

Fostering private enterprises and support economic growth in developing countries

Foster and strengthen the private sector,
which raises national incomes and
supports the public finances.

Innovation and investment
will also be promoted to
achieve high quality
economic growth.

We strive to improve the competitiveness of entrepreneurs and businesses, develop industrial and investment policies and business environment, and improve access to finance, etc. We will create an environment for the private sector to grow. We will also promote collaboration between local and Japanese companies, strengthen partnerships, and aim to achieve economic resilience of both countries.



Value added per capita in developing countries is only about 2% of that in the West

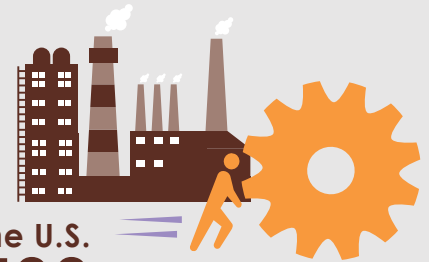
The private sector is the source of a country's sustained economic growth, as evidenced by the fact that it generates a large portion of the gross domestic product (GDP) in many countries. Taxes paid by businesses are a valuable source of funding for national infrastructure development and support people's lives through employment. In developing countries, however, the value added per capita in the manufacturing sector, the most important driver of industry, is only US\$100 compared to US\$4,500 in the U.S. and Europe, or about 2% of the total. For example, in high-income countries, 98% of the agricultural products produced are processed domestically, while in developing countries, only 30% are processed domestically. It can be said that developing countries have great potential for agribusiness. Sustainable development of private companies engaged in manufacturing is essential for economic growth in developing countries. Approximately 90% of the world's companies are small and medium-sized enterprises in the manufacturing industry, which create 50-60% of employment. In developing countries as well, it is important for future economic development to first establish small-scale private companies and promote their growth.

In the manufacturing industry,
the value added per worker is

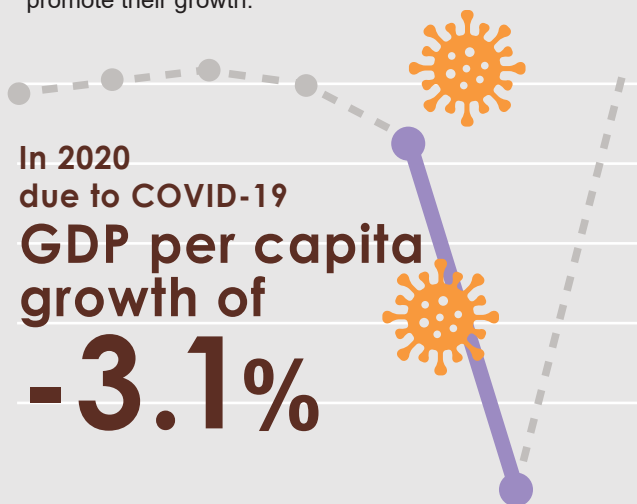
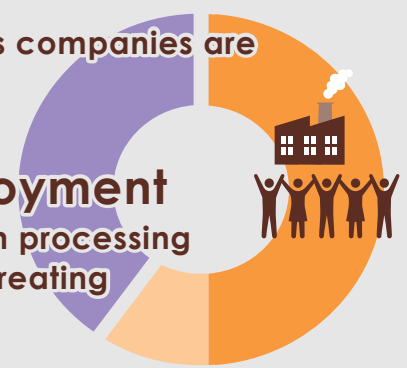
in Europe and the U.S.
US\$4,500

in Developing countries

US\$ 100



90% of the world's companies are
small and
medium-sized
business employment
involved in production processing
and manufacturing, creating
50-60%



*Published by IMF October 2021

While COVID-19 has caused an economic slowdown, the digitalization and greening of industry is accelerating.

In many developing countries, the private sector is facing growing difficulty, especially in Africa, where both per capita GDP growth and income levels are low. In addition, the spread of COVID-19 has led to a global per capita GDP growth rate of -3.1% in 2020, the most severe recession since the Great Depression of 1929. Meanwhile, the industrial development model based on traditional manufacturing has changed. Affected by the spread of infectious diseases, industries are becoming increasingly digitalized and greener.

