



JICA USA
1776 I Street, NW, Suite 895,
Washington, DC 20006

November 29, 2011

Publication Notice for Consultancy Services in Research and Analysis on New Aid Modalities

The Japan International Cooperation Agency (JICA) is the Official Development Assistance implementing agency of the Japanese Government. Its office in Washington, D.C. helps develop partnerships with other international organizations located in the United States and undertakes research and analysis on topics related to international development.

The JICA USA office plans to employ consultants to conduct an in-depth survey of new aid modalities, with a particular focus on Private Sector Partnerships, and provide concrete proposals on how JICA can promote private investments in developing countries. The study will help the agency develop a model framework for a broader private sector development/engagement strategy. JICA invites you to submit a proposal to conduct this survey. Your proposal shall cover in detail the following:

- (1) The background and experience of your firm, including a list of past and present work over the last five years of a similar nature to this assignment;
- (2) The general approach and methodology which you propose for carrying out the services covered in the Terms of Reference;
- (3) The name, background, and professional experience of each expert staff member to be assigned to the project, with particular reference to his/her relevant work experience.

You are requested to submit your financial proposal in a sealed envelope. Selection of the consultant will be based solely on the quality of the proposal's approach and methodology, the qualifications of the consulting firms and the expert staff to be assigned to the project.

Please notify us by e-mail (us_oso_rep@jica.go.jp) no later than **December 6** whether you intend to submit a proposal. If so, please send three copies of your proposal to the below address by mail postmarked no later than **December 14**.

JICA USA Office (Attn: Mr. Hideharu Tachibana)
1776 I Street, NW, Suite 895
Washington, DC 20006



After all proposals have been evaluated, the consultant who has submitted the highest-ranked proposal will be invited to discuss the financial and other terms of a contract.

Should you desire additional information, we will do our best to provide it. Requests for

additional information, or any delay in complying with such requests, shall not, however, in any way affect the obligation of invited firms to send completed proposals by the deadline indicated above.

Thank you for your interest in working with JICA.

Yours truly,

Keiichiro Nakazawa

Chief Representative

JICA USA



Consultancy Services in Research and Analysis on New Aid Modalities

Guidelines for Implementation of Service
(Terms of Reference)

November 2011

USA Office
Japan International Cooperation Agency

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1. Background and Objectives

Private corporations, financial institutions, social enterprises, and business associations and coalitions are becoming significant players in international development, both individually and through a variety of collaborative mechanisms. This trend has important implications for both the quantity and quality of resources being mobilized for development. The domestic and foreign private sector plays an increasingly important role not only in driving economic growth and job creation but also in determining how resilient, inclusive, and environmentally sustainable this growth will be. Moreover, private enterprises provide a growing source of commercial, philanthropic, and hybrid financial resources, managerial capacities, scientific and technological innovation, and market-based solution for achieving development goals in developing countries.

Hence, as donors' official development assistance (ODA) budgets generally continue to decline amidst the continuing global economic turmoil, the need for private sector engagement is becoming increasingly apparent. In particular, a prolonged economic recession in Japan makes it difficult to imagine that the country's ODA budget will be increased significantly in the near future. Therefore, Japanese ODA should act as a catalyst to mobilize other development resources—especially those of the private sector.

Encouragingly, JICA is keen to amplify its engagement with the private sector as an additional means to help fuel economic growth in its partner countries. As an example of its interest in this burgeoning field, JICA has recently launched a new Preparatory Surveys Scheme. This

Scheme promotes the identification and preparation of PPP infrastructure projects that qualify for JICA ODA assistance by inviting proposals from private companies for JICA to fund the preparatory surveys needed to formulate PPP projects. Likewise, JICA, under its Base of Pyramid (BOP) promotion scheme, engages in informal dialogue with private companies to advise them on how to undertake BOP ventures.

Given these advances in its private sector engagement, it would be beneficial for JICA to undertake a study that systematically explores how best to integrate private sector development and investment aims into its existing aid modalities, and which proffers new aid delivery mechanisms that are more flexible and responsive to the exigencies of the private sector.

