

Partnership with Japanese Private Sector

Support for Japanese Small and Medium Enterprises (SMEs) Overseas Business Development to Address Various Development Issues in Developing Countries

Japanese government revised the Framework for Supporting Japanese SMEs in Overseas Business in March 2012 where JICA became a member of the all-Japan support system for overseas business development of SMEs. Since then, JICA initiated programs for supporting overseas expansion of SMEs, in order to tackle various development issues in developing countries, and has supported those companies with ODA for the past four years. In these programs, as of March 2016 JICA had received an aggregated total of 1,649 proposals from SMEs and selected 396 of them. In the Development Cooperation Charter approved by Japan's Cabinet in February 2015, activities by the Japanese private sector, including SMEs, are considered one of the major driving forces to promote the economic growth of developing countries. With the understanding that ODA is expected to play the catalytic role in tackling various challenges in developing countries and in accelerating business activities of private sectors, JICA continues its cooperation with SMEs.

● JICA's Overall Support for Japanese SMEs Overseas Business Development

In fiscal 2015, JICA combined and held explanatory sessions, which until fiscal 2014 had been held separately, on the schemes of Promotion Survey, Project Feasibility Survey, and Verification Surveys for Disseminating Japanese Technologies. JICA explained the differences among the schemes in the sessions to prompt each proposer to make a proposal to the most suitable scheme. In addition, JICA enriched information, including its Web page on "Issues in Developing Countries Where Utilization of Products and Technologies of Small and Medium Enterprises (SMEs) Is

Expected," and made active efforts to encourage proposals by companies with technologies that match respective countries and issues, so as to increase the chances for the proposals to be selected.

Support structures for SMEs' overseas development have been strengthened at JICA's 14 domestic offices. Approximately 1,900 meetings with 2,600 companies were held, and more than 100 seminars for over 5,000 participants were held across the nation during the year.

More effective use of overseas offices has also been considered, and JICA will actively provide such information as the needs from developing countries.

● Promotion Survey and Project Feasibility Survey

In fiscal 2015, JICA made two advertisements for SME Partnership Promotion Survey (called the Promotion Surveys) and Project Feasibility Survey. In a Promotion Survey, which started in 2012 and of which 62 have been selected so far, basic information is collected and an overseas business plan is drafted in order to examine the possibility of solving development problems through a Japanese company's overseas business development, and the possibility for the company to collaborate in related ODA projects. In fiscal 2015, there were 22 surveys selected out of 72 proposals. In a Project Feasibility Study, which started in 2012 and of which 208 have been selected so far, the feasibility of using the company's products and technologies for overcoming challenges in a developing country is analyzed, while information is gathered and a network with the counterpart government agency is built, all of which are necessary to conduct an overseas development

Case Study

Kenya: Feasibility Survey for Capacity Development for Organizational Business Management of Smallholder Horticultures

Japanese-Style Agricultural Management to Africa!

An SME in Katori City, Chiba Prefecture, conducted a feasibility survey for implementation of Japanese-style cultivation techniques and organizational business management know-how for Kenya's smallholders.

Identifying the Effectiveness of Techniques and Know-How

In Kenya, agriculture represents 30% of the country's GDP and is the key industry in which 70% of the total population participate. However, the smallholders to which a majority of farmers belong utilize only poor cultivation techniques and have insufficient background incomes, meaning that they cannot produce added value products and that they have no other means of sale but to rely on brokers who buy products at very low prices.

To cope with these issues, Wago Co. Ltd., with rich experiences in agricultural busi-

nesses, proposed a project to achieve better livelihoods through productivity enhancement by implementing the cultivation techniques and know-how of organizational business management developed in Japan on smallholder farms in Kenya. Wago conducted a feasibility survey to apply its techniques and know-how on (1) uncompromising quality management, (2) high value addition to products, and (3) combined distribution and sales channels.

The survey revealed the current situation, including the lack of knowledge and information on greenhouse horticulture and pest control, as well as excessive use of agrochemicals. It



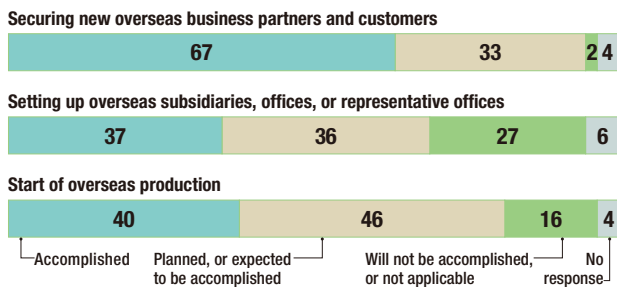
Inspection of cultivation management conditions by Wago's tomato cultivation experts

also verified the effectiveness of the company's cultivation techniques and quality management method.

After completion of the survey, the proposal was adopted as a project to disseminate SME technologies, and the project will be implemented to achieve sustainable agricultural business for local farmers, focusing on cultivation of high value-added fruits and vegetables.

