

## **The Possibilities of Japan's Public-Private Partnerships in International Development**

### **1. Background**

Given the post-war experiences of sustained economic growth, particularly in Asian countries, it is no doubt that the private sector has been one of the main actors for development. Following the enforcement of the Millennium Development Goals (MDGs), greater emphasis has been placed on employment promotion and the improvement of income levels, for the attainment of poverty reduction. Many employment opportunities and revenue sources exist in private sectors through the transfer of technologies or the promotion of trade and investment, hence private sectors have become increasingly important. Although official development assistance (ODA) has been the key to development, there is great potential for the generation of “synergistic effects” by cooperating with private corporations. Furthermore, in pursuing Japanese foreign policy objectives such as securing natural resources and energy and addressing climate change issues, there is a growing necessity to utilize both cooperative public-private partnerships and ODA.

Consequently, in April 2008, the Japanese Government proclaimed “A Public-Private Partnership for Growth Acceleration” as a new measure to enhance the partnership between the Government through ODA and Japanese corporations. For the sustained development of developing countries, as well as public-private partnerships of developed countries, it is necessary to consider the comprehensive partnerships between the private sectors and corporations of developed and developing countries, the public-private partnerships in developing countries, and the cooperation between developing countries and the international development community. Thus, private corporations in donor countries may be capable of nurturing private sectors in developing countries through foreign direct investment (FDI), technology transfers and “Bottom/Base of the Pyramid (BOP)” businesses, which have become prominent in recent years.

In the first section of this symposium, we will discuss the roles of direct investment and technology transfers by private corporations and their impacts on development, particularly in middle-income and emerging countries. Subsequently, in the second section, we will focus on “BOP businesses”, businesses which regard the poor as potential consumers, and have been considered prospective in becoming immensely effective, even in countries such as fragile states suffering from shortages in FDI. We will highlight some corporations that have implemented successful BOP projects to give a food for thought of the possibilities of public-private partnerships.

### **2. Direct Investment, Technology Transfers and the Role of the Private Sector**

Private corporations of donor countries can impose multiple effects on developing countries, such as creating new employment by direct investment in production, the local purchase of equipments, foreign currency revenues through product exports, increased local tax payments, technology transfers and human capacity development. Since investment in middle-developed and

emerging economies by Japanese corporations has great economic effects, they are welcomed by local societies.

However, there are several pre conditions before corporations are able to invest and operate in developing countries, hence the flow of direct investment is, in fact, disproportionately concentrated in no more than 20 developing countries. On the other hand, although many low-income countries including Sub-Saharan African (SSA) countries have experienced an enormous population growth, they suffer from weak employment elasticity in the agriculture sector, thus it is necessary to nurture secondary and tertiary industries in these countries. Consequently, the active support of private corporations of developed countries is crucial for development assistance in such areas, and we will further discuss the potential public-private cooperative partnership through ODA to promote investment in low-income countries, including fragile states.

### **3. The New BOP Approach: Regarding the Poor as Potential Consumers**

With the progress of technological innovations in communication and transportation and the internationalization of economic activities, Japanese corporations have succeeded in obtaining many customers around the world. However, many people in developing countries, cannot necessarily reap the benefits of globalization. There exists a great potential for corporations to not only obtain new customers, but to also participate in growing markets, providing that they can offer products and services required by the poor and fulfill their needs. In this symposium, we first introduce the historical backgrounds and factors behind successful BOP projects, and subsequently discuss policies needed to effectively stimulate corporations to participate in international development through BOP business.

In the light of Japan's experience of economic development through the utilization of human capitals and technology in the private sector, there is an eminent possibility for corporations to not only successfully contribute to the development of the global society, but to also expand their businesses through building partnerships with private corporations in developing countries, and nurturing human capitals and technological capabilities. In this symposium, with reference to the experiences of successful corporations already operating in developing countries, we examine whether government policies and measures in relation to financing, technology, specialized knowledge, information about developing countries and cooperation with governments and related institutions of developing countries can foster effective conditions that stimulate private corporations to participate in emergent markets and to contribute to development effects.

