Public-Private Partnerships

New Partnerships Supporting Social and 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 from other countries alone. In fact, the private sector now accounts for a large proportion of the financial flows entering developing countries from developed countries. The private sector have been expanding its trading and investment activities in developing countries and are focusing on new fields, including Public-Private Partnership (PPP) based infrastructure projects, and BOP/inclusive businesses etc.

These efforts have contributed to creating employment opportunities, human resources development, and improving technologies. In addition, the outstanding technologies and business ideas of Japanese companies are making big contributions to solving socioeconomic problems in developing countries.

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 Partnerships with the Private Sector

Of the Loan Aid assistance provided by JICA, Private-Sector Investment Finance (PSIF) is a scheme supporting development projects in developing countries by Japanese and other countries' private enterprises. Through the provision of loans and equity, PSIF supports businesses with positive impacts on socioeconomic development in developing countries, such as PPP infrastructure projects, BOP businesses, and business expansions of SMEs abroad. Furthermore, by introducing technologies and know-how of private companies and coordinating with local governments, JICA makes efforts to reduce various risks associated with projects and to further increase development outcomes through coordination with other JICA schemes, such as Technical Cooperation etc.

In fiscal 2014, along with the joint venture agreement on a development project for Myanmar's first special economic zone, JICA also concluded an agreement with an investment fund targeting energy-saving and renewable-energy projects in Latin America and the Caribbean. This agreement is the first foreign investment case in the climate control field since the full resumption of PSIF [➡ see the Case Study below].

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 provides 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 excellent proposals so as to develop project plans. This scheme contributes to various policies under the Japanese government, such as the Japan Revitalization Strategy, the Infrastructure Systems Export Strategy, and the Healthcare Policy, as well as "quality infrastructure."

In fiscal 2014, seven proposals were selected from two calls (with one adoption) for proposals. These proposals include

Case Study **Energy Efficiency and Renewable Energy Projects in Latin America**

Supporting Promotion and Implementation of Energy Efficiency and Renewable Energy through Fund Investment

In November 2014, JICA signed an investment agreement for a fund that invests in various energy-efficiency and renewable-energy projects in Latin America, the MGM Sustainable Energy Fund L.P. (MSEF), hereinafter referred to as "the fund." This is the first project to be carried out in the climate-change field since JICA Private-Sector Investment Finance (PSIF) was resumed in October 2012.

Use of Japanese Low Carbon Technologies Expected

This project supports various energy-efficiency and renewable-energy projects in Latin America and other countries through investment in the fund.

According to the World Bank's estimates, the demand for electricity in the Latin America region will more than double by 2030 compared to 2008, and a drastic increase in electrical power plant capacity will be necessary. Taking climate change into account, the promotion of energy efficiency and implementation of renewable energies are highlighted as big challenges.

It is expected that the highly durable and efficient technologies of Japanese companies (in solar panels, air conditioning facilities, etc.) that are used in this project will become a driver to spread energy conservation and renewable energy systems using Japanese technologies in this region, and as a result, measures against climate change will be further promoted.

The Japanese government considers support for addressing climate change, including energy efficiency and renewable energy, to be an important challenge in Latin America. It is expected that this project will be one of a number of initiatives providing concrete assistance in developing countries in the field of climate change as announced at Actions for Cool Earth, a diplomatic strategy for countering global warming formulated by the Japanese government in November 2013. Furthermore, it is also expected that this project will contribute to the development of Japanese companies' business expansion overseas through public-private partnerships.

projects to improve international airports and logistics in addition to health care projects that contribute to developing countries through Japan's health care and medical technologies. Through these projects, it is expected that the excellent technologies, know-how and efficient service delivery by Japanese companies will be disseminated internationally.

However, there are many challenges related to PPP infrastructure projects especially in Asian countries. These challenges include difficulties in securing project viability, insufficient recognition of proper role-sharing and risk allocation (lack of host government support) among the public and private sectors, and completion risk due to factors such as delays in construction of related facilities. Therefore, not only providing support for formulation and establishment of favorable projects at the upstream stage, JICA is also promoting comprehensive efforts for crystallizing PPP projects by enlightening counterpart country officers on the PPP system, assisting introduction of appropriate PPP policies and institutions, and strengthening implementation capacities.

Preparatory Surveys for BOP Business Promotion

A New Approach for Enhancing Development Impact in Partnership with Private Businesses

BOP/Inclusive Business is a business model 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. BOP business is also in the spotlight as a business model that can contribute to solving socio-developmental issues in developing countries through business activities.

JICA entrusts surveys on development of business models, project planning, and ideas for collaboration with JICA projects, to private companies that have made excellent BOP business proposals. In fiscal 2014, 16 proposals were selected from two calls for proposals. With an aim to improve this system, JICA is also engaged in building an environment to commercialize this system by conducting surveys to ascertain the needs of private companies, and also by providing networking events for private companies. Of the completed surveys to date, 13 proposals have already started as of the end of 2014. At the same time, some collaborative approaches with ODA projects have also been realized in various forms.

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, is regarded as a priority issue in some policies advocated by the Japanese government, such as the Japan Revitalization Strategy and the Infrastructure Systems Export Strategy. As an effort to solve technology issues in developing countries and boost the dissemination of "Japanese Model," 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 counterpart countries will be provided primarily for government officials from developing countries. By soliciting project proposals from private companies, JICA bears the expenses up to ¥20 million for projects selected. Subsequently, the companies will take the initiative to provide training programs or seminars.

In fiscal 2014, 24 proposals were selected from two calls for proposals. Today, a lot of JICA's efforts including technical assistance are bearing fruit, such as a widely employed cardiac catheter treatment technique in Mexico; dialysis treatment technology that is being promoted for international expansion in cooperation with the Japanese government under the Strategy on Global Health Diplomacy [➡ see the Case Study below]; and a hybrid toilet system distributed in Kenya that is receiving media attention for women's active participation in the field.

Case Study **Thailand: Disseminating Japanese Technology for a Dialysis System with a Central Dialysis Fluid Delivery System (CDDS)**

Bringing Dialysis Technology Developed in the East Kyushu Medical Valley to Southeast Asia

Two private companies belonging to the East Kyushu Medical Valley Framework and local governments worked on transferring Japanese technology for a dialysis system to two base national hospitals for dialysis treatment in Thailand, under JICA's collaboration program with the private sector for disseminating Japanese technology.

Thai engineers learning about a dialysis system

An Initiative Involving Industry, Governments, and Universities

A number of medical equipment manufacturers with technology levels that have gained number-one market shares in the world or in Japan, along with universities and research institutes specializing in medical fields relating to blood and blood vessels, are gathered in the Eastern Kyushu area, which covers Oita and Miyazaki prefectures. Especially for dialysis treatment, the technologies here are more advanced than those of Western nations. This area is designated as the country's special zone for the Medical Valley Initiative in East Kyushu, making a medical industry base with a focus on blood and blood vessel health. The area promotes development of international competitiveness especially in Southeast Asia, and vitalization of local medical care, through cooperation among industry, governments and universities.

Based on this special zone concept, two companies, Asahi Kasei Corp. and Nikkiso Co. Ltd., worked on disseminating dialysis technologies in Thailand. They have future plans to establish a training center for dialysis treatment there, and to develop human resources and business in Southeast Asia with this center as a base. The international spread of such Japanese-style medical technology, and utilization of local resources in the Eastern Kyushu area, are expected to contribute to the regional vitalization.