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# JICA's Scheme for Private Project (incl. PPP/BOT) Promotion (JICA Private Window)

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Private Sector Partnership and Finance Department



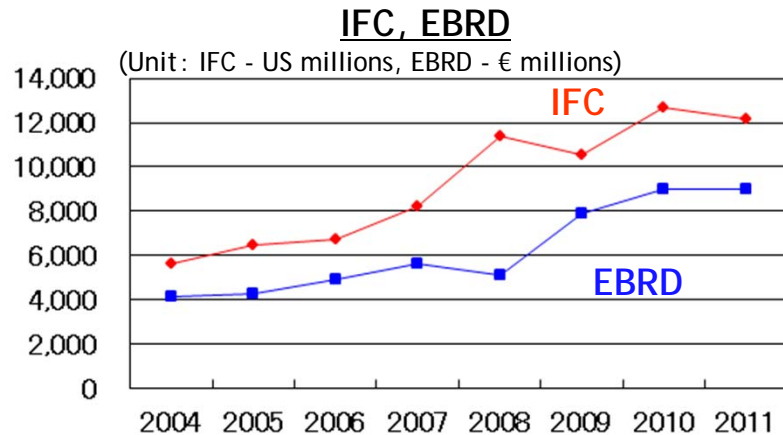
Japan International Cooperation Agency

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# 1. JICA's Support for Private Projects (incl. PPP/BOT)

~ Other Donors' Activities in Promotion of Private Sector Activities ~

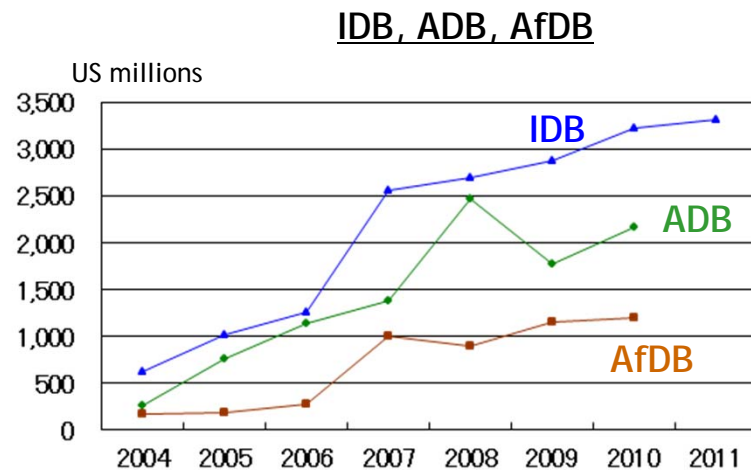
Total investment\* by donors in Private Projects has been increasing since the middle of 2000's.  
 \* sum of Equity Investment, Loan, and Guarantee



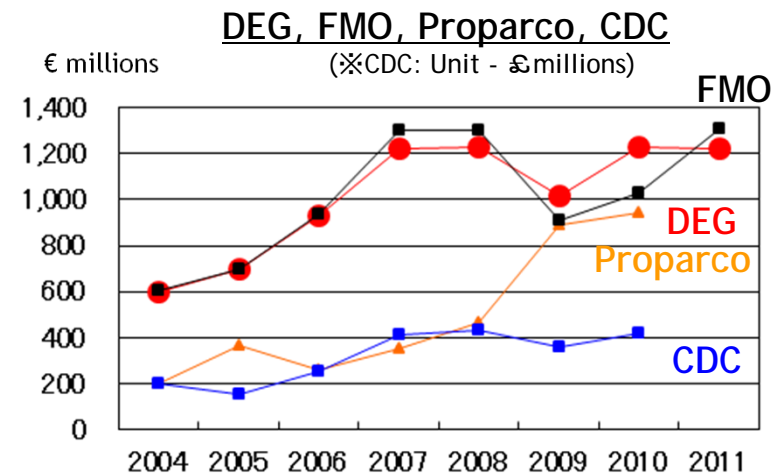
source) IFC Annual Report 2011, EBRD FINANCIAL REPORT 2010

## Background

- Increase in Private Sector's Participation in Infrastructure Projects
- Increase in Demand for PPP/BOT
  - Service Quality Improvement by Introducing Private Sector's Business model
  - Reduction of the Burden of Public Expenditure by Introducing Private Fund