Although there is no doubt that the successful sustained development of Asian countries has been achieved through Japan's ODA, the Japanese private sector has also played a major role in it. Thus, one of the most important themes of this symposium is to contemplate what aspects are required to apply this model to other regions, especially in low-income countries.

## MOFA/FASID International Symposium

Supported by: Japan Business Federation (Nippon Keidanren) and Nikkei Inc.

### 「The Possibilities of Japan's Public-Private Partnerships in International Development」

#### Program

13 : 00 **Opening**

#### Opening Remarks

- Mr. Masato Kitera (Director-General, International Cooperation Bureau , Ministry of Foreign Affairs of Japan)
- Mr. Makoto Ito (Executive Director, FASID)

#### Keynote Speech

- 13 : 20 ●Professor Christian Seelos  
(Director, IESE Platform for Strategy and International Business, IESE Business School, University of Navarra)
- 13 : 45 ●Professor Madhu Viswanathan  
(Department of Business Administration, University of Illinois at Urbana-Champaign)

#### Presentation

14 : 10 **Direct Investment, Technology Transfers and the Role of the Private Sector**

- Case Study: YKK Corporation  
Mr. Masayuki Sarumaru (Executive Vice President, Fastening Products Group, YKK Corporation)
- “Applicability of the Flowchart Approach to Industrial Cluster Policy in Africa”  
Prof. Akifumi Kuchiki (College of Bio-Resource Sciences, Nihon University)

#### ●Q&A Session

15 : 10 **Coffee Break**

15 : 30 **The New BOP Approach: Regarding the Poor as Potential Consumers**

- “The Origins of BOP Business in Japanese Companies - A Case Study of Yakult -”  
Prof. Hideyuki Sugawara  
(International Business, Graduate School of Business Administration  
Hokkai-Gakuen University)
- Case Study: Nippon Poly-Glu co.,Ltd  
Mr. Kanetoshi Oda (Chairman and CEO, Nippon Poly-Glu co.,Ltd.)
- Q&A Session

16 : 30 **Comments**

- Mr. Akira Yamada (Deputy Director General, International Cooperation Bureau, Ministry of Foreign Affairs)
- Mr. Takayuki Ogai (Executive Advisor to the Director General Office for Private Sector Partnership,  
Japan International Cooperation Association (JICA))
- Mr. Satoru Koyama (Director, Trade Finance and Economic Cooperation Division,  
Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry)
- Mr. Takeshi Tomino (Deputy Secretary General, Japan NGO centre for International Cooperation (JANIC))

17 : 10 **Free Discussion**

17 : 30 **Closing**

17 : 30—**Reception**

Moderator: Professor Takamasa Akiyama  
(Senior Advisor, FASID/ Nihon University)

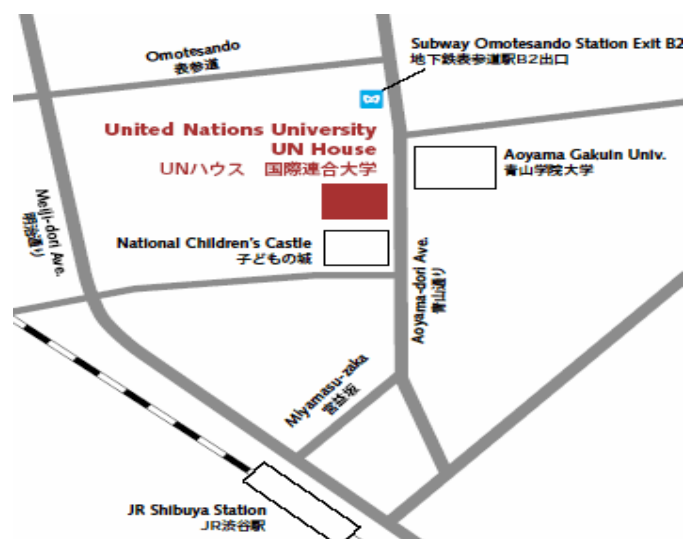
#### **【How to get to The United Nations University】**

