

JICA's Support to BOP Business

Seeking effective synergies through Partnerships

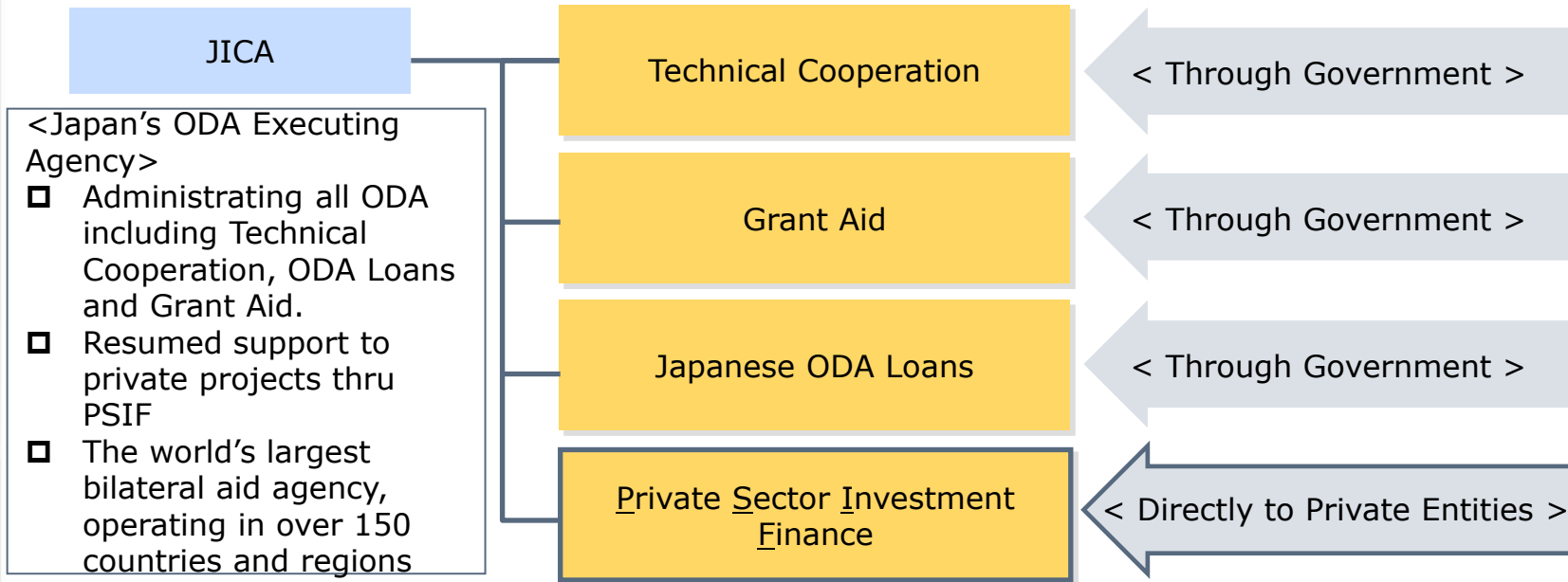


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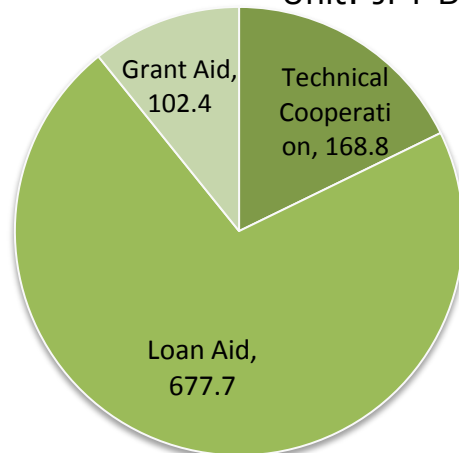
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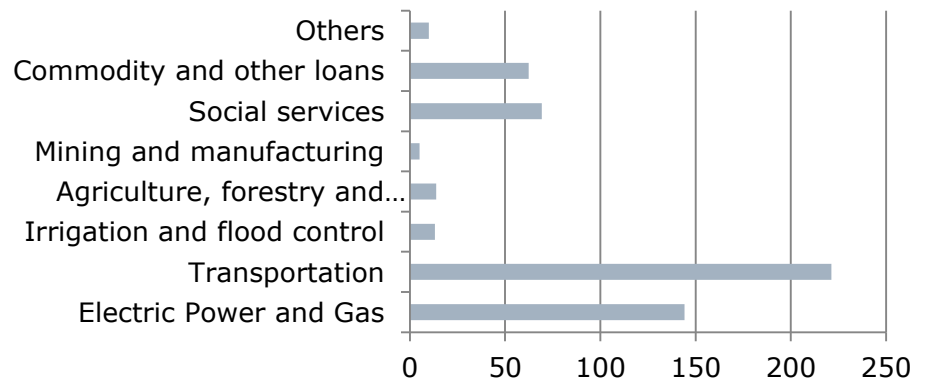
JICA's Overall Activities and Assistance



