

Public-Private Partnerships

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 official development assistance (ODA) over many years, JICA provides wide-ranging support schemes, as shown in the chart on page 51, to produce better developmental results efficiently and effectively through further collaboration with the private sector.

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 [→ see page 70]. 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. JICA strengthens cooperation with international organizations in order to promote co-financing. In fiscal 2018, JICA signed a memorandum of cooperation (MOC) with the Overseas Private Investment Corporation following the signing of an MOC with the International Finance Corporation and the IDB Invest in fiscal 2017.

In fiscal 2018, JICA approved four projects under PSIF: (1) a private general hospital project in Bangladesh; (2) the

Agriculture Supply Chain Enhancement Project in Brazil; (3) an energy efficiency and renewable energy project in Latin America and the Caribbean; and (4) the Renovation, Expansion and Management of Palau International Airport Project in Palau [→ see the case study below]. JICA approved another six projects through the Leading Asia's Private Infrastructure Fund, which was established within the Asian Development Bank with investment from JICA.

Preparatory Survey for Public-Private Partnership

Assisting Developing Countries in Formulating 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 to be implemented that utilize PSIF or ODA Loans.

JICA is committed to continuously improving this scheme. In fiscal 2017, JICA introduced the two-phased approach, which composes of the phase 1 survey and the phase 2 survey. In fiscal 2018, JICA made foreign corporations eligible to participate in a survey as a joint proposer.

However, there are many challenges related to PPP

Palau: Renovation, Expansion and Management of Palau International Airport Project

Leveraging Japan's airport operation expertise to contribute to Palau's tourism



A concept drawing of the terminal facilities at completion

In March 2019, JICA signed a loan agreement for the Renovation, Expansion and Management of Palau International Airport Project, a joint undertaking between the Government of Palau and three Japanese firms: Sojitz Corporation, the Japan Airport Terminal Co., Ltd., and the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development. Taisei Corporation has been designated as the main contractor. This is an "all-Japan" project that will provide a boost to Japan's infrastructure export strategy.

The project will undertake expansion, renovation, operation, and maintenance of passenger terminal facilities at Palau's only

international airport. Goals of the project are to reduce congestion at the passenger terminal and improve terminal convenience and the terminal's commercial facilities, thereby promoting tourism industry development.

The project represents Palau's first-ever major public-private partnership (PPP) for infrastructure development and also represents JICA's first Private-Sector Investment Finance project in the Pacific region. JICA has been supporting the project through its feasibility study adopted in 2015. The year 2019 marks the 25th anniversary of the establishment of diplomatic relations between Japan and Palau, and this project symbolizes the partnership between Palau and Japan.



infrastructure projects in developing countries. These challenges include difficulties in securing financial viability, insufficient recognition of proper public-private role-sharing and risk allocation (insufficient support from developing country governments), and completion risk due to factors such as delays in construction of related facilities. Therefore, in addition to supporting individual projects, JICA is promoting comprehensive efforts for the establishment of projects by supporting developing countries for enlightenment on the PPP system, assisting establishment of appropriate PPP policies and institutions, and strengthening implementation capacities.

SDGs Business Supporting Surveys

Supporting the Creation and Deployment of Businesses that Help Developing Countries Achieve the SDGs

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). Also, 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. Against this backdrop, JICA selected an aggregated total of 715 proposals from SMEs for JICA's partnership with the Japanese private sector by the end of August 2018.

Also, JICA has already implemented two other schemes: (1) the Feasibility Survey for SDGs Business, designed to support companies, including large corporations, in implementing feasibility studies for businesses that could contribute to the Sustainable Development Goals (SDGs); and (2) the Collaboration Program with the Private Sector for Disseminating Japanese Technology, designed to support the dissemination of "Japanese Model" technology and solutions for technological issues in developing countries. By the end of August 2018, JICA

adopted 129 proposals for the former and 108 proposals for the latter, respectively, including proposals for precursory schemes.

In September 2018, these programs based on proposals from private companies were reorganized and integrated into the SDGs Business Supporting Surveys. This new program is made up of two types: (1) the "SME support type," for which SMEs and leading medium companies are eligible, in principle; and (2) the "SDGs Business support type," for which large corporations are eligible, in principle. The idea is to make the scheme readily usable for applicant companies.

The program is aimed at 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.

