Japanese ODA to Asian Countries

An Empirical Study of Myanmar Compared with Cambodia, Laos and Vietnam

Nam Pan
Visiting Scholar, Policy Research Institute
Ministry of Finance, Japan

Manager, Myanma Foreign Trade Bank
Ministry of Finance, Myanmar
- General Overview of Japanese ODA
- Japanese ODA to Asian countries
- Japanese ODA to CLMV countries
- An Empirical Study of Myanmar
- Q & A
General Overview of Japanese ODA

Historical Overview

- **1954** - Join the club of foreign aid donors by participating Colombo Plan
- **1954** - Borrowing from the WB
- **1954** - First Japanese ODA operation (Japan–Burma Peace Treaty and Agreement on Reparation and Economic Cooperation)
- **1958** - the first Yen loan to India
General Overview of Japanese ODA

Historical Overview (contd;)

- **1950s–60s** – became a great economic power in the world and expended its ODA amount

- **1970s–80s** – expended ODA activities to other developing countries—Middle-East, Africa, Latin-America..

- **1976** – finished reparation payments

- **1978** – Medium–Term Goal of ODA improving infrastructure, BHN and HRD
General Overview of Japanese ODA

Historical Overview (contd;)

- 1989 – became the largest donor in the world
- 1989 – Started the Grassroots Grant Program to implement small-scale projects that directly affect basic needs of target communities in health, education and non-profit associations
- 2001 – ODA cut off year by year to improve the situation of the Japanese State Budget
General Overview of Japanese ODA

Historical Overview (contd;)

- Arguments and Criticisms

- Implement foreign aid policy that would establish Japan as a major “soft power”

- Strengthening relationship with its major aid recipient of Asian countries

- In 2000 many Asian countries have been graduating from Japanese foreign aid, particularly its Yen loan
General Overview of Japanese ODA

Japanese ODA Charter

- Adopted on June 1992 for the effective implementation of ODA and to promote understanding and support at home and abroad

- Sovereign equality and no-intervention in domestic matter (UN Charter)
  - Environmental conservation and development should be pursued in tandem
  - Any use of ODA for military purposes should be avoided
  - Full attention should be given to trends in recipient countries’ military expenditure, production of weapons, export and import of arms
  - Full attention should be given to recipients’ efforts of democratization, market oriented economy, securing basic human rights

- Set down the Medium-Term Policy in 1999

- Revised Charter in 2003
  - Added to the list of priority issues in the new Charter is peace-building
  - Economic integration in East Asia
General Overview of Japanese ODA

- Recent Trends of Japanese ODA

Japan's ODA Disbursement (1993–2012)

Source: Japan’s Official Development Assistance White Paper
Recent trend of Japanese ODA

The ratio of Japan's ODA disbursement by sector (2011)

- Economic infrastructure: 41%
- Social infrastructure: 24%
- Industry and other production sectors: 17%
- Agricultural infrastructure: 4%
- Emergency aid: 5%
- Program assistance: 9%

Source: Japan’s Official Development Assistance White Paper
Japanese ODA to Asian Countries

Asia as a priority region

- The first driven political motivation to rebuild disrupted political and economic relations with Asian countries
- Important diplomatic tool since 1950s
- Historical, geographical, political and economic links, as mentioned in the ODA Charter
Japanese ODA to Asian Countries

Asia as a priority region

Japanese Bilateral ODA by Region in 2012 (Share %)

- Asia: 56%
- Middle East and North Africa: 15%
- Sub-Saharan Africa: 13%
- Latin America and the Caribbean: 3%
- Oceania: 1%
- Assistance encompassing multiple regions: 11%

Source: Japan’s Official Development Assistance White Paper
Japanese ODA to Asian Countries

Asia as a priority region

Share Percentage of Japanese Bilateral ODA by Region

Source: Japan’s Official Development Assistance White Paper
Japan’s interest to ASEAN

- Has a range of interest to ASEAN
  - 1977 the visit of the Japanese Prime Minister Takeo Fukuda
  - 1983 the visit of the Japanese Prime Minister Yasuhiro Nakasone
- Involved in ASEAN with both of Trade & Investment
- Sustaining and developing Asian Dynamism using its skilled manufacturing