Fiscal 2010 JICA's Operation Scale
Unit: JPY Billion



Contribution by Sector (ODA Loans, worldwide)
Unit: JPY Billion



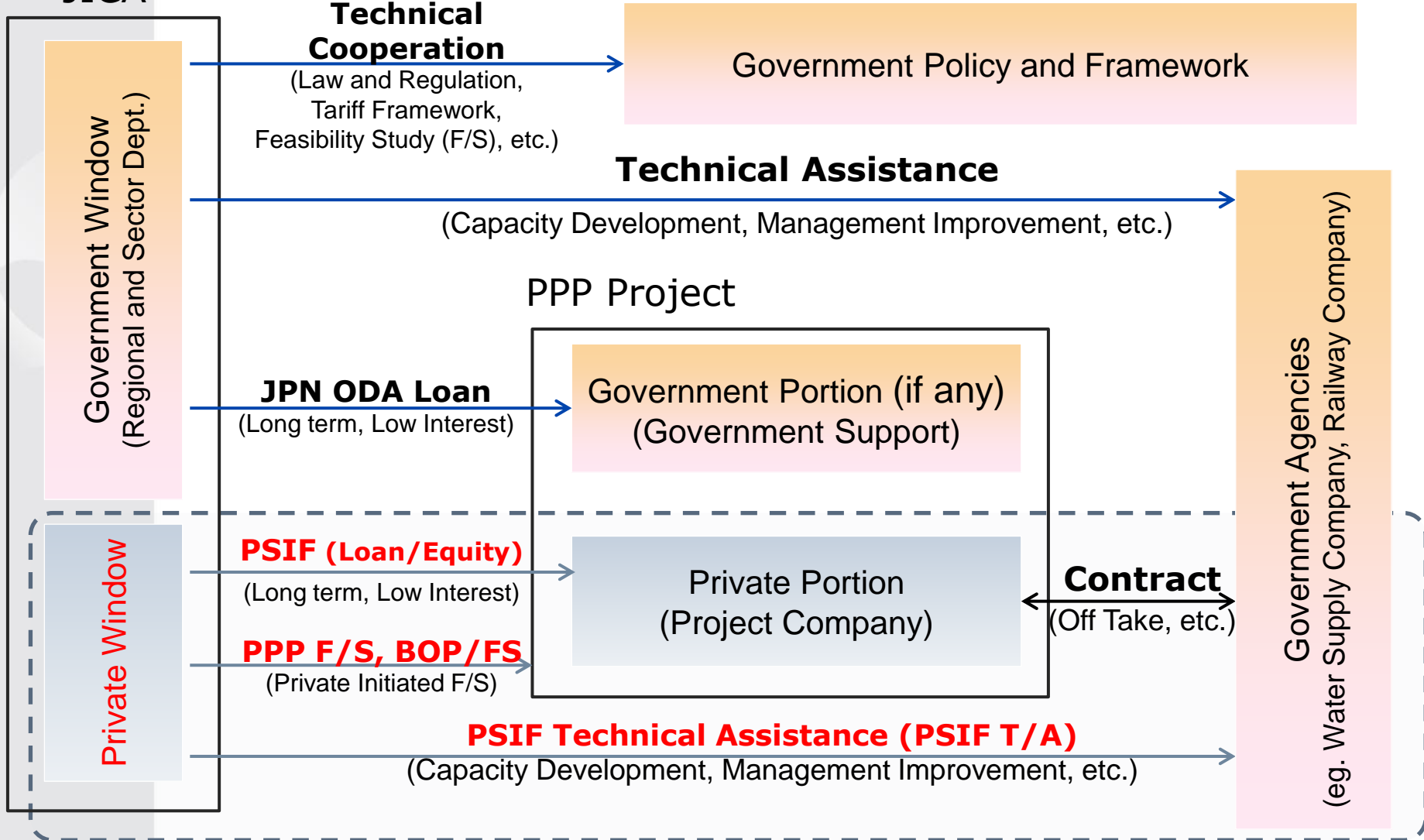
■ JICA's Support for Private Projects : Roles and Activities

