

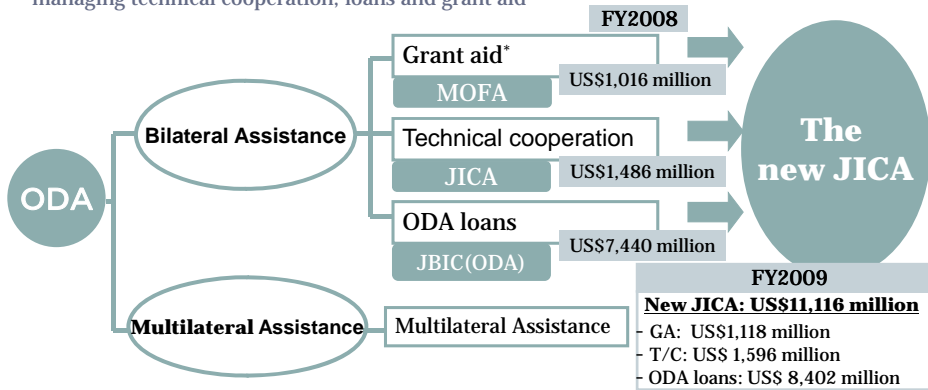


## 1-1 Birth of New JICA on October 1, 2008

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### Consolidation of ODA implementation tools for the new JICA

1. The new JICA integrates JBIC's operations covering Japanese ODA loans and overseas investment, and part of MOFA's grants
2. The new JICA provides more strategic and effective ODA as a single agency centrally managing technical cooperation, loans and grant aid

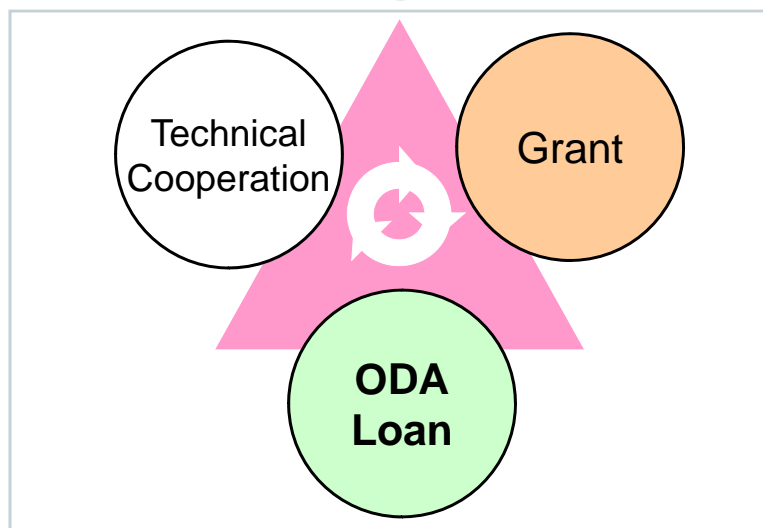


\* Except for certain items retained by MOFA required for policy commitments

FY2008:JPY 103.5/USD (DAC rate)  
 FY2009:JPY 97.60/USD (IFS rate for April 31, 2009)

## 1-2 Synergy of Japanese ODA Now Available !

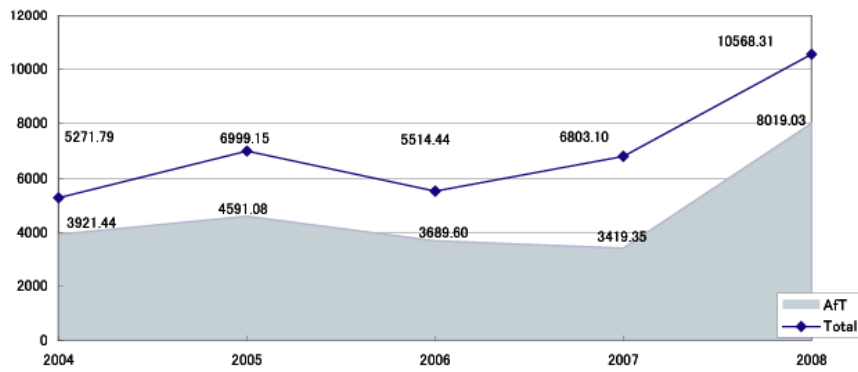
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### 1-3 AfT accounts for over a half of total loans.