(Unit: cases)

(Unit: companies)

Current Status of Business Expansion in Target Countries (n=106)

Source: Results of the Follow-up Survey of Partnership with the Japanese Small and Medium-Sized Enterprises (SMEs) conducted by JICA in fiscal 2016

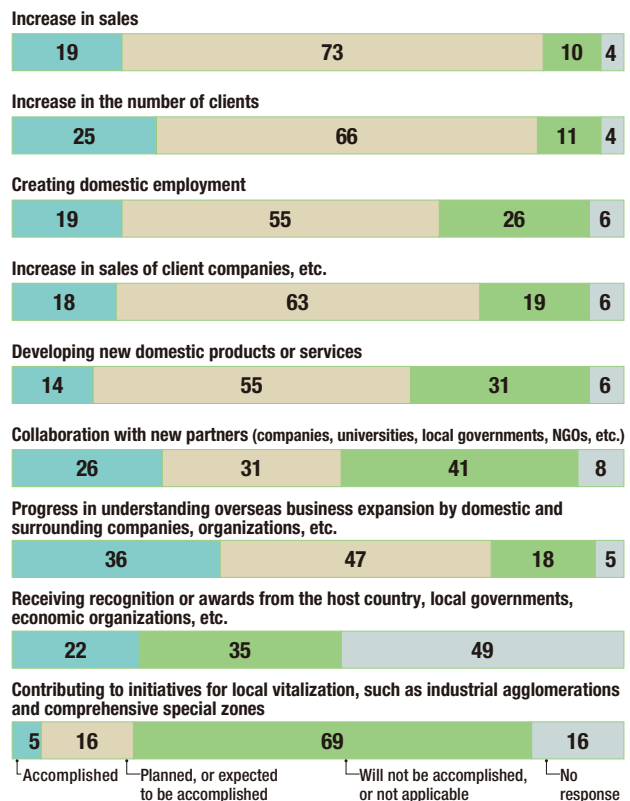
program. There were 66 surveys selected out of 214 proposals [→ see the Case Study below] in fiscal 2015.

The number of cases where private companies' products and technologies were used in ODA projects as a result of the Surveys included 13 cases of collaboration with technical cooperation projects, seven cases that contributed to usage in ODA Grant and ODA Loan projects or development of new projects, and four cases that led to JICA Partnership Programs, private sector partnership volunteer programs, etc. Meanwhile, effects are also seen on the participating companies' side, as evidenced by securing overseas customers and the start of overseas production (see the graphs).

● Verification Survey with the Private Sector for Disseminating Japanese Technologies

The surveys are intended to verify the compatibility of Japanese SMEs' products and technologies to various socioeconomic conditions in developing countries, and possible dissemination of these technologies and products. JICA initiated the surveys under fiscal 2012 supplementary budget, and 126 surveys have been started as of March 2016.

As seen in the examples of an electric tricycle system to reduce

Contribution to Domestic and Local Economies in Japan (n=106)

Source: Results of the Follow-up Survey of Partnership with the Japanese Small and Medium-Sized Enterprises (SMEs) conducted by JICA in fiscal 2016

environmental burdens, a recycling technology for industrial and domestic waste, and wastewater treatment technology at palm oil mills, JICA verifies the unique technologies of Japan that support environmentally friendly and resource-recycling societies for dissemination [→ see the Case Study below]. In addition, many SMEs are involved in verification surveys in various fields, such as agriculture, health and medical care, and education.

Case Study

Philippines: Verification Survey with the Private Sector for Disseminating Japanese Technologies for Environmentally Friendly Urban Transportation Systems Using Electric Tricycles

Expectations for Solving Air Pollution Problems

Chronic traffic congestion causes air pollution problems. A verification survey by a Japanese company is starting, with the aim of introducing electric tricycles that will reduce environmental burdens.

Trial Operation of 20 Electric Tricycles

In the Philippines, traffic congestion has become a normal occurrence along with the economic development and population growth in recent years especially in urban areas, and air pollution caused by the gases emitted from automobiles has become a social problem. Meanwhile, tricycles are widely used among the citizens as an inexpensive means of daily transportation for the public.

Given this situation, the Government of the Philippines has announced its policy for emission control of air-polluting gases and environmental improvement, and has been

conducting a project for the purpose of introducing 100,000 electric tricycle units with assistance of the Asian Development Bank.

Uzushio Electric Co. Ltd., headquartered in Ehime Prefecture, started its EV business in the Philippines in 2013 based on the local need for electric vehicles. The company has been preparing for mass-production of electric tricycles since then. Electric tricycles made by the company are equipped with devices such as long-life lithium-ion batteries and battery chargers. Furthermore, they are designed to offer a comfortable ride.

In this survey, 20 electric tricycle units were



Uzushio Electric Company's electric tricycle

put into operation first in Quezon City, to verify that they can be used in a sustainable manner, and at the same time, the survey involved disseminating activities to promote a deeper understanding of the proposal among the relevant government offices, private operators, and local citizens.