- 2012 – East Asia received $4856.71mil (ASEAN $4169.98 mil)
  $2 billion higher than South Asia received
Japanese ODA to Asian Countries

Contribution to East Asian dynamism

- ASEAN came to establish “ASEAN Community” by 2015 comprising three pillars:
  (i) Political-Security Community
  (ii) Economic Community
  (iii) Socio-Cultural Community

- “Strengthening Connectivity” is the top agenda

- Master Plan for “Strengthening Connectivity” is adopted in October 2010
  (i) Physical Connectivity—Transport, Information Communication
  (ii) Institutional Connectivity—Liberalization and facilitation of trade, investment and services
  (iii) People-to-people Connectivity—tourism, education and culture
Japanese ODA to Asian Countries

Contribution to East Asian dynamism

Japan supports for ASEAN’s efforts of “strengthening ASEAN connectivity”

- National Road No. 1, 5, 6, 7 in Cambodia
- Neak Loeung Bridge construction in Cambodia (SEC—connecting major economic center of Mekong Region: Ho Chi Minh–Phnom Penh–Bangkok–Dawei)
- ASEAN Ro–Ro Shipping Network Development Project
- EWEC(Danang—Mawlamyaing)goes through Laos and Thailand
Japanese ODA to Asian Countries

Contribution to East Asian dynamism

  (i) enhancing Mekong connectivity
  (ii) developing together
  (iii) ensuring human security and sustainability

- Japan would provide ¥600 billion of ODA over 3 years starting in 2013

- 2013, the 40th Year of ASEAN–Japan Friendship and Cooperation

- In December 2013, announced Japan’s ODA commitment on the scale of ¥2 trillion over the next 5 years

- reducing intraregional disparities
Japanese ODA to CLMV Countries

Cambodia

- Experienced over 20 years of civil war and political unrest since 1970s
- Became a multi-party democracy country in 1993
- Struggling to rebuild itself and has become an emerging economies in the region
- Due to its promoting reform and assistance need for postwar development, Cambodia is one of the favour recipient of ODA

Japan’s Assistance to Cambodia

- The first Yen loan extended in 1968
- Interrupted during 1970s and 1980s due to political instability and did not extend Yen loan since 1968
- After 1998 elections, Japan extended its 4 billion Yen loan for rehabilitation and renovation of the deep sea port.
Japanese ODA to CLMV Countries

Japan’s Assistance to Cambodia

Amount of DAC Countries ODA Disbursement to Cambodia

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Japan 113.56</td>
<td>U.S.A 87.22</td>
<td>Germany 37.62</td>
<td>Korea 35.28</td>
<td>France 35.00</td>
<td>452.73</td>
</tr>
<tr>
<td>2008</td>
<td>Japan 114.77</td>
<td>U.S.A 69.78</td>
<td>Australia 39.03</td>
<td>France 35.16</td>
<td>Korea 34.66</td>
<td>459.90</td>
</tr>
<tr>
<td>2009</td>
<td>Japan 127.49</td>
<td>U.S.A 68.56</td>
<td>Australia 48.50</td>
<td>Germany 37.90</td>
<td>U.K 32.31</td>
<td>476.53</td>
</tr>
<tr>
<td>2010</td>
<td>Japan 147.46</td>
<td>U.S.A 84.70</td>
<td>Australia 53.91</td>
<td>Germany 41.26</td>
<td>Korea 37.33</td>
<td>517.72</td>
</tr>
<tr>
<td>2011</td>
<td>Japan 130.93</td>
<td>U.S.A 73.78</td>
<td>Australia 71.55</td>
<td>Korea 62.23</td>
<td>Sweden 28.53</td>
<td>491.88</td>
</tr>
</tbody>
</table>

Source: www.mofa.go.jp/policy/oda/data/pdfs/Cambodia.pdf

Japanese ODA Disbursements to Cambodia

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan Aid</th>
<th>Grant Aid</th>
<th>Technical Cooperation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>4.82</td>
<td>70.21</td>
<td>39.73</td>
<td>114.77</td>
</tr>
<tr>
<td>2009</td>
<td>19.94</td>
<td>59.40</td>
<td>48.14</td>
<td>127.49</td>
</tr>
<tr>
<td>2010</td>
<td>13.54</td>
<td>80.83</td>
<td>53.10</td>
<td>147.46</td>
</tr>
<tr>
<td>2011</td>
<td>18.56</td>
<td>62.12</td>
<td>50.25</td>
<td>130.93</td>
</tr>
<tr>
<td>2012</td>
<td>43.36</td>
<td>83.14</td>
<td>55.95</td>
<td>182.44</td>
</tr>
</tbody>
</table>