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Total Loans and Loans for AFT (2004-2008, USD million)

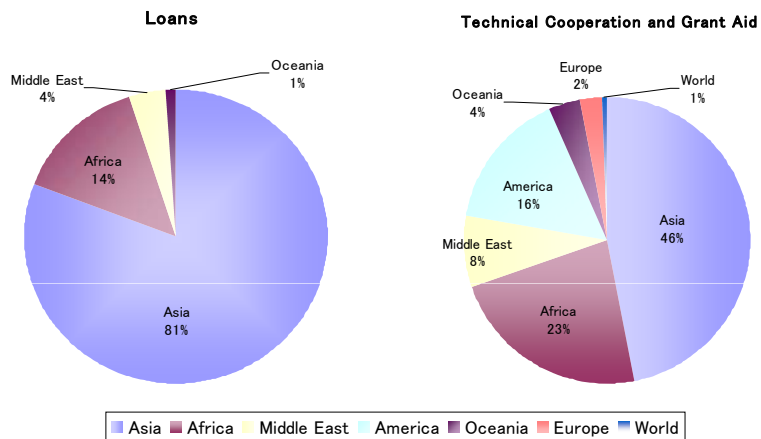


Exchange rate (DAC rate)  
 2004: JPY108.1/USD, 2005: JPY110.1/USD, 2006: JPY111.6/USD, 2007: JPY117.8/USD, 2008: JPY103.5/USD

### 1-4 Asia and Africa are the main regions for JICA's AfT

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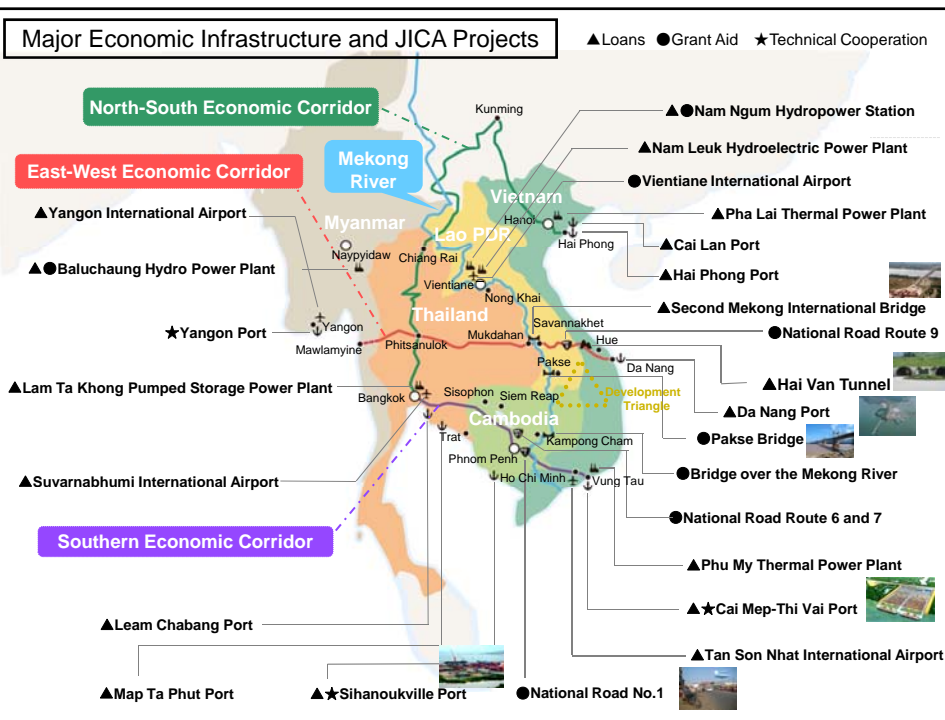
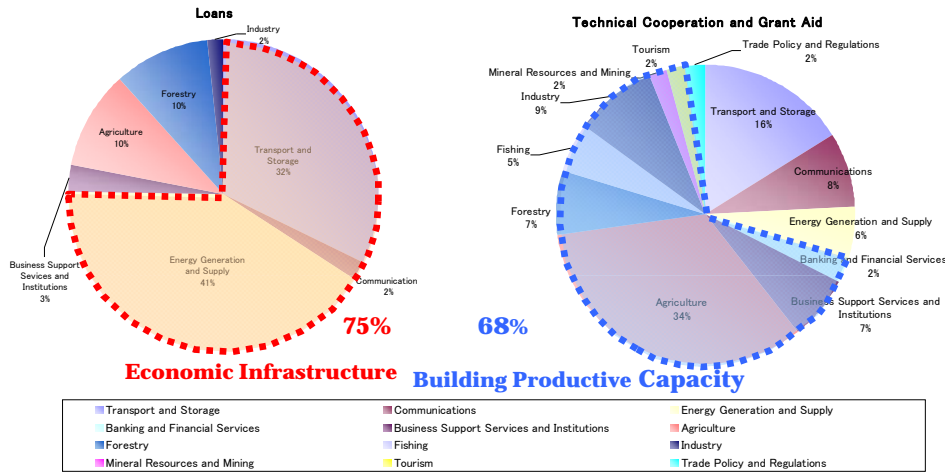
JICA's Aid for Trade by Region (2007)

