

Country Development Cooperation Policy for the Islamic Republic of Pakistan

February, 2018

1. Purpose of Development Cooperation

Since the establishment of diplomatic relations, Pakistan and Japan have developed an amicable relationship. Pakistan, with the population of about 200 million, including a significant number of young people, is located at a geopolitically important juncture of Asia and the Middle East. Pakistan, which is overcoming longstanding political and security instabilities, has enjoyed relatively stable economic growth. Meanwhile, economic fundamentals including infrastructures are still vulnerable. Income, regional and gender disparities are still large in the country. While the security situation has greatly improved, radical groups' influence is visible yet. Therefore, continuous efforts are required toward consolidation of peace.

In recent years, the Government of Pakistan is trying to integrate the UN Sustainable Development Goals into its development policy. Promotion of economic and social development to achieve the SDGs will help Pakistan become a major consumption and production base in South Asia. Development of Pakistan will also contribute to stabilization of the region and improvement of the global economy.

The Government of Japan will support Pakistan's self-driven growth through development cooperation that utilizes Japan's comparative strengths such as advanced technologies. Japan's assistance to Pakistan will promote domestic and regional peace and economic growth, while further improving the bilateral ties.

2. Basic Policy of Japanese ODA: Building a stable and sustainable society through expanding a vibrant middle class.

Taking the "Free and Open Indo-Pacific Strategy" and Pakistan's "National SDGs Framework" into consideration, Japan will utilize its assistance to induce Japanese private sector investment in Pakistan and aim at expanding a vibrant middle class in an all-inclusive manner. This will bring up the poor to the middle class and accelerate economic growth. Sharing the benefits of economic growth with the entire society will facilitate the development of a stable and sustainable society.

3. Priority Areas

(1) Improvement of economic infrastructure

To promote investment in Pakistan, Japan will assist the development of

quality economic infrastructure. Japan also supports Pakistan's efforts in value-addition and improving quality of its products, while recognizing the potential of women and youth to lead economic growth.

Stable power supply is the foundation of economic growth. As unstable supply of power has hampered economic growth and stabilization of society in Pakistan, Japan plans to improve the efficiency of the total power supply system through policy planning in power generation and energy saving, as well as constructing power generation, distribution, and transmission facilities.

Given Pakistan's vast land, populated cities, and geopolitically important location, Japan will assist Pakistan in improving transportation/distribution network, closing the gap between urban and rural areas, and enhancing connectivity in the region.

Pakistan's manufacturing sector, such as automobile industry, has recorded remarkable growth in recent years, and still has the potential to drive economic growth in future. In this regard, Japan will support human resource development for industries through assistance in technical and vocational training, along with export promotion, and improvement of investment climate.

(2) Ensuring human security and improvement of social infrastructure

Japan will support the creation of a resilient society where human security is ensured and everyone can enjoy the benefits of growth. In particular, special attention should be paid so that women will not be left to a disadvantageous position.

In the education sector, in order to provide education for all, Japan will focus on improving the quality of, and access to, education.

In the health sector, Japan will continue providing assistance for eradication of polio and strengthening the health system with an emphasis on maternal and child health care, which is the area Pakistan has been struggling to meet the MDGs targets.

In the water and sanitation sector, Japan will focus on establishing better infrastructure, as well as creating and extending a good practice of the water and sewage operation system in urban areas.

Pakistan's agriculture accounts for a major portion of its GDP and labor force. Most farmers are poor small-scale farmers and their productivity is low. Japan will focus on improvement of productivity in livestock and agri-commodities, product diversification and value addition.

Both Pakistan and Japan are disaster-prone countries. Considering risks of climate change, Japan will strive to mobilize its experiences and technologies in improving disaster preparedness, and enhance the disaster management system in Pakistan, aiming at building resilience against natural disaster.

(3) Consolidating peace and stability

Peace and stability in Pakistan is not only the basis of growth but also the cornerstone of regional stability. Although security in urban areas has improved substantially, the Afghanistan border areas remain volatile and pose challenges to the Government of Pakistan. The humanitarian crisis in the Afghanistan border areas can be a risk to stabilizing Pakistan and the region. Japan, in collaboration with international organizations, will assist in the provision of basic infrastructure and social services for social stabilization and revitalization. Furthermore, to consolidate peace and stability, Japan will provide assistance in enhancing counter-terrorism capabilities in urban areas and transportation/distribution hubs to prevent the entry of terrorists and unlawful substance into Pakistan.

4. Points to be considered

The country-focused ODA evaluation reports are available at the following link;

Country Assistance Evaluation (2014), available at:

<http://www.mofa.go.jp/policy/oda/evaluation/FY2014/pdfs/pakistan.pdf>

Annex: Rolling Plan