

The first Thai-Lao Friendship Bridge was built through Australian economic assistance in 1994. After 12 years, the Second Mekong International Bridge has spanned to between Mukdahan in northeastern Thailand and Savannakhet in south-central Laos with the help of Japanese ODA. For the Japanese government, it was the first memorable ODA loan that crossed an international border. Although different laws, institutional systems and transportation regulation systems exist, the two governments exchanged a bilateral agreement and the project went well under the supervision of a joint project committee. Construction costs were shared according to the terms of the agreement. The completion of the Second Mekong International Bridge accelerated the access of the East West Corridor except for the planned section of Myanmar. Needless to say, the enhancement of the transport network is one of the priorities in the region.

As a token of its appreciation, Lao PDR exempted Japanese citizens from visas for entry to Lao PDR for a two- week stay, effective January 2008. The same treatment was extended to Australian citizens. It reflects the need of cross-border development and further cooperation.

### (3) Faculty of Economics and Management, National University of Laos

According to the New Economic Mechanism (NEM) and the 4<sup>th</sup> Five-Year Social and Economic Development Planning (1996-2000), the Lao PDR government aimed to push for economic reforms toward achieving a market economy. In this regard, JICA started to set up the Faculty of Economics and Management (currently Faculty of Economics and Business Management) at the National University of Laos in 2001, the latter of which was established with the support of the ADB in 1995. Many experts, including economists, from Japan's Institute for Developing Economies (IDE) were sent to the Faculty on both short and long term stints to help develop or revise the curriculum and textbooks on international investment, international marketing, finance and economic history, among others. In addition, such experts endeavored to develop and foster young lecturers through guidance in their dissertations as well as in teaching at the Faculty. After the experts' contract terms, interactive distance learning has been held cooperated by Kobe University in Japan. Indeed, this ODA project is significant in that it contributed in the fostering of the next generation for the development of Lao PDR.

## **4. JAPAN'S ODA FOR MYANMAR**

Myanmar is historically and geographically an important country to Japan. Japan



has been the largest donor to Myanmar since 1968. However, in 1988, the Japanese government decided to stop its ODA, especially Yen Loan, to Myanmar in response to the latter's military coup and suppression of pro-democracy forces. However, a condition was agreed on that only new projects will not be supported and that projects approved before 1988 were to be exempted. Thus, the Yen Loan of 2.5 billion yen for the Yangon International Airport Expansion Project was approved owing to its urgency. Moreover, the second Berchaun hydropower plant<sup>4</sup> repair project was provided a grant of 600 million yen. In 2003, after the house re-arrest of Aung San Suu Kyi, Japan once again reiterated its ODA position to Myanmar. In principle, new projects will be stopped although urgent and really humanitarian projects, capacity- building projects useful for democratization and economic structure reform, and projects intended for CLMV countries or ASEAN shall be considered and implemented albeit still consciously taking note of the situation in Myanmar.

The Myanmar Government is implementing its 4<sup>th</sup> Economic Plan (2006-2010) that consists of industrial development, including agriculture, development of electricity and energy sector, export promotion, development of alternative fuels by using bio-diesel engine, human resource development such as education and healthcare, and continuous border and rural development.

However, as earlier mentioned, Japan's ODA to Myanmar has been limited to certain fields such as education and healthcare. Moreover, since the number of major donors in Myanmar is limited to Japan, China, India, and a few international organizations, aid coordination inevitably becomes a limited field. At present, meetings for the expansion of HIV/AIDS prevention programs and Anti-Drug measures are also being regularly held. Recent Japanese ODA cases are illustrated below.

## Cases of Japan's ODA for Myanmar

### (1) Counseling and Training Center for Drug Addicts

The Japanese government, under the grassroots grant assistance scheme, donated about US\$66,000 to the Myanmar Anti-Narcotics Association (MANA) in 2004 for the construction of the Drug Counseling and Training Center in Yangon which opened in 2006.

Myanmar has been striving to eradicate its narcotic drug problem and this assistance was extended precisely from the humanitarian perspective to help victims of drug problems. The Center is expected to serve as the venue for the rehabilitation of drug addicts, and conduct of training and seminars by counselors and advisors.

### (2) Buckwheat Cultivation Support

The soil at the border in the northern part of Myanmar, including the so-called "Golden Triangle", is infertile. Poppy is one of the few plants that can grow in such infertile area and it has been cultivated there for many years. Opium, an illicit drug, is extracted from poppy seeds and it has caused drug problems in Myanmar and the world. International cooperation, including Japan's, has led to some achievements especially in the Kokang area of the northern Shan state where cultivation of the poppy has been almost completely stopped. As an alternative cash crop, cultivation of buckwheat was encouraged by JICA. Myanmar companies have finally started manufacturing buckwheat products such as buckwheat biscuits, noodle, and liquor. This will be of assistance in reducing drug abuse in the country and in other parts of the world.

### (3) Human Resource Development Projects

The Japanese government granted Myanmar 477 million yen for the Human

Resource Development (HRD) Scholarship Project in 2007 to give opportunities to the young people in the government and in various NGOs in Myanmar to study at Japanese universities. So far, 133 students have gone to Japan for their studies in masteral degree courses, 55 of whom have returned to Myanmar to play active roles in their workplaces. In addition, the Japanese Embassy has cooperated with the scholarship program “trough ryugaku” (study abroad) through adviser consultation, provision of the embassy reference room, and conduct of scholarship examinations and Japanese lessons. Moreover, schools and dormitories have been constructed in local areas and a variety of seminars and cultural exchanges have been conducted.