- **Project Development**
 - Assistance in Policy Making
 - Feasibility Study for private-led projects (PPP, BOP and SME)
- **Enabling Environment**
 - T/A for Strengthening PPP Legal/Regulatory Framework
 - Assistance to Related Infrastructure Development
 - Connecting private entities with Governments, NGO and other important development partners
 - Helps increase reliability and credibility to private entity's activities
- **Financing**
 - Equity/Debt Finance for Private Projects
 - Related TA/advisory services for both private & public sectors



JICA

JICA's Support for Private Projects

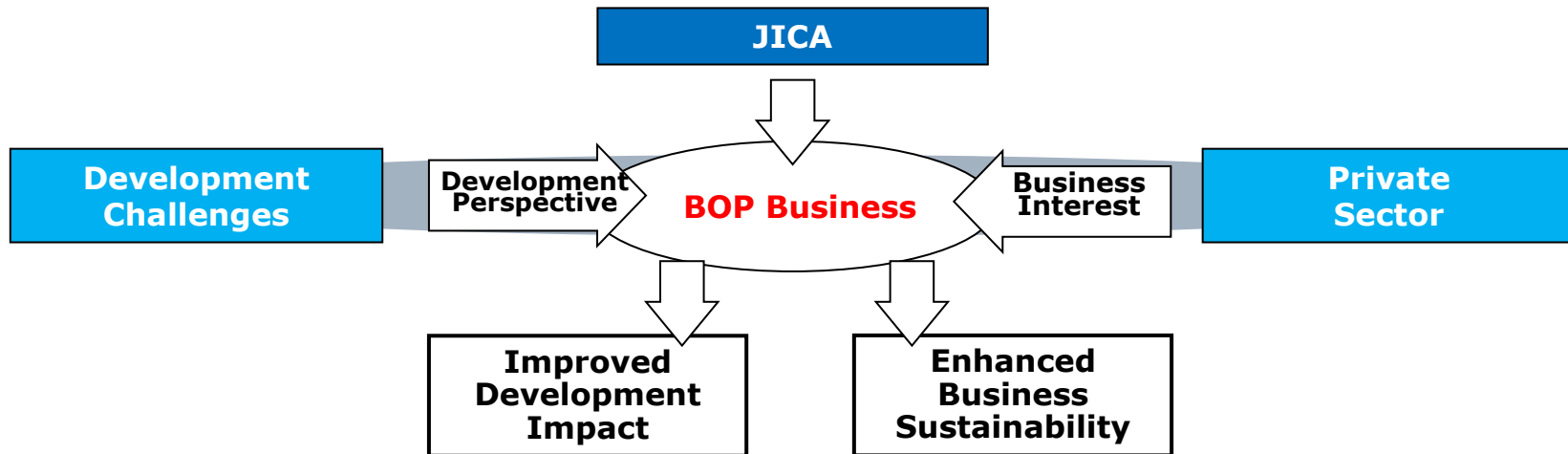


■ BOP Business F/S Assistance: Objectives

Objectives

The “BOP Business Promotion Program” is to promote private sector BOP business (inclusive business) in developing countries which contribute to meeting and responding to development challenges.

