

# Public-Private Partnerships and Partnership with Japanese Private Sector

## New Partnership for Supporting Economic Growth

Making use of the networks and trusting relationships with the governments of developing countries, and the know-how in project implementation in the developing world gained through the execution of Official Development Assistance (ODA) over many years, JICA provides wide-ranging support schemes, as shown below, to produce better developmental results efficiently and effectively through further collaboration with the private sector.

### Public-Private Partnerships

#### ● Private-Sector Investment Finance Economic and Social Development Support in Developing Countries by the Private Sector

Private-Sector Investment Finance (PSIF) is a scheme to support private enterprises that conduct business with positive impacts in certain fields, including infrastructure improvement, poverty reduction, and measures against climate change, through the provision of loans and equity. Through collaboration with private and international financial institutions and combined operations with JICA's other ODA programs and projects, JICA makes efforts to reduce various risks associated with projects and to further increase development outcomes.

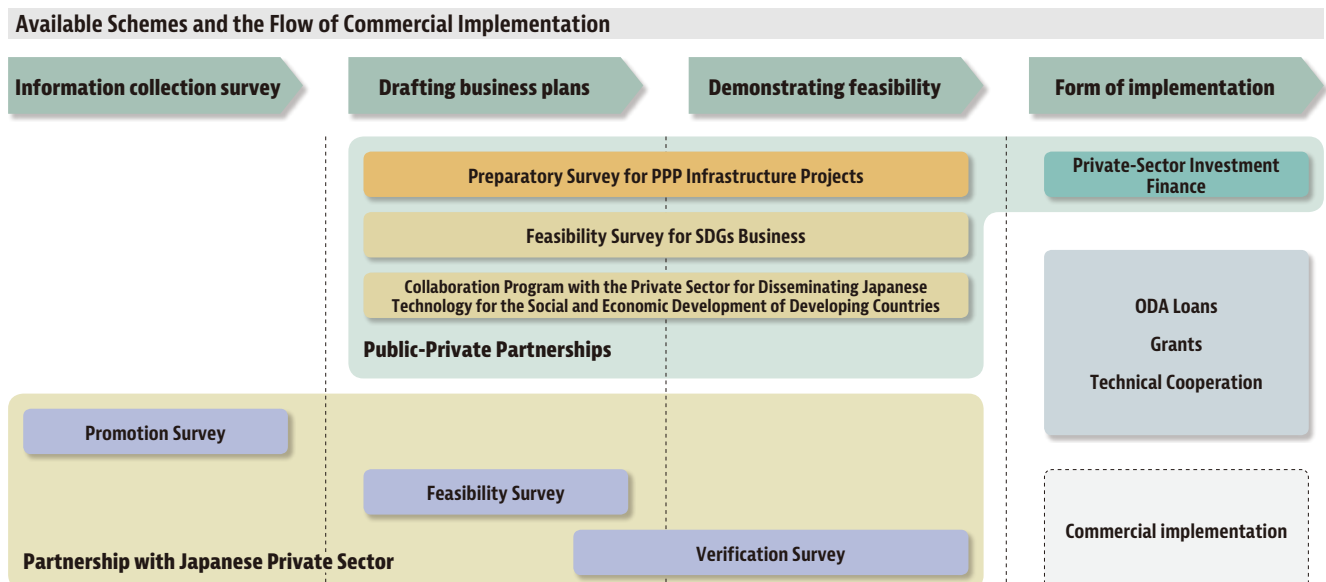
In fiscal 2017, JICA committed some ¥43 billion in PSIF for a total of six projects, including the Coffee Value Chain Enhancement Project in Viet Nam and a solar power generating project in Jordan. Of these six projects, three were co-financed with the International Finance Corporation (IFC) or the Asian Development Bank (ADB). The six projects also included the Non-revenue Water Improvement Project in the West Zone of Metro Manila in the Philippines, the first project JICA co-

financed with a private financial institution and the first project JICA provided a local currency loan [[→ see the Case Study on page 51](#)].

#### ● Preparatory Survey for PPP Infrastructure Projects Assisting Developing Countries in Designing Infrastructure Projects through Public-Private Partnerships

This scheme is primarily designed to identify and formulate infrastructure projects in the form of public-private partnership (PPP) with the aim of incorporating the expertise of the private sector for greater benefits and efficiency based on a proper demarcation of roles and risks between the public and private sectors. JICA entrusts the necessary surveys to private Japanese companies that have submitted promising proposals so as to develop project plans. JICA is committed to continuously improving this scheme. In fiscal 2017, for example, JICA introduced the two-phased approach, which involves the phase 1 survey and the phase 2 survey.

