

# Public-Private Partnerships

## New Partnerships that Support Economic Growth

The demand for sustainable development and infrastructure development in developing countries is enormous and responding to this demand with ODA alone is difficult. Under such circumstances, there are hopes for even more effective development support through collaboration with private-sector activities.

The business activities of private-sector companies in developing countries are crucial for generating such development benefits as employment creation, human resource development and improvement of technical capabilities, as well as for achieving economic growth and sustainable social development. Moreover, the role of the private sector is also extremely important in solving a range of serious global problems, including those related to the environment and climate change, food supplies and resources. On this note, the Fourth Tokyo International Conference on African Development (TICAD IV), held in May 2008, called attention to the importance of expanding private-sector trade and investment for growth in Africa.

Amid weakening private-sector investment in developing countries stemming from the global financial crisis in 2008, there are increasing calls for ODA to function as a catalyst to attract and mobilize private funds. Specifically, this covers such areas as sharing the risk of development projects by private companies as

### Requests Concerning JICA from Suggestions and Opinion Briefs from Private-Sector Business Organizations

There were numerous suggestions and requests concerning operations undertaken by JICA that were included in policy proposals made by the Japan Federation of Economic Organization (Nippon Keidanren), the Kansai Economic Federation (Kankeiren), the Japan Association of Corporate Executives and the Japan Chamber of Commerce and Industry. Among these, the most numerous suggestions and requests pertain to the following items. JICA takes these suggestions and requests seriously and is working to make improvements in its operations.

- 1) Expanding the ODA budget
- 2) Items related to strengthening JICA's functions and improving operations
  - Rapidly resume Private-Sector Investment Finance
  - Speed up ODA Loans and expand the application of Special Terms for Economic Partnership (STEP)
- 3) Items related to promoting cooperation between JICA (or general ODA) and Japanese Companies
  - Promote cross-regional infrastructure projects/PPP infrastructure projects (project formulation, project development, infrastructure funds, others)
  - Strengthening institutional infrastructure (develop human resources, establish laws, support EPA, others)
  - Support BOP businesses
  - Strategically utilize ODA to promote the dissemination of Japan's outstanding technologies
- 4) Items related to strengthening functions as Japanese government policy and strategy tools
  - Cooperate in supporting Asian economic growth strategies and comprehensive Asian development plans (promote regional economic integration, engage in surveys and research, and develop individual projects, including infrastructure projects)
  - Promote partnerships in working toward the realization of a low-carbon society

well as establishing a business and investment environment in developing countries covering both hard and soft infrastructure, beginning with the development of the social and economic infrastructures, establishing legal systems for investment and developing human resources. Through various proposals and opinion briefs from private-sector economic organizations, there are growing calls for strengthening collaboration with the private sector. In view of this situation, JICA also routinely exchanges opinions with private companies, industrial and economic organizations, and industry groups to enable ODA and private-sector activities to build meaningful partnerships that will increase development outcomes and accelerate growth.

### Partnerships with Private-Sector Companies in Developing Countries

Under Basic Principles for JICA's Partnership with the Private Sector, which are shown below, JICA's collaboration with the private sector focuses on cooperation aimed at improving the environment surrounding businesses in developing countries as well as supporting infrastructure development and improving public services through Public-Private Partnerships (PPPs), in which government and the private sector share responsibilities.

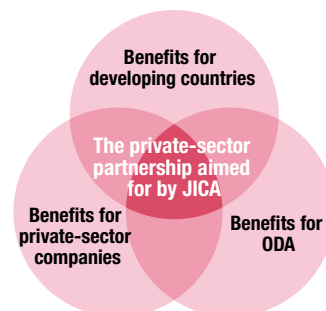
Recent years have witnessed an increase in instances of Japanese companies implementing social contribution activities and establishing business that help solve development issues faced by the poorest segment of society (BOP business\*) in developing countries. In view of this trend, JICA will consider and promote partnerships with ODA projects and private-sector activities.

\* BOP (Base of Pyramid) business: Businesses that target the world's 4 billion people living in poverty as consumers, employees and producers.

### Basic Principles for JICA's Partnership with the Private Sector

Through the strengthening of partnerships with private corporations and private businesses and supporting improvement of the business environment in developing countries, JICA seeks win-win-win relationships for developing countries, private enterprises and ODA. To achieve that, JICA is undertaking the following measures:

1. Mainstreaming of the PPP perspective in each operation and project.
2. Stronger interactive communication with the private sector to capture its needs.
3. Developing the internal and external platforms to enhance the partnerships.
4. Promoting realization of JICA-assisted projects actually collaborating with private corporations.
5. Cooperating in public relations.