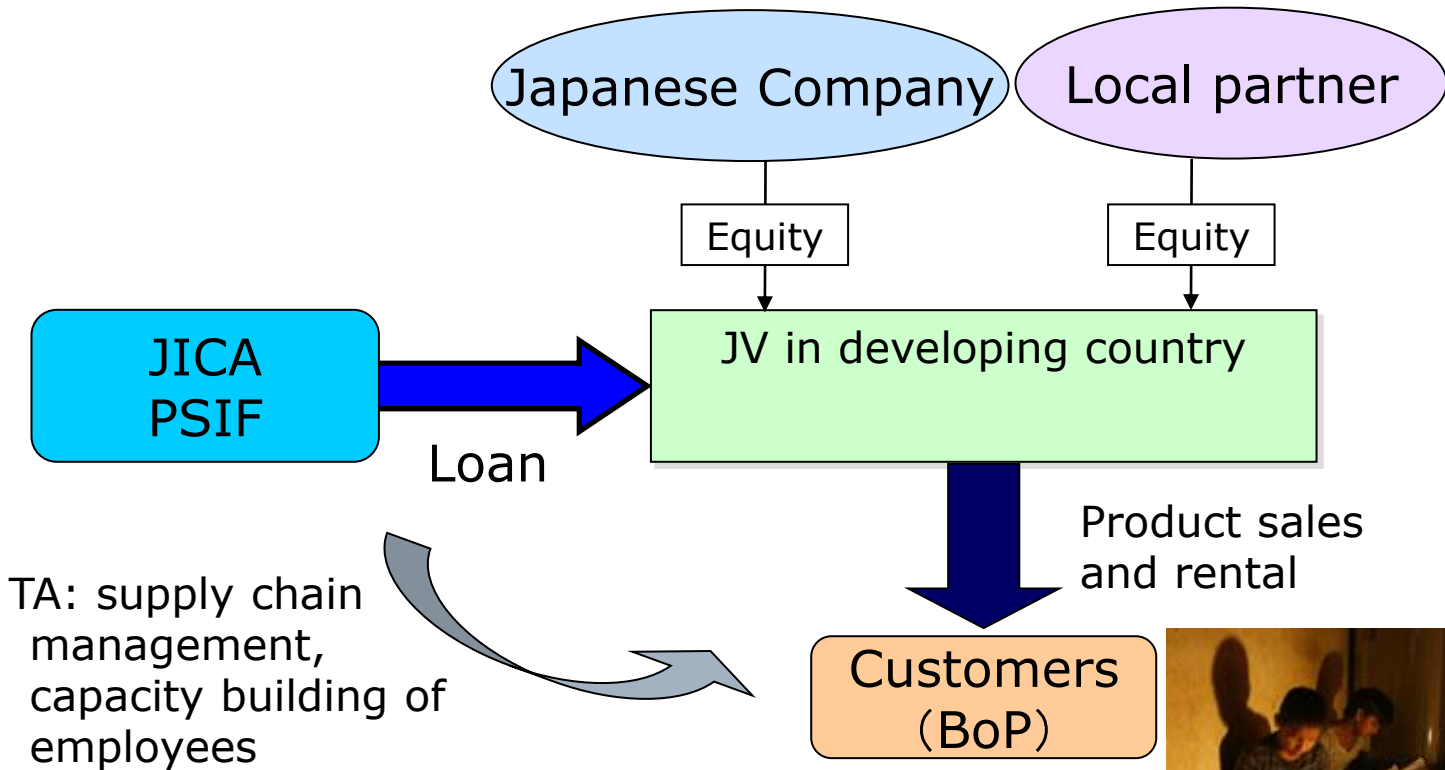
By partnering with such businesses, JICA tries to match its development goals as underscored by our Mission “*Inclusive and Dynamic Development*” (eg. achievement of MDGs, including poverty reduction, and broader economic/social development) with the private sector’s business interests, thereby making the BOP business more sustainable and enhancing its social values.



■ BOP Business F/S Assistance: Project image

Assistance to businesses which improve lives of the poor

Project image: Loans for Japanese company selling and leasing solar lanterns in developing countries



Expected development outcome

→ Improvement of lives of the poor



■ BOP Business F/S Assistance: Scheme

JICA's support program started in 2010.



JICA's support program for Preparatory Survey (F/S)

- Study Cost : Max JPY 50mil (USD 0.5 mil.)
- Study Duration : Max 3 years
- Call for Proposals : Biannual
- Open to only Japanese Companies, but encourages partnerships with local entities
- Has held **4 calls for proposals**. Received **340 proposals** and selected **65 projects** so far, mostly in South East/South Asia and **Africa (15)**.

JICA's financing scheme

(Private Sector Investment Finance)

Can either provide debt or equity finance to BOP business

JICA's TA program

To facilitate and accelerate inclusive businesses by enhancing investment climate
E.g. Capacity Building of BoPs, enhance regulatory reforms, etc.

