

CHEQUEMATE!

Takema Sakamoto, chief representative, JICA India, continues to support economic growth, ease poverty and conserve environment in India through massive loans.

BY JAYASHREE KINI MENDES

“WE CONTINUE TO HAVE A STRONG RESPONSIBILITY FOR JAPANESE SOCIETY AND ITS PEOPLE BECAUSE ULTIMATELY WE ARE UTILISING THE TAX PAYERS' MONEY.”

The announcement of Takema Sakamoto taking over as chief representative of JICA India exactly two years ago may have made it to the first page of business newspapers. That is because only a few people would have perceived the significance of the appointment and JICA India's role in the massive development of infrastructure projects in India. Of the 1.34 billion people in India, not more than a few thousand know well the largesse role that the Japan International Cooperation Agency (JICA), the aid arm of the Japanese government, plays for the Indian economy.

Over the last few years, India has expedited several infrastructure projects that were hitherto not dreamed of. Be it the slew of upcoming Metro Rail projects and those already running, forestry and biodiversity projects, water supply and sewerage projects, urban health care, upgrading power transmission and distribution systems, and more – most of them can largely be attributed to the benevolence and spirited enterprise of JICA India. In fact, India has become the largest beneficiary of official development assistance (ODA) from JICA who has been extending concessional loans, technical cooperation and grant-aid in an integrated manner to facilitate socio-economic development in developing partner countries.

Sakamoto took charge at a time when Japan's commitment to India was growing. In 2014-15, when India's multilateral funders shirked from lending to infrastructure projects, JICA willingly aided India's quest to provide more modernised infrastructure services to people living in India and disbursed 162 billion yen (about \$1.42 billion) under the form of ODA concessional loans.

Speaking about JICA India's well-laid out criteria for choosing projects, Sakamoto says, "It's a reflection of our thinking and a result of harmonisation and collaboration with the Government of India. There are several important elements we consider when we decide our support in India. I'd like to point out that India is the oldest and the largest recipient partner from all over the world. We cover more than 150 countries and if you consider the kind of aid we have supported India with, accumulated total amount of JICA's concessional loan commitment exceeds 5 trillion Japanese Yen (approximately Rs 3 trillion)."

For India to achieve sustainable overall economic development, Sakamoto believes, it is imperative that improvement of infrastructure such as railways,

roads, power and water/sanitation are taken up on priority. Further, the manufacturing sector, which plays a pivotal role in economic growth and job creation, requires a greater impetus, and an enabling environment would facilitate a steady flow of investments.

SETTING THE RULES

Though every government that came to power in India has stressed on development, little thought was given to quality development. It took JICA India to share with Indian government officials a few management techniques and train them on building quality infrastructure and methods of working on numerous ongoing projects. Quality is the buzzword. The large tranches of money that are regularly transferred to India also calls for continuous monitoring and improvement, maintaining budget cycles, consensus decision making, and smoothing insurmountable problems that are unique to India.

Sakamoto says, "JICA supports development of projects across India and in wide ranging sectors. Of course, there are many factors we consider before offering our support, but there are benchmarks on which our decisions are based."



The launch of Delhi Metro built a new kind of camaraderie among citizens.

As a rule, JICA India is firm that they need to witness the development on the ground for far-reaching economical and social impact. That is Rule Number One. Outlining the next eight set of rules, Sakamoto says that development is essential for sustainable growth and improvements in living standards. JICA India is also strongly aligned with policies set by India and Japan. For instance, the Indian administration advocates important policies like development of manufacturing, while the Japanese government is strongly inclined to development that is people-centred. The fourth rule that Sakamoto stresses on is the importance of preparing adequately for upcoming projects and one that includes social environmental considerations. Ensuring technical feasibility of a project is more important than its commercial feasibility. Rule number six that JICA India is equally firm on is ensuring responsibility and strong ownership of the project owners, which are the Indian executing agencies. Sakamoto says, "We ensure that the Indian partners executing agencies are strongly inclined to offer a strong willingness and responsibility ownership and they should be observed."

Rule Number Seven, which is one of the most important though inserted in the middle, calls for checking the capability of the project owners and verifying the track record of the project implementation company. In another Rule, Sakamoto says that JICA India needs an assurance that the projects it has taken on can be replicated as a showcase, because it could enhance chances of further investments into similar projects. Lastly, maintaining bilateral relations between the two nations by seeing that projects are completed and one that will enhance the well-being of people.

SPEAK SOFTLY AND CARRY A BLANK CHEQUE

JICA India's vision statement calls for inclusive and dynamic development. The former represents an approach to develop-

Work has begun on the Dedicated Freight Corridor at Baghega in Rajasthan. This is one of the infrastructure projects that JICA India is involved in.





