

JICA's support for Development of Andhra Pradesh

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Takema Sakamoto, Chief Representative,
Japan International Cooperation Agency (JICA)
India Office



JICA can facilitate Private sector participation for Sustainable Development

Fastest growing large economy in the world

"In this cloudy global horizon, India is a bright spot."

(IMF 2015.3)

Expect to be largest population in the world

(in 2022)

More than 60% of population is at working-age (15-59 years) and more than 50% are less than 25 years old

Growing Indian market

"Tokyo Declaration for Japan-India

Special Strategic and Global Partnership"

About Rs. 2 lakh crore of public and private investment and financing to India from Japan in five years.

Special Bilateral relationship

Japanese companies are now targeting India as the promising business destination

>No.1 promising business destination of Japan's overseas business (JBIC 2015)

>Nearly 80% of the Japanese companies in India planning business expansion (JETRO 2015)

Positive Attitude of Private Sector

JICA's function for business environment improvement

- >Infrastructure development,
- >Support for legal system development and internationally standardized contract management
- >Human Resource Development
- >Support to Develop PPP (Public Private Partnership) Projects, etc.

Various Schemes of JICA

Risk factors still exist.

**The challenges remain to address to
reduce the business risks.**

infrastructure, laws & regulations, etc

Risks still exist

Towards sustainable development

Sustainable Development

Economic Development

Private Sector Participation

Investment Environment Improvement
(Not "command-economy" countries)

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

Inclusive Development

World Bank
"Doing Business
2016"
130 rank
/189
countries

Importance of Andhra Pradesh

High GSDP growth rate

Average GSDP growth ratio in the last three years is 12.8%.

Huge infrastructure development needs

- USD 28 billion in CBIC area in AP
- Gigantic needs for Amaravati

Strong partnership between JPN and AP

- Summit meeting in 2011 recognized the importance of CBIC area
- MOC signed between METI and GoAP in 2015

Investor-friendly state

No.2 among all the states (DIPP 2015)



Towards sustainable economic development

Industrial Development

E.g.

- CBIC development
- Agriculture development

Urban Development

E.g.

- Transportation master plan for the Capital Region
- Vijayawada metro

JICA's Approach

Comprehensive, Strategic & Rational
support from upstream to downstream

Preparation of Master Plan

- CBIC master plan
- Capital Region transportation master plan

Feasibility study

- Irrigation & Livelihood
- Vijayawada Metro

Specific Project

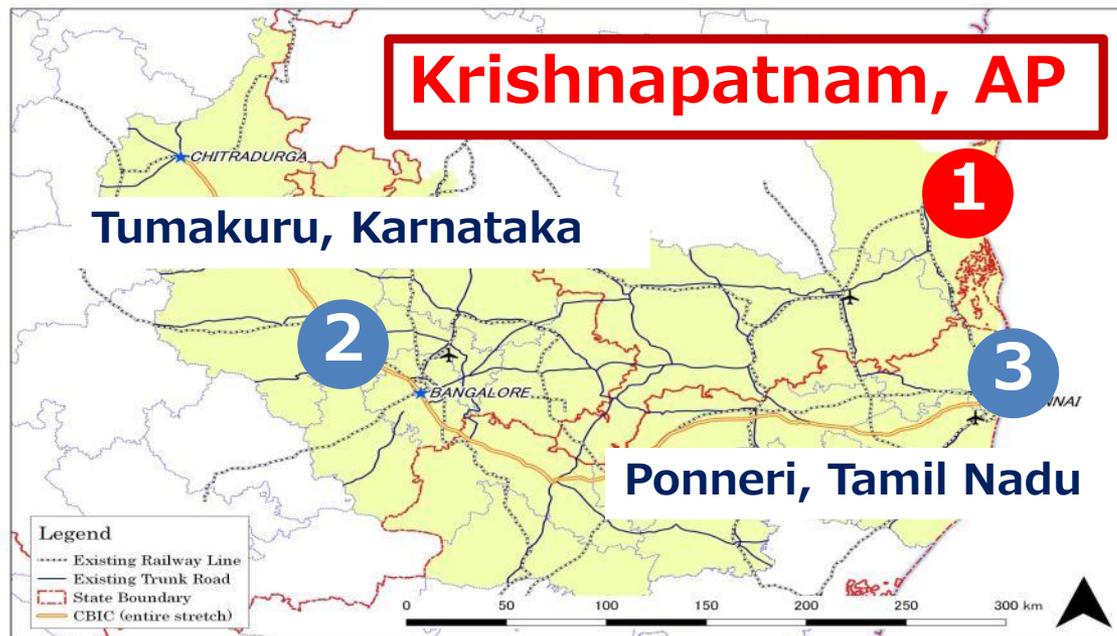
Chennai Bengaluru Industrial Corridor (CBIC) Master Plan (June 2015)

Background

- In 2011, both Prime Ministers agreed GOJ to extend financial and technical support to the preparation of CBIC Comprehensive Integrated Master Plan.