## **5. JAPAN’S ODA FOR VIETNAM**

After the end of the civil war in Cambodia in 1991 wherein Vietnam was involved, Japan fully resumed its ODA to Vietnam in 1992. Japan has so far been Vietnam’s greatest donor country. Japan’s ODA for Vietnam from 1991 to 2007 reached 1,416.7 billion yen, of which the Loan amounts to 1,249.9 billion yen, Grant aid is 90.6 billion yen while technical cooperation is 76.2 billion yen. In the flow base, Japan’s foreign assistance to Vietnam makes up 20 percent of its total pledged assistance in 2007.

Vietnam is a socialist state led under one party rule by the Communist Party which dominates all aspects of government activities. However, notwithstanding this, Vietnam is determined to move toward a market economy while maintaining the same political status as it has had since 1991. Vietnam has pursued the Five-year Plan and Socio-Economic Development Strategy for the period of 2001-2010 that aims to carry out the transition to an industrial economy by 2020, including Poverty Reduction and Growth Strategy as an action plan.

Japan supports the Vietnamese development planning policy on the basis of the dual perspectives of foreign policy and economic interdependence, and humanitarian and social concerns. The target sectors of Japan's ODA in Vietnam consist of three pillars.

(a) Promotion of growth

- Development of investment environment
- Promotion of SMEs and the private sector
- Development of economic infrastructure (transport, power and information and telecommunications)
- Human resource development to support growth
- Economic reforms including state-owned enterprises reform

(b) Improvement in lifestyle and social aspects

- Education
- Health and medical care
- Agriculture and rural development/local development
- Urban development
- Environment

(c) Institutional building: toward the progress of a market economy,

- Development of the legal system
- Administrative reforms (civil services and financial reform)

In addition, the cleaning up of corruption such as bribery in the implementation of ODA projects has been included in the priority measures. Some cases of Japanese ODA for Vietnam are as follows.

### Cases of Japan's ODA for Vietnam

#### (1) Infrastructure Development by road and sea

Japan has attached an importance to the road network that has been developed covering the capital and major cities. National Highway No. 1 (NH1) is the longest and the most important route that vertically connects Ca Mau in Ca Mau Province in the South and Lang Son in Lang Song Province in the North, with a total length of 2,300 km linking major cities, ports, and airports. The upgrading of the NH1 and the rehabilitation of Hai-Phong Harbour were intended to meet the needs of a rapidly increasing traffic in the Red River Delta in Northern Vietnam. Phase 1 was completed with the budget of US\$33 million from 1994 to 2000. With the improvements, the highway and harbour are expected to be a gateway for the East West Corridor. Moreover, National Highway No.5 which connects Hanoi and Hai Phong extending to Hai Phong Port and Highway No.10 that in turn connects Red River Delta Provinces, including Quan Nihg Province, and National Highway No. 18 (between Noi Bai in Hanoi and Mong Cai eastern border between Quang Ninh Province and China) is also being improved and widened by the Loan.

In the meantime, the Cai Mep - Thi Vai International Port Construction Project was started in 2008 through Japanese ODA. It is located around 50 km south from Ho Chi Minh City and is expected to be a deep-sea port complex for container and general cargos which the present Saigon port cannot cover. It is scheduled to be completed by 2012 and is expected to be an international sea gateway<sup>5</sup>.

The above projects can be considered that Japan has greatly contributed to the enhancement of road network in Vietnam and Mekong region as well as to the investment climates.

## (2) Education

Japan has taken an emphasis on human resource development, in particular, primary education in Vietnam. As of the end of 2003, nearly two hundred elementary schools have been constructed by Japan's ODA, most of them located in municipalities with a high poverty rate. Japan has yearly been providing scholarships to Vietnamese students and government officers to study at higher educational institutions in Japan. In addition, Japan started teaching Japanese language lessons at junior high schools (model schools) with the cooperation of the Vietnamese government.

The coordinated effort of the Vietnamese government and Japan's ODA has contributed to the progress of Vietnam. The target "Education for All" has been gradually realized. The enrolment rate at the primary level rose from about 80 percent in 1990 to nearly 95 percent in 2005.

## (3) Legal System and Administrative Reform Cooperation

Japan has implemented technical cooperation for the improvement of the legal system in partnership with the Ministry of Justice of Vietnam since 1996. As a legal system cooperation project, it attempts to implement judicial reforms that put emphasis on civil law, the Code of Civil Procedure, and transparency of the legal system. In Phase III starting in 2003, Japan has comprehensively supported the establishment of the organization that cultivates lawyers, justices and prosecutors in an integrated fashion.

In addition, Japan has supported technical cooperation regarding personnel affairs since 1998. Japan has provided policy recommendations to the Ministry of Interior, introducing the Japanese way of personnel management for civil servants, wage structure, and training system. Practical capacity- building programs through Japanese know-how will be of great use for government officers in Vietnam.

## **6. JAPAN'S ODA FOR THAILAND AND PARTNERSHIP**

Japan has been the largest donor to Thailand, with its share of foreign assistance totaling about 70-80 percent on average. The cumulative total of grants for Thailand from 1968 to 2006 amount to 2,407 billion yen, of which grant aid is 159 billion yen, technical cooperation is 203 billion yen, and Yen Loan is 2,045 billion yen.