JICA India played a key role in terms of loans and technology for India's first modern metro rail project, The Delhi Metro.



JICA's forestry projects also have women working at onion storage unit as part of Income Generation Activity, Odisha.

ment that encourages all people to recognise the development issues they themselves face, participate in addressing them, and enjoy the fruits of such endeavours. Dynamic development refers to the creation of self-reinforcing virtuous cycles of mid- to long-term economic growth and poverty reduction in a constantly changing environment of developing countries where a variety of issues arise simultaneously and get entangled each other. JICA India assures that it will provide creative, highly effective support toward this end, at times moving swift-

ly and at times acting from the longer-term perspective as the situation calls for.

Based on these promises, Sakamoto says that rapid urbanisation is one of India's biggest challenges. Having witnessed the snarl-up of traffic across cities, he believes that India needs to change its dependence from private transportation to an efficient public one. So it is no surprise why JICA India has extended its support to projects that will not only ease travel woes of citizens, but also enable the government to develop cities further from those that have turned claustrophobic.

"From this point of view, the ongoing metro systems could strong ease the bottlenecks. It is the reason we supported the Delhi Metro rail project. The biggest achievement of this project is that inculcated a social innovation among citizens, such as changed behaviour and mindset of people besides showcasing the new construction culture in India," he adds. JICA is lending support to six metro rail projects in India, namely: Delhi, Mumbai, Bengaluru, Chennai, Kolkata and Ahmedabad.

Similarly, JICA has also extended ODA of 183,595 million Japanese Yen (around Rs 11,000 crore) over four tranches since 2008 to the Chennai Metro Rail (CMRL). The ODA loan's conditions are very concessional, i.e. 1.4% and 0.01% interest rate and 30 years of repayment period (including 10 years of grace period).

It is only because JICA India stepped in with a loan of Rs 8,600 crore that the Mumbai Trans-Harbour Link Project (MTHL), conceived way back in the 1960s, has come to life.

The involvement of JICA officials can be seen here discussing the campus construction plan of IIT-H.



ODA LOAN AGREEMENTS SIGNED IN FY2016-2017 (APPROX.)

- TN Investment Promotion Programme Phase 2: Rs 1,300 cr
- NE Road Network Connectivity Improvement Project: Rs 4,000 cr
- Delhi EPE ITS Installation Project: Rs 400 cr
- Nagaland Forest Management Project: Rs 400 cr
- Odisha Forestry Sector Development Project (Phase 2): Rs 900 cr
- Chennai Metro Project (V): Rs 2,000 cr
- Rajasthan Water Sector Livelihood Improvement Project: Rs 800 cr
- Mumbai Trans Harbor Link Project: Rs 8,600 cr

To be implemented by MMRDA, the project is envisaged to be completed by 2021-22. The 22km road across the Mumbai Bay is to be constructed with approach sections, interchanges, Intelligence Transport System (ITS) and the other necessary facilities for full access-controlled marine bridges.

The munificence is not confined only to the metros. In March this year, the sole Japanese governmental agency in charge of ODA implementation under the Government of Japan doled out another Rs 4,000 crore for North East Road Network Connectivity Improvement Project (Phase I). The purpose is to improve and construct several national highways in the North Eastern states of India such as Mizoram and Meghalaya. A unique feature is that modern slope protection technologies shall be introduced to address the problem of landslides in the NER.

The initiative to introduce Intelligent Transport System (ITS) on Delhi Eastern Peripheral Expressway (EPE) through a loan

of Rs 400 crore also proves JICA's aim to promote regional socio-economic development but also improve the urban environment. Loans are also extended to crop diversification promotion, horticulture intensification, sanitation improvement, pollution abatement, and the Dedicated Freight Corridor, among other things. Motivation to improve India's infrastructure does not stop at this alone. Technical cooperation, which is dominant to Japan, is offered across dimensions that range from maximising soybean production in Madhya Pradesh, follow-up study for Mumbai-Ahmedabad high-speed railway corridor, capacity development for non-revenue water reduction in Jaipur and Goa, and a project for Future Researchers at IITH to enhance network development.

Recently, DMRC and the government of India have been expressing their keenness for multi-modal integration and last mile connectivity. JICA is glad to support on those issues and continues its communication with DMRC to achieve the more comprehensive integrated public transportation systems.

KEEP A KEEN EYE

Entry of any foreign firms to India does not automatically mean technology transfer and productivity improvement. It must commensurate with local improvement of human resources and their ability to absorb these technologies. In this respect, Sakamoto stresses that there is constant dispatch of JICA's experts to projects on Indian soil. "These experts work as tutors to Indian officials and transfer knowledge, experience and techniques. We also invite Indians to the JICA training programmes in Japan. This is to ensure that capacity development of the participants is accelerated so that they can obtain specific technologies for transportation or power or health. This is how we foster a good foundation," he adds.