Witnessing the high adaptability of developing countries to digitalization, it is important for Japan to learn from developing countries and actively introduce and co-create reverse innovation, in which technological innovation flows in the opposite direction.

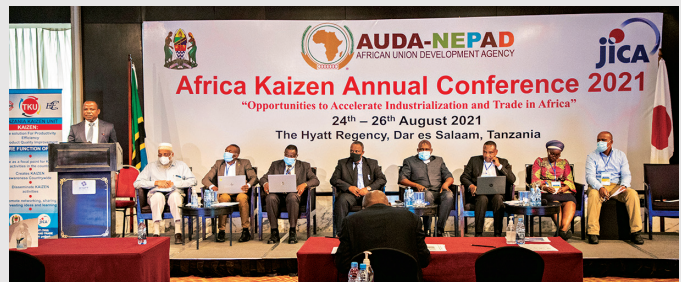
Japanese-style management with "sampo yoshi" helps sustainable development

After World War II, Japan achieved rapid economic growth, especially in the manufacturing sector. Officials in developing countries who want to develop their manufacturing industries have shown great interest in the "Kaizen" initiatives that have promoted improvements in quality and productivity in Japanese manufacturing sector. In addition, as developing countries promote digitalization

and greening in the future, Japanese-style corporate management based on "sampo yoshi(triple win)," which is not only pursuing profits but also responding favorably to buyers, including business partners and consumers, as well as society, will help developing country companies achieve sustainable, high-quality growth.

Approach 1 Promotion of the Africa Kaizen Initiative

Efforts to promote and cooperate in "Kaizen" activities, a quality and productivity improvement approach that has supported Japan's rapid economic growth, based on a 2017 memorandum of understanding for cooperation signed with the African Union Development Agency (AUDA-NEPAD). While publishing Kaizen case studies in Africa and promoting understanding at the policy level, we will also create a handbook and other materials to standardize Kaizen activities. In addition, the formation of a global network is promoted through the Africa Kaizen Annual Conference. We will establish centers of excellence for providing Kaizen support services in eight countries, including Ethiopia and Tanzania, consisting of government-affiliated business development support organizations and private consultants. We have created a system where Kaizen can more effectively help private companies grow, and we are ready to provide comprehensive business development support, including management aspects. We are contributing to the industrialization of Africa.



Africa Kaizen Annual Conference held in Tanzania in August 2021, with over 130 people in attendance and over 160 participating online, in a hybrid format for the first time.



We aim to improve the productivity of local companies

Approach 2 "Project NINJA", support for startups that take on the challenge of solving social issues



"Project NINJA" is an initiative launched in 2020 with the aim of supporting startups that take on the challenge of solving social issues in developing countries. "NINJA" is an abbreviation for "Next Innovation with JAPAN". NINJA will foster startups, collaborate with overseas companies including Japanese companies, promote venture investments and impact investments aimed at solving social issues, and make policy proposals. For example, in 19 African countries, contests are held for startups with innovative business ideas that respond to the changes caused by COVID-19 pandemic. In Africa and Asia, we also run acceleration programs to help startups grow their businesses in a short period of time, helping them brush up their businesses and build networks with investors and business companies. While developing countries face social challenges such as underdeveloped infrastructure and high unemployment, many innovations are also emerging that utilize the latest technologies. Through the Project NINJA initiative, we will create the environment necessary for startups to grow and pave the way for sustainable economic development.



Menyo Innocent, CEO of Uganda M-SCAN, the winning company in the business contest. The company has developed and launched a portable ultrasound device for pregnant and nursing mothers.



We create an environment where startups can grow.

Approach 3 Promotion of Investment and Industries in Asia

In many developing countries, many foreign companies, including Japanese companies, have established supply chains that generate employment and added value, and JICA helps stimulate domestic investment in developing countries as well as attract foreign investment by improving the investment environment in the region. We also focus on creating policies to promote important industries in a country that generate growth and employment, and on training managers of local companies to help strengthen the competitiveness of that country. In particular, in the Asian region, where Japanese companies are highly interested, we promote not only the enhancement of the competitiveness of local companies but also the development of new markets for Japanese companies. We will pursue initiatives that bring synergistic effects to both developing countries and Japan.



