JICA’s Support for development of CBIC region

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@Shangri-La's Eros Hotel

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JICA India Office
Outline of the Presentation

1. Overview of Japanese ODA to India

2. JICA’s support in CBIC region
1. Overview of Japanese ODA to India
1-1 What is “JICA”?

✓ JICA is the world’s largest bilateral development agency
✓ India is the largest and the oldest partner for JICA

Japan’s Official Development Assistance (ODA)

ODA (Official Development Assistance)

- Grant
  - Technical Cooperation
  - Grant Aid*
- Loan / PSIF (Private Sector Investment Finance)
- Multilateral assistance
- International authority

* A part of grant aids are provided by Ministry of Foreign Affairs.
Japan International Cooperation Agency
Operational Results in FY2013/14:
Commitment: 311.5 billion JPY
(equivalent to Rs. 16,000 crore)
Disbursement: 145.4 billion JPY
(equivalent to Rs. 7,500 crore)

Total Commitment:
4,164 billion JPY
(equivalent to Rs. 2.2 trillion)
1-3 CBIC states are JICA’s largest partner states in India

Accumulated Loan Amount (as of Sep. 2014)

<table>
<thead>
<tr>
<th>State</th>
<th>Amount (billion JPY)</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh (including Telangana)</td>
<td>4,283</td>
<td>1</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>3,378</td>
<td>2</td>
</tr>
<tr>
<td>Karnataka</td>
<td>2,467</td>
<td>5</td>
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</tbody>
</table>

Major Projects in South India

- Visakhapatnam Port Expansion Project
- Andhra Pradesh and Telangana Rural High Voltage Distribution System Project
- Andhra Pradesh and Telangana Irrigation and Livelihood Improvement Project
- Hussain Sagar Lake and Catchment Area Improvement Project
- Bangalore Metro Rail Project
- Karnataka Sustainable Forest Management and Biodiversity Project
- Bangalore Water Supply and Sewerage Project
- Master Plan Study on Introduction of Intelligent Transport System (ITS) in Bengaluru and Mysore

Support to Indian Institute of Technology Hyderabad

Hyderabad Outer Ring Road Project (with intelligent transport system to Hyderabad)

Transmission System Modernization and Strengthening Project in Hyderabad Metropolitan Area

Chennai Metro Project

Tamil Nadu Transmission System Improvement Project

Tamil Nadu Afforestation Project

Tamil Nadu Investment Promotion Program (TNIPP)
2. JICA’s support in CBIC region
2-1 Towards sustainable development

Sustainable Development

Economical Development

Private Sector Participation

Investment Environment Improvement

(1) Infrastructure development
(2) Policy/institutional improvement
(3) Human resource development
2-2 JICA’s basic policy

JICA’s support is always in line with central / state governments initiative.
• Alignment of policy
  (“Make in India”, “Skill India”, state industrial promotion policies and etc)
• Quick launch of industrial node projects

→ Periodical joint monitoring on JICA’s CBIC master plan (*) among GoI, GoJ and JICA for realizing important development projects

(*)Final report of CBIC master plan will be uploaded to JICA’s web site shortly.
(http://libopac.jica.go.jp/top/index.do?method=open)

JICA enhances investment environment improvement in CBIC area to accelerate private sector participation for sustainable development.

→ JICA appreciates voice from private sector
2-3 JICA’s investment promotion support towards sustainable development

(1) Infrastructure development
(2) Policy / institutional improvement
(3) Human resource development
2-3 (1) Infrastructure Development

- ODA Loan for mega-infrastructure projects, such as trunk road, port, power station, water treatment plant
- Support for industrial node development (Krishnapatnam (AP), Ponneri (TN), Tumakuru (K))
- Small scale infrastructure projects through the Investment Promotion Program Loan
- Financial support for PPP/private infrastructure development projects (in case Japanese private investor is involved)
- Technical/financial support for more efficient infrastructure operation, such as improvement of port operation and introduction of ITS
2-3 (2) Policy / institutional improvement

- Suggestion & support for regulatory / institutional improvement based on opinions from private sectors on the ground

- Promoting FDI to CBIC states through dispatching JICA experts to nodal agency in central government / each state

