

Private Sector Development / Energy and Mining / Governance

Achieving Sustainable Growth and Democratic and Fair Societies in Developing Countries



Of the eight Millennium Development Goals (MDGs), relevant goals are shown in color.

JICA assists developing countries with building up their private sectors, which serve as an engine for economic growth. While focusing on trade and investment promotion, small and medium-sized enterprises (SMEs) development, the vitalization of local industry and economy, and tourism development, JICA provides broad-ranging assistance to develop industrial infrastructure, including support for the stable supply of electric power, mining, renewable energy, and energy conservation. JICA also strives to strengthen governance through its cooperation in establishing legal and judicial frameworks, making government more efficient and transparent, improving the administrative capacity of local government and strengthening fiscal and monetary management. Through these activities, JICA is promoting sustainable growth as well as democratic and fair societies in developing countries.

Private Sector Development

The private sector serves as the driving force for economic growth in developing countries. Private companies in various fields, including SMEs, are expected to achieve dynamic growth and development and create higher additional value so that strong and comprehensive economic growth can be realized.

The Yokohama Declaration 2013 that was adopted at the Fifth Tokyo International Conference on African Development (TICAD V) in 2013 focused on the theme “Promoting Private Sector-Led Growth.” Assistance measures by the Japanese government also include Boosting Economic Growth (private sector and trade/investment).

Responding to the increasing importance of developing countries in the world economy, Japanese companies, particularly manufacturers, have actively established operations in developing countries in recent years by finding new markets and opening manufacturing bases in those areas. Through further reinforcement of collaboration with those companies, JICA focuses on realizing more effective development support and contributing to enhancing the mutually beneficial economic relations between Japan and those countries.

● Overview of the Issue and JICA Activities

JICA provides support for improving the business environment through establishing public policies and systems and cultivating human resources in developing countries, in order for private companies to facilitate their operations. An extensive interpretation of the term “business environment” usually includes infrastructure and education. However, JICA defines the term as private sector development fields that have a direct connection with business activities. Namely, the fields are: Promoting trade and investment, Promoting SMEs and developing industrial human resources, and Promoting local economies and industries.

1. Promoting Trade and Investment

The field of trade and investment focuses on benefitting from

economic globalization.

(1) Promoting Investment

In direct investment in 2012, 58.5% of investment went to emerging and developing countries; thus, developing countries are becoming even more attractive as an investment destination for foreign companies.

Companies interested in foreign investment usually compare the investment conditions of each country to find the most favorable destination. On the other hand, developing countries are willing to make use of direct investment from companies in advanced countries as the driving force for economic development. Therefore, it is necessary for developing countries to realize “improvement of the investment environment,” such as by simplification of investment procedures and resolving barriers to investment. In addition, enhancement of investment promotion functions, including active sharing of investment information, is also a must. JICA dispatches investment promotion advisors mainly to Asian and African countries to link foreign investment with the growth of developing countries. JICA will also actively work on providing technical cooperation for improvement of the related legal systems. In addition to these efforts, JICA is also engaged in improving the investment environment under Program Loans, aimed at reforming and improving the public policies and systems in developing countries.

(2) Promoting Trade

Imports and exports of emerging and developing countries account for 40.6% in export value and 38.8% in import value of total global trade in 2012. It is obvious that trade plays an important role in promoting economic growth in developing countries. For furthering trade, it is essential to simplify and facilitate trade-related procedures, including customs, as well as to improve access to foreign markets by companies in developing countries.

JICA provides support for facilitating trade procedures by modernizing customs in Viet Nam and Myanmar. With regard

to improving access to foreign markets, JICA is now supporting functional improvement of the Directorate General for National Export Development, Ministry of Trade in Indonesia.

(3) Building Business Environments

JICA is providing support related to policies for industry promotion, including trade and investment and legal systems that serve as a basis for business operations. Areas of support include intellectual property systems and standards and conformity assessment systems (standardization, certification, and measurement standards) as an intellectual foundation. As part of governance cooperation, recently JICA also provides support for the development and operation of legal systems that have a direct effect on economic activities, such as enterprise law, competition law, the tax system, and the financial-related legal system. In addition to these efforts, JICA also provides assistance for the development of special economic zones/industrial parks to create a favorable business environment.

