

Industrial Development and Public Policy

Creating a Fair, Sustainable, and Growing Society through Partnerships



*Of the 17 Sustainable Development Goals (SDGs), strongly associated goals are shown.

Private-Sector Development

Sustainable and quality economic growth in developing countries requires industrial promotion that encourages sustainable expansion and advancement of private-sector activity and promotion of a wide range of job creation as a driving force. The manufacturing industry, in particular, embraces a comprehensive range of strengths and potential such as: (1) high capacity to absorb labor; (2) potential to create added value and abundant value chains (including those of relevant service sectors); and (3) high potential for foreign trade (export potential) and technological innovation. Thus the promotion of the manufacturing industry is believed to be the cornerstone of national industrial policies that aim for economic growth.

Also, aligning foreign direct investment (FDI) with the promotion of local supporting industries and small and medium enterprises (SMEs) in developing countries will play an important role in three aspects: (1) promoting and advancing the manufacturing industry through value chain formation, (2) training practical industrial human resources, and (3) improving the income of wider segments of the population through job creation. This in turn will lead to inclusive economic growth.

On the other hand, the manufacturing industry in recent years is in the process that may be described as the Fourth Industrial Revolution as it accelerates its convergence with information and communication technology and artificial intelligence. Recently, there has been growing interest in technological innovation that leaps the paths that developed countries have trodden and the backflow of new technologies that have been demonstrated and commercialized in developing countries to developed countries. Tourism is also a promising industry for many countries as it has a large economic impact in terms of foreign currency acquisition, the diversity of businesses involved, and labor absorption capacity.

In light of these circumstances, JICA is assisting developing countries with private-sector development in the following categories: (1) the formulation of industrial promotion policies coupled with the establishment, implementation, and improvement of systems for a better business climate; (2) the promotion of investment and the development of special economic zones; (3) capacity and competitiveness building and industrial human resources development for local SMEs; and (4) support for partnership between Japanese and local businesses [→ see the case study on page 49]. In the process, JICA serves to strengthen business linkages such as increasing participation in value chains, improving financial access, and encouraging innovative approaches, with a focus on improving firm capabilities.

Through all these activities, JICA is committed to contributing to achieving three of the Sustainable Development Goals (SDGs): 8, 9 and 17.



Kenya: Geothermal power in Menengai

Energy and Mining

Securing stable energy supply is one of the most fundamental and essential policy issues for the developing world, especially from the perspective of human security. Meanwhile, some 40% of total CO₂ emissions are associated with electricity and heat generation.* A transition to a low-carbon economy is necessary in order to achieve the goals set out in the Paris Agreement in 2015. JICA's Energy and Mining Group is committed to contribute to the SDGs 7 and 13 simultaneously.

1. Energy

JICA's energy policy aims to contribute to ensuring a stable supply of low cost and low-carbon energy in developing countries by balancing the 3 Ls: low cost, low carbon, and low risk. To this end, JICA has been working on the following aspects, primarily through human resources development and financial assistance.

(1) Promoting Better Access to Electric Power and Stable Power Supply

JICA provides a range of technical cooperation activities in order to improve access and stable power supply. For example, it supports its partner countries to develop power sector master plans, to build institutional capacity, and to efficiently operate and maintain power facilities. It also provides financial assistance to develop power infrastructure, such as power plants and power grids.

(2) Promoting Low-Carbon Power Sources

JICA supports its partner countries to achieve low-carbon growth by providing assistance to include renewables and low-carbon power sources in their power mix. For example, JICA is supporting geothermal power development in Asia, Africa, and Latin America and the Caribbean. Its assistance ranges from resource mapping, exploration, and plant construction to plant operation and management. In Pacific island countries and other island nations, JICA is assisting in developing road maps to achieve power generation with 100% renewable energy and supporting the optimal use of renewable energy under its Hybrid Island Initiative program.

2. Mining

Mineral-resource exploration and production require large

* International Energy Agency CO₂ Emissions Statistics (2018)

amounts of capital and advanced technology. However, many developing countries' governments have weaknesses in mining policy as well as in their legal systems, and lack basic geological information and infrastructure. JICA extends assistance to developing countries to improve the investment environment and develop human resources. In particular, JICA has been working with Japanese universities to enhance the training program it offers in Japan, known as the *Kizuna Program* (*kizuna* means "bonds of friendship" in Japanese). The program is also aimed at building and strengthening a human network involving Japanese people.

Governance

The term "governance" refers to the overall social system and is the basis for the socioeconomic development of developing countries.

JICA is committed to contribute to the SDGs 8 and 16. JICA is conducting various kinds of cooperation as described below from the perspective of assistance in democratic growth and development as well as the guarantee and realization of various rights of citizens in developing countries by sharing universal values such as freedom, democracy and the rule of law, and the market economy.

1. Promoting and Consolidating Democracy

JICA extends assistance for a range of measures to strengthen the foundations for democratic rule in developing countries. The assistance covers such measures as improving the capacity of election management committees in order to ensure fair elections, strengthening the functions of parliament, and reinforcing the capacity of the media, which functions as a monitor of the use of power and influence.

2. Promoting and Consolidating the Rule of Law

For promoting the market economy and post-conflict social stabilization, JICA supports human resources development and better access to justice for countries where legal systems need to be established or improved.

3. Establishing the Functions of Fair Public Safety Maintenance and Law Enforcement

Toward better public safety in developing countries, JICA



Ukraine: Media training seminar

works with the National Police Agency and prefectural police departments of Japan to provide assistance in community policing (*Koban*) and criminal investigation skills as represented by expertise in fingerprint and palm print identification [[→ see the case study on page 31](#)].

4. Enhancing Administrative Functions and Improving Their Quality

In order to strengthen the comprehensive administrative functions of developing countries, JICA has been working on training high-ranking officials in the central governments as well as the enhancement of civil servant training and the planning capacity of local governments for better delivery of public services [[→ see the case study on page 29](#)].

5. Ensuring Effective and Sustainable Fiscal Management

In many developing countries, the fiscal base is fragile, and expenditure management is not disciplined or sustainable enough. To address these problems, JICA assists these countries in making expenditure management more sustainable, bolstering the revenue base, collecting customs duties fairly and appropriately, while facilitating trade.

6. Appropriate Monetary Policy and Financial Systems Development

Many developing countries are in the process of modernizing their financial sector, which is important infrastructure that supports their economic activities. JICA supports these countries in building their capacity to formulate and implement monetary policy, fostering financial markets, and developing national payment systems.

India: Project on Champions for Societal Manufacturing

Mutual learning between Japan and India to develop products designed to solve problems



Discussion with local facilitators

The Emerging India Camp, aimed at helping Japanese companies develop new products and services that lend themselves to solving some of the issues facing Indian society, was held September 1–8, 2018 in Mumbai. Nine people from six companies participated.

This camp was organized by the Confederation of Indian Industry for Japanese companies by taking advantage of the knowledge, experiences, and networks of the human resources developed through JICA's projects.

The Indian market is quite different from the Japanese counterpart. Camp participants

visited and interviewed ordinary households and through discussion with Indian facilitators, the participants deepened their understanding of local needs and thus designed and developed prototypes of new products and services that accommodated such needs. The camp also provided an opportunity for the participants to build a network with executives at Indian companies, thereby promoting business exchanges between Japanese and Indian firms and motivating the former to venture into the Indian market.