2. Purpose of the Survey

The proposed research project would provide broad insights on innovative aid modalities of major donors that mobilize resources of emerging donors, NGOs and private entities—with a focus on Private Sector Partnerships and Weather Insurance—and suggest possible new aid modalities for JICA.

While the survey would offer insights into how JICA's model of support to public-private partnerships compares to prevailing international best practices, as illuminated by other donors' practices and existing literature, it would mainly seek to draw lessons on how JICA can promote private investments in developing countries in new ways. Ultimately, the study, with analytical contributions by outside experts and JICA USA staff, would help the agency establish a model framework for a broader private sector development/engagement strategy.

3. Possible Study Recommendations

A cursory exploration of available literature and lessons gleaned from various conferences/seminars suggest that JICA can explore the following additions to its existing private sector development strategy. The consultant will be tasked with elaborating on these selected modalities in the study, and/or others identified during the course of the survey.

Weather Insurance: Efforts to reduce greenhouse gas emissions and promote renewable energy in developing countries have been supported by ODA. However, it is difficult to rapidly develop various infrastructure, like irrigation systems, breakwaters, and wind-force power generation. Therefore, there is a critical need for weather insurance that can reduce the economic damage of global warming/climate change. The necessity of weather insurance is recognized in international discussions and also in Japan. In fact, Japanese private insurance companies have recognized this movement as a business opportunity and several insurance companies have started providing weather insurance services in a limited number of developing countries. In the near future, Japanese ODA is expected to partner with these private insurance companies and incorporate the insurance into our aid projects since weather insurance is a BOP business with developmental impact.

Partial credit guarantees: Several multilateral institutions already extend credit guarantees, as does the U.S. Government through OPIC and USAID's Development Credit Authority, to leverage large amounts of privately-sourced financing (mostly loans) for a particular project or fund.

Competitive grants: These are a mechanism for distributing funds to implement certain activities. The Millennium Challenge Corporation (MCC) is actively exploring the use of grant facilities to promote more innovative approaches to project design and development as well as to delivery of projects in the field. The Inter-American Development Bank (IDB) is also exploring how to use conditional cash transfer schemes (CCTs) to reach the Base of the Pyramid in new ways.

Technical Assistance for Business Plan Development, etc.: The nature of BOP activities requires bringing together many players, which in turn requires the provision of technical assistance and grants to pilot interventions and to then invest in those that show potential to help them reach scale.

4. Target Organizations of the Survey

- (1) The World Bank Group (including IFC and MIGA)
- (2) USAID
- (3) IDB
- (4) UNDP
- (5) The Bill & Melinda Gates Foundation

5. Activities

- (1) To identify innovative aid modalities of the aforementioned organizations that focus on Private Sector Partnerships
 - a) To identify innovative aid modalities through Web search, existing documents, etc.
 - b) To hear details of the innovative aid modality from donor(s) and the private sector participants:
 - operational flow
 - scale of operation
 - target area and country
 - actors/related organizations
 - others
 - c) To clarify innovative points of the modality, and how it plays a successful role for development outputs or development effectiveness, like mobilizing private funds, having enormous leverage effect, and realizing partnerships with various NGOs.

- d) To list good practices and to analyze representative cases.
- e) To hear future plans, challenges, and considerations of the aid modalities

(2) To conduct meetings with donors (emerging or traditional), NGOs and private companies who are mobilized by new aid modalities (2~3 entities for each modality)

- The reasons/incentives for their participation.
- The ‘trigger’ of participation.
- Issues that remain to be solved with respect to the new aid modality.

(3) Recommendations for JICA

To make recommendations for JICA based on (1) and (2) above. The survey should include recommendations of possible future aid modalities for Japanese ODA.

6. Schedule of the Survey

The period of the survey: approximately 3 months

1) December

Collection of basic information and drafting of meeting questionnaires.

Discussion about the detailed survey plan.

2) From January to middle of February

Conducting interviews with each donor and their respective private partners.

3) Latter half of February

Drafting of report.

4) March.

Peer-review discussions within JICA and finalizing of report by the middle of March.

7. Outputs

(1) Detailed survey plan (incentive report)

(2) Draft Final Report

(3) Final Report (in Japanese or English + Summary in Japanese and English)