However, there are many challenges related to PPP infrastructure projects in developing countries. These challenges include difficulties in securing project viability, insufficient recognition of proper public-private role-sharing and risk allocation due to insufficient support from developing country governments, and completion risk due to factors such as delays in construction of related facilities. Therefore, not only supporting individual projects, JICA is also promoting comprehensive efforts for the establishment of projects by providing support to developing countries for enlightenment on the PPP system, assisting establishment of appropriate PPP policies and institutions, and strengthening implementation capacities.



● **Feasibility Survey for SDGs Business**  
**Supporting the Formulation of Business Plans that**  
**Contribute to the SDGs**

In achieving the United Nations' Sustainable Development Goals (SDGs), collaboration among every stakeholder has become even more important, and the contribution of private enterprises is even more strongly expected in order to eradicate poverty and enable sustainable development. To support feasibility studies for businesses that could contribute to the SDGs, JICA developed this new scheme in February 2017 by remodeling the Preparatory Survey for the BOP Business Promotion program.

In fiscal 2017, JICA adopted a total of nine proposals that will introduce innovative technologies or have wide implications for addressing various challenges facing developing countries. These proposals include (1) providing the poor in Bangladesh with medical checkup services based on machine-learning technology and AI, (2) employing refugees for software development in Jordan and the Palestinian Territories, and (3) supporting access to genetic resources and benefit-sharing in Mexico.

As more and more businesses express their commitment to the SDGs, JICA aims to further accelerate partnerships with private businesses.

● **Collaboration Program with the Private Sector for Disseminating Japanese Technology**  
**Boosting the Dissemination of "Japanese Model" Technology that Contributes to the Growth of Developing Countries**

The dissemination of "Japanese Model" technology and solution for technological issues in developing countries are regarded as priority issues. As an effort to address these issues, 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. To this end, the program offers trainings in Japan, and seminars and technology demonstrations in counterpart countries primarily for government officials from developing countries [→ see the Case Study on page 31].

In fiscal 2017, JICA adopted a number of 13 proposals. They range from ensuring stable water supply in partnership with a local government to making policy recommendations on energy-saving and renewable energy technology, and further to assisting developing countries with ICT technology, seismic engineering, noise control, education, and medical technology.

**Partnership with Japanese Private Sector**

The Japanese government revised the Framework for Supporting Japanese SMEs in Overseas Business in March 2012, and JICA became a member of the all-Japan support system for overseas business development of small and medium enterprises (SMEs). Since then, as of March 2018 JICA had selected an aggregated total of 666 proposals from SMEs for JICA's Partnership with the Japanese Private Sector (proposal-based program). 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 and in accelerating business activities of private sectors in developing countries, JICA continues to forge ahead with partnership with SMEs.

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

This program is characterized by its goal of building win-win relationships between developing countries that want to use Japanese products and technologies for addressing their challenges and Japanese SMEs that seek to venture into developing-country markets.

**Philippines: Non-Revenue Water Improvement Project in the West Zone of Metro Manila**

**JICA's First Co-financing with a Private Financial Institution and First Local Currency-Based Loan for PSIF**



An employee checking water meters  
 [photo: Maynilad Water Services, Inc.]

In June 2017, JICA signed a credit agreement with Maynilad Water Services, Inc. (hereafter "Maynilad") for a non-revenue water improvement program being conducted by Maynilad. Through updating water distribution pipes, installing water meters, and procuring a water distribution control system, the agreement was aimed at expanding the coverage and quality of water services in the West Zone of Metro Manila and achieving an efficient water supply with non-revenue water control there.

Under JICA's scheme of Preparatory Survey for PPP Infrastructure Projects, proposed

chiefly by Marubeni Corporation, one of the shareholding companies of Maynilad, project formation began with cooperation from JICA in the planning and formulation stage. In terms of the timing of the project launch, JICA provided seamless assistance under the Private-Sector Investment Finance (PSIF) scheme.

The project is also significant in that it is JICA's first co-financing with a private financial institution, and in that it is also JICA's first local currency-based loan.

In addition, support for SMEs across Japan in expanding their business overseas is expected to help revitalize local communities and the Japanese economy as a whole. For example, local traditional technologies and technologies jointly developed with local universities are giving a much-needed boost to some local economies in Japan through application in developing countries.

