

Industrial Development and Public Policy



*Of the 17 Sustainable Development Goals (SDGs), strongly associated goals are shown.

Creating a Fair, Sustainable, and Growing Society through Partnerships

Private-Sector Development

Sustainable and quality economic growth in developing countries requires industrial promotion that encourages sustainable expansion and advancement of private-sector activity and promotion of a wide range of job creation as a driving force. The manufacturing industry, in particular, embraces a comprehensive range of strengths and potential such as: (1) high capacity to absorb labor; (2) potential to create added value and abundant value chains (including those of relevant service sectors); and (3) high potential for foreign trade (export potential) and technological innovation. Thus the promotion of the manufacturing industry is believed to be the cornerstone of national industrial policies that aim for economic growth.

Also, aligning foreign direct investment (FDI) with the promotion of local supporting industries and small and medium enterprises (SMEs) in developing countries will play an important role in three aspects: (1) promoting and advancing the manufacturing industry through value chain formation, (2) training practical industrial human resources, and (3) improving the income of wider segments of the population through job creation. This in turn will lead to inclusive economic growth.

On the other hand, the manufacturing industry in recent years is in the process that may be described as the Fourth Industrial Revolution as it accelerates its convergence with information and communication technology and artificial intelligence. Recently, there has been growing interest in technological innovation that leaps the paths that developed countries have trodden and the backflow of new technologies that have been demonstrated and commercialized in developing countries to developed countries. Tourism is also a promising industry for many countries as it has a large economic impact in terms of foreign currency acquisition, the diversity of businesses involved, and labor absorption capacity.

In light of these circumstances, JICA is assisting developing countries with private-sector development in the following categories: (1) the formulation of industrial promotion policies coupled with the establishment, implementation, and improvement of systems for a better business climate; (2) the promotion of investment and the development of special economic zones; (3) capacity and competitiveness building and



Viet Nam: A ceremony commemorating the 10th anniversary of the business management course called "Keiejuku" that has been offered since 2009 by the Vietnam-Japan Institute for Human Resources Development (VJCC), which was set up by the governments of Japan and Viet Nam

industrial human resources development for local SMEs; and (4) support for partnership between Japanese and local businesses. In the process, JICA serves to strengthen business linkages such as increasing participation in value chains, improving financial access, and encouraging innovative approaches, with a focus on improving firm capabilities [→ see the case studies on pages 23, 63, and page 64].

Through all these activities, JICA is committed to contributing to achieving three of the Sustainable Development Goals (SDGs): 8, 9, and 17.

Energy and Mining

Securing stable energy supply is one of the most essential policy issues for the developing world, especially from the perspective of economic growth and human security. Meanwhile, some 40% of total CO₂ emissions are associated with electricity and heat generation.* A transition to a low-carbon economy is necessary in order to achieve the goals set out in the Paris Agreement in 2015.

JICA is committed to contributing to the achievement of SDGs 7 and 13 through its cooperation in the energy sector. In the mining sector, JICA focuses on human resources development to assist in achieving SDG 12. In many developing countries, development of the mining sector is hampered by a lack of regulatory frameworks and technology necessary for sustainable mineral resource management.

1. Energy

JICA's energy policy aims to contribute to ensuring a stable supply of affordable and low-carbon energy in developing countries. To this end, JICA has been working on the following aspects.

(1) Promoting better access to electric power and stable power supply

JICA provides assistance such as master planning and technology transfer. It also supports development of power infrastructure, including power stations and electricity grids in Asia and Africa.

(2) Promoting low-carbon power sources

JICA extends financial assistance and technical cooperation aimed at stable electric power supply with the view of increasing the deployment of renewables such as geothermal, solar, and wind power. It also works to promote efficient energy use by, for example, encouraging energy saving [→ see the case studies on pages 49 and 50].

2. Mining

JICA extends assistance to developing countries to develop human resources and improve the investment environment. In particular, JICA has been working with Japanese universities

*International Energy Agency CO₂ Emissions Statistics (2018)

to enhance the scholarship program, known as the *Kizuna* Program (*kizuna* means “bonds of friendship” in Japanese). The program is also aimed at building a network with the scholars and Japanese stakeholders.