Citing the example of Delhi Metro, Sakamoto says that besides the loans and rolling stock, JICA also inculcated in officials the knack of running stable operations, realise the frequency of train operations, safety, and promoting gender equality. In terms of specific technology, we helped the Delhi Metro introduce advanced technologies from accomplished Japanese civil construction companies like Kumagai Gumi and Shimizu Kensetsu, which helped them effectively deploy tunnel boring machines, especially in congested old Delhi.

While he is happy that India has gathered more understanding in civil engineering, he rues that India has been turning less and less to Japan for infrastructure technology. But he is hopeful that India will retrace its steps to Japanese firms in terms of building bridges that call for advanced engineering or water projects, while being able to push salient special technologies to Indian society.



A JICA expert in the on-farm trial field at project for maximisation of soybean production at Madhya Pradesh.

But this has not deterred Sakamoto from continuing to offer assistance and ensuring that that money from Japan is well spent. "Without the ownership, aspirations and responsibility of project owners, no project can be a success. It is the reason we are involved from planning to implementation and possibly in post evaluation like PDCA (plan-do-check-act) cycle. But, he adds, that more Indian officials are self-reliant and show potential in their ability to pull off complex projects. "But we continue to have a strong responsibility for Japanese society and its people because ultimately we are utilising the tax payer's money. Transparency is our motto," he says. One of the ways it safeguards interests is by following internationally standardised guidelines that offer full consideration for social impact that is environmentally negative. Before starting on a project, JICA India ensures that the bidding is fair and transparent.

EASTERN PROMISE

The decision to aid development in India also has a history. The friendship between India and Japan has a long history rooted in spiritual affinity and strong cultural and civilisational ties. Sakamoto says India's earliest documented direct contact with Japan was with the Todaiji Temple in Nara, where the consecration or eye-opening of the towering statue of lord Buddha was performed by an Indian monk, Bodhisena, in 752 AD. The Japan-India Association was set up in 1903, and is today the oldest international friendship body in Japan. He also remembers India's outstretched hand after the earthquake and tsunami in 2011.

So when JICA decided to cast its bread upon the waters, naturally India became the focus. It has created two main payment flow schemes with its JICA ODA loans: A commitment scheme and a reimbursement scheme. The former

utilises the banking system outside of JICA. For instance, JICA utilises Bank of Tokyo-Mitsubishi UFJ (BTMU) in collaboration with Indian banks such as Bank of India to ensure transparency in payment flow transactions. All invoices are double-checked by JICA to confirm that money is used appropriately and only then is the money transferred to the contractor. In the reimbursement scheme, the Indian government is responsible to firstly pay the contractors for JICA aided projects and the receipt received from contractors is then sent across to the JICA office, which is then reimbursed to the Indian government. More than a decade ago, it also introduced the STEP (Special Terms for Economic Partnership) scheme with softer lending conditions. In normal circumstances, JICA is allowed to offer a soft loan with an interest rate of 1.2%. In case of STEP, it can provide the same loan at 0.1% interest rate. This comes with a caveat. JICA India avers that the prime contractors be Japanese companies, while sub-contracting Indian companies to work on the project. "But bidding should be transparent. Also, if the project is availing of advanced Japanese technology, we provide a loan with the lower interest rate. This is main concept of the STEP loan," adds Sakamoto.

Emphasising on inclusive development, Sakamoto says that the forestry sector or Swachh Bharat will likely be another pillar of JICA India. "Japan could achieve the rapid economic growth and industrial development because right at the outset we kept a sharp eye on non-pollution in air, water, etc. Our disbursements to India are inclined to transportation, while juggling water and sanitation (Watsan). This has led us to create STPs (sewage treatment plants) across cities and build 1,500 public toilets. We are also promoting safe drinking water for a healthy life of people in India through construction of water purification plants. More than 25% of the water being distributed is non-revenue water (NRW). We are looking at sharing the secrets of reducing NRW so they can improve efficiency in water supply management," adds Sakamoto. JICA India is also working with the Indian government and collaborating with NGOs and state governments on environmental education. There is a strong accent on forest sector development where the state government will be responsible for these projects.

The myriad number of ways that JICA India is lending a helping hand to India should well push the country on the road to development. If Sakamoto can recall India's help to Japan in times of need, and stretch his memory back in history, it is, like he says, Japan's turn to be continue their support to India.

Gratitude is the memory of the heart. **cw**

Rs 3

trillion is the total loan committed to India.