Thailand has achieved a remarkable economic growth beginning in the latter half of the 1980s to 1990 owing to the flow of foreign investment. In 1993, Japan therefore terminated its grant aid to Thailand. Moreover, Thailand itself became a donor country to neighboring countries and Japan concluded the Japan-Thailand Partnership Program (JTPP) in which joint regional assistance to other countries is included, together with other fields of Japan's ODA such as (a) social sector in education and HIV/AIDS measures, (b) environmental protection, (c) rural and village development, and (d) economic infrastructure. These priority areas for Japan's ODA to Thailand, including cooperation to Indochina as well as to other countries in the Asia-Pacific region, were highlighted as a result of Thailand's 8<sup>th</sup> National Economic and Social Development Plan (1996-2001) crafted by the National Economic Social Development Board (NESDB).

When the economic crisis occurred in 1997, Japan actively provided economic assistance to Thailand, including the exceptional provision of grant aid. Moreover, Japan pledged to help in the New Miyazawa Initiative, apart from an international assistance package through the International Monetary Fund (IMF). After the recovery of the Thai economy, former Prime Minister Thaksin proposed the concept of ACMECS (Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy), that is south-south economic cooperation, in April 2003. The first meeting of ACMECS was held at Bagan

in Myanmar with the participation of Thailand, Myanmar, Cambodia and Laos in October 2003. Vietnam joined as a member of ACMECS in 2004. Then, 46 action plans common to all member countries and 224 bilateral projects were decided on at ACMECS. These projects are expected to be implemented for a period of 10 years (2003-2012). Some projects overlapped with GMS projects such as the East West Corridor road network that connects the middle of Vietnam with Laos, North Thailand and Yangon. It is inferred that Thailand has an ambition to set up an initiative of providing economic assistance in the region which extends to South Asian countries, Timor-Leste, and Africa, among others.

According to its 10<sup>th</sup> development plan strategy, Thailand aims to move toward a knowledge-based society and have a balanced and sustainable economic development on the basis of its natural resources and environment. As for Yen loans, Thailand has made no request for such since 2003, apart from the ongoing projects.

Today, the relationship between Japan and Thailand has entered a new phase, which is a new economic partnership for economic cooperation. The expected goals of Japan's economic cooperation program with Thailand are as follows.

- (a) The Direction of the New Partnership for Economic Cooperation: Focus on dialogue, mutual interests, thinking together and working together
- (b) Institution building for human resource development will be formulated to enhance the industrial competitiveness of Thailand through bilateral cooperation
- (c) Expansion of grant assistance for grassroots human security projects will be expanded through NPOs, NGOs, private companies, university and research institutes that will appropriately and efficiently formulate ODA projects.

As equal partners, Japan and Thailand will coordinate on cooperation projects through



the efficient and effective utilization of ODA.

Below are some cases of Japan's ODA for Thailand.

#### Cases of Japan's ODA for Thailand

##### (1) Eastern Seaboard

The Eastern Seaboard is located 80-200 km southeast of Bangkok facing the Bay of Thailand. It is representative of the industrial zone that consists of three provinces, namely, Chachoengsao, Chonburi, and Rayong.

After natural gas was discovered in the Gulf of Siam in Thailand in 1973 and 1977, Thailand began the first large-scale petrochemical industrial project to foster export-oriented industries in the region. The project was not very far from the Bangkok industrial areas and had a port. In the 1980s, exports accounted for only 24 percent of GDP.

In response to the request of the Thai government, Japan provided a huge amount of assistance for 16 infrastructure projects, totaling approximately 180 billion yen loans including two international container ports, highways, and railways that connect the Eastern Seaboard with Bangkok.

In particular, Japanese ODA contributed to the construction of an industrial park and industrial port in the Map Ta Phut district (industrial complex) in the region, aiming at promoting heavy industrial port and chemical industries, and also to the building of the Leam Chabang Port and an industrial estate in the district. Other projects included water resource development, development of expressway networks and increased business attractiveness. The development of the Map Ta Phut area brought the largest agglomeration of petrochemical industries to the Eastern Sea Board.

After the infrastructure was completed in the 1990s, huge foreign direct investments flowed into the Eastern Seaboard. According to a survey of the NESDB, about 460,000 jobs were created in the area during the period of 1995 to 2000.

It should be noted that the Eastern Seaboard attracted the establishment of an automobile industry due to the favorable investment climate. Automobile companies in Bangkok and the surrounding areas gradually shifted to the Eastern Sea Board and the surrounding areas. At present, more than one hundred automobile- related industries, half of which are Japanese industries, are operating in the area.

As such, the project, with the help of t Japanese ODA, has made important contributions in enabling Thailand to become a key donor country to neighboring countries.

## (2) King Mongkut's Institute of Technology Ladkrabang

King Mongkut's Institute of Technology (KMITL for short), located in Bangkok, is the largest national university of science and technology in Thailand. The precursor of KMITL is the Telecommunication Center in Nonthaburi province (later named Nonthaburi Institute of Telecommunications) established by technical cooperation of Japan in 1960 in order to promote the education of science and technology and research and development (R&D) . In 1971, the Nonthaburi Institute of Telecommunications was integrated with two other technical colleges to become the present Institute. Parts of the school moved to the Ladkrabang campus in Bangkok, with new departments of architecture, industrial education/science, and agricultural technology. The KMITL has 44 study programs leading to a bachelor's degree, 17 masteral programs, one doctoralprogram in electrical engineering, and the first engineering doctoral program in Thailand.