In fiscal 2017, JICA organized more than 270 seminars in support for overseas activities by SMEs, attended by over 10,000 people in total. It also held three seminars designed to share the challenges of developing countries. The seminars were evaluated as useful by many participants.

Furthermore, JICA also organized three round-table conferences of external experts aimed at receiving input from third-party experts who have on-the-ground knowledge about ODA projects and Japanese SMEs as well as putting it into developing this program, including system improvement.

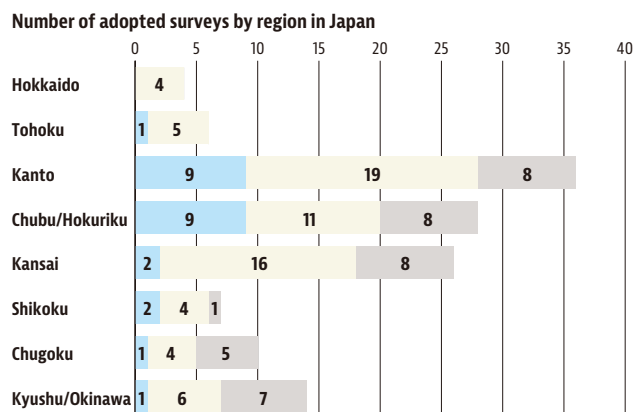
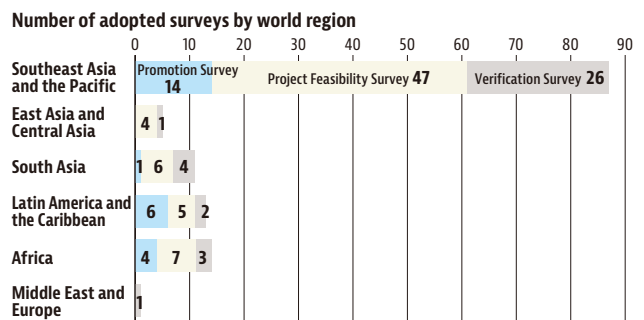
### ● Promotion Survey/Feasibility Survey/Verification Survey

These open proposal-based programs ask Japanese SMEs to come up with proposals for ingenious projects that utilize their products and technologies. JICA called for such proposals twice in fiscal 2017.

In a Promotion Survey, which started in 2012 and of which 113 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 issues through a Japanese company's overseas business development and the possibility for the company to collaborate in related ODA projects. In fiscal 2017, there were 25 surveys selected.

In a Feasibility Survey, which started in 2012 and of which 348 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

### Promotion Survey/Feasibility Survey/Verification Survey in Fiscal 2017



and a network with the counterpart government agency is built, all of which are necessary to conduct an overseas development program. In fiscal 2017, there were 69 surveys selected.

In a Verification Survey, which started in 2012 and of which 205 have been selected so far, the compatibility of Japanese SMEs' products and technologies for various socioeconomic conditions in developing countries, and possible dissemination of these technologies and products, are verified [→ see the Case Study below]. In fiscal 2017, there were 37 surveys selected.

### Viet Nam: Verification Survey with the Private Sector for Disseminating Japanese Technologies for Overload Vehicle Detecting by Weigh-in-Motion System

## Achieving a Breakthrough in Solving Road Problems and Improving Logistics with Japanese Scale Technology



Crackdown demonstration in action  
[photo: Tanaka Scale Works Co. Ltd.]

Viet Nam is seeing logistics demand surging amid rapid economic development in recent years. As a result, overloaded trucks are soaring in number. This in turn is causing damage to roads, including depressions in them and affecting break performance, thereby attracting media attention.

These circumstances have prompted Tanaka Scale Works Co., Ltd. based in Sanjo City, Niigata Prefecture, Japan, to introduce a weigh-in-motion system in Viet Nam. In this system, scales embedded in the road surface measure the weight of moving trucks. The system is characterized by its ability to check overloaded vehicles without fail as it is capable of photographing number plates

and sending the data in real time. It is also so robust as to withstand the hot and humid climate of Viet Nam.

Following rigorous scrutiny, Vietnamese authorities approved the system as a standard for the country. Field demonstrations by the Vietnamese police in its crackdown on overloaded vehicles proved the system highly effective. This weigh-in-motion system will be phased in across the country.

This initiative will likely take root in Viet Nam after this verification survey, as Tanaka Scale Works has already established a solid system of offering maintenance services through its subsidiary and local partners in the country.