Source: www.mofa.go.jp/policy/oda/data/pdfs/Cambodia.pdf
Japanese ODA to CLMV Countries

Laos
- in 1986:
  - Comprehensive renovation policy; Shifting from a centralized economy to market-oriented economy
  - Carrying out market mechanism
  - Opening up the country and cooperation with foreign countries
  - Restoring the people’s democracy

Japan’s assistance to Laos
- Reduction of poverty, human development, sustainable economic growth
- Achieving MDGs by 2015
- Graduating from the LDC index by 2020
## Japanese ODA to CLMV Countries

### Laos

#### Amount of DAC Countries ODA Disbursement to Laos

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Japan</td>
<td>81.46</td>
<td>France</td>
<td>35.51</td>
<td>Germany</td>
<td>23.76</td>
</tr>
<tr>
<td>2008</td>
<td>Japan</td>
<td>66.29</td>
<td>Germany</td>
<td>28.83</td>
<td>Australia</td>
<td>28.10</td>
</tr>
<tr>
<td>2009</td>
<td>Japan</td>
<td>92.36</td>
<td>Australia</td>
<td>29.61</td>
<td>Germany</td>
<td>27.36</td>
</tr>
<tr>
<td>2010</td>
<td>Japan</td>
<td>121.45</td>
<td>Australia</td>
<td>32.68</td>
<td>Korea</td>
<td>27.76</td>
</tr>
<tr>
<td>2011</td>
<td>Australia</td>
<td>53.93</td>
<td>Japan</td>
<td>48.51</td>
<td>Korea</td>
<td>33.48</td>
</tr>
</tbody>
</table>


#### Japanese ODA Disbursements to Laos

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan Aid</th>
<th>Grant Aid</th>
<th>Technical Cooperation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>9.91</td>
<td>32.56</td>
<td>23.83</td>
<td>66.29</td>
</tr>
<tr>
<td>2009</td>
<td>20.55</td>
<td>41.90</td>
<td>29.91</td>
<td>92.36</td>
</tr>
<tr>
<td>2010</td>
<td>17.71</td>
<td>63.55</td>
<td>40.19</td>
<td>121.45</td>
</tr>
<tr>
<td>2011</td>
<td>3.28</td>
<td>8.60</td>
<td>36.63</td>
<td>48.51</td>
</tr>
<tr>
<td>2012</td>
<td>-4.73</td>
<td>42.10</td>
<td>51.06</td>
<td>88.43</td>
</tr>
</tbody>
</table>

Japanese ODA to CLMV Countries

Myanmar

- Faced with civil war for 50 years and caused political instability and retorted the growth of economy
- 1988 uprising and 1990 election– promote democratization

Japan’s assistance to Myanmar

- Democratization and economic development
- Continuous dialogue with the Govt and opposition parties
- Cut off loan aid since 1988, continued to provide funds for humanitarian purposes
## Japanese ODA to CLMV Countries

### Myanmar

#### Amount of DAC Countries ODA Disbursement to Myanmar

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Japan</td>
<td>30.52</td>
<td>U.K</td>
<td>17.97</td>
<td>U.S.A</td>
<td>15.35</td>
</tr>
<tr>
<td>2008</td>
<td>U.K</td>
<td>82.35</td>
<td>U.S.A</td>
<td>71.59</td>
<td>Australia</td>
<td>47.14</td>
</tr>
<tr>
<td>2010</td>
<td>Japan</td>
<td>46.83</td>
<td>Australia</td>
<td>44.40</td>
<td>U.K</td>
<td>44.17</td>
</tr>
<tr>
<td>2011</td>
<td>U.K</td>
<td>62.20</td>
<td>Australia</td>
<td>44.43</td>
<td>Japan</td>
<td>42.50</td>
</tr>
</tbody>
</table>