Governance

Governance, a concept that encompasses not only government institutions but also the mechanisms and systems that determine the relationship among government, civil society, and the private sector, constitutes a basis for the socioeconomic development of developing countries. With a view to building a society in which all can live in dignity and with peace of mind, JICA’s governance assistance covers a number of aspects, including (1) fostering the rule of law, (2) enhancing administrative functions and improving their quality, and (3) developing the institutional foundations of fiscal and financial mechanisms that support the state’s activities.

1. Ensuring Fundamental Rights for Human Security

JICA’s assistance in this regard is aimed at building institutions and capacities for embracing universal values such as the rule of law and democracy to protect and promote citizens’ fundamental rights and freedoms for their survival, livelihoods, and dignity. JICA tries to achieve these aims by focusing on (1) supporting legal and judicial development and strengthening the implementation capacity, (2) enhancing trust between the police and the public and strengthening the capacity of the police [→ see the case study on page 38], and (3) strengthening the media and journalism.

2. Promoting a Fair and Transparent Business Environment

JICA supports the development of a fair and transparent business environment by assisting in such aspects as developing and applying economic laws effectively and improving dispute resolution systems.

3. Ensuring Stability in International Relations

JICA aims to enhance the rule of law in international relations to contribute to the stability of the international community—



Indonesia: A Japanese expert teaching how to collect fingerprints at the scene under the Project on Nationwide Capacity Development of Police Officers for POLMAS - Indonesian Civilian Police Activities Phase 2

including Japan—based on the principle of settling international conflicts in accordance with law, not by the use of force. To this end, JICA will promote the wide sharing of expertise in public international law, including the law of the sea.

4. Enhancing Administrative Functions and Improving Their Quality

In order to strengthen the comprehensive administrative functions of developing countries, JICA has been working on training high-ranking officials in the central governments as well as the enhancement of civil servant training, improvement of statistical skills, and strengthening of the planning capacity of local governments for better delivery of public services.

5. Ensuring Effective and Sustainable Fiscal Management

In many developing countries, the fiscal base is fragile, and expenditure management is not disciplined or sustainable enough. To address these problems, JICA assists these countries in improving public investment management and enhancing tax revenue collection, aiming at more sustainable expenditure management, revenue base expansion, fair and appropriate customs duties collection, and trade facilitation.

6. Appropriate Monetary Policy and Financial Systems Development

Many developing countries are in the process of modernizing their financial sector, which is important infrastructure that supports their economic activities. JICA supports these countries in building their capacity to formulate and implement monetary policy, fostering financial markets including insurance markets, and developing national payment systems.

The Research Study for Methodology of Development Cooperation in the Era of Large Volume Integration of Renewable Energy, as well as Related Projects in Partner Countries

Supporting the quest for low or zero carbon with both renewables deployment and energy efficiency



A Japanese researcher making a presentation to government officials in the electric power sector who were invited to Japan from partner countries (Photo: © Waseda University, 2020)

Amid the global trend toward low or zero carbon following the Paris Agreement, JICA is extending cooperation to developing countries in support of the deployment of renewables and the promotion of energy efficiency.

An increasing volume of wind and solar energy integrated into grids causes instability in the power supply, due to output fluctuations from weather conditions. Consequently, JICA studied effective cooperation projects that take lessons from the electricity supply-demand system in Japan in an effort to ensure the stability of and reliability of the power supply. Building on the findings of this study, JICA assisted the Solomon Islands in formulating a road map aimed at both attracting investment in 100% renewable energy and stabilizing grids. It also helped Jordan and

Sri Lanka in developing transmission plans and capacity building in grid operation, utilizing next-generation technology for demand-side management in order to cope with fluctuations from variable renewables.

JICA is now supporting Egypt in its effort to achieve its national energy efficiency and conservation targets. Specific focus is placed on strengthening the management system for energy-related data, evaluating and developing the energy efficiency and conservation policy, and supporting the introduction of new technologies.

Additionally, JICA capitalizes on advanced technologies such as decentralized energy management systems for the strategic delivery of its cooperation that combines several schemes, including ODA Loans.