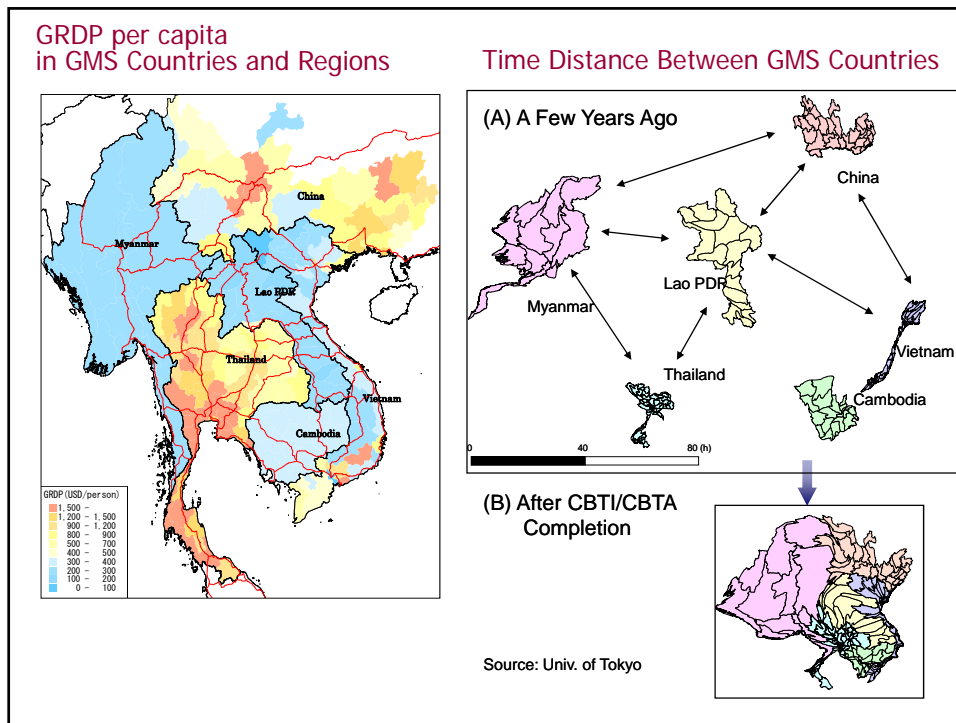


## 1-5 JICA aims to improve aid effectiveness through synergy between loans, and technical cooperation and grant aid

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JICA's Aid for Trade by Sector (2007)