#### Japanese ODA Disbursements to Myanmar

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan Aid</th>
<th>Grant Aid</th>
<th>Technical Cooperation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>–</td>
<td>23.77</td>
<td>18.71</td>
<td>42.48</td>
</tr>
<tr>
<td>2009</td>
<td>–</td>
<td>24.50</td>
<td>23.77</td>
<td>48.28</td>
</tr>
<tr>
<td>2010</td>
<td>–</td>
<td>21.56</td>
<td>25.27</td>
<td>46.83</td>
</tr>
<tr>
<td>2011</td>
<td>–</td>
<td>19.70</td>
<td>22.80</td>
<td>42.50</td>
</tr>
<tr>
<td>2012</td>
<td>–</td>
<td>54.82</td>
<td>37.96</td>
<td>92.78</td>
</tr>
</tbody>
</table>

Japanese ODA to CLMV Countries

Vietnam
- Political and economic reform launched in 1986
- Partially privatized state-owned sectors
- Combination banking system since 1992
- First stock exchange since 2000

Japan’s Assistance Policy
- High priority to the achievement of balanced economic growth (sustainable growth and poverty reduction)
Japanese ODA to CLMV Countries

Vietnam

Amount of DAC Countries ODA Disbursement to Vietnam (US$ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Japan</th>
<th>France</th>
<th>Germany</th>
<th>U.K</th>
<th>Denmark</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>640.04</td>
<td>154.46</td>
<td>97.64</td>
<td>97.15</td>
<td>82.54</td>
<td>1516.82</td>
</tr>
<tr>
<td>2008</td>
<td>619.04</td>
<td>165.59</td>
<td>125.88</td>
<td>114.99</td>
<td>80.34</td>
<td>1654.21</td>
</tr>
<tr>
<td>2009</td>
<td>1191.36</td>
<td>142.91</td>
<td>112.48</td>
<td>93.79</td>
<td>78.14</td>
<td>2080.48</td>
</tr>
<tr>
<td>2010</td>
<td>807.81</td>
<td>242.42</td>
<td>119.83</td>
<td>96.38</td>
<td>96.04</td>
<td>1831.38</td>
</tr>
<tr>
<td>2011</td>
<td>1013.05</td>
<td>220.45</td>
<td>139.49</td>
<td>137.26</td>
<td>123.86</td>
<td>2061.25</td>
</tr>
</tbody>
</table>

Japanese ODA Disbursements to Vietnam (US$ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan Aid</th>
<th>Grant Aid</th>
<th>Technical Cooperation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>518.15</td>
<td>26.29</td>
<td>74.59</td>
<td>619.04</td>
</tr>
<tr>
<td>2009</td>
<td>1082.29</td>
<td>22.82</td>
<td>86.24</td>
<td>1191.36</td>
</tr>
<tr>
<td>2010</td>
<td>649.12</td>
<td>51.84</td>
<td>106.84</td>
<td>807.81</td>
</tr>
<tr>
<td>2011</td>
<td>861.24</td>
<td>26.74</td>
<td>125.07</td>
<td>1013.05</td>
</tr>
<tr>
<td>2012</td>
<td>1478.05</td>
<td>20.38</td>
<td>148.27</td>
<td>1646.71</td>
</tr>
</tbody>
</table>

Japanese ODA to CLMV Countries

Key Indicators for CLMV 2010

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Laos</th>
<th>Myanmar</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (annual %)</td>
<td>6.0</td>
<td>8.5</td>
<td>5.1</td>
<td>6.4</td>
</tr>
<tr>
<td>Per Capita GDP (current US$)</td>
<td>783</td>
<td>1123</td>
<td>742</td>
<td>1334</td>
</tr>
<tr>
<td>Foreign direct investment (current millions US$)</td>
<td>762</td>
<td>278</td>
<td>901</td>
<td>7100</td>
</tr>
<tr>
<td>Foreign direct investment (% of GDP)</td>
<td>7</td>
<td>3.9</td>
<td>2.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Foreign exchange reserves (billions US$)</td>
<td>3.8</td>
<td>1.1</td>
<td>6.0</td>
<td>12.5</td>
</tr>
</tbody>
</table>