Industrial promotion policy is a principal pillar of the national development plan for developing countries. Responding to various situations in each country, JICA helps developing countries draw up their industrial policies. For example, in Ethiopia, JICA assists in developing industrial policies by having industrial policy dialogues with the prime minister and other decision makers.

Along with vitalization of business in developing countries, it becomes important for them to secure intellectual property rights, such as patents and trademarks. JICA is now carrying out some projects to secure intellectual property rights in Indonesia, Viet Nam, and Myanmar. In 2013, JICA also started to provide cooperation to the Central Bank of Myanmar with an immature financial system to support the actual economy, and in Viet Nam, where bad loan problems have arisen.

In recent years, the development of special economic zones/industrial parks is drawing attention. These projects aim at enhancing the attractiveness of developing countries as an investment destination for foreign companies by conducting intensive development of economic infrastructure and providing investing enterprises with preferential treatment and various services. In 2013, JICA provided ODA for infrastructure development of the Thilawa Special Economic Zone in Myanmar, along with assisting in drawing up a special economic zone plan in Mombasa, Kenya [→ see the Case Studies on pages 53 and 104].

2. Promoting Small and Medium-Sized Enterprises and Developing Industrial Human Resources

JICA's assistance for SMEs mainly targets (1) establishing policy, systems, and frameworks to promote SMEs and (2) improving the competitiveness of companies.

(1) Establishment of Policy, Systems, and Frameworks

As there are a vast array of policies and systems required for the promotion of SMEs in developing countries, effective policy development requires basic principles for promoting SMEs and building and fortifying the implementing frameworks to realize these principles.

In fiscal 2013, JICA assisted in drawing up SME promotion policies in Cambodia, as well as providing training programs to government administrators in charge of SME promotion in Myanmar.

(2) Enhancement of Business Competitiveness

From the point of view of heightening the competitiveness of companies, assistance could be provided addressing management resources within companies: labor, technology,

Case Study Mexico: Project for Automotive Supply Chain Development

Cultivating Mexican Companies in Cooperation with Japanese Automobile Enterprises

Mexico is now becoming a strategic point for the Japanese automobile industry. JICA is working on Kaizen activities to achieve a Win-Win relationship, in which Mexican industry can further develop and the Japanese automobile industry is also enabled to enhance its competitiveness.

Kaizen Support for Auto Parts Manufacturers

Mexico, a manufacturing base focusing on export to North America, produced about 3 million cars in 2013, becoming eighth in the world, ahead of Thailand. Mexico is a strategic point for the Japanese automobile industry. Consequently, production in 2015 by Japanese auto enterprises, including Nissan, Honda, and Mazda, is estimated to reach over 1.5 million, from 800,000 in 2012. Other Japanese automobile-related companies are also expanding into Mexico one after another.

It is a primary issue for Japanese automobile-related companies to procure auto parts that

meet quality, cost, and delivery deadline requirements. Thus, Mexican auto parts manufacturers are expected to respond to these demands. In 2012, JICA and Japanese parts manufacturers jointly initiated a project for nurturing auto parts companies in Mexico. As of March 2014, the project has supported 15 companies to improve their productivity through Kaizen activities, and produced steady achievement.

JICA will provide Kaizen activities to Mexican companies to realize the Win-Win relationship, where Mexican industry can further develop and the Japanese automobile industry is also enabled to enhance its competitiveness.



Kaizen guidance to Mexican auto parts manufacturers
(Photo by Kenshiro Imamura)

capital, and information. Because assistance to SMEs in these areas tends to be provided through intermediary public/private support organizations, much of JICA's assistance targets improving the functions of these support organizations.

In fiscal 2013, JICA provided cooperation aimed at strengthening and firmly establishing the support services for SMEs in rural areas of Thailand.

(3) Developing Industrial Human Resources

Among management resources, in particular, assistance for labor, in other words developing industrial human resources, focuses on measures to boost the competitiveness of companies utilizing Japan's know-how in this area. JICA cooperates with government institutions, educational institutions, and other entities in various countries that provide such support for human resources development. The goal of the cooperation is to enable companies to acquire and improve the know-how necessary for business activities, such as business and production management and manufacturing technology.