## 1-6 Menu of Technical Cooperation

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1

### *Kaizen*

(Productivity & Quality Improvement)

Argentina, Paraguay; Tunisia, Egypt; Ethiopia; Costa Rica

2

### **SME Consulting Services System**

Thailand, Philippines, Malaysia, Mexico, Chile, Turkey, Indonesia

3

### One Village One Product

Malawi, Kenya, Uganda, Ethiopia, Nigeria, Chile, Laos, Vietnam etc

4

### Industrial Policy Dialogue

Ethiopia, Sri Lanka, Cameroon, Ghana, Vietnam, Indonesia

## 1-6 Technical Cooperation (Cont)

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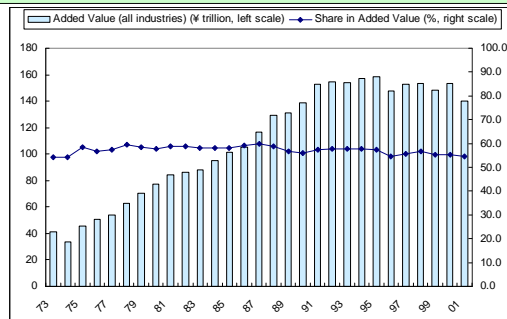
5	<b>Industrial Standards &amp; Measurement</b>	Vietnam
6	<b>Capacity Development of Investment Promotion Agencies</b>	Cambodia, Vietnam, Philippines, Mongolia, Indonesia; Zambia; etc
7	<b>Capacity Development of Trade Promotion Agencies</b>	Egypt, Mongolia, Kazakhstan
8	<b>Industrial Park/ Special Economic Zones</b>	Palestine, Laos

## 2-1 Experience of Japan to promote SMEs (weight of SMEs in Japan)

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Japan

The share of SMEs in terms of the added value by all industries has historically been steady at around 55 - 60%, indicating the continuity of the firm role played by SMEs despite dynamic changes of the industrial structure.



Source: 2003 White Paper on SMEs in Japan  
 Note: SMEs are defined as those of which the capitalisation is less than 100 million.

Ethiopia

Informal and small manufacturing sector contributes 33% of the industrial sector output, and 52% of the manufacturing sector's contribution in 1996.

## 2-2 Changing Goals of SME Policies in Post-War Japan

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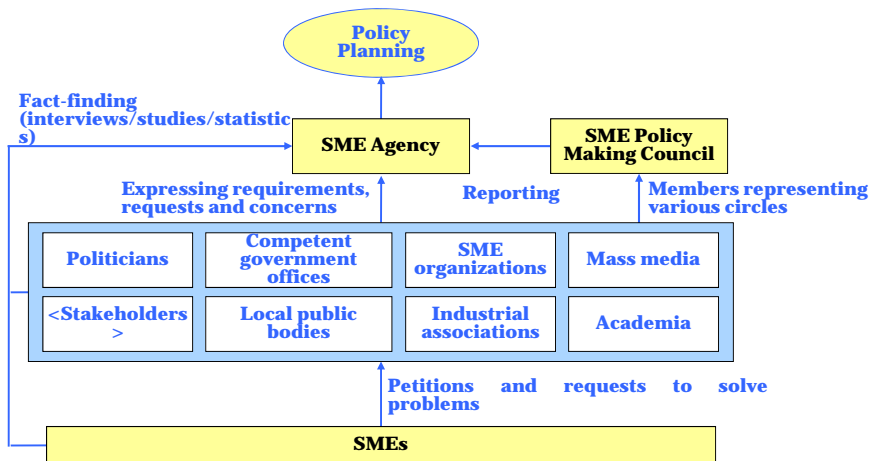
<Comparison Between Old and New Policies >