Strengthens business linkages between companies in developed countries and local companies

1

More than 100 companies in Tanzania have increased their competitiveness with Kaizen

The company began its Kaizen initiative in 2013 and has trained more than 130 Kaizen trainers and improved the competitiveness and quality of more than 100 companies. In Tanzania, private companies and institutions related by region and industry have come together to form more than 50 groups, known as industrial clusters, to carry out economic activities. Kaizen has spread through these groups, resulting in significant economic benefits.

In addition, in August 2021, Tanzania hosted the Africa Kaizen Annual Conference, contributing to the spread of Kaizen throughout Africa. We plan to develop Kaizen approach including business management and finance access support, as well as support to start-up companies.

2

Connecting institutions and people in Asian countries, Japan Center will serve as a platform

The Japan Human Resource Development Center (commonly known as the Japan Center) was established to support the Asian countries in transition to a market economy. We have opened centers in Vietnam, Cambodia, Mongolia, Uzbekistan, and other countries to promote the development of human resources and cooperation with Japanese companies. For example, the Japan Center in Vietnam, in cooperation with public organizations that support Japanese small and medium enterprises, held business meetings, which resulted in 162 business negotiations and 11 deals.

JICA is strengthening the Japan Center as a hub for human and information networks, evolving it into a platform for promoting human resource exchange between Japan and partner countries and connecting related organizations.



A business exchange event between Japanese and Vietnamese companies, organized by the Vietnam-Japan Institute for Human Resources Development (Vietnam-Japan Center) in 2019.

3

Strengthen risk management and sustainable tourism development in light of COVID-19 pandemic

Although the tourism industry was hit hard by COVID-19 pandemic, it is an industry that is expected to grow in the future, and JICA implements sustainable tourism development initiatives based on a long-term perspective that maximizes positive impacts of tourism, such as foreign currency earnings and job creation, and controls the negative impacts on the environment. JICA works with international organizations and the private sector to strengthen cooperation and risk management, and supports development of tourism infrastructures, formulation of tourism development policies, and development and protection of tourism resources.



The Petra Museum in Jordan, which opened in 2019 with the help of grant aid.

Working with Partners

Deepen collaboration with diverse partners to promote innovative initiatives

Strengthened the partnership with the World Bank Group, the United Nations Group, and the African Union Development Agency (AUDA-NEPAD) for international and long-term cooperation for the private sector development. Partnerships with organizations such as the Japan External Trade Organization

(JETRO) and chambers of commerce and industry have also been deepened, and a comprehensive partnership agreement was signed with Rakuten, Inc. We will collaborate with a variety of partners to promote innovative initiatives.



Nibancho Center Building, 5-25 Nibancho,
Chiyoda-ku, Tokyo 102-8012, Japan
Email: edgps@jica.go.jp



Japan International Cooperation Agency (JICA) is an international cooperation organization that is centrally responsible for the implementation of bilateral assistance among Japan's Official Development Assistance. JICA cooperates with about 150 countries and regions around the world.

https://www.jica.go.jp/english/our_work/thematic_issues/index.html

What is JICA Global Agenda

JICA's cooperation strategies for global issues. JICA, with its partners, aims to show global impacts realizing the goals set under JICA Global Agenda. JICA Global Agenda and its goals will be shared among partner countries and various actors, enhancing dialogue and collaboration, therefore, maximizing the development impacts. Through these efforts, JICA will comprehensively contribute to the achievement of the SDGs by 2030 as well as realize Japan's Development Cooperation Charter which focus on "human security," "quality growth," and "addressing global challenges".

Cover Photo—A factory in Addis Ababa, Ethiopia, ZENITH, a manufacturer and distributor of hair waxes, creams, and other hair care products, where JICA has helped the company achieve a successful Kaizen program. photo: Kenshiro Imamura/JICA

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