JICA’s support for Development of Andhra Pradesh

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Takema Sakamoto, Chief Representative, Japan International Cooperation Agency (JICA) India Office
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 oversea business (JBIC 2015)
>Nearly 80% of the Japanese companies in India planning business expansion (JETRO 2015)

JICA can facilitate Private sector participation for Sustainable Development

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

Positive Attitude of Private Sector

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

<table>
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<tr>
<th>Industrial Development</th>
<th>Urban Development</th>
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<td>E.g.</td>
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<td>• CBIC development</td>
<td>• Transportation master plan for the Capital Region</td>
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<td>• Agriculture develop</td>
<td>• Vijayawada metro</td>
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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 | • Simplification of investment clearance system
|                  | • Establishment of “real” single window mechanism with transparent monitoring and tracking system |
| Skill development | • Improvement of curriculum for skill development institute |
| Industrial park / Cluster | • Development of higher level of infrastructure and soft service |

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.
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

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<th>Special loan (Bilateral tied)</th>
<th>c.f. General untied</th>
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<td><strong>Prime Contractor</strong></td>
<td>Japanese, Indian or JV of Japanese and Indian companies</td>
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<td><strong>Country of Origin</strong></td>
<td>More than 30% from Japan and India respectively</td>
</tr>
<tr>
<td><strong>① Repayment period</strong></td>
<td>① 40 years</td>
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<tr>
<td><strong>② Interest rate</strong></td>
<td>② 0.30%</td>
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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!