**Venue:** 3F U Thant Hall, UN House,  
United Nations University

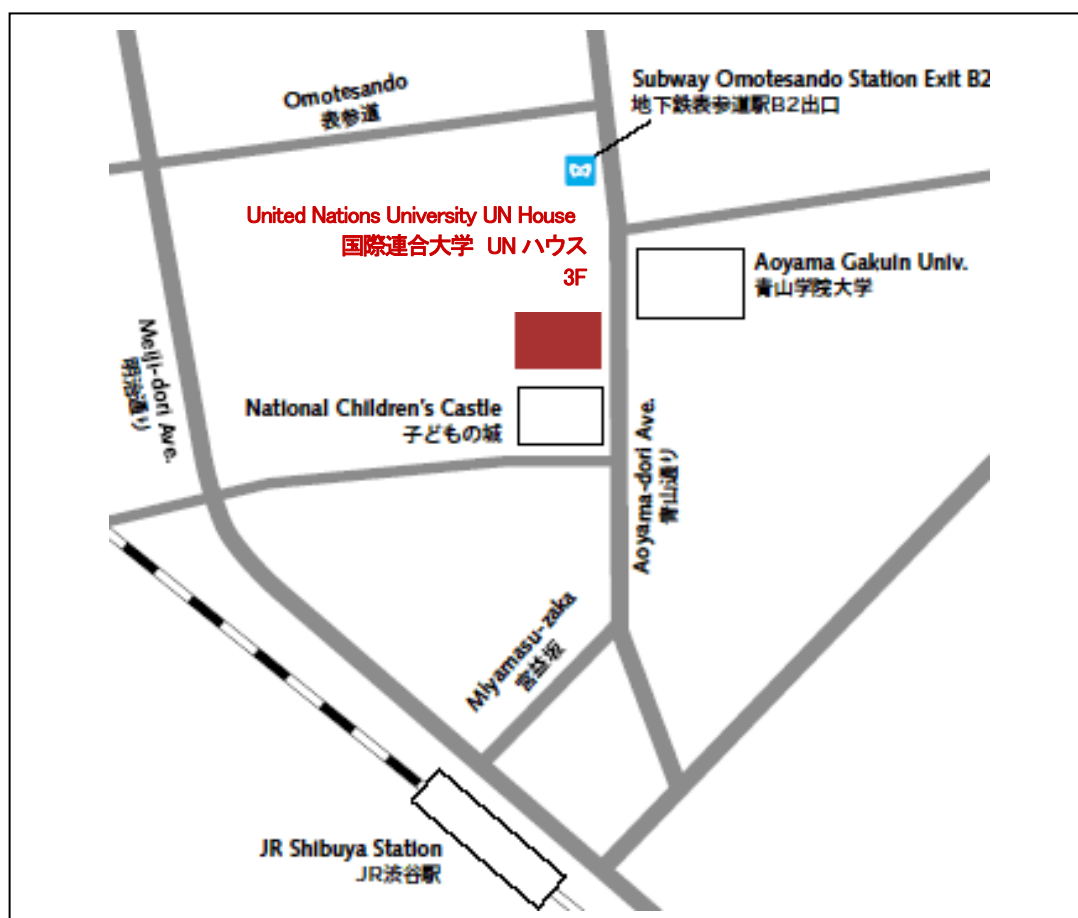
53-70, Jingumae 5 cho-me, Shibuya-ku, Tokyo 150-9825

**Access:** 5 min walk from OMOTESANDO st. (Subway:  
Chiyoda-line/ Ginza-line, Hanzomon-line, Exit B2)

Nearby landmarks include the National Children's Castle  
(Kodomono-Shiro) and the Aoyama Gakuin University.



## How to get to The United Nations University



- Venue: 3F U Thant Conference Hall, UN House, United Nations University  
53-70, Jingumae 5-chome, Shibuya-ku, Tokyo, 150-8925 (Tel: 03-3499-2811)
- Access: 5 minute walk from OMOTE-SANDO Station  
(Subway: Chiyoda-line, Ginza line, Hanzomon line: Exit-B 2)  
8 minute walk from SHIBUYA Station (JR)  
Nearby landmarks include the National Children's Castle (Kocomono-Shiro) and the Aoyama Gakuin University.

MOFA / FASID International Symposium

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**International Development**

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(The Symposium Secretariat: Takaki, Watanabe and Harada)

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