Japan has provided technical cooperation to KMITL for more than 40 years. In addition, the Tokyo Institute of Technology has conducted satellite distance education for graduate study students since 2002. The KMITL is located close to Ladkrabang Industrial Estate and provides resources and facilities as industrial incubator. It will be a good example of how Japan's ODA has successfully contributed to the development of science and technology in Thailand.<sup>6</sup>

## **7. ASEAN'S INITIATIVE TO MEKONG RIVER BASIN COUNTRIES AND JAPAN**

Mekong River Basin Countries comprising China (Yunnan Province), Cambodia, Lao PDR, Myanmar, Vietnam and Thailand have a combined population of three hundred million and cover an area of 2.6 million square meters. Approximately 75 percent of the people live in rural areas. The fertile land yields timber, minerals, coal, and petroleum while the water of Mekong River supports agriculture and fisheries and produces energy for hydropower. Notwithstanding these, the majority of the people still remain poor and the per capita GDP is still below US\$1,000 in most parts of the region.

Mekong River Basin Countries have rich natural resources and are expected to be a new frontier of Asia that has much potential for high growth. Due to this, a lot of development assistance has been actively undertaken by multilateral or bilateral means as can be gleaned from the illustrations below.

### **(1) GMS Economic Cooperation**

GMS also consists of the five abovementioned countries, including Guangxi Zhuang Autonomous Region of the Zhuang Minority of China.<sup>7</sup> Being the first

development financing and planning agency in the region, ADB has led in the Greater Mekong Sub-region (GMS) Economic Cooperation since 1992. Japan is an observer in the GMS, together with the UNDP, ESCAP and several European countries. The major purpose of the GMS is the development of infrastructure. In the GMS meeting in Manila in 1992, priority sectors such as (a) transportation, (b) communication, (c) energy, (d) human resource development, (e) environment, and (f) trade and investment as sub-regional economic cooperation were adopted.

One of the benefits of being a GMS member country is the autonomy given to it which means that it has a low level of regulation. A project can be implemented if two countries agreed with each other even without the consensus of all the other member countries. The ADB plays the role of coordinator in promoting dialogue among member countries as well as in extending financial and technical assistance.

In the 1990s, most of the endeavors implemented in the GMS were aimed at confidence building of member countries and undertaking of feasibility studies for projects. Some infrastructure development projects such as the improvement between Phnom Penh and Ho Chi Minh and East West Corridor Project were approved in the latter half of the 1990s. Since 2000, the 10- year strategies for 11 flagship projects have been set up.

- 1) The North-South Economic Corridor
- 2) The East-West Economic Corridor
- 3) The Southern Economic Corridor
- 4) The Telecommunications Backbone and Information and Communication Technology (ICT)
- 5) Regional Power Interconnection and Trading Arrangements
- 6) Facilitating Cross-Border Trade and Investment

7) Enhancing Private Sector Participation and Competitiveness

8) Developing Human Resources and Skill Competencies

9) Strategic Environment Framework

10) Flood Control and Water Resource Management

11) GMS Tourism Development

Among the abovementioned flagship projects, transportation development related to facilitating cross-border development is the major target of the GMS program.

Japan is a major donor to the ADB. In addition to multilateral cooperation through the ADB, Japan also generally tries to make consideration for ADB programs through the extension of bilateral cooperation such as West Economic Corridor Development. Thus, it can be said that coordination within both the bilateral and multilateral frameworks is indispensable for economic cooperation (see Figure 4).

**Figure 4 Location of the Corridor in GMS**

The map illustrates the Greater Mekong Subregion (GMS) Economic Corridors, highlighting three main corridors: North-South, East-West, and Southern. The map covers the region from 96°00'E to 108°00'E and 10°00'N to 24°00'N. Key countries and regions shown include India, Myanmar, Yunnan Province, People's Republic of China, Guangxi Zhuang Autonomous Region, Lao People's Democratic Republic, Thailand, Cambodia, Viet Nam, and Malaysia. Major cities and locations marked include Ruili, Muse, Kunming, Hekou, Lao Cai, Nanning, Hanoi, Lang Son, Vientiane, Nam Phao, Cai Treo, Nong Khai, Phitsanulok, Mukdahan, Savannakhet, Lao Bao, Bangkok, Ayeyathay, Polpet, Dong Krator, Yone Kham, Chongmek, Wang Tiao, Hat Lek, Chan Yeam, Phnom Penh, Banteay Meanchey, Ha Chi Minh City, and Nakhon Phanom. The map also shows the Gulf of Bengal, Gulf of Martaban, Andaman Sea, Gulf of Thailand, and South China Sea. A scale bar indicates distances up to 300 Kilometers. A legend identifies symbols for National Capital, Road, River, Provincial Boundary, and International Boundary. A note states: "Boundaries are not necessarily authoritative."

## (2) Mekong River Commission

The Committee for Coordination of Investigation of the Lower Mekong Basin that was established in 1957 by the ECAFE to utilize the water resource through the construction of dams in the Mekong River Basin is the forerunner of the Mekong River Commission (MRC). At the time, the predecessor committee consisted of Cambodia, Laos, Thailand, and South Vietnam. However, the committee grew stagnant after Indochina was embroiled in war during the latter half of the 1960s and Cambodia withdrew its membership in 1978. With the advent of peace in Indochina, the activities were revitalized. The Mekong River Commission (MRC) was then established in 1995 comprising of Cambodia, Lao PDR, Thailand, Vietnam, China and Myanmar as observers (dialogue partners). For its main activities, the MRC is involved in water resource development as well as in fisheries management, watershed management, environment monitoring, flood management, and exploration of hydropower options. The MRC is funded by four member countries and by donor countries, including Japan which provides technical cooperation through the sending of experts.