- Collaboration with relevant authorities such as DIPP, CII, ASSOCHAM, FICCI, EoJ, JETRO, JCCIs
2-3 (3) Human Resource Development

- Support to improve the curriculum and training facilities in vocational training institutes
- Support to foster visionary leaders which meet managerial needs from Indian manufacturing industry and social needs in Indian society
2-4 JICA’s support in CBIC area

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<tbody>
<tr>
<td>Bengaluru Metro</td>
<td>Bengaluru Peripheral Ring Road</td>
<td>CBIC Regional Perspective Plan</td>
</tr>
<tr>
<td>Chennai Metro</td>
<td>Chennai Peripheral Road</td>
<td>CBIC Implement Climate improvement of existing industrial area</td>
</tr>
<tr>
<td>TN transmission project</td>
<td>USC thermal power plant in AP</td>
<td>CBIC Implement climate improvement of existing industrial area</td>
</tr>
<tr>
<td>Bengaluru distribution project</td>
<td>Water supply &amp; sewerage in Nellore</td>
<td>CBIC Implement Climate improvement of existing industrial area</td>
</tr>
<tr>
<td>Bengaluru water supply &amp; sewerage</td>
<td>Bengaluru water supply &amp; sewerage (New Phase)</td>
<td>CBIC Implement Climate improvement of existing industrial area</td>
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<tr>
<td>TNIPP</td>
<td>Chennai Desalination Plant</td>
<td>CBIC Implement Climate improvement of existing industrial area</td>
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<tr>
<td>TA for Chennai Port</td>
<td>AP irrigation (New Phase)</td>
<td>CBIC Implement Climate improvement of existing industrial area</td>
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<td>operation improvement</td>
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<td>Bengaluru ITS master plan study and implementation</td>
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<td>TA for skill development</td>
<td>Financial support for other prioritized project</td>
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<tr>
<td>Other technical support (i.e. Expert for implementation of CBIC)</td>
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<tr>
<td>On-going project/program</td>
<td>Candidate project/program</td>
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</table>
Thank you
Appendix:
On-going / Candidate projects in CBIC area
A1. Bengaluru Peripheral Ring Road Project [Loan/New]

- **Project Description**: The proposed Peripheral Ring Road is approx. 65.5 km, including connection with the existing south half peripheral ring road (NICE Road).
  - Intelligent Transport System (ITS) such as Traffic Control Center, Area Traffic Signal Control and etc.) for mitigation of traffic jam.
  - Bengaluru Development Authority prepared Detailed Project Report (DPR).
- **Total Project Cost**: Rs. 9,600 Crore
- **Schedule**: Candidate for FY2015 ODA Loan Project. Construction will be started in FY2018. Construction will be completed in FY2021.
A2. Chennai Peripheral Ring Road Project [Loan/New]

- **Project Description**:
  - Construction of a peripheral ring road (approx. 130 km) surrounding Chennai metropolitan area with installation of Intelligent Transport System (ITS) to mitigate traffic jam.
  - Highways and Minor Ports Department, Government of Tamil Nadu, is preparing DPR.

- **Total Project Cost**:
  - Rs. 10,800 Crore (provisional)

- **Schedule**:
  - Candidate for FY2016 ODA Loan Project.
A3. Chennai Desalination Plant Project [Loan/New]

◆ **Project Description** :
Construction of a sea water desalination plant (400 MLD, the largest capacity in India) and main transmission pipeline (60 km).

◆ **Necessity** :
In 2014, 1,500 MLD of treated water demanded, while only 625 MLD supplied. Due to scarcity of surface water resource, the state government plans to construct a new desalination plant.

◆ **Project Site** :
The new 400 MLD plant to be constructed in the vicinity of the existing Nemmeli Plant (100MLD).

◆ **Schedule** :
Candidate for FY2016 ODA Loan Project.
A4. Tamil Nadu Investment Promotion Program [Loan/Ongoing]

Program Description:
- To further improve the investment climate through strengthening the policy framework and enhancing the quality of urban infrastructure mainly of roads, power, waterworks, sewerage, and other infrastructure facilities thereby attempting to increase foreign direct investments in the state.
- Government of Tamil Nadu and JICA monitor progress of action plans in the agreed policy matrix. Based on achievement, JICA disburses the loan amount by dividing into three tranches (corresponding to each fiscal year action plan).