■ Examples of BOP businesses conducted in partnership with JICA

SANYO Electric Co., Ltd. (current Panasonic Corporation) "Solar Lantern Business"(2011-2012)

- The objectives of this business is to introduce solar lanterns in non-electrified areas in Kenya as a substitute to traditional kerosene lanterns, and to decrease the health damage caused by the fume of kerosene.
- SANYO has availed United Nations Development Programme (UNDP) sponsored programs in 2010, and then received JICA support for F/S in 2011-2012.



Ajinomoto Co., Inc "Nutrient Enriched Food Business"(2011-2014)



Ref: JICA's World (May 2013)

- This business model aims to develop and establish a local distribution network of nutrient enriched food in Ghana for children during the weaning period.
- On May 30, 2012, Ajinomoto Co., Inc., the United States Agency for International Development (USAID) and JICA signed a memorandum of understanding, confirming collaborative efforts to increase the nutritional well-being of children during the weaning period.
- Ajinomoto is working in partnership not only with USAID and JICA, but also with Ghana Health Service, Ghana University, GAIN, Plan Japan and Care International.

■ Critical factors for success

~ suggestions from JICA selected surveys



■ Critical factors for success

~ interviews with companies supported by JICA

Keys to success

- Sustainable and reliable local partners
- Strong commitment by top management

Bottlenecks

- Government regulations
- Lack of information of finding suitable and reliable local partners
- Difficulties in establishing a distribution network
- Low profitability and long term cost recovery

■ Suggestions from JICA assisted surveys

- **Filling the gap between the “needs” and the “seeds” ; an effective business model**

Companies may not be able to provide the business seeds that match with the actual needs of BOP, because their business is initiated from the supply side, not from the demand side, therefore require deep observation on the ground.

- **Government regulations**

Government regulation, such as clearing customs or difficulties in obtaining licenses, can become a bottleneck.

- **Capacity Building of BOPs**

Not a few companies overlook the need for capacity building or such costs. Some companies gave up their business ideas due to high cost for capacity building.

■ Suggestions from JICA assisted surveys

- **Difficulties in finding suitable and reliable local partners**

- While JICA encourages collaboration with local partners, JICA may not possess enough information on such entities.
- It is sometimes difficult for private companies to find a suitable and reliable partner.

- **Higher cost and prices**

While many Japanese companies offer high quality goods and services, the prices are relatively high.

- **Limited options for funding**

While JICA offers loan and equity finance, private companies need more options for funding, especially for smaller scale businesses.

■ Suggestions from JICA assisted surveys

- **Issues for large scale companies**

- Lack of understanding at top management level; less consideration to social values of BoP business
- Focus on short-term financial projection, rather than long-term benefits of BoP business
- Separation between CSR and core business
- Less risk appetite

- **Issues for SMEs**

- Lack of experiences overseas
- Lack of access to finance
- Lack of credibility (for products, financial soundness, etc.)
- Lack of flexibility in the products and services they offer to BoP

■ Who can partner with you to make your business a success?

Japanese Government	JICA JETRO BOP business support center etc.
International Institutions	UNDP, IFC, ADB, IDB etc.
Bilateral Donors	USAID, DFID, GIZ etc.
Consultants	Consulting firms
Foundations	International Foundations (eg. GAIN, Bill & Melinda Gates Foundation, Acumen Fund, Rockefeller Foundation)
NGOs/NPOs	JANIC (Japan NGO Center for International Cooperation) International NGOs, Local NGOs
Local Entities	Local government, Local enterprises Universities, etc.

■ JICA's Support to BOP Business

~ Furthering effective synergies through partnerships

Continuous support through F/S Program

- Continue support for preparation of F/S to help realize successful businesses

Financing

- The scale of business is sometimes too small for FIs to finance (= Missing Middle)
- Introduction of innovative financing mechanisms (fund, etc.) to facilitate funding to smaller businesses at start-up and/or early stages

Strengthening of ecosystem

- JICA's strength lies in the network and experience of working with governments in developing countries
- Enhancing an investor friendly environment through JICA's technical assistance

Impact Assessment

- Impact assessment of BOP business necessary when looking for alternative financing resources (impact funding)
- JICA needs to ensure each business which JICA supports has relevance with developmental impact

■ Preparatory Survey (BOP Business Promotion) List of Projects (1)

