

Country Development Cooperation Policy for the Islamic Republic of Pakistan

September, 2023

1. Purpose of Development Cooperation

(1) Pakistan and Japan have traditionally developed an amicable relationship, and young people make up the majority of its population of over 200 million people. Pakistan is geopolitically important because it is surrounded by India, China, Afghanistan, and Iran, and is located at the juncture of Asia and the Middle East.

(2) Over the past 10 years (2012-2022), Pakistan's GNI per capita has increased by approximately 30%, and the middle class has also increased. On the other hand, in recent years, the macroeconomic situation including the current balance of payment has been sluggish, and the country's economic base including infrastructures has remained vulnerable to natural disasters. Income, regional, and gender disparities are large, and social indicators, such as health and education, are extremely low. Furthermore, with the instability in Afghanistan, the number of terrorist attacks in the Afghanistan border area is on the rise. Further efforts are required toward achieving peace and stability.

(3) The Government of Pakistan formulated the national plan "Vision 2025" in 2014, aiming to integrate the Sustainable Development Goals (SDGs) into its domestic development policy, as well as addressing climate change countermeasures and mainstreaming digital transformation (DX).

(4) The Government of Japan will support Pakistan's economic growth and the achievement of the Sustainable Development Goals (SDGs) by leveraging its advanced technology. This will not only promote the formation and accumulation of human capital, human security, and economic development in Pakistan, but also contribute to domestic and regional peace and stability, further strengthening bilateral ties.

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

Through ODA, Japan will induce private sector investment in Pakistan to expand a vibrant middle class. This will support bringing the poor to the middle class and contribute to accelerating economic growth. Sharing the benefits of economic growth with the entire society will facilitate the development of a stable and sustainable society in Pakistan. When implementing ODA projects, the "Free and Open Indo-Pacific (FOIP)" and the Government of Pakistan's "National SDGs Framework" will be

taken into consideration while mainstreaming the climate change countermeasures and DX based on the revised Development Cooperation Charter, and supporting cross-sectoral efforts such as human capital accumulation.

3. Priority Areas

(1) Ensuring Human Security and Social Stabilization through Human Capital Investment and Social Service Expansion

Japan will support the creation of a resilient society where everyone can enjoy the benefit of economic growth and where human security is ensured. In particular, special attention should be paid to “Leave No One Behind”, so that women and socially vulnerable people will not be left in a disadvantageous position.

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

In the health and medical care sector, Japan will continue to strengthen the health system with an emphasis on maternal and child health care and to provide cooperation toward the eradication of polio. In addition, it will promote the improvement of the nutrition of mothers and children through coordination with projects in other fields such as agriculture, education, and water sanitation.

In the women and youth sector, Japan will promote the participation of women and young people in economic activities by providing support for the victims of gender-based violence as well as assistance for employment and start-up activities.

In the water and sanitation sector, Japan will provide cooperation in infrastructure development and improvement of water supply operation management, with a focus on water and sewage operation systems in urban areas, as well as promote the modeling of development effects to expand the beneficiary area.

In the agriculture sector, while striving to promote agriculture that can adapt to climate change, Japan will provide cooperation in improving livelihoods through the improvement of productivity in livestock, agri-commodities, and marine products, and through product diversification and value addition that adopts a market-oriented approach.

In the disaster management sector, based on the "Sendai Framework for Disaster Risk Reduction 2015-2030", adopted at the Third United Nations World Conference on Disaster Risk Reduction, Japan will mobilize its knowledge and technologies in improving disaster preparedness, along with the investment in disaster mitigation and the support for disaster prevention governance, to build a resilient society against natural disasters.

(2) Enhancing High-Quality Economic Growth through Improvement of Investment Environment

Japan will provide cooperation that will lead to the promotion of investment in Pakistan through the development of industries that are engines of growth, such as the

ICT and automobile industry, the development of infrastructure, and the promotion of DX to enhance the resilience and transparency of financial systems. Japan will also cooperate with Pakistan's efforts in quality and value-addition and human resource development in manufacturing and other industries while recognizing the potential of young people and women to lead economic growth. Moreover, Japan will support the development and maintenance of transportation infrastructure that will lead to stronger industrial competitiveness, and the reduction of power consumption and circular debt obligations by strengthening the power supply system through constructing transmission, and distribution facilities, while promoting energy saving.

(3) Consolidating peace and stability

Since the Afghanistan border areas remain volatile, Japan, in collaboration with international organizations, will support the achievement of stability in the societies by providing basic infrastructure and social services and strengthening local administrative capacity.

4. Points to be considered

(1) Japan pays special attention to the synergies among its funding schemes and methods, as well as mobilizing public-private partnerships, and cooperation with NGOs and international agencies.

(2) As there are areas in Pakistan that are rated Level 4 (evacuation and avoid all travel) and Level 3 (avoid all travel) in the Overseas Travel Safety Information, Japan will consider project locations with due consideration to safety.

Annex: Rolling Plan