However, it is sometimes difficult to reconcile conflicting interests among member countries because China holds a position as observer, although consultation meetings among the interested countries of MRC and donor countries is annually held. It is expected that China, most influential country in the region, becomes the official member of MRC.

## (3) AMBRDC

The ASEAN Mekong Basin Development Cooperation (AMBRDC) is ASEAN's initiative on Mekong Basin Countries. It was adopted at the ASEAN Ministerial Meeting in 1995. The following year, the basic framework for the development cooperation was decided, composed of eight fields such as infrastructure, trade and

investment, agriculture, forestry and mining, industry, tourism, human resource development, and science and technology.

AMBRDC consists of the ASEAN member countries and China. It was said that Singapore and Malaysia were eager to establish the AMBRD.

At present, there are more than 40 development projects in the AMBRD but a flagship project of the AMBRDC is the Singapore-Kunming Rail Link (SKRL) led by Singapore and Malaysia. The regional railway line will pass through Singapore, Malaysia, Cambodia, Thailand, Vietnam, Laos, Myanmar and Kunming in China and link major cities of each country that may span some 7,000 km in length. It includes “missing links” to be constructed such as the Ho Chi Min - Phnom Penh route (225 km) and Namtok in Western Thailand – Tanbyuzayat in Myanmar which would enable Thailand to extend to Andaman Sea by rail.

However, it will cost US\$ 2 billion (based on 2006 estimation) and the project has been hindered by lack of funds and technical issues in connecting the rail to major towns across the region. Involvement of the public sector such as in PPP (Public-Private-Partnership) will be effective. In this context, Japan and Korea were approved to be invited as core members at the 3<sup>rd</sup> AMBDC Ministers Meeting in 2001. But based on the fact that Japan was not accepted at first as a core member, the close relationship between China and ASEAN stands out. On the part of Korea, on the other hand, its Korea International Cooperation Agency (KOICA) serves as advisor of AMBDC. In this regard, Japan seems to be less represented in the AMBDC and falls behind in the field of assistance in this sense. Thus, it will be better if Japan can link up with the ADB in extending the financial support.

### (3) AMECC

AMECC (ASEAN-METI Economic and Industrial Cooperation Committee) was



established under the AEM-METI (ASEAN Economic Ministers (AEM) – Minister of Economy, Trade and Industry (METI) of Japan) during the ASEAN Japan Summit Meeting in 1998. It aims to promote industrial cooperation, enhance industrial competitiveness, and develop technical cooperation for ASEAN, especially for the CLMV countries. AMECC consists of Japan (METI) and ASEAN countries, with the participation as observers of the ADB, UNDP, UNIDO and others.

AMECC has eight working groups, namely, (a) Human Resource Development, (b) Small and Medium Enterprises (SME), Supporting Industries and Rural Industries, (c) West-East Corridor Development, (d) Automobile Industry, (e) Chemical Industry, (f) Consumer Electronic Industry, (g) Textile & Garment Industry, (h) statistics. It is co-organized by the Japan Overseas Development Corporation (JODC) and the ASEAN Secretariat.

Examples of its undertakings are the West-East Corridor (WEC) Development, master plan for tourism, and the feasibility study on light industry development in Cambodia-Thailand Border. In addition, training for international trade and industry and investment, and a pilot project of agro industries in the WEC were conducted. In terms of human resource development, the Center of Excellence (COE) program has been actively implemented to nurture leaders for the next generation.

The METI-led AMECC Program is characterized by feasible and agile management. Further activities in coordination with the ASEAN Secretariat are likewise expected.

## **8. CONCLUSIONS AND POLICY IMPLICATIONS**

As mentioned earlier, Japan has provided a huge amount of ODA to the CLMV countries and Thailand and has been their largest donor. However, the budget of Japan's ODA tends to decrease every year due to serious budget deficit problems. With respect to priority regions, Japan has been shifting its focus to Africa where half of the population is regarded to be living below the poverty line and the number is even more than that in East Asia where some countries are relatively more developed. Moreover, new donor countries such as Thailand and China have strengthened their influence on the CLMV countries through bilateral cooperation.

China has been the largest recipient country of ODA from Japan. Although new projects with Yen Loan ended after the Beijing Olympics, Japanese technical cooperation for China on environment issues, prevention of infection, and human resource development will continue. The situation is similar with Thailand. Japan has to consider how to work out its aid program for CLMV now that Thailand and China will also actively advance assistance into the CLMV countries.

The influence of China has in fact been rising among CLMV countries. In the case of Vietnam, the Expressway from Hanoi- Lao Cai to Haiphong has been implemented through economic assistance from China. At the same time, the Vietnamese government has launched the development of Haiphong Port near Hanoi. Thus, the progress of "Land and Sea Transit" has deepened the relationship between China and Vietnam. In Laos, China has proposed assistance for the construction of the fourth bridge between Hua Xai, Bokeo Prefecture in Lao PDR and Chiang Rai, Thailand as well as other infrastructure development cooperation. China is also the most

important foreign partner of Myanmar. As for Cambodia, China offered much more economic assistance for its infrastructure development than Japan did last year.