The results of this type of cooperation can mutually benefit both the developing country and Japan. It contributes to the development of the manufacturing industry in the developing country and to the business activities of Japanese companies operating locally [→ see the Case Study on page 98]. For example, JICA shares Japanese manufacturing techniques with India and assists in nurturing potential leaders who will play a central role in achieving sustainable development of the manufacturing industry.

JICA is also spreading the use of Kaizen methodologies for quality and productivity improvement, one of the areas of Japan's greatest competency. In consideration of TICAD V, this effort has been remarkable especially in Africa. In addition to Ethiopia, Ghana, and Kenya, JICA is now providing cooperation for private

sector development in Tanzania and Zambia in 2013, pursuing further mutual collaboration in this field.

(4) Japan Centers for Human Resources Development

JICA is establishing the Japan Centers for Human Resources Development (Japan Centers) as focal points for its efforts in nurturing industrial human resources in developing countries. In addition to the Japan Centers set up in Viet Nam, Laos, Kazakhstan, Uzbekistan, Mongolia, the Kyrgyz Republic, Cambodia, and Ukraine, in fiscal 2013 JICA has added a Japan Center in Myanmar.

Through the Business Programs that form the core of their operations, the Japan Centers nurture human resources that are specialized in Japanese-style management and production management methods. In recent years, alumni reunions actively work on creating networks among local industrial workers. Utilizing the know-how and networks built up over the many years of the Business Program, JICA is also providing support and cooperation to Japanese companies doing business in these local markets. Most recently, the number of Japanese companies enrolling local employees in the Business Programs is growing in countries where Japanese companies are increasingly setting up local operations.

3. Promoting Local Economies and Industries

As the economies of developing countries grow, regional disparities have become a major issue in an increasing number of developing countries.

In order to spread the benefits of economic growth widely to local residents, JICA supports industrial development benefitting local areas by effectively utilizing the special characteristics and resources of local areas.

Case Study

The Kyrgyz Republic: Community Empowerment Project through Small Business Promotion by One Village One Product (OVOP) Approach in Issyk-Kul region

Promotion of Resident-centered Business Utilizing Local Resources

JICA provides support for promoting the local economy and industry led by residents through development, manufacturing, and sale of products utilizing local resources. The products are exported to foreign countries and have brought a change to the lifestyle and awareness, especially of female producers.

Developing Overseas Markets

Since 2006, in the Kyrgyz Republic, JICA has supported community empowerment based on the "One Village, One Product" approach¹ and small-scale business promotion activities. Now these efforts are starting to bear fruit. In recent years, producers and producers' associations have been continuously working on the development, quality improvement, and sales expansion of products utilizing local resources (e.g., wool handicrafts, food products that include jam and honey, and commodities such as soap).

In cooperation with Ryohin Keikaku Co., Ltd., running the Muji brand, wool products of the

Kyrgyz Republic were sold in 2011 as Christmas gifts throughout the world. This campaign gave a strong impetus to the activities. There is an increasing awareness of "creating products that will sell well" among producers. Although most of the producers are women who had never been involved in business, they now earn hard cash. The producers are highly motivated by participation in activities outside their villages, the pleasure of enjoying recognition for their products, and promoting their position in the family.

1. Efforts to create world-class products using special local products, so that local vitalization can be realized by residents



Women creating wool handicrafts



Products using local resources

In many countries, such as Kenya, Malawi, the Kyrgyz Republic, and El Salvador, for example, JICA helps the relevant ministries and local administrators create a system that can provide necessary technologies and support for small enterprises and associations that produce processed agricultural products and handicrafts. These projects provide local companies and associations with consultations on various issues such as basic business knowledge (accounting, etc.), exploration and utilization of local resources, improvement of quality and productivity, food sanitation, packaging/design, and marketing/sales promotion. This effort contributes to creating attractive products [→ see the **Case Study on page 99**]. JICA's cooperation in the tourism field in Palestine and Tunisia lies in providing assistance for coordinated efforts and collaboration by the public and private sectors. JICA cooperates with advertising and promotions for targeted tourists and with developing tourism products that make use of the special characteristics of local resources and thus benefit the region [→ see the **Case Study on page 58**]. For promoting the tourism of targeted areas in Jordan and Ethiopia, JICA emphasizes the concept of preserving, displaying and utilizing the tourism resources including nature, culture and ways of life, in a sustainable and unified manner with local people.