Loan Amount and Disbursement:
- JPY 13 billion
  (7 billion for 1st tranche and 3 billion for 2nd & 3rd tranche)

Program Duration:
- 3 years (FY2012/13 - 2014/15)

Achievement:
- A comprehensive action plan for ease of doing business has been elaborated.
- Global Investors Meet is to be held in September 2015.
- Development of industry related infrastructure (road, water supply, sub-station) has been accelerated.
## Concept of Investment Promotion Program Loan

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>1st Fiscal Year</th>
<th>2nd Fiscal Year</th>
<th>3rd Fiscal Year</th>
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</thead>
<tbody>
<tr>
<td>Policy A (Ex. Business procedure)</td>
<td>•Action A</td>
<td>•Action A’</td>
<td>•Action A”</td>
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<tr>
<td>Policy B (Ex. Human resource)</td>
<td>•Action B</td>
<td>•Action B’</td>
<td>•Action B”</td>
</tr>
<tr>
<td>Policy C (Ex. Small scale infrastructure)</td>
<td>•Action C</td>
<td>•Action C’</td>
<td>•Action C”</td>
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Evaluation of the policy action in each fiscal year

Disbursement
A5. Skill Development Expert (Under TNIPP)

◆ Project Description:
1) to contribute to accommodate urgent needs of skilled labour generation in manufacturing sector of Tamil Nadu by providing training programs
2) to cross the bridge between private companies with state authorities on skill development, so as to develop and implement demand-based training program

◆ Background:
- Though TNIPP monitoring and discussion, the government of Tamil Nadu expressed its vigorous strategy to expand skill development program, as a response to continuous request from industries and a solution against high unemployment rate.
- JICA is preparing Japanese expert team dispatch from September 2015, based on the result of JICA preliminary survey conducted in 2014

◆ Project Period:
September 2015 – October 2016 (14 months)

◆ Expert Field:
1) Training Management & Networking,
2) Welding, and
3) Machining

Collaboration with Japanese companies to be sought such as provision of facility and trainees
A6. The Project on Improvement of Chennai Port Operation (under TNIPP)

◆ **Project Description:**
Technical support to improve operation of Chennai Port and other associated port facilities for reduction of transit time and efficient cargo transaction. Project components are (1) improvement of port operation, (2) introduction of IT system, and (3) establishment of Port Plan.

◆ **Background:**
- Chennai port is one of the most important cargo gateway in CBIC region, and enhancement of its efficient operation is a key for promoting manufacturing in CBIC region.
- Foreign investors (incl. Japanese) request to improve of port operation such as reduction of lead time (e.g. 3 days within port out of total 4.5 days transportation period from cargo arrival to Bengaluru)

◆ **Project Period:**
July 2014 – June 2016 (24 months)

◆ **Achievement:**
Processing time at port gate is decreased by 50%.
Number of queuing trailers outside the port is decreased by 70%.
To increase foreign investments in line with “Make in India” policy, investment environment should be improved in the following area:

- Lack of Land for Industrial Area
- Lack of infrastructure in Industrial Area (Road, Water, Electricity)
- Maintenance of Industrial area by investors
- Time spending the investment application procedure
- Lack of skilled labor

Program Outline

1. Promoting Small Scale Critical Infrastructure Project
   (Access road, Electricity Substation, Water supply facilities, etc.)
2. Improving administrative procedures for setting up of business
3. Improving land acquisition procedures
4. Improving maintenance of industrial area
5. Setting up model industrial park with global standard
6. Developing human resource (skilled labor)
A8. Project on Champions for Societal Manufacturing (CSM)

Project Duration: April 2013 – March 2016 (3 years)

1. National Integrated Human Resource Development Program in Manufacturing by Creating Visionary Leaders through four(4) courses

   A. Course for Senior Manager Level
   B. Course for Middle Management Level
   C. Course for CEOs
   D. Course for SMEs (Vendors of OEMs & Tier 1-2)

2. Implementation with collaboration of Government, Industry and Academia