Given this situation, Japan's ODA presence to CLMV countries will inevitably decline. In order to enhance its presence in the region, Japan should therefore consider the following policy options.

#### Utilization of Public- Private Partnership (PPP)

Infrastructure development is a key factor for CLMV countries. Given that its ODA budget tends to be slashed nowadays, a close connection between the public and private sectors should be established. Although Japan began to use the PPP approach in cooperation in 2007, it should strengthen its use further in order to be able to undertake effective projects in the Mekong Basin Region (MBR).

#### Focus on Southern Economic Corridor Development

As mentioned above, China has much influence in the northern part of the MBR. As for railway network, Singapore, Malaysia, Thailand and China will be much involved with the Singapore-Kunming Rail Link (SKRL). Korea which participates as an advisor may also play an active role. In this situation, Japan has to find a way to penetrate into the southern areas of BMR. It is promising to develop the Southern Economic Corridor (SEC) which covers not only Ho Chi Minh City, Phnom Penh and Bangkok but also extends to Tavoy, Myanmar toward the Andaman Sea. It will become the route by land and sea that will link the Mekong Region with South Asia. It shall be connected to the Cai Mep - Thi Vai International Port near Ho Chi Minh City and Sihanoukville Port in Cambodia which Japan has previously cooperated in the construction through its ODA (refer to the map). In terms of the industrial development

of SEC, meanwhile, the ODA experience of the Eastern Seaboard Development in Thailand will be of much assistance. It is necessary to get the understanding of the area's residents and to consider the negative effects such as environmental effects and the increase of crimes such as the flow of narcotics through the border. Construction of schools like a vocational school and the improvement of health care through public hospitals along the way of the SEC will be of help to the residents and also rural development.

### Capacity Building

Capacity building is another key factor in the development of GMR as well as infrastructure development. Capacity building can be used as an appropriate policy framework for human resource development, community participation (in particular, for women), and strengthening of the managerial system.

Japan has contributed technical cooperation for CLMV countries in terms of human resource development, bearing in mind the importance of this sector.

Regarding basic education, the enrolment ratio of primary school has remarkably increased and the rate for junior high school has also been improving. To cope with international competitiveness, capacity building in the fields of technology transfer, organizational and institutional development, and improvement of administrative management will be required. For example, industrial training such as the one previously mentioned at the Cambodia Garment Training Center (CGTC) where Japan's knowledge and expertise of private sector's know-how were utilized, can be replicated. In the field of science and technology such as environment, disaster prevention and agricultural development, the establishment of an international research and training center with ODA will be a great help.

With regard to capacity building of government officers or researchers who will be involved in development planning in the CLMV countries, the establishment of development learning institutes in these countries or in neighboring countries as well as the dispatch of experts or conduct of specific seminars in each country will be useful. In the case of the learning institutes, Japan had better ask the help of distinguished universities or research institutions to be co-organizers for the establishment and management. The Mekong Institute<sup>8</sup> located in Khon Kaen University, Thailand, may be a good example. It should also be noted that capacity building should not seek for short term result but rather consider the long-term impact.

Finally, as new economic assistance initiatives are developed in the Mekong Basin Regions by international organizations, regional cooperative undertakings and new donor countries, Japan will have to build an appropriate ODA strategy in order for it not to lose its influence in the region.

## ENDNOTES

- <sup>1</sup> This paper focuses on Japan's ODA to Cambodia, Lao PDR, Myanmar and Thailand among the Mekong River Basin countries.
- <sup>2</sup> Residents of the river basin, who had to leave their home, appeal for compensation from the government and JICA, with the help and support of a non-government organization (NGO).
- <sup>3</sup> Non-profit corporation subsidized by the Ministry of Economy, Trade and Industry to contribute to industrial development of developing countries and to energize Japanese affiliated companies.
- <sup>4</sup> The Barchaun hydropower plant, located in the Kaya States east of Yangon, makes up about 20 percent of the electric power in Myanmar.
- <sup>5</sup> In Ho Chi Minh City, the Urban Railway construction project has been implemented by a Yen Loan. The railway is expected to decrease traffic congestion and air pollution.
- <sup>6</sup> In addition to cooperation with universities, many research and training centers such as environment study and training center, trade training center, national public health institute and others have been established through Japan's ODA.
- <sup>7</sup> Although the Zuang Autonomous Area is not located in the Mekong River Basin, it gained membership to the GMS through the request of China which sought a window to Vietnam.
- <sup>8</sup> The training center, which is supported by New Zealand, offers five programs that include regional cooperation, public sector, rural development, trade and investment, and research. The programs are conducted for duration of 1 week to 4 weeks.