Energy and Mining

Natural resources and energy are not only a risk but an opportunity for developing countries. The key for sophistication of industry in developing countries is to secure stable natural resources and also energy at low cost. In other words, in developing countries with natural resources, the way natural resources are utilized and managed has a great influence on the future of their growth and development. For the international community, including Japan, appropriate supply of natural resources and energy is also a significant issue for economic growth, the global environment, and resources and energy security. JICA is working on energy and mining issues with a focus on contributing to a stable supply of environmentally friendly natural resources and energy at low cost.

● Overview of the Issue and JICA Activities

1. Energy

It is estimated that energy consumption by developing countries will expand substantially. At the same time, it is predicted that a large share of energy consumption will inevitably be taken up by fossil fuel, which could be a cause of climate change. While low electrification rate is still a critical issue in developing countries, improving electric power supply takes huge investments. The International Energy Agency (IEA) estimates that non-OECD countries need to invest \$10 trillion in the electric power sector in the period up to 2035. In such a situation, stable securement of low-cost, low-carbon energy is a very important development subject for developing countries to achieve stable social economy and sustainable growth. However, many countries face a lack of necessary techniques, know-how, and funds, and even human resources in charge of policy planning and implementation are limited. Therefore, it is

essential for developing countries to obtain sufficient funds and the cooperation from advanced countries with technologies and accumulated experiences and know-hows. Responding to the issues of the energy and power sector in developing countries, JICA is providing the following assistance, with the concept of “3Ls” policy (i.e., Low-cost, Low-carbon, and Low-risk).

(1) Reinforcement and Expansion of the National Grid Utilizing Japan's Technology

Through utilization of Japan's advanced technologies, JICA has for many years contributed to promoting projects that reinforce and develop the national grids of developing countries. In recent years, JICA has provided assistance for establishing an electricity master plan for Myanmar, which recently has faced rapid democratization and economic growth and required huge assistance in improving electric power supply infrastructure. JICA has also assisted in rehabilitation of aging power utilities, reinforcing transmission systems, and improving rural distribution networks. Other assistance by JICA includes 1) promotion of clean coal technology in Indonesia, 2) financial assistance for high-efficiency thermal power plants in South and Central Asia, 3) technical cooperation for introducing pumped-storage hydroelectric power generation in Sri Lanka, Turkey, and other countries, and 4) reinforcement of power transmission and distribution networks in Sub-Saharan African countries. Through financial and technical assistance, JICA continues to support establishing the backbone for electric power facilities in many countries while reviewing the available primary energy sources of each country.

(2) Promoting of Low-carbon Power Sources

Japan has one of the world's leading technologies in geothermal power generation, which is renewable energy and stable base-load power sources. Taking full advantage of these advanced Japanese technologies, JICA provides a wide range of support, from the assessment of underground potential to the construction of geothermal plants in Indonesia, African Great Rift Valley countries that include Kenya, and Latin American countries [→ see the **Case Studies on pages 44 and 101**]. JICA will continue to provide and develop comprehensive support for both technical and infrastructural aspects of geothermal power generation with the viewpoint that it is an important approach to be strengthened for the adoption of low-carbon power sources. JICA is also introducing low-carbon power sources to regions such as island countries, which have many limitations on primary energy. This is typically achieved through Grant Aid and Technical Cooperation for developing micro grids and utilizing solar power and small-scale hydro power plants [→ see the **Case Study on page 29**].

(3) Pursuing Efficient Use of Energy

JICA has also been promoting energy efficiency (energy conservation) on the demand side in Viet Nam, Bangladesh, and other countries. Financial assistance for reinforcing power transmission and distribution systems and technical cooperation for strengthening operation and maintenance capacity for the systems in developing countries are also provided, where JICA contributes to energy efficiency by reducing the loss rates of the

power supply.

2. Mining

In developing countries with substantial natural resource reserves, energy and mining development can produce results in a relatively short time frame compared with development of other industries. Mining development also has a tremendous impact on society and the economy through infrastructure and regional development. For Japan and other countries that import mineral resources, it also is extremely important to ensure a stable and sustainable supply of mineral resources from diverse sources by encouraging mining development in many countries.