	Old Basic Law (1963) <span style="font-size: 2em;">→</span>	New Basic Law (1999)
<b>Policy Concept</b>	<ul style="list-style-type: none"> <li>● Rectification of the gaps between large enterprises and SMEs</li> </ul>	<ul style="list-style-type: none"> <li>● Fostering and support of a wide range of independent and vibrant SMEs</li> </ul>
<b>Policy Objectives</b>	<ul style="list-style-type: none"> <li>● Improved productivity (upgrading of the business structure of SMEs)</li> <li>● Improved trading conditions (correction of the disadvantages in business activities)</li> </ul>	<ul style="list-style-type: none"> <li>● Prompting of business management innovation and start-ups</li> </ul>
<b>Viewpoints to Determine Policy Targets</b>	<ul style="list-style-type: none"> <li>● SMEs at the bottom of the structural gap between enterprises of different sizes</li> <li>● Ability to rectify the gap</li> <li>● The scale of the gap and ability to rectify it depend on the size of enterprise</li> </ul>	<ul style="list-style-type: none"> <li>● Difficulty of access to the management resources necessary for business growth and development</li> <li>● This difficulty of access to management resources changes with the business size)</li> </ul>

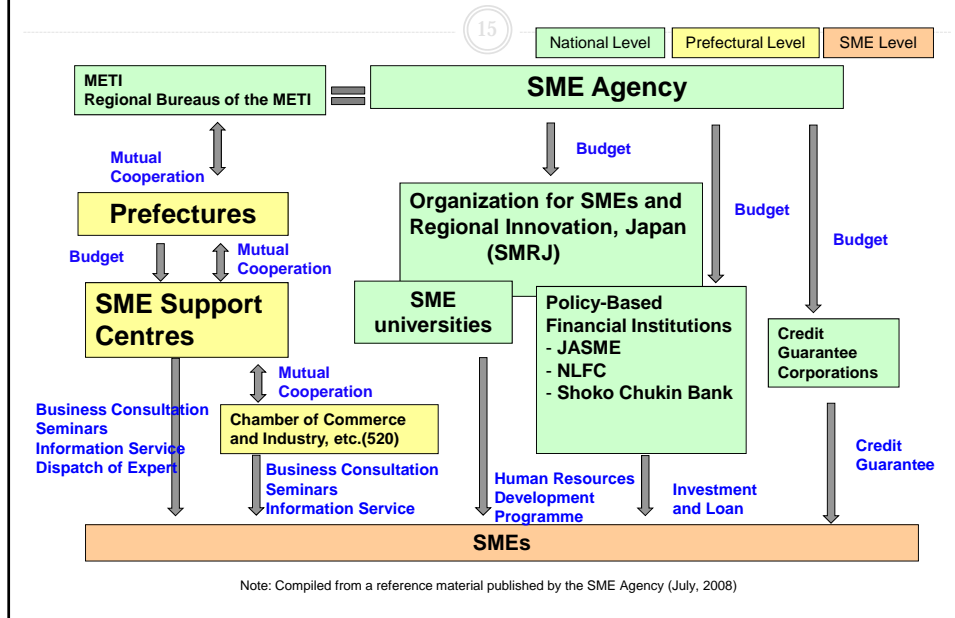
Source : SME Agency, "New SME Basic Law: Outline of Revisions and Detailed Explanation of Each Article", Doyukan, 2000

## 2-3 Planning of SME Policies and SME Agency

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## 2-4 SME Policy Implementation System



## 2-5 National Measures for Local SMEs Promotion

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SMEA : Policy → SMRJ : Implementation