## REFERENCES

- Asian Development Bank (ADB). 2008, Kingdom of Cambodia and Socialist Republic of Vietnam: Greater Mekong Subregion: Phnom Penh to Ho Chi Minh City Highway Project, Manila: ADB.
- Institute of World Economics & Politics (IWEP), Vietnam Academy of Social Sciences. 2008. “*Orientations for Official Development Assistance (ODA) Attraction and Utilization for 2006-2010 period*”, Vietnam Economic Review, No.5 (165) May, Hanoi, Vietnam: IWEP.
- International Cooperation Bureau. Ministry of Foreign Affairs. 2008, *ODA Country by Country Data Book*, Japan’s Official Development Assistance White Paper 2007 (English version), Tokyo: Tsukuru Kikaku.
- Japan Bank for International Cooperation (JBIC). 2008, *ODA Loan Report 2007*: JBIC.
- Ministry of Foreign Affairs. 2008, *Japan’s International Cooperation: Japan’s Official Development Assistance White Paper 2007*, Tokyo: Urban Connections.
- . 2004, “*Japan’s Country Assistance Program for Vietnam*”, Tokyo.
- . 2006, “*Japan’s Country Assistance Program for Lao PDR*”, Tokyo.
- . 2006, “*Japan’s Economic cooperation Program for Thailand*”, Tokyo.
- Ministry of Planning and Investment of Vietnam (MPI) & Ministry of Transport of Japan (MOT). 2006, “*Japan’s ODA Program for the Transport Infrastructure Development in the Red River Delta Area on the Socialist Republic of Vietnam, Economic cooperation Program for Thailand*”, MPI and MOT.
- Minoru Makishima. 2002, *Human Resource Development in the Information Age: the Cases of Singapore and Malaysia*, Institute of Developing Economies, JETRO, Chiba, Japan.
- Takao Tsuneishi. 2005, *The Regional Development Policy for Thailand and Its Economic Cooperation with Neighboring Countries*, Discussion Paper No.32, Institute of Developing Economies, JETRO, Chiba, Japan.

(Japanese)

Ishida, Masami. 2007, “*Dai Mekong keizai kyoryoku to mittsu no keizai kairo*” [Great Mekong Sub-region Economic Cooperation and Three Economic Corridor Development]. In *Dai Mekong Ken Keizai Kyoryoku: Jitsugen Suru 3tus no Keizai Kairo* [Greater Mekong Economic Cooperation Program: Realizing Three Economic Corridors], Institute of Developing Economies, JETRO.

JICA and ALMEC Corporation (Consultant). 2008, *Cross Border Kotsu Infura to Taiou Kanosei Project Kenkyu : Phase* [Accessibility Study Project for Cross Border Transportation Infrastructure: Phase ], JICA.

Nomoto, Keisuke.2002, “*Mekong Chiki Kaihatsu o Meguru Chikikyoryoku no Genjo to Tenbo*”[Present Situation and Prospect of Regional Cooperation in Mekong Regional Development], JBIC shoho, No. 12, JBIC.

Oizumi, Keiichiro. 2008, “*Dai Mekong ken (GMS) Kaihatsu Program to CLMV no Hatten*” [GMS Development Program and Development of CLMV], Kantaiheiyo Business Joho (RIM), Vol.8, No.30, Kantaiheiyo Senryaku Kenkyu Center.

<Websites>

ADB: <http://www.adb.org>

JICA: <http://www.jica.go.jp>

Ministry of Economy, Trade and Industry: <http://meti.go.jp>

Ministry of Foreign Affairs: <http://mofa.go.jp>



# REFERENCE DATA

**Table A: JAPAN: BILATERAL ODA TO EAST ASIA (FLOW)**

COUNTRY	(Disbursement, net, US\$ Million)									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Brunei	–	–	–	–	–	–	–	–	–	–
Cambodia	61.63	81.40	50.87	99.21	120.21	98.58	125.88	86.37	100.62	106.28
Indonesia	496.86	828.47	1605.84	970.10	860.07	538.30	1141.78	–318.54	1223.13	–73.92
Lao PDR	78.60	85.57	132.54	114.87	75.47	90.09	86.00	71.73	54.06	64.07
Malaysia	–258.88	179.10	122.61	23.94	13.11	54.15	79.15	256.50	–2.14	201.92
Myanmar	14.83	16.08	34.18	51.78	69.86	49.39	43.08	26.81	25.49	30.90
Philippines	318.99	297.55	412.98	304.48	298.22	318.02	528.78	211.38	276.43	263.63
Singapore	–	–	–	–	–	–	–	–	–	–
Thailand	468.26	558.42	880.27	635.25	209.59	222.43	–1002.22	–55.59	–313.89	–453.33
Vietnam	232.49	388.62	679.99	923.68	459.53	374.74	484.24	615.33	602.66	562.91
ASEAN	1,354.43	2,356.25	3,920.62	3,126.40	2,108.60	1,747.93	1,488.93	897.04	1,968.40	703.54
East Timor	–	–	–	29.07	8.93	5.74	8.93	9.88	33.41	21.83
Southeast Asia	1,412.78	2,435.21	3,919.28	3,152.38	2,114.99	1,751.44	1,495.62	903.87	1,999.77	724.29
China	576.86	1,158.15	1,225.97	769.19	686.13	828.71	759.72	964.69	1,064.27	569.40
Hong Kong	–	–	–	–	–	–	–	–	–	–
Korea	–	–	–	–	–	–	–	–	–	–
Macao	–	–	–	–	–	–	–	–	–	–
Mongolia	77.98	93.99	94.01	104.51	81.46	79.01	67.27	65.57	56.48	47.01
Taiwan	–	–	–	–	–	–	–	–	–	–
Multi-countries	14.01	5.97	9.12	7.66	3.51	2.63	5.54	3.98	5.00	3.46
<b>TOTAL</b>	<b>1,941.21</b>	<b>3,644.34</b>	<b>5,199.07</b>	<b>4,033.74</b>	<b>2,886.09</b>	<b>2,661.79</b>	<b>2,328.15</b>	<b>1,938.11</b>	<b>3,125.52</b>	<b>1,344.16</b>

Source: Ministry of Foreign Affairs, ODA White Paper 2007.

