

Partnership with Japanese Private Sector

Support for Japanese Small and Medium Enterprises (SMEs) Overseas Business Development

● JICA's Assistance Utilizing Private-Sector Technologies

In recent years, Japanese SMEs have been actively involved in overseas business development, and Japanese government revised the Framework for Supporting Japanese SMEs in Overseas Business in March 2012 where JICA became a member of the all-Japan support system for overseas business development of SMEs. Since then, JICA initiated programs for supporting overseas expansion of SMEs, and has supported over 100 companies under these projects by the end of fiscal 2013.

In fiscal 2013, the Ministry of Foreign Affairs continued conducting the survey activities (Needs Survey and Feasibility Study with the Private Sector for Utilizing Japanese Technologies in ODA Project) with JICA that started in fiscal 2012. Using fiscal 2012 supplementary budget and fiscal 2013 initial budget, JICA also initiated a new program to enhance the effectiveness of SME technologies with partner countries through verification activities. This program is aimed at SMEs that already confirmed the possible use of their products and technologies in the partner countries.

Along with the survey programs, JICA hosted about 90 seminars towards Japanese SMEs throughout Japan in fiscal 2013, in order to reach new companies in which over 5,000 participants joined the seminars. Moreover, in January 2014, JICA consolidated programs for SMEs into the Domestic Strategy and Partnership Department in order to make the organizational structure user-friendly for SMEs. This organizational change facilitated the cooperation of the surveys with other programs within JICA such as training programs in Japan for government officials from developing countries, as well as with partnership

programs conducted jointly with Japanese local governments, NGOs, and universities. JICA will continue to strengthen the role of domestic offices within Japan in order to establish a system to respond to the needs of SMEs in Japan.

● Needs Survey and Feasibility Study with the Private Sector for Utilizing Japanese Technologies in ODA Projects under the Governmental Commission on the Projects for ODA Overseas Economic Cooperation Considering the Possibility of Utilizing Private-Sector Technologies in ODA

In fiscal 2013 Needs Survey, 2 out of 11 proposals were selected and conducted (competitive rate of 5.5); and Feasibility Study with the Private Sector for Utilizing Japanese Technologies in ODA Project selected 49 proposals from 234 applications (competitive rate of 4.8). The entrusted companies were engaged in network building and information gathering necessary to conduct overseas development programs, in order to analyze the potential use of these products and technologies in Japan's ODA projects.

In addition to surveys under commissioned projects, some entrusted companies have already showed tangible results after the surveys. One year after the surveys, nearly 30% of the companies have created new employment, and 20% of the companies have contributed to the human resource development of their partner countries. This result shows the development impact toward the partner countries. Also, some companies succeeded in business development in partner countries. A year after the survey, 30% of the companies commenced new

Case Study

Viet Nam: The Feasibility Study Concerning Improvement of Neonatal Healthcare through Introducing Inspecting Equipment for Neonatal Jaundice

The Goal of Early Recognition of Neonatal Jaundice and a Decrease of Mortality Rate

An SME based in Kawaguchi City, Saitama which manufactures diagnostic equipment for neonatal jaundice carried out a survey in Hòa Bình Province, Viet Nam.

Initiation of Test Production for Establishment of Overseas Manufacturing Base

Jaundice, a symptom of increasing bilirubin in the blood, causes nerve damage or delayed effect on the brain if the patient is left untreated; in the worst cases, this disease can result in death.

The product proposed by Japan in this survey is an inexpensive instrument for measuring the total level of bilirubin, which is responsible for jaundice, in the blood. This product was developed by APEL Co. Ltd. in Kawaguchi City. In Viet Nam, health disparities between urban and rural areas have been an issue, and



A measuring instrument to diagnose neonatal jaundice (Photo: APEL Co. Ltd.)



A training seminar to demonstrate the product to doctors and nurses at local hospitals

diagnosis of jaundice is no exception. Early recognition of jaundice will become available by introducing this product to rural areas where diagnostic devices for jaundice are not common; moreover, this approach is expected to contribute to reducing the neonatal mortality rate.

Utilizing the relationship with the Vietnamese government that was built by JICA through longstanding cooperation, this survey developed a relationship with the Ministry of

Health and local hospitals, as well as examining the situation of neonatal jaundice treatment in Viet Nam. APEL demonstrated the product at several medical institutions introduced by the Ministry of Health. The company also had a opportunity to introduce the features of their product to local doctors and nurses.

This company is now taking the next step toward overseas expansion by initiating test production for the establishment of self-funded manufacturing bases in the region.

business transactions, 20% opened overseas offices, and 10% started overseas production [→ see the graph on page 107].

Specific examples include test production started by a company which conducted surveys in Viet Nam to establish a overseas manufacturing base [→ see the Case Study on page 106], and a company succeeded in the sales of plastic oilification apparatuses from recycling centers in Koror, Palau, contributing to issues related to fuel shortages and waste disposal in island countries.