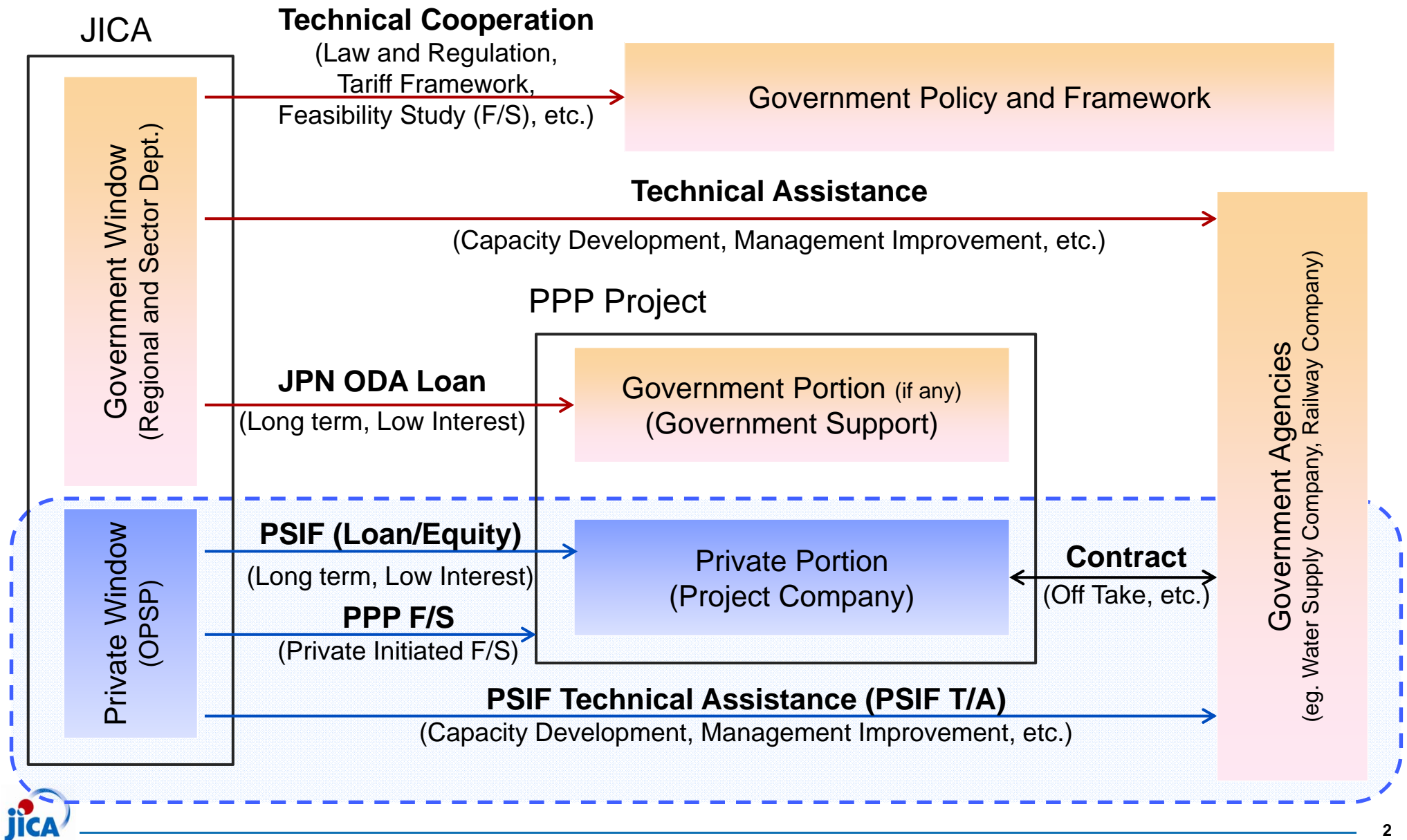


出典) IDB ANNUAL REPORT 2007-2010  
 ADB(2011)SUMMARY OF ADB'S NONSOVEREIGN OPERATION  
 AfDB ANNUAL REPORT 2007-2010



source) Annual Reports of each organization

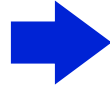
# 1. JICA's Support for Private Projects (incl. PPP/BOT)