**Table B: JAPAN: BILATERAL ODA (Yen Loans, E/N Base), FLOWS and CUMULATIVE TOTAL UP TO 2006**

COUNTRY						(Yen Million)
	2002	2003	2004	2005	2006	Cumulative Total
Brunei	-	-	-	-	-	-
Cambodia	-	-	7,342	318	2,632	15,951
Indonesia	88,939	104,634	114,829	93,005	125,234	4,165,933
Lao PDR	-	-	3,326	-	500	16,930
Malaysia	82,040	-	-	7,644	-	969,341
Myanmar	-	-	-	-	-	402,972
Philippines	18,653	-	-	-	8,529	2,032,668
Singapore	-	-	-	-	-	12,740
Thailand	45,170	44,852	-	35,453	-	2,044,753
Vietnam	79,330	79,330	82,000	90,820	95,078	1,193,291
ASEAN	314,132	228,816	207,497	227,240	231,973	10,854,579
East Timor	-	-	-	-	-	-
Southeast Asia	314,132	228,816	207,497	227,240	231,973	10,854,579
China	121,214	96,692	85,875	-	137,128	3,270,184
Hong Kong	-	-	-	-	-	-
Korea	-	-	-	-	-	645,527
Macao	-	-	-	-	-	-
Mongolia	-	-	-	2,981	-	39,107
Taiwan	-	-	-	-	-	62,082
Multi-countries	-	-	-	-	-	-
<b>TOTAL</b>	<b>435,346</b>	<b>325,508</b>	<b>293,372</b>	<b>230,221</b>	<b>369,101</b>	<b>14,871,479</b>

Source: Ministry of Foreign Affairs, ODA White Paper 2007.

**Table C: JAPAN: BILATERAL ODA (Grants, E/N Base), FLOWS and CUMULATIVE  
TOTAL UP TO 2006**

COUNTRY						(Yen Million)
	2002	2003	2004	2005	2006	Cumulative Total
Brunei	-	-	-	-	-	-
Cambodia	10,305	6,249	6,693	6,909	6,507	115,572
Indonesia	7,296	5,016	18,543	6,332	5,371	252,464
Lao PDR	6,568	4,111	3,017	4,235	4,338	110,515
Malaysia	10	36	9	33	8	12,289
Myanmar	2,162	992	909	1,717	1,354	178,608
Philippines	7,089	5,299	615	655	1,005	241,852
Singapore	-	-	-	-	-	3,117
Thailand	354	430	500	236	161	159,145
Vietnam	5,237	5,650	4,914	4,465	3,097	121,707
ASEAN	39,021	27,783	35,200	24,582	21,839	1,192,153
East Timor	981	1,078	1,882	2,337	2,194	13,957
Southeast Asia	40,002	28,861	37,082	26,919	24,033	1,206,109
China	6,788	5,150	4,110	1,440	2,402	149,573
Hong Kong	-	-	-	-	-	-
Korea	-	-	-	-	-	4,724
Macao	-	-	-	-	-	-
Mongolia	4,060	3,085	1,880	4,006	4,330	79,025
Taiwan	-	-	-	-	-	-
Multi-countries	-	196	-	-	-	196
<b>TOTAL</b>	<b>50,849</b>	<b>37,096</b>	<b>43,072</b>	<b>32,366</b>	<b>30,765</b>	<b>1,437,824</b>

Source: Ministry of Foreign Affairs, ODA White Paper 2007.

**Table D: JAPAN: BILATERAL ODA (Technical Assistance, JICA Base), FLOWS and CUMULATIVE  
TOTAL UP TO 2006**

COUNTRY	(Yen Million)					Cumulative Total
	2002	2003	2004	2005	2006	
Brunei	-	-	-	-	-	3,541
Cambodia	4,037	3,755	4,082	4,593	4,042	43,290
Indonesia	10,632	9,101	7,987	8,522	7,785	283,033
Lao PDR	3,545	2,983	2,773	2,576	2,382	43,478
Malaysia	3,494	2,731	2,291	1,723	1,399	106,554
Myanmar	2,794	1,658	1,446	1,641	1,725	34,354
Philippines	7,458	6,718	5,129	4,272	4,879	180,195
Singapore	-	-	-	-	-	20,534
Thailand	5,677	4,296	4,702	3,553	2,960	203,205
Vietnam	6,708	5,577	5,711	5,661	5,275	72,401
ASEAN	44,373	36,849	34,152	32,565	30,470	992,040
East Timor	500	525	512	623	435	4,247
Southeast Asia	44,847	37,344	34,633	33,165	30,881	994,833
China	6,237	6,180	5,923	5,205	4,324	160,087
Hong Kong	-	-	-	-	-	1,842
Korea	-	-	-	-	-	24,217
Macao	-	-	-	-	-	1
Mongolia	1,833	1,526	1,469	1,457	1,626	27,895
Taiwan	-	-	-	-	-	-
Multi-countries	-	-	-	398	157	1,467
<b>TOTAL</b>	<b>52,917</b>	<b>45,050</b>	<b>42,025</b>	<b>39,827</b>	<b>36,988</b>	<b>1,210,342</b>

Source: Ministry of Foreign Affairs, ODA White Paper 2007.