

Public-Private Partnerships

New Partnership Supporting Economic Growth

It is difficult to meet the capital demands for social and infrastructure development in developing countries with their governments' limited budgets and ODA support. In fact, the private sector accounts for a large proportion of the financial flows to developing countries. The Sustainable Development Goals (SDGs) that were adopted in September 2015 also attach importance to partnership with private companies for overcoming challenges.

These efforts have contributed to creating employment opportunities, human resources development, and improving technologies. In addition, high expectation is placed on the outstanding technologies, know-how, and business ideas of private sector.

JICA provides wide-ranging support schemes to produce better developmental results efficiently and effectively through further collaboration between the activities of the private sector.

● Private-Sector Investment Finance

Economic and Social Development Support in Developing Countries through Partnership with the Private Sector

Of the Loan Aid assistance provided by JICA, Private-Sector Investment Finance (PSIF) is a scheme to support private enterprises that conduct business with positive impacts in certain fields, including infrastructure improvement, poverty reduction, and measures against climate change, through the provision of loans and equity. Furthermore, by introducing technologies and know-how of private companies and by coordinating the collaboration with private financial institutions and local governments, JICA makes efforts to reduce various risks associated with projects and to further increase development outcomes through coordination with JICA's technical cooperation, other international organizations, etc.

In fiscal 2015, JICA signed a loan agreement for the Rental

Factory Development Project for SMEs in Viet Nam, as well as a loan agreement for the Emergency Life-Saving Center Development Project in Cambodia. The latter is the first overseas investment project in the field of medical care since PSIF was restarted [→ see the Case Study on page 107]. Furthermore, JICA has made a decision on equity participation in the Asia Climate Partners LP that provides loans and equity to projects in the Asian region in the field of countermeasures against climate change, and also signed an agreement with the Asian Development Bank to establish a trust fund to support private infrastructure improvement projects in the Asia-Pacific region.

● Preparatory Survey for PPP Infrastructure Projects Public-Private Partnerships to Address Infrastructure Projects in Developing Countries

In recent years, there has been a growing trend in developing countries toward incorporating the expertise of the private sector into infrastructure projects. Based on a proper demarcation of roles and risks between the public and private sectors, public-private partnerships are implemented in order to engender greater benefits and efficiency in these projects. JICA has established a survey scheme for the formulation of PPP infrastructure projects that are intended to be carried out under the PSIF or Japanese ODA Loan assistance.

This scheme is designed to formulate favorable PPP infrastructure projects at the upstream stage, based on the cooperation between the public and private sectors. JICA entrusts the necessary surveys to private Japanese companies that have submitted promising proposals so as to develop project plans. This scheme contributes to various policies under the Japanese government, such as the Japan Revitalization Strategy and the Infrastructure Systems Export Strategy, as well as "quality infrastructure."

In fiscal 2015, three proposals were selected. More specifically,

Making Use of the Private Sector's Vitality to Boost Developing Countries' Vitality



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In recent years, the amount of private sector finance flow into developing countries has been much larger than that of public funds such as ODA, and the Development Cooperation Charter of the Japanese government also emphasizes the importance of the public-private partnerships. Similarly, the SDGs put importance on activities where all resources, including those from the private sector, are utilized. Multilateral development banks, including the World Bank, have expressed their commitment toward achievement of the SDGs, in their paper "From Billions to Trillions." JICA is also expected to act as a catalyst to connect the private sector and developing countries.

The Private Sector Partnership and Finance Department is in charge of supporting business proposals from enterprises and other organizations (Proposal-Based Programs), and providing loans and equity (Private-Sector Investment Finance).

The former applies outstanding resources of the private

sector, such as technologies and know-how, to the development of developing countries; out of this, assistance to BOP business promotion has played a pioneering role domestically and internationally. Meanwhile, the latter made remarkable progress, as evidenced in the achievement of the first project in the form of project finance and equity contribution in the Asian Development Bank's trust fund in fiscal 2015. Our department plans to actively form projects with high development effectiveness in the future, while giving consideration to the balance among a country, sector, and an assistance method as well as focusing on risk management.

Public private partnership projects do not materialize without needs and cooperation from those who work in entities such as private corporations. We will continue making efforts such as enhancement of cooperation schemes, and we will be looking forward to receiving proactive proposals and consultations from private sector.

they were proposals to contribute to the improvement of key transportation networks in the countries concerned, including airports and a freight railway in countries such as Indonesia and Thailand. The projects are expected to make the infrastructure of each country more efficient and sustainable through the excellent technologies and know-how that Japanese companies own.