## Activities in Fiscal 2009

### (1) Examples of private-sector partnership projects

#### ● Projects for Supporting the Establishment of an Infrastructure Surrounding Corporate Activities

##### Sihanoukville Port Multipurpose Terminal Development Project, Cambodia

#### Supporting the Development of Industry in Cambodia and the Activities of Private Companies through Port Development

JICA is supporting the construction of a multipurpose terminal at Sihanoukville Port, the only international deep-sea port in Cambodia. There are expectations that this project will contribute to economic growth in Cambodia by raising the port's cargo-handing capacity, promoting trade and enhancing the environment for investment.

During the survey (preparatory survey) at the plan design stage for the multipurpose terminal, to ensure the realization of an easy-to-use terminal, JICA ascertained the needs of the private companies that intend to use the terminal and took steps to ensure these requirements are incorporated into the terminal with the establishment of large-scale quays and yards that will enable large ships to call and moor at the port.

The full-scale upgrading of the port infrastructure, which is essential for spurring the entry of private companies, is expected to support an increase in private investment, including from Japanese companies. Moreover, by establishing an oil supply base at the terminal, Cambodia will be able to promote an oil field development project that also involves the participation of Japanese companies.



#### ● Partnership in Corporate CSR Activities Joint Project for Promoting HIV/AIDS Education in Ghana

##### JICA and Sony for the Next Generation in Ghana 2009

In conjunction with the holding of the Confederation Cup, Sony Corporation and JICA implemented a joint project as part of an HIV/AIDS education and awareness event

under the "Project for HIV/AIDS Prevention through Education" implemented by Ghanaian government-related institutions. The project undertaken by Sony and JICA involved setting up 200-inch large-screen displays provided by Sony as part of its social contribution activities in areas where TVs are scarce to allow children and young people to watch live broadcasts of the matches (public viewing). Approximately 9,000 persons participated in this event, which was about 2.5 times the number of persons participating in previous similar events. Moreover, around 1,100 people, about 3.5 times higher than at previous events, visited an HIV/AIDS counseling and medical examination area and underwent HIV testing. In this manner, the event had a great effect on JICA's support programs.

#### ● Partnerships in Training Programs

##### Osaka International Center

#### Introduction to Solar Power Generation System for Asian Countries

To effectively utilize the special attributes of the Kansai region, which is home to numerous solar panel manufacturers and house builders that install solar power equipment, JICA partnered with the Kansai Economic Federation (Kankeiren) to implement training on solar power that targeted government administrators responsible for energy conservation and alternative energy in developing countries. The training program provided participants with an opportunity to make on-site visits to related manufacturers, explained initiatives by companies and how the solar power industry achieved growth in synchrony with Japanese government policies, and provided support for the creation of plans ideally suited to each country for introducing and making solar power widespread. On the final day of the training program, participants made presentations on "How I will apply what I learned in Japan in my own country" and also exchanged opinions with representatives from Japanese companies.

#### ● Preparatory Surveys Assuming the Implementation of JICA Cooperation Projects

##### Preparatory Survey for Public-Private Infrastructure Development

Following the Asian currency crisis in 1997, infrastructure investment in Indonesia declined to 2% of GDP and subsequently remained at a low level ranging between 2% to 3% of

GDP, as Indonesia lagged behind neighboring countries. This situation led to a rising need for establishing an environment essential for encouraging infrastructure investment, and Indonesia is working to create policies to promote infrastructure development through Public-Private Partnerships (PPPs).

To support the establishment of infrastructure via PPPs, JICA implemented a survey that ascertained the environment surrounding infrastructure projects, summarized trends in road and water-supply-related fields and issues concerning projects already in progress, and prepared for making considerations of the required technical support. The survey was positioned within Phase 1 of the entire scheme and will involve compiling a list of PPP infrastructure projects based on PPP project certification evaluation criteria established by Indonesia. During Phase 2, a feasibility study targeting the most outstanding PPP infrastructure projects on the list is scheduled to be implemented.

#### (2) Investigative Studies Related to Partnerships with BOP Business

In July 2009, JICA initiated "Investigative Studies on Partnerships between BOP Business of Japanese Companies and ODA" and carried out investigative studies and workshops featuring experts that focused on the necessary measures for partnerships with BOP business, the current state of business of Japanese companies in developing countries and support system frameworks in other countries.

As part of these investigative studies, in January 2010 JICA held open seminars in Tokyo and Osaka based on the theme "The Potential of BOP Business and Partnerships with JICA." These seminars featured the participation of numerous private-sector companies and NGOs. Taking these seminars into consideration, in fiscal 2010 JICA plans to launch specific measures.

#### (3) Preparatory Surveys (PPP Infrastructure Projects)

To promote PPP infrastructure projects in developing countries, JICA carried out a system design for preparatory surveys (PPP infrastructure projects) that support project formation surveys made through suggestions from private-sector companies. This survey was announced publicly in March 2010.