## 2. PSIF (Private Sector Investment Finance)

### (1) Outline

PSIF

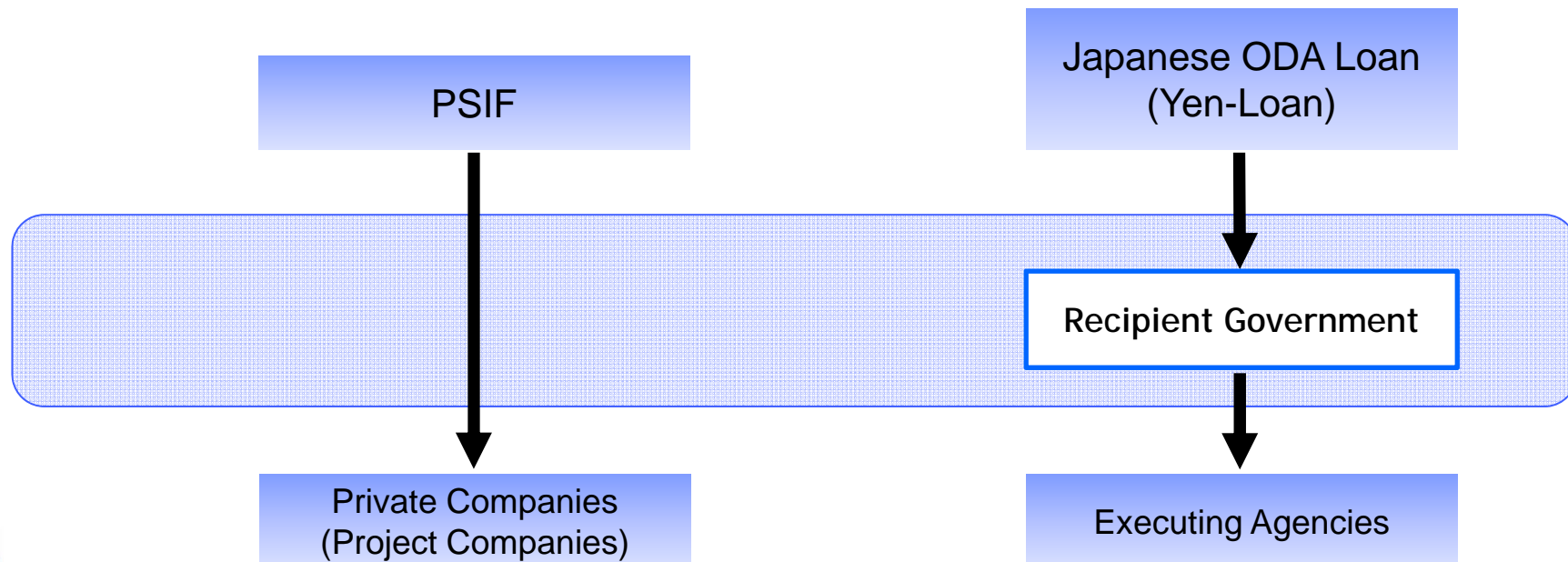


One of Official Development Assistance (ODA) Schemes  
⇒ Purpose: Support economic development and Poverty Reduction

Loan (long tenor and low interest rate) & Equity

Direct Support for Private Companies  
(available for JV with Government Companies)  
⇒ therefore, request of other procedures taken by recipient Governments are NOT necessary

Scheme of  
**Speed,**  
**Flexible** and  
**Concessional**



## 2. PSIF (Private Sector Investment Finance)

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### (2) Target Sector

#### 1. MDGs and Poverty Alleviation: Assistance with Projects for the Poor

- Enhanced financial access to the poor (microfinance and SME-finance)
- Assistance with businesses leading improvement of lives of the poor (BOP business)

#### 2. Climate Change: To Prevent and Reduce Negative Impact to the Poor by Climate

(e.g. forestation, renewable energy, energy efficiency projects, etc.)

#### 3. Infrastructure: To Accelerate Economic/Social Growth through Infrastructure Development

- Infrastructure for the poor (e.g. social infrastructure in education and health, rural electrification, water supply services, roads, etc.)
- Projects for Social / Economic Development (e.g. infrastructure in the sector of power, transportation, water and waste disposal, etc.)

## 2. PSIF (Private Sector Investment Finance)

### (3) Major Conditions

	PSIF	JPN ODA Loan
Project Type	Private Project	Government Project
Financing Tool	Equity Investment / Loan	Loan
Currency	Japanese Yen (Loan) Local Currency (Equity)	Japanese Yen
<u>Terms of Loan</u>		(For Vietnam)
- Interest Rate	Concessional Level	Normal ODA loan: 1.4% Special Condition: 0.2%
- Repayment Period	Up to 20 years (Up to 25 years in special cases)	Normal ODA loan: 30 years Special Condition: 40 years
- Grace Period	Up to 10 years	10 years
- Maximum Share	70% (80% in special cases)	85%
Procedure	-Initiated by the private company's request -Short and simple procedures	-Initiated by official request of government of recipient countries
Security Package	-Tailor made -Sovereign guarantee is not required	-Sovereign guarantee or Government borrowing
Procurement	-Recipient of JICA's PSIF selects contractors for procurement at its discretion.	-JICA's procurement guidelines