In recent years, global demand for mineral resources has risen along with the economic growth of China and other emerging countries. Amid intensifying competition to secure natural resources and oligopolization of markets by majors, the price of natural resources has continued to increase. In reaction, there are many countries with large reserves of natural resources that have a strong desire to developing their mining industry. Getting from the mineral resource discovery stage to the production stage requires large amounts of capital and advanced technology. However, most developing countries are lacking in these resources, making it necessary to invite foreign companies into the market.

However, the governments of developing countries have little knowledge about mining development or managing corporate activities, presenting such issues as the lack of legal systems and frameworks, basic geological information systems and infrastructure. Moreover, there are many issues to be resolved in order to promote the entrance of foreign companies into the market. They include political and social risk, security and war risk and heightened so-called “resource nationalism” that places

various regulations on mineral exports and mining operations. As a result, active cultivation of human resources and employment promotion are necessary in developing countries.

Keeping in mind both extending assistance to developing countries for the previously mentioned mining development issues and Japan’s need to secure natural resources, JICA provides cooperation that builds a Win-Win relationship with developing countries. Led by Japan’s Ministry of Economy, Trade and Industry (METI), Japan’s government-related institutions have formed a coordinated and structured collaborative system (a one-stop organization for securing overseas mining resources) working with JICA, and Japan Oil, Gas and Metals National Corporation (JOGMEC) and other organizations. Within that system, JICA implements technical cooperation and human resource development that especially targets governments of developing countries.

As a field of cooperation where short-term result can be expected, JICA endeavors to provide assistance with establishing developing countries’ systems and peripheral infrastructure where soliciting private sector investment is necessary in both software and hardware aspects. Moreover, in the medium- to long-term, JICA provides assistance in strengthening the administrative capacity of the government and developing human resources. Through its network of personal contacts in Japan, JICA also seeks to build mutually beneficial relationships for both countries.

Specifically, the following are JICA’s four priority areas in the mining field.

(1) Development of Regional Peripheral Infrastructure

JICA provides assistance for the development of peripheral infrastructure essential to mining development, such as roads,

Case Study Expansion of Geothermal Development Support

Backing up Human Resources Development and Funding

Geothermal power generation is a form of renewable energy with excellent features. Since geothermal development requires enormous costs and advanced technologies, JICA expands support for geothermal development in developing countries.

Geothermal power generation is clean renewable energy, obtaining electric power by driving a turbine with steam obtained from the earth. The generation has some excellent features, such as low power generating cost in the long term, very low carbon-dioxide emissions, and little power variation due to weather or sunlight. On this account, there are increasing development needs in developing countries with geothermal resources.

However, while the steam development necessary for geothermal power generation requires advanced technologies and enormous cost, the success rate is low—success rates for test drilling is below 50%—and this problem has been an obstacle to development.

Many developing countries have left steam development to the private sector. Yet the risk is too high to be managed by the private sector, and development plans have been suspended in many countries. Under these circumstances, some countries such as Kenya have started to conduct development on their own. Even so, human resources cultivation and funding still remain a major problem.

Japan started its geothermal development in 1919 and has the world’s most advanced steam development technology. JICA emphasizes cultivation of human resources and utilization of Japan’s science and technology that can contribute to reducing development risk. Therefore, JICA dispatches Japanese technical



Kenyan engineers and JICA study team members of the Project for Capacity Strengthening for Geothermal Development

experts to Africa, Latin America, and Indonesia, as well as providing engineers with training programs in Japan. Financial assistance by ODA is also provided for plant construction.

In cooperation with industry and academia, JICA will extend and back up geothermal development support in developing countries.

railways, harbors, electric power, and water supply and for development of peripheral utilities.

(2) Establishing Mining Development Strategies and Legal Systems

Assistance involves government planning and formulating policies for legal systems, policies, implementation systems, and basic information compilation necessary for mining development and appropriate mineral resource management.

(3) Managing Mineral Resources

JICA aims to strengthen governments' administrative skills in soliciting private sector investment and implementing sustainable mining development and resource management. Specifically, JICA provides assistance related to supplying basic information necessary for resource exploration and establishing management systems.