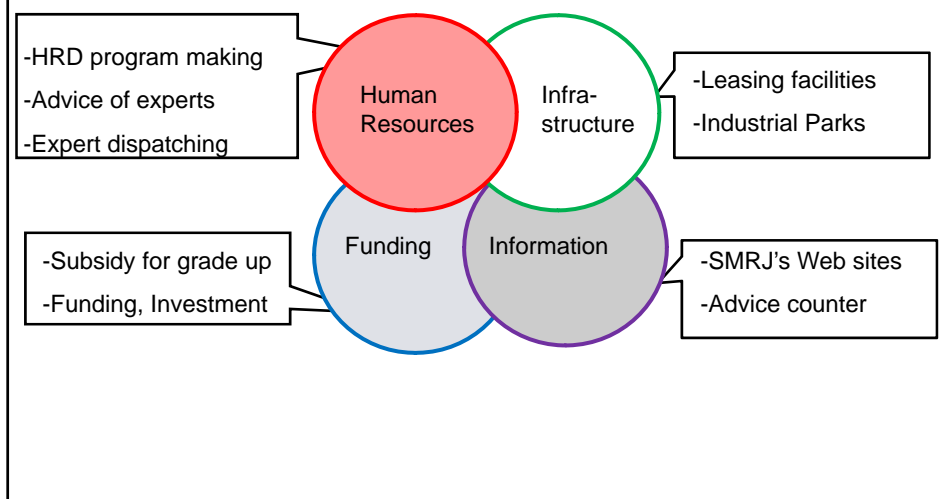
■ **SMRJ** : (Organization for Small & Medium Enterprises and Regional Innovation, Japan)

- Newly Established in 2004 by Merging JASMEC, JRDC, and ISIF
- Staff Number : 811
- Capital : ¥1,094 billion (US\$10 billion)
- Branches & Offices : 10
- SME Universities : 9 campuses



## 2-6 SMRJ's Supports for Company Operations

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## 3-1 Key Messages of the JICA Report on the Economic Development in Africa and the Asian Growth Experience

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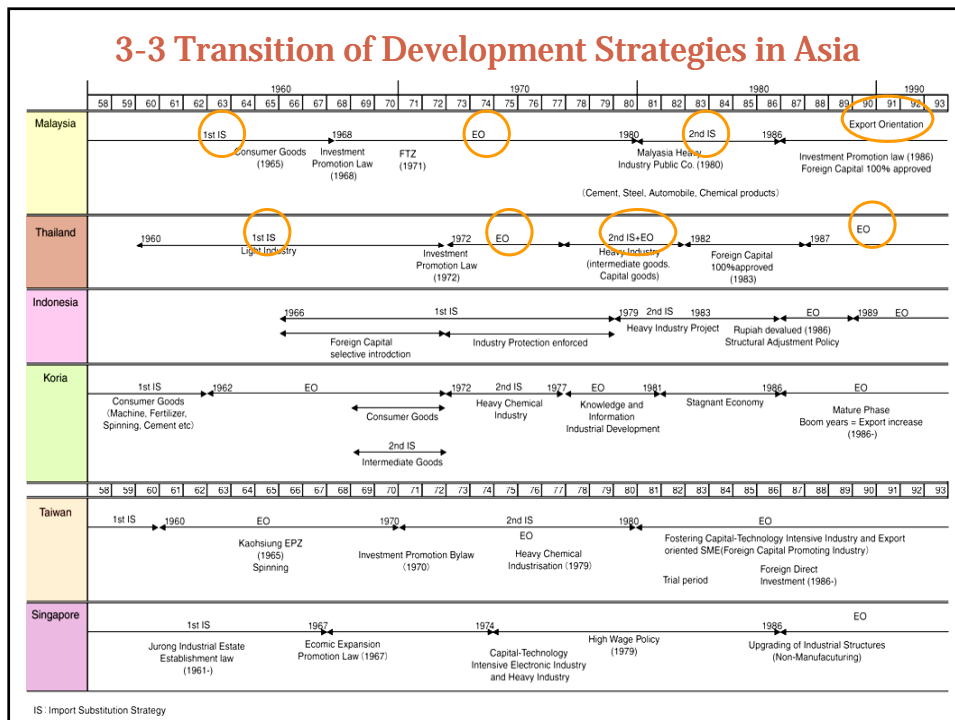
- “Industrialization Strategy” as a **process** – NOT a piece of document
- A **trial and error process**: be aware, some may end up in flops, but it has to be embraced as part of the game
- Support measures adopted in accordance with **institutional capacity** – one may as well begin with neutral – cross sectoral – measures
- Most support measures are **permissible** for LDCs, even under today’s international rules