Long term vision

Development as **"a globally competitive manufacturing hub"**

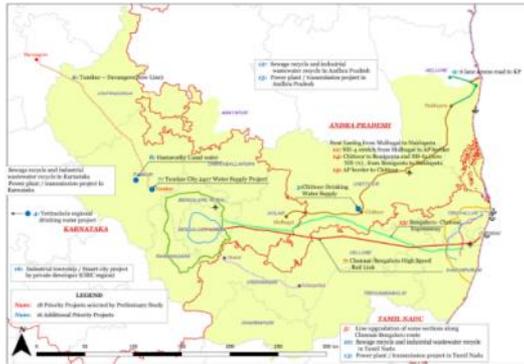


- ◆ Selected Nodes :
Ponneri, Tumakuru & **Krishnapatnam**

- ◆ Target Period :
20 years (2014-2033)

Infrastructure Development and Policy Improvement for CBIC

34 projects are identified as prioritized.



Examples of Priority Projects in AP

- 6 lane access road to Krishnapatnam port
- 4 laning of NH-4 stretch in AP border
- Chittoor drinking water supply
- Sewage and wastewater recycle Project

Ex. of recommendations on investment environment improvement

Business Process	<ul style="list-style-type: none">• Simplification of investment clearance system• Establishment of <u>“real” single window mechanism</u> with <u>transparent monitoring and tracking system</u>
Skill development	<ul style="list-style-type: none">• <u>Improvement of curriculum for skill development institute</u>
Industrial park / Cluster	<ul style="list-style-type: none">• Development of <u>higher level of infrastructure and soft service</u>

c.f. CBIC report (summary) <http://libopac.jica.go.jp/images/report/P1000024951.html>
CBIC report in Japanese <http://libopac.jica.go.jp/images/report/P1000024945.html>

AP irrigation & livelihood improvement project (2)

1. Background

- Huge area (26% of potential land) is not irrigated due to shortage of irrigation infrastructure and inadequate maintenance.
- Collective approach and proper farming & post harvest activities are required.

2. Project Scope (tentative)

- 1) Rehabilitation of irrigation systems
- 2) Institutional / Capacity development of farmers' group
- 3) Enhancement of production, post harvest activities and marketing

3. Target Area (tentative)

All 13 Districts in AP

4. Current Status

- ◆ Project is listed in rolling plan issued by central government
- ◆ JICA is conducting a data collection survey



For improvement of farmers' livelihood

Comprehensive traffic and transportation study (CTTS) for the Capital Region

1. Project Scope (tentative)

- Long term comprehensive transport master plan 2050
- (Pre) feasibility studies for prioritized projects