(4) Mining Preservation Administration and Environmental Measures

JICA will provide assistance for mine safety and mine environment administrations, as part of environmental measures in the Copper Belt of southern Africa and South American countries.

Governance

The term "Governance" refers to not only administrative activities, but the overall social system in which the public and private sectors are also involved. Governance becomes the basis for growth and development of developing countries. JICA is providing cooperation for various kinds of capacity buildings in the field of legislation, judiciary, administration and finances. Such cooperation is conducted from the perspective of assistance in democratic growth and development in developing countries by sharing universal values, such as freedom, market economy, and rule of law.

● Overview of the Issue and JICA Activities

1. Legal and Judicial Frameworks

Since 1996, JICA has been providing assistance for establishing and improving the legal framework for a market economy or assistance in restoring legal and judicial frameworks and human resource development in post-conflict countries.

As a new project for 2013, the Project for Capacity Development of Legal, Judicial, and Relevant Sectors was initiated in Myanmar in November. To make the transition to a market economy in Myanmar, JICA provided workshops on the Commercial Arbitration Act, the Intellectual Property Rights Act, the Insolvency Act, and the Companies Act. These workshops were provided to counterparts in Myanmar, such as the Union Attorney General's Office and the Supreme Court of the Union. JICA also carried out workshops on Japan's legal profession cultivation system, the criminal punishment theory, and so forth. These workshops are aimed at improving the legal profession cultivation system of Myanmar.

The development cooperation for legal systems has mainly focused on preparing basic laws. However, in consideration of the policies of the Japanese government, JICA started to assist in preparing legal systems that have a direct link to private sector development. In particular, for the purpose of facilitating the business environment, JICA requested local firms in Japan to conduct surveys on relevant legal systems in Myanmar, Cambodia, and Bangladesh. In the process, JICA analyzed issues on business-related legal systems and examined possible improvement plans, as well as hosting seminars to recommend each government to improve the legal issues. Moreover, seminars on reporting survey results and introducing legal systems were held in Tokyo for private companies interested in investment or expansion into Myanmar.

Responding to the TICAD V initiative, JICA conducted surveys on basic information about criminal justice in French-speaking African countries, where conflict-related human rights violations and impunity have been major concerns. In addition, a regional training program was newly launched. The first program was provided in February 2014 to 25 people from 8 French speaking African countries including Cote d'Ivoire.

Furthermore, the Project for Strengthening Mediation System Phase 2 was set up in Mongolia in April 2013. In light of the previous phase, JICA assisted in introducing a mediation system to Mongolia, and the system actually started in February 2014 at the Courts of First Instance throughout the country. In September 2013, the Project for Strengthening the Capacity of the Court for Expeditious and Reliable Dispute Settlement was initiated in Nepal. In the project, JICA helps the courts improve case management and introduce the mediation system. In Viet Nam, JICA provides support for legal amendments and judicial proceedings improvement in light of the amended constitution established in November 2013. JICA also continues to help Cambodia and Laos draw up and exercise laws and regulations in a structured and consistent way.

2. Democratic Systems

JICA extends assistance for a range of measures to strengthen the foundations for democratic rule in developing countries. The assistance covers such measures as improving the capacity of election management committees in order to ensure fair elections, strengthening the functions of parliament, and reinforcing the capacity of the media, which functions as a monitor of the use of power and influence.

In Viet Nam, JICA initiated the project aimed at capacity-building of the Diet secretariat in 2013, and conducted a seminar to support the enforcement of the new constitution in February 2014. In addition to communalization of the state-run broadcasting station in South Sudan, JICA also provided support for helping local media improve their news report capability in Nepal and Tunisia. Support for improving the election management capability was also provided to Yemen and Maldives, respectively.

3. Public Safety

In the field of public safety, JICA extends assistance to countries working to establish police forces including Koban

(i.e., police box) that serve the people, such as human resources development (for Indonesia, Timor-Leste and Brazil) [→ see the **Case Study on page 49**] and improvement of fingerprint collection, forensics and other scientific investigation techniques (for the Philippines). In December 2013, JICA conducted surveys on the possibility of Grant Aid (provision of equipment) for strengthening anti-terrorism measures in North African nations (Tunisia, Morocco and Algeria). In March 2014, security-related officials of Tunisia and Morocco were invited to Japan to learn Japan's anti-terrorism measures. Furthermore, targeting multiple countries, JICA also conducts training programs in Japan on major crime issues, such as international terrorist countermeasures, international investigations, and policing drug crimes.