### 3-2 Diversified Paths of Development in Asia

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- Diversity across **Countries**
    - Domestic Capital-Dependent vs. Foreign Capital-Dependent
    - Natural Resource-Rich vs. Natural Resource-Poor
    - Interventionism vs. Liberalism
  - Diversity over **Time**
    - IS → EO → (IS ↔ EO) → Globalization
  - Diversity in growth-leading **Industries**
    - Heavy industry, consumer electronics, textiles, agro-processing, human resources, ICT ...
- A self-owned process of **strategic responses** to the changing environment and challenges/opportunities

### 3-3 Transition of Development Strategies in Asia



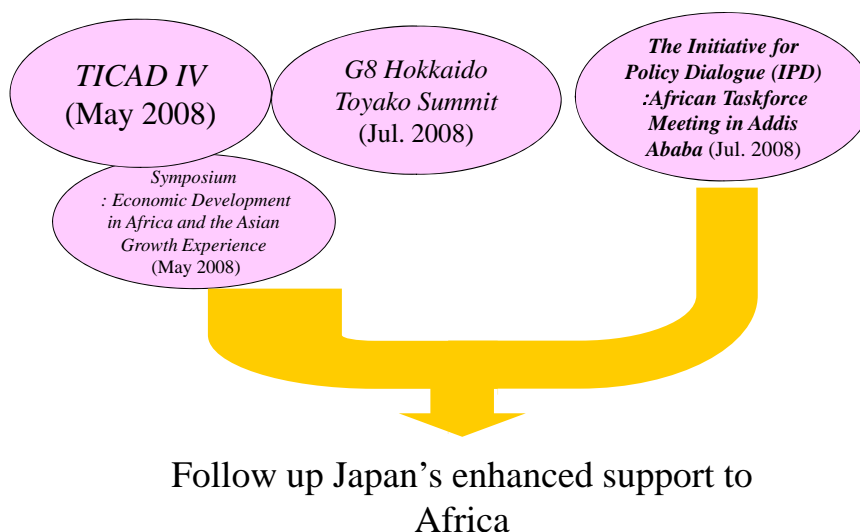
### 3-4 Role of the international community

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- **Embrace diversity** of development strategies in Africa and support countries with strong commitment to advance own strategy
- Sustain efforts to maintain/enhance **market access** of African products
- Invest in large-scale **infrastructure** with regional impact
- Support **technological capacity** building in Africa

### 4-1 Case Study : Industrial Policy Support to Ethiopia

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## 4-2 Industrial development support framework in Ethiopia

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Request from Prime Minister Meles (July, 2008)

**Support to formulate development policy**

Exchange of views on industrial development strategy, and recommendations by the Japanese side based on Asian development experience.