● Verification Survey with the Private Sector for Disseminating Japanese Technologies

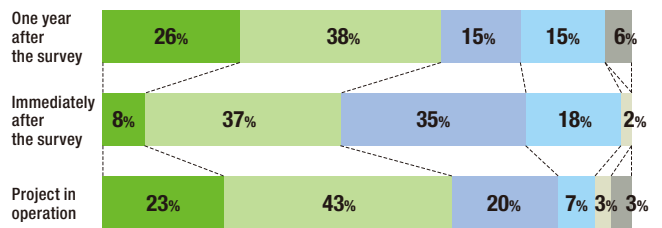
The surveys, based on proposals from Japanese SMEs are intended to consider the dissemination methods (ODA projects and business development) of products and technologies of SMEs. These surveys are conducted through verification activities that enhance their compatibility with partner countries, so that the products and technologies will be utilized to solve socio-economic issues in developing countries. JICA initiated these surveys under fiscal 2012 supplementary budget, and 37 surveys have been implemented as of April 2014.

For example, through these surveys, water purification systems made by a Japanese SME were introduced to regions where access to safe drinking water has been a major issue. As a result, this effort enabled the delivery of safe drinking water to the people of the community. In this manner, these surveys have contributed to resolving problems in developing countries.

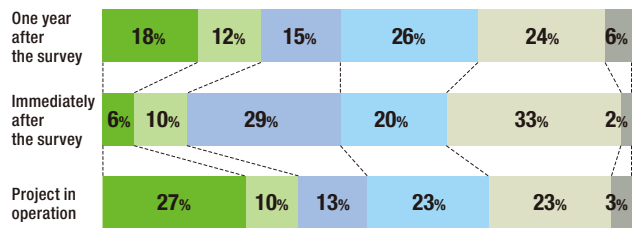
Some surveys have also come to fruition for business development. Since these surveys have allowed the companies to clarify their business plans, some companies set up self-funded factories, and some have also become business partners of contractors that deal with public works projects commissioned by the governments of partner countries.

Business Expansion Status after Implementation of JICA Projects

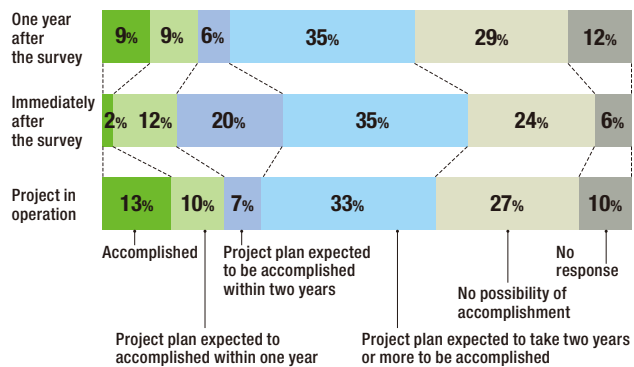
Securing new overseas business partners



Setting up overseas offices and representative offices



Commencement of overseas production



Note: Due to rounding, the numbers may not total 100%.
Source: Results of the Questionnaire on ODA-Driven Overseas Expansion Projects of SMEs, conducted by JICA

Concrete Initiatives
Other Activities and Initiatives

Case Study

India: Verification Survey with the Private Sector for Disseminating Japanese Technologies for Reflecting the Image of Industrial Furnace Inside of National Steel Plant and National Coal Thermal Power Plant to Improve Combustion Efficiency by the Heat Resistant Camera System

SME Supports Power-Outage Reduction and Energy Saving

Through JICA's verification survey scheme, an SME joint-venture group based in Koto Ward, Tokyo, aims at improving energy efficiency of industrial furnaces in India by utilizing a heat-resistant camera which can withstand heat of over 1,200 degrees Celsius.

The electricity and steel industries, which are the key industries in India, are highly energy consuming, and also emit a vast amount of greenhouse gas (GHG). These industries are required to reduce GHG emissions by improving energy efficiency. Also, the electricity industry is required to provide stable electricity by improving power generation efficiency.

During this survey, heat-resistant cameras are installed inside the furnace of a steel plant and inside the boiler of a coal thermal plant in India. The highly heat-resistant cameras enable to visually check the conditions inside the furnace and boiler without halting operations, which leads to appropriate maintenance of

the facilities. Consequently, it is expected that the energy efficiency and power generation efficiency will improve, contributing to stable electricity supply and reduced GHG emissions.

The design, production, and installation of the heat-resistant cameras are done by an SME joint-venture group consisting of Security Japan Co. Ltd. and Ogawa Seiki Co. Ltd. The group provides technical guidance on the use of the camera, and examines the impact on improving energy efficiency.

While achieving rapid economic development in recent years, India faces chronic shortage of electricity and frequent power outages. Dissemination of this product is expected to



Installing the heat-resistant camera inside the boiler (Photo Credit: Security Japan Co. Ltd.)

contribute towards solving the issue.

The heat-resistant camera can also be installed at other industrial furnaces or thermal power plants in India, and this survey is expected to effectively promote its dissemination.