## 2. PSIF (Private Sector Investment Finance)

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### (3) Major Conditions

#### Equity Finance (Investment)

- Investees  
JICA invests in commercially viable projects (or fund)  
e.g. PPP infrastructure project company (SPC), individual project sponsors
- Share of Equity  
JICA cannot take majority share, **maximum 25 %** of the total capital
- Exit Policy  
Pre-arrangement of exit plan required for successful transition to sustainable private business

#### Debt (Concessional Loan)

- Fixed Rate (Base rate :GoJ Bond plus), JPY-denominated\*,
- Long Tenor up to 20 years with grace period (up to 10 years)  
(exceptionally up to 25 years of tenor, depending on the necessity)
- JICA provides loan up to 70% of the total project cost  
(exceptionally up to 80% depending on the necessity)

\* Future possibilities of providing PSIF in US currency.

### 3. Preparatory Survey F/S (PPP/BOT Infrastructure F/S Assistance)

#### Overview of the Scheme

##### Background:

- ❑ F/S is necessary for project implementation.
- ❑ F/S costs are risk money for private companies. However, conducting a F/S on challenging projects in developing countries are in most cases impossible without financial support..
- ❑ JICA bears all or part of cost of F/S by means of soliciting proposals for F/S on PPP projects from Japanese private companies and entrusting F/S to the proponents who submitted successful proposals.

##### JICA's Support:

**Max. JPY 150 mil.** to cover part of Feasibility Study cost.

##### Eligible projects:

- ❑ PPP infrastructure projects in developing countries
- ❑ Preparation for utilizing JICA ODA assistance or PSIF
- ❑ Proponents should have an intention to invest in the project (not only construction)

##### Results:

- ❑ 4 batches in 2 years, 28 proposals are selected for entrusting the proponents to F/S.



# Preparatory Survey F/S (PPP/BOT Infrastructure F/S Assistance) vol.1

11 projects were selected in JFY 2010.

No	Country	Project Title
1	Indonesia	Application of Waste water Reclaiming in Sothern Bali water supply system
2	Indonesia	West JAVA Regional Solid Waste Treatment and Final Disposal
3	Malaysia	Creation of the Best Optimized Water Infrastructure PPP in Major Urban Areas
4	Philippines	PPP project for Development of a connector road in Manila
5	Vietnam	Utility Management of Environment-Friendly Industrial Parks
6	Vietnam	Song Hau 1 Coal Fired Power Plant Project and its related common infrastructures
7	Vietnam	Urban Development with Above-and Under-Ground Combined Structures at Ben Thanh Station Area in Ho Chi Minh City
8	Vietnam	PPP Duong River Water Supply System Project
9	Vietnam	Long Thanh International Airport Development Project
10	Vietnam	Yen Xa Wastewater Treatment Plant in Hanoi
11	Vietnam	Phap Van-Cau Gie Expressway Project

First Batch (as of Mar, 2010)

Second Batch (as of Nov, 2010)

## Preparatory Survey F/S (PPP/BOT Infrastructure F/S Assistance) vol.2

16 projects were selected in JFY 2011.

No	Country	Project Title
1	Indonesia	Central Sewerage Treatment System in Jakarta
2	Indonesia	Capacity Expansion of Railway Line – Lahat – Kartapati in South Sumatera
3	Indonesia	Jakarta Integrated Urban Hub Development Project
4	Indonesia	Umbulan Spring Water Distribution System Project in East Java
5	Vietnam	Hanoi Urban Railway Line No.5
6	Vietnam	Water Supply and Sewerage System Development in Phu Quoc , Kien Gian Province
7	Vietnam	Trung Luong-My Thuan Expressway Project
8	Mongolia	PPP-based Ulaanbaatar Metro Project
9	Indonesia	Small Hydro projects in Sumatra and Sulawesi
10	Philippines	Water Supply and Sewerage Development Project in the West Zone of Metro Manila
11	Vietnam	PPP Project for Development of Bien Hoa-Vung Tau Expressway
12	Vietnam	Can Tho City Water Supply Improvement Project
13	Vietnam	Wastewater Management and Solid Waste Management for Da Nang City
14	India	Urban Railway Project in Pune City
15	Sri Lanka	South Container Terminal for Colombo Port Expansion Project
16	Iraq	New Fertilizer Plant and Intermodal Transportation Terminal Project in Khor Al Zubair

Third Batch (as of Mar, 2011)

Fourth Batch (as of Sep, 2011)