4. Public Administration / Public Financial Management / Finances

Public administration, public financial management, and finances are critical factors for forming a country. Therefore, in the process of planning assistance, it is important to consider not only the state of socioeconomic development in the country, but also thoroughly understand the political and economic background while looking at the reform measures from a medium- to long-term perspective. At the same time, short-term output should not be the goal for the involvement — the projects should be approached on a medium- to long-term basis. To accomplish such a goal, JICA's assistance is steadily moving forward.

(1) Public Administration

In the field of public administration, JICA has been engaged in improving the service of the public sector in Bangladesh and Ghana, as well as strengthening the planning capability of local governments in Bhutan, Tanzania, Honduras, Guatemala, and the Dominican Republic that aim to provide beneficial public services. In the case of Bangladesh, JICA is working on improving public services based on the TQM (Total Quality Management) approach, which is now becoming a national movement.

(2) Public Financial Management

Public Financial Management (PFM) includes, among others, budget planning and revision, revenue planning, treasury

management, accounting and procurement, internal control and oversight, financial reporting and external audits. In addition, PFM entails necessary aspects of fulfilling financial accountability and transparency at the national and regional levels. In other words, PFM is the key development issue for development planning and the management of public sector in a country. Based on its own Position Paper drawn up in 2012 as a guideline for public financial management, JICA released the following publications in 2013; “*PFM Handbook: How to Assess Public Financial Management (PFM) in Developing Countries*,” “*PFM Handbook: Financial Planning of Pilot Projects on Technical Cooperation*,” and “*Key Principles of JICA's Delivering Effective Technical Assistance in Public Financial Management*.” The efforts in the field are now progressing [→ see the **Case Study below**].

JICA provides continual support to tax and customs administrations. In the field of tax administration, JICA supported the introduction of an Automated Cargo Clearance System in Viet Nam in April 2014, and the same support is now given to Myanmar. In the east, west, and south sub regions of Africa, JICA supports setting up “One Stop Border Posts” to facilitate border crossing. Moreover, JICA extends support to the following areas; development of human resources of the Ministry of Finance (Sri Lanka), performance budget (Indonesia), public investment (Laos, Bangladesh and Malawi), internal audit (Mongolia and Tanzania), and public-private sectors partnership (PPP) (Mongolia).

(3) Finances

The financial field is a major part of the “soft infrastructure” that supports private sector development, and the number of cooperation projects is on an upward trend in recent years. Utilizing Japan's experience, in Viet Nam, JICA is supporting the bank's disposal of non-performing loans and reforms of state enterprises related to them. On the other hand, JICA is also providing the central bank with assistance for modernizing the funds payment and securities settlement system, as well as nurturing the inter-bank market and developing the stock exchange system in Myanmar, which is continuing its efforts toward democracy [→ see the **Case Study on page 135**]. Cooperation for the development of capital markets in Mongolia will also start in 2014.

Case Study

Efforts for Assistance of Public Financial Management

Release of Handbooks Describing Perspectives and Techniques for Project Implementation

In 2013, based on past experiences in the field of public financial management, JICA released two handbooks: “*How to Assess Public Financial Management (PFM) in Developing Countries*” and “*Financial Planning of Pilot Projects on Technical Cooperation*.”

The handbook “*How to Assess Public Financial Management (PFM) in Developing Countries*” carefully describes the significance of public financial management for developing countries and JICA. In light of past project experiences, the handbook explains public financial management as a whole, as well

as each function of the composing elements, such as budget planning, budget preparation, public treasury management, accounting, procurement, financial reporting, and auditing. The information helps consider how public financial management in developing countries should be understood.

Another handbook, “*Financial Planning of Pilot Projects on Technical Cooperation*,” picks up some challenges of financial sustainability in pilot projects conducted under technical cooperation. This handbook discusses the concept of financial planning and techniques in technical cooperation.

The concept of financial planning is introduced in the phase 2 technical cooperation projects on internal auditing that are carried out in Tanzania and Mongolia.