Three Support Schemes for Different Purposes

SDGs Business Supporting Surveys are an open, proposal-based program that invites Japanese companies to come up with proposals for ingenious projects that utilize their products and technologies. This program offers three support schemes for different purposes for different business phases [→ see the chart below].

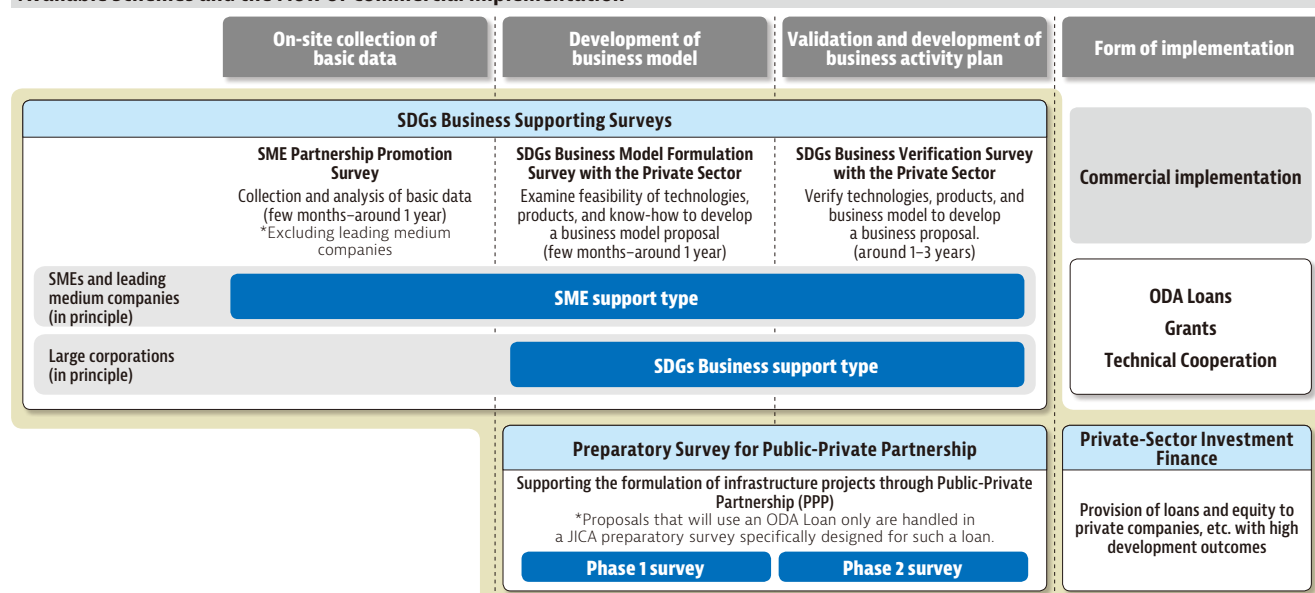
1. SME Partnership Promotion Survey

Eligible only for SMEs, the scheme is aimed at assisting in gathering basic information needed to explore a business model that can help address challenges facing partner countries. In fiscal 2018, there were 26 proposals adopted under this scheme.

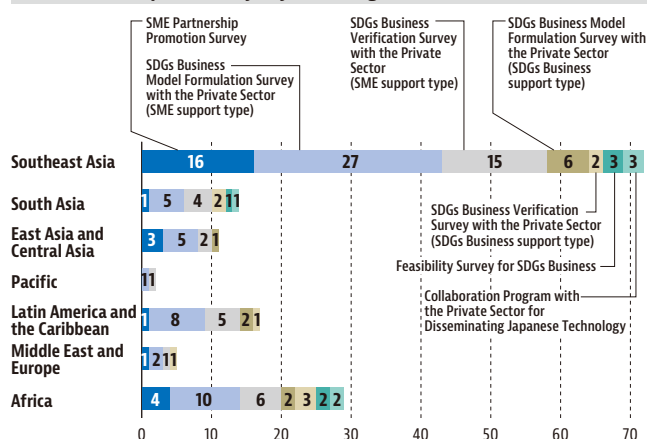
2. SDGs Business Model Formulation Survey with the Private Sector

This scheme is aimed at assisting in (1) exploring business ideas that leverage Japanese companies' technologies, products, and processes to address challenges facing partner countries, (2) examining the feasibility of these ideas in ODA projects, and even (3) developing these ideas into business models. In fiscal 2018, a total of 69 proposals were adopted under this scheme, of which 58 were of the SME support type, and the remaining 11 were of the SDGs Business support type. (These 11 proposals