However, there are many challenges related to PPP infrastructure projects in developing countries. These challenges include difficulties in securing project viability, insufficient recognition of proper role-sharing and risk allocation among host governments, and completion risk due to factors such as delays in construction of related facilities. Therefore, not only providing support to developing countries for enlightenment on the PPP system, assisting establishment of appropriate PPP policies and institutions, and strengthening implementation capacities, JICA is also promoting comprehensive efforts for crystallizing PPP projects, as seen in the introduction of a scheme to accept project proposals from private companies at all times, to promote more timely formulation and establishment of projects.

● Preparatory Surveys for BOP Business Promotion A New Approach for Enhancing Development Impact in Partnership with Private Businesses

BOP/Inclusive Business is an approach aimed at finding new market opportunities by targeting the low-income segment of the population (i.e. the Base Of the Pyramid), which is defined as the populace with an income below \$3,000 per year based on purchasing power parity, as consumers, employees, or business partners including producers.

JICA entrusts surveys on development of business models, project planning, and ideas for collaboration with JICA projects to private companies that have proposed promising BOP business plans. In fiscal 2015, JICA selected eight proposals, including proposals for solar lanterns and high-value-added agriculture. JICA is also engaged in building an environment to

promote realization of projects through activities such as holding networking events among the private companies that have made use of this scheme, and introduction on a website of lessons learned and good practices identified in past projects.

● Collaboration Program with the Private Sector for Disseminating Japanese Technology Boosting the Dissemination of “Japanese Model” that Contributes to the Growth of Developing Countries

The dissemination of “Japanese Model” with advanced high competitiveness and solution for technological issues in developing countries are regarded as priority issues advocated by the Japanese government, such as the Japan Revitalization Strategy and the Infrastructure Systems Export Strategy. As an effort to address these issues, JICA initiated “Collaboration Program with the Private Sector for Disseminating Japanese Technology for the Social and Economic Development of Developing Countries” in fiscal 2013. This program aims to facilitate the understanding of excellent products, technologies, and systems of Japanese companies as well as to consider the possibility of applying them in developing countries. In this program, training sessions in Japan or in counterpart countries will be provided primarily for government officials from developing countries.

In fiscal 2015, 28 proposals were adopted. Specifically, special reserves for the health and medical care were established under a supplementary budget, and proposals including Japanese diagnostic technologies for infectious diseases were selected as proposals that will assist the dissemination of Japanese-style medical care.

Today, a lot of JICA’s efforts including technical assistance are bearing fruit, such as a widely employed cardiac catheter treatment technique in Mexico and a hybrid toilet system distributed in Kenya that will contribute to women’s social participation, among other benefits.

Case Study Cambodia: The Emergency Life Saving Center Development Project

Contributing to the Improvement of the Level of Medical Care in Cambodia

In June 2015, JICA signed a loan agreement for the Emergency Life Saving Center Development Project in Cambodia with Sunrise Healthcare Service Co., Ltd. (SHS), a company invested by JGC Corporation, Innovation Network Corporation, and Kitahara Medical Strategies International. This is the first project finance under the Private-Sector Investment Finance scheme, which was restarted in October 2012.

Toward Establishment of a Quality Hospital

This project, through establishment and operation of a private hospital equipped with an emergency lifesaving center in Phnom Penh, the capital of Cambodia, the Sunrise Japan Hospital Phnom Penh, will provide quality medical services, thereby assisting in improving the level of medical care in Cambodia. In addition to financing, JICA has supported the training of 42 Cambodian staff at Kitahara International

Hospital to develop medical care providers to work in the hospital.

In Cambodia, lifestyle diseases such as strokes are increasing along with the rapid economic growth of recent years. Furthermore, while the number of traffic accidents has risen with the rapid increase in automobiles and scooters, the emergency medical system is not sufficiently developed. Given these circumstances, the hospital is expected to raise the standard of emergency and advanced



A rendering of the completed hospital

medical care in Cambodia.

As a pioneering project of “quality infrastructure investment,” the project is expected to contribute to the improvement of the level of medical care in Cambodia, as well as to the international utilization of quality health care technologies.