Source: www.mofa.go.jp

Key Indicators for CLMV 2011

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Laos</th>
<th>Myanmar</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (annual %)</td>
<td>7.1</td>
<td>8.0</td>
<td>5.3</td>
<td>6.2</td>
</tr>
<tr>
<td>Per Capita GDP (current US$)</td>
<td>878</td>
<td>1266</td>
<td>831</td>
<td>1543</td>
</tr>
<tr>
<td>Foreign direct investment (current millions US$)</td>
<td>872</td>
<td>300</td>
<td>1000</td>
<td>6480</td>
</tr>
<tr>
<td>Foreign direct investment (% of GDP)</td>
<td>7</td>
<td>3.6</td>
<td>1.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Foreign exchange reserves (billions US$)</td>
<td>4.1</td>
<td>1.2</td>
<td>7.4</td>
<td>13.5</td>
</tr>
</tbody>
</table>

Source: www.mofa.go.jp

Key Indicators for CLMV 2012

<table>
<thead>
<tr>
<th></th>
<th>Cambodia</th>
<th>Laos</th>
<th>Myanmar</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (annual %)</td>
<td>7.3</td>
<td>8.2</td>
<td>5.9</td>
<td>5.2</td>
</tr>
<tr>
<td>Per Capita GDP (current US$)</td>
<td>946</td>
<td>1412</td>
<td>855</td>
<td>1755</td>
</tr>
<tr>
<td>Foreign direct investment (current millions US$)</td>
<td>1526</td>
<td>294</td>
<td>2243</td>
<td>7168</td>
</tr>
<tr>
<td>Foreign direct investment (% of GDP)</td>
<td>11.1</td>
<td>3.1</td>
<td>4.1</td>
<td>5.4</td>
</tr>
<tr>
<td>Foreign exchange reserves (billions US$)</td>
<td>4.9</td>
<td>1.3</td>
<td>7.4</td>
<td>25.8</td>
</tr>
</tbody>
</table>

Source: www.mofa.go.jp

Japanese ODA Disbursements to CMLV (2010–2012)

Source: www.mofa.go.jp
Pivotal Moment of Myanmar

- March 2011 – The new administration was formed

Recent reforms
- **First wave of reform**
  - National Reconciliation
    - focusing on political system to restore peace and achieve national unity
  - Good Governance and Clean Government
    - Rule of law
- **Second wave of reform**
  - Economic and Social well-being
    - formed National Economic and Social Advisory Council (NESC)
    - drafted Framework for Economic and Social Reforms (FESR) & 20–years National Comprehensive Development Plan (NCDP)
      - successful transition to market–based economy
      - development of agriculture sector
      - attracting private domestic and foreign investment and expertise
Japan’s New Commitment Aid

- Provision of new yen loan projects for infrastructure development for the first time in 26 years

New Yen Loan (¥17 billion) → Regional Development Project for Poverty Reduction Phase 1

New Yen Loan (¥14 billion) → Urgent Rehabilitation and Upgrade Project Phase 1

New Yen Loan (¥20 billion) → Infrastructure Development Project in Thilawa Area Phase 1
Tangible Support of International Communities


<table>
<thead>
<tr>
<th>Country</th>
<th>Arrears (in million US$)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>3948.6</td>
<td>73%</td>
</tr>
<tr>
<td>Financial Institutions</td>
<td>1060.2</td>
<td>20%</td>
</tr>
<tr>
<td>Other Bilateral Loans</td>
<td>65.2</td>
<td>1%</td>
</tr>
<tr>
<td>Denmark</td>
<td>42.7</td>
<td>1%</td>
</tr>
<tr>
<td>Germany</td>
<td>288.8</td>
<td>5%</td>
</tr>
</tbody>
</table>

Debt Restructuring Plan

Japan (the largest creditor)
- Resolve arrears with a bridge loan in April 2012
- Cancelled arrears due after 2003 and pre-2003 payment and interest arrears were rescheduled

The World Bank and the ADB
- Clear the arrears about $512 mil from ADB and $430 mil from the WB with a bridge loan operation of JBIC in January 2013
- Received loan $512 mil from ADB and $440 mil from the WB