**Support to nurture private companies**

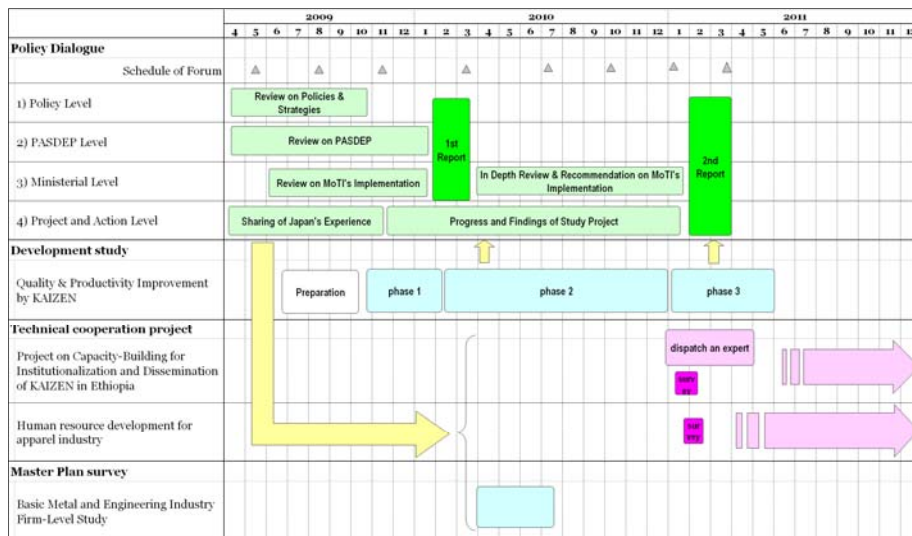
Technical cooperation of JICA for enhancing competitiveness of private companies on the basis of JICA's experience in Tunisia.

**The project of policy dialogue on industrial development**

**The project on quality and productivity improvement (KAIZEN)**

## 4-3 The project of policy dialogue on Industrial Development

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## 4-4 The project on quality and productivity improvement (KAIZEN) (1)

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### What is KAIZEN?

KAIZEN, in Japanese management, means “continuous improvement” of productivity and quality without additional cost, in a participatory process and a bottom-up approach.

This management practice method has spread among Japanese companies in Japan and abroad. JICA has also offered assistance for KAIZEN to many developing countries in Asia and Latin America in particular.

## 4-5 The project on quality and productivity improvement (KAIZEN) (2)

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### Profile of the project

#### 1. Objective:

- To formulate a national plan for enhancing activities on quality and productivity improvement for Ethiopian enterprises in industrial sector
- To formulate a manual for explaining and guiding the quality and productivity improvement activities
- To transfer relevant skills and techniques to the staff members of the Kaizen Unit, Ministry of Trade and Industry

#### 2. Period:

2 years (August 2009~April 2011)

#### 3. Implementing Institutions:

- Ministry of Trade and Industry (MoTI)
- Japan International Cooperation Agency (JICA)

## 4-6 The project on quality and productivity improvement (KAIZEN) (3)

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### Major activities -1

Phase 1	<ul style="list-style-type: none"> <li>• Situation analysis on quality and productivity improvement activities of Ethiopian industry</li> <li>• Visit to the factories in industrial sector for preliminary diagnosis</li> <li>• Preparation for the pilot project               <ol style="list-style-type: none"> <li>a. selection of methodology for quality and productivity improvement</li> <li>b. set the criteria and selection process for the pilot companies</li> <li>c. selection of 30 pilot companies</li> </ol> </li> </ul>
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## 4-7 The project on quality and productivity improvement (KAIZEN) (4)

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### Major activities - 2

Phase 2	<ul style="list-style-type: none"> <li>• Implementation of the pilot project               <ol style="list-style-type: none"> <li>a. to visit the pilot companies to diagnose the situation, and to give guidance on the quality and productivity improvement activity (KAIZEN) with the staff members of the Kaizen Unit, MoTI</li> <li>b. to repeat factory visit periodically and give KAIZEN advice and to monitor the KAIZEN process</li> <li>c. to evaluate the pilot project and compile recommendations to the factories</li> </ol> </li> </ul>
Phase 3	<ul style="list-style-type: none"> <li>• Formulation of a National Plan including an Action Plan of KAIZEN</li> <li>• Formulation of a Manual</li> </ul>