	Country	Project title
1	Indonesia	Utilization of slag for fertilizer in peat swamp area to improve agricultural productivity
2	Indonesia	Hybrid type education business in Indonesia
3	Cambodia	Social investment for the development of BOP business
4	Vietnam	Production of bio ethanol
5	Bangladesh	Rainwater tank with microcredit system
6	Bangladesh	Collaboration with Grameen Shakti on CDM by introduction of micro energy utility system in rural areas in Bangladesh
7	India	Poverty reduction business for safe water supply and establishment of its supply chain
8	India	Commercialization of stationeries for the profit generation of BOP
9	Sri Lanka	Water supply project
10	Kenya	Solar Lantern Business
11	Kenya	Long-lasting Insecticidal Net For The Poor
12	Tanzania	Jatropha Production
13	Tanzania	Production of Solid Fuel For Households and SMEs
14	Rwanda	Project for development of Microbial Material for Agriculture and Public Health
15	Mozambique	Energy Conversion Project
16	Ghana	Off-grid Energy Solutions in Unelectrified Area
17	Ghana	Nutrient Enriched Food Business
18	Ghana	Road Maintenance Business in Rural Villages By Using "DONOU(sandbag)"
19	Senegal	Village Water Supply With Clean Water System in West Africa

■ Preparatory Survey (BOP Business Promotion) List of Projects (2)

	Country	Project title
1	Indonesia	Portable water supply with solar power system and small water desalination units.
2	Vietnam	Development of Marine fishery resources and electrification of remote islands designated as a world natural heritage site using renewable energy system
3	India	Development of leaders in rural area with remote e-education systems
4	India	Development of nutritional supplementary foods
5	Bangladesh	Development of production systems for green mungbean
6	Bangladesh	Water supply project with a water purification system loaded on a bicycle
7	Bangladesh	Safe water supply in Bangladesh with UV sanitizer
8	Bangladesh	Promotion of light weight and flexible solar panels for auto rickshaw
9	Brazil	Forest Conservation through Agroforestry Promotion
10	Nigeria	Automobile recycling through empowerment of BOP
11	Ghana	Canned fish by local production for local consumption
12	Uganda	Infection control with new alcohol sanitizer

■ Preparatory Survey (BOP Business Promotion) List of Projects (3)

	Country	Project title
1	Indonesia	Sanitation products by using microbicide gel to reduce oral infections
2	Indonesia	Strengthening of children's mathematical ability through after-school tutoring
3	Vietnam	Water supply with "POU" water purification system
4	Vietnam	Pedaled wheelchair for rehabilitation and social inclusion of people with disability
5	Cambodia	Cotton farming in land mine contaminated areas in Cambodia
6	Cambodia	Water supply system for daily life in rural area
7	Laos	Bio-coke production
8	Palau, Micronesia, Marshall Islands, Papua New Guinea, etc	Construction of venous physical distribution system by the transport of recyclable resources
9	India	Low-priced and packaged housings in India
10	India	"Smart Village" in India
11	India	Promotion of sanitary products for women in rural area
12	India	Drinking water supply with flocculant
13	Sri Lanka	Castor farming for formation of subsistence community in the Northern and the Eastern Regions in Sri Lanka
14	Bangladesh	Improvement of maternal and child nutrition through locally-developed foods
15	Bangladesh	Mini desalination system operated by wind power generator and solar panel
16	Nepal	Insulating firebrick cook stove with carbon funding
17	Colombia	Sustainable utilization system of oil palm biomass
18	Bolivia	Re-circulating aquaculture system for a sustainable water supply in rural areas

■ Preparatory Survey (BOP Business Promotion) List of Projects (4)

	Country	Project title
1	Indonesia	Egg farming and sales marketing
2	Cambodia	Liquid disinfectant soaps for hygiene and health improvement
3	Cambodia	Expansion in crop yields and empowerment of farmers driven by agricultural mechanization with used farm equipment
4	Vietnam	Science experiment classes for elementary schools
5	Vietnam	Special artificial limbs and orthosis
6	Myanmar	Development of food supply chains in Myanmar
7	Tajikistan	Licorice cultivation
8	India	Nutritional supplement (Vitamin A) products
9	India	Education system for bringing out behavioral changes and enhancing a knowledge of healthcare
10	Bangladesh	Skin-care products for women in rural areas
11	Bangladesh	Non-firing Solidified Brick Technology
12	Kenya	Integrated Electrification through Restoration Technology of Used Batteries
13	South Africa	Incubation program for emerging small-scale vegetable farmers through production and business training

Thank you!



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http://www.jica.go.jp/activities/schemes/priv_partner/index.html

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