2. Target Area

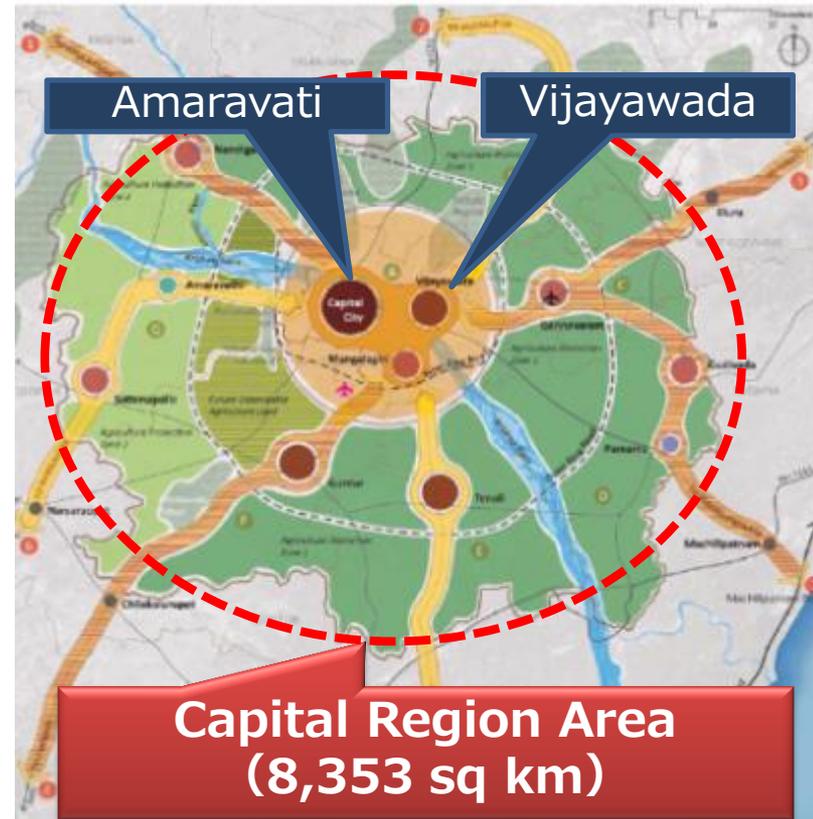
Capital Region Area (8,353 sq. km)

3. Implementing Agency

AP Capital Region Development Agency (APCRDA)

4. Current Status

MoC signed between METI & GoAP in Oct 2015
GoJ is scrutinizing to launch this T/A



Under this T/A, introduction of advanced technologies, such as rational city transportation system and intelligent transport system (ITS), would be considered.

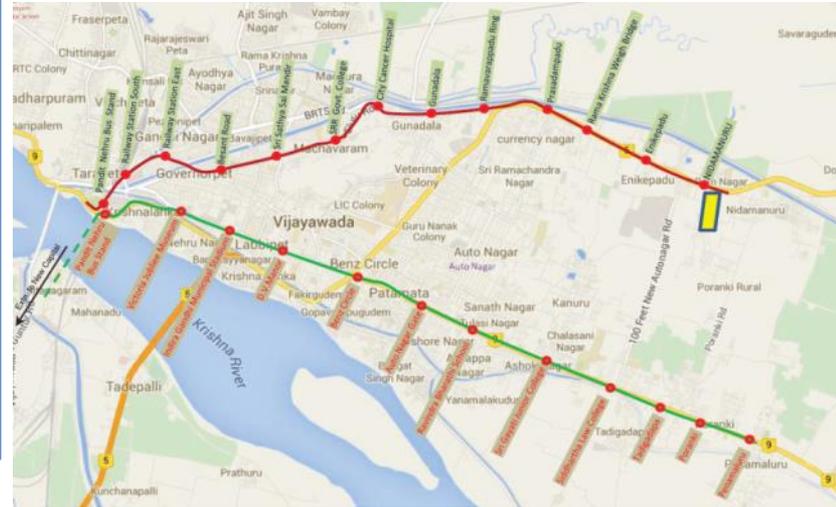
Vijayawada Metro Project

1. Project Scope (tentative)

Development of 2 MRTS lines in Vijayawada (total 26km: elevated)

2. Current Status

- Project is listed in rolling plan issued by central government
- JICA is conducting a study to review DPR



*Candidate for special loan
(Bilateral tied)*

	Special loan (Bilateral tied)	c.f. General untied
Prime Contractor	Japanese, Indian or JV of Japanese and Indian companies	Any company
Country of Origin	More than 30% from Japan and India respectively	Any country
① Repayment period	① 40 years	① 30 years
② Interest rate	② 0.30%	② 1.40%

Special loan (Bilateral tied) is introduced for 1) realization of "Make in India" and 2) enhancement of transfer of technology. (*)

(*) Participation of Japanese consulting firms can also facilitate transfer of technology.

Points to be considered (1)

Industrial Development

- Competitiveness / Attractiveness
 - Comparative advantage
 - Value chain and market accessibility
 - Early development of trunk infrastructure
- Balanced development
 - Social safeguards (care for vulnerable persons)
 - Environmental considerations

*Good preparation
generates good
impacts!*

Points to be considered (2)

Urban Development

- “Quality Infrastructure”
 - Long term development scenario and future demand
 - Choice of the best value for money technology to minimize life cycle cost and maximize economic impact (NOT cheap but nasty)
 - Coordination among public/private stakeholders for better service

*“Quality infrastructure” for
inclusive, sustainable and
resilient growth!*