Available Schemes and the Flow of Commercial Implementation



Number of adopted surveys by world region in fiscal 2018



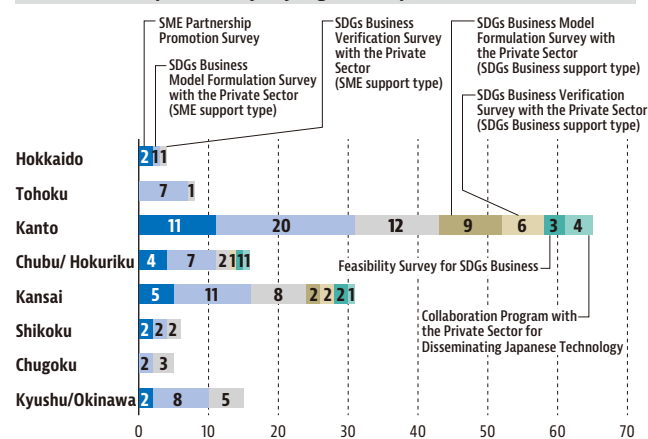
were adopted in a single round only for fiscal 2018, as the SDGs Business support type was newly created.)

3. SDGs Business Verification Survey with the Private Sector

This scheme is aimed at assisting in developing business plans to address challenges facing partner countries through such activities as (1) examining business models, which involves validating their technologies, products, and processes; (2) promoting understanding of the proposed business models; and (3) assessing their adoptability for ODA projects [→ see the case study below]. In fiscal 2018, a total of 43 proposals were adopted under this scheme, of which 34 were of the SME support type and the remaining nine were of the SDGs Business support type. (These nine proposals were adopted in a single round only for fiscal 2018, as the SDGs Business support type was newly created.)

Six proposals each were adopted in the first part of fiscal 2018 for the Feasibility Survey for SDGs Business and the Collaboration Program with the Private Sector for Disseminating Japanese Technology, both of which are the predecessor of the

Number of adopted surveys by region in Japan in fiscal 2018



SDGs Business support type.

Strengthening Linkages between Developing Countries and Local Communities in Japan

Support for SMEs across Japan in doing business overseas through SDGs Business Supporting Surveys has further implications as well; it helps to strengthen the connection between developing countries and Japanese local economies and communities, which contributes to vitalizing both developing countries and local communities in Japan. For example, local traditional technologies and technologies jointly developed with local universities are appropriately applied to developing countries and are giving a much-needed boost to some local economies in Japan.

In fiscal 2018, JICA organized more than 250 seminars on SDGs business for SMEs, attended by over 10,000 people in total. It also held two seminars designed to share the challenges of developing countries. The seminars were evaluated as useful by many participants.

Myanmar: Verification Survey with the Private Sector for Disseminating Japanese Technologies for Establishing Supply Chain-Management System for Safe, High Quality and Hygienic Medical Oxygen

Introducing a medical oxygen supply system compatible with Japanese standards and constructing a local plant



Teaching how to handle an oxygen cylinder

Medical oxygen is indispensable for medical practices such as treatments and operations. It is classified as a medical product and subject to rigorous management standards in Japan. However, Myanmar has no specific legal framework, regulations, or management standards in place for it. Recurring oxygen cylinder accidents due to inappropriate management point to the urgent need to establish a solid system of supply and delivery as well as related standards of various kinds.

These circumstances prompted Kitajima Sanso Co., Ltd., headquartered in Tokushima City, Tokushima Prefecture, to introduce in Myanmar the Kitajima ROC (Responsible Oxygen Cycle) System, which is aimed at stable supply of high-quality medical oxygen

24 hours a day, every day. Under the auspices of JICA, Kitajima Sanso is engaged in oxygen filling, delivery to hospitals, and training for hospital staffs at five hospitals in Myanmar, which serve as demonstration sites for the project.

Myanmar's Ministry of Health and Sports highly appreciates this undertaking and now calls for advice on the development of standards for medical oxygen.

In October 2018, Kitajima Sanso set up a medical oxygen filling plant as its local subsidiary. The filling plant is accumulating achievements in selling the medical oxygen supply system to private and other hospitals. Expectations are high that this verification survey will give rise to a more sustainable undertaking in Myanmar.