JICA's Approach
to
Quality Infrastructure

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- JICA is the lead government agency responsible for Japan's Official Development Assistance. JICA's vision is to provide “Inclusive and Dynamic Development,” which represents an approach to encourage all people to participate in, and enjoy the fruits of, development. “Quality Infrastructure” contributes to achieving this vision through the following three aspects.

- First, “Quality Infrastructure” creates jobs by hiring local people for construction and transfers technologies to the local community. It also contributes to job creation by improving the investment climate. Creating job opportunities and transferring technologies are key elements of assisting with inclusive growth and poverty alleviation.

- Second, “Quality Infrastructure” means sustainable infrastructure that meets environmental requirements and social considerations, like human rights. Therefore, sustainable infrastructure can contribute to achieving human security and reducing climate change, which is incorporated as one of the SDG targets.

- Third, “Quality Infrastructure” is resilient against natural disasters and requires low-costs for operation and maintenance. This means lower costs for the total life cycle of the project, and it also means more economical development costs.

- JICA's annual budget is about 2.5 trillion yen or about 25 billion US dollars. (Loans $22 billion, technical assistance $2 billion, grant aid $1 billion in JFY 2015.)
I would like to introduce two examples of JICA’s efforts to provide “Quality Infrastructure.”

The first example is in improving the connectivity of ASEAN countries.

Improving the transport connectivity in the ASEAN region is important for the ASEAN Economic Community, which aims to provide smooth transport and transfer of cargo. JICA has supported the construction of transportation infrastructure, including ports, roads, and bridges, along ASEAN’s East-west corridor and its Southern corridor, which are shown on the slide. One result of our contribution is that the travel time to distribute goods between Hanoi and Bangkok was shortened from two weeks by ship to 3 days by road.

JICA has also been supporting the construction of several ports and Roll-on, Roll-off, or “RORO” ships, in the Philippines and Indonesia, in order to enhance ASEAN’s maritime connectivity.
2. ASEAN Connectivity—Customs regulations

Providing the NACCS (Nippon Automated Cargo and Port Consolidated System) to Vietnamese Customs makes customs faster and cheaper.

- National Single Window (NSW)
- ASEAN Single Window (ASW)
- Simplification of custom procedures

which will result in...

- Establishment of ASEAN connectivity with the Asia Cargo Highway
- Establishes National Single Window
- Establishes Authorized Economic Operator program
- Reforms and modernizes customs

supports

Similar project is implemented in Myanmar

➢ Of course, regional integration cannot be achieved by infrastructure development alone. For example, it takes 239 hours to distribute goods between Ho Chi Minh in Vietnam to Chennai in India, but about 139 hours, approximately 60% of total time, is spent on clearing customs alone.

➢ JICA has been supporting the integration of laws and regulations in ASEAN countries, such as creating a single window system for customs procedures within several countries. JICA has dispatched customs experts to 8 ASEAN countries and also provided inspection facilities at customs locations.

➢ In addition, JICA has provided computer systems called NACCS, or the Nippon Cargo and Port Consolidation System, in Vietnam and Myanmar to build a National Single Window, which promotes more efficient cargo handling and customs clearance.
3. ASEAN Connectivity — University Network (SEED-NET)

Purpose of the Project:
✓ Establishes regional platform for human resource development in engineering
✓ Forms capacity development in research and education for ASEAN universities and institutions

Outcomes

Degrees:
✓ 1,300 academics acquired Masters or PhD

Joint Research:
✓ 700 collaborative research initiatives
✓ 1,000 publications

Network and Participation:
✓ 400 professors from ASEAN universities
✓ 200 professors from Japan universities

➢ Last, enhancing human connectivity is also necessary. Human capacity development is just as important as improving transportation and regulations.

➢ JICA developed a mechanism for university faculty members to acquire academic degrees and opportunities for them to collaborate on research amongst 26 universities, 10 ASEAN universities and 14 Japanese universities. To date, 1,300 faculty members have acquired degrees, 700 collaborative research initiatives have been formed, and 1,000 articles have been published by the universities.
There is an enormous infrastructure need in Asia. This is why we need more partnerships with the private sector as we move forward in infrastructure development. JICA’s THILAWA Special Economic Zone construction project in Myanmar exemplifies a good Public Private Partnership project, PPP.

Three Japanese trading firms had proposed the formulation of the THILAWA SEZ project that constructs an industrial park in the suburbs of Yangon. However, there were various construction risks that could not be covered by private companies alone. For example, electricity, water, and road access were insufficient. This required huge investment costs that could not be covered by the private sector. Therefore, these needs were constructed by the government of Myanmar, which were financed by Japan’s ODA loans. To date, $1.2 billion have been utilized to develop these types of infrastructure.

The involuntary resettlements of residents in project limits was another issue that could not be covered by private companies. To help with these resettlements, JICA dispatched six Japanese experts for one year to form the project’s resettlement action plan, RAP, and helped bridge local residents with the Government of Myanmar. We are happy to say that the resettlement was completed smoothly.
Law and regulation are other risk. A legal system for accepting FDI was undeveloped at the time in Myanmar. And governmental service for foreign companies was also insufficient and it took one year to get official permits to invest in Myanmar.

Thus technical cooperation project was carried out to develop relevant legal system like SEZ law. Also, a one-stop governmental service center was built in Thilawa SEZ by getting support from JICA for capacity building of the staff. As a result, the permission of foreign investment can be granted in 1-2 weeks now.

Another major risk for foreign companies is corruption. JICA urged the THILAWA SEZ management to actively make reforms to address this serious problem. As a result, the government organization signed a note of declaration of “No Corruption” shown in the slide, which encouraged new investments to the THILAWA SEZ. Now 80 companies decided to invest in Thilawa SEZ.

To realize the impact of “Quality Infrastructure”, I would like to highlight here the importance of policy making, institutional building and human resources development, as seen in these two cases.

JICA places high priority on technical cooperation for capacity building for quality infrastructure. Annually, we send 10,000 experts to developing countries and accepting over 25,000 partners for training. “Quality Infrastructure” cannot be realized without such comprehensive support.