Other Paris Club Donors – 2013/2014

Source: IMF, Article IV Consultation with Myanmar
Myanmar’s Recent Challenges

**ASEAN Members by Human Development Index**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Singapore</td>
<td>0.901</td>
<td>Very High</td>
</tr>
<tr>
<td>Brunei Darussalam</td>
<td>0.852</td>
<td>Very High</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.773</td>
<td>High</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.722</td>
<td>High</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.684</td>
<td>Medium</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.660</td>
<td>Medium</td>
</tr>
<tr>
<td>Vietnam</td>
<td>0.638</td>
<td>Medium</td>
</tr>
<tr>
<td>Cambodia</td>
<td>0.584</td>
<td>Medium</td>
</tr>
<tr>
<td>Laos</td>
<td>0.569</td>
<td>Medium</td>
</tr>
<tr>
<td>Myanmar</td>
<td>0.524</td>
<td>Low</td>
</tr>
</tbody>
</table>

**Ease of Doing Business in ASEAN**

![Ease of Doing Business in ASEAN](Source: Doing Business Database, The World Bank (2014))

**Net ODA Received of CLMV Countries (1980–2012)**

![Net ODA Received of CLMV Countries (1980–2012)](Source: World Development Indicators, worldbank.org)

Source: en.m.wikipedia.org
Findings and Recommendations

Peter Mc Cawley (1998)

- “the most obstacles to development are self-inflicted by a refusal to adopt good economic policies.”
- “countries that failed to take proper steps to tackles their owned problems will only waste scared aid.”


- sound management will lead to rapid development
- aid has a large effect when countries have sound management
- poor countries with good policies should get more aid than ones with mediocre policies

World donor community came to the conclusion that “good governance” was necessary to bring good economic performance

- “the condition necessary for development in Myanmar will require fundamental reforms”
- “good governance” become a focal issues
Findings and Recommendations

Peter Mc Cawley (1998)

- “the most obstacles to development are self-inflicted by a refusal to adopt good economic policies.”
- “countries that failed to take proper steps to tackles their owned problems will only waste scared aid.”

- sound management will lead to rapid development
- aid has a large effect when countries have sound management
- poor countries with good policies should get more aid than ones with mediocre policies

Asia Society

- “the condition necessary for development in Myanmar will require fundamental reforms”
- “good governance” become a focal issues
Findings and Recommendations

- Reengagement of development aid and international financial markets
  - **Earnest efforts**
    - ambitious reforms (main strength of economic potential)
  - **Coordination with donors**
    - IMF staff-monitored program—monitoring the implementation of Monetary and Financial Sector reforms
    - the WB – drafting of the new Financial Institutions Law
    - with the assistance of the Government of Japan;
      - JICA—automation of payment and clearing system by 2015
      - Japan Exchange Group and Daiwa Securities Group Inc.– Yangon Stock exchange by 2015
  - **Successful strategies of donors**
    - resolution of Myanmar’s arrears—Japan, the WB, the ADB, other Paris Club Donors
    - the WB—National Community-Driven Development Project
      - people centered development in rural areas funded by US$80 million
Findings and Recommendations

- Japan’s new commitment aid with economic cooperation to Myanmar:
  
  Potential Achievement from Japan’s New Commitment Aid
  
  - Agricultural and Rural Development
  - Assistance for Ethnic Minorities
  - Disaster Prevention
  - Medical and Health Care
  - Promote public sector capacity and democratization
  - Promote urban infrastructure and attract FDI

  Action to be taken by Myanmar (Recipient)
  
  - Good Governance
    - “Strategic Decision”,
    - “which decisions are implemented or not”
  - Capacity Building
    - training for staffs at local and abroad in such fields for all sectors is substantial
Good Governance Process for Myanmar (to attract more aid by using aid effectively and efficiently)

- Good Governance
- Capacity Building

Ambitious Reforms with
- Consistent Policy Actions
- Sound Management
- Effective Implementation
- Effective Monitoring Activities

Reasonable Outcome (if yes)
- Poverty Reduction
- Economic Development

Outcome (if no)

Recheck
Good Governance

Recheck
Good Governance
Findings and Recommendations

Mutual relationship between Aid, Good Governance and Human Resources

- Fix a knowledge age
- Design attractive incentive system
- Strongly convinced in the necessity of receiving grant and aid
Q & A
Thank you