

**DATA COLLECTION SURVEY
ON
STRENGTHENING COOPERATION
WITH GCC COUNTRIES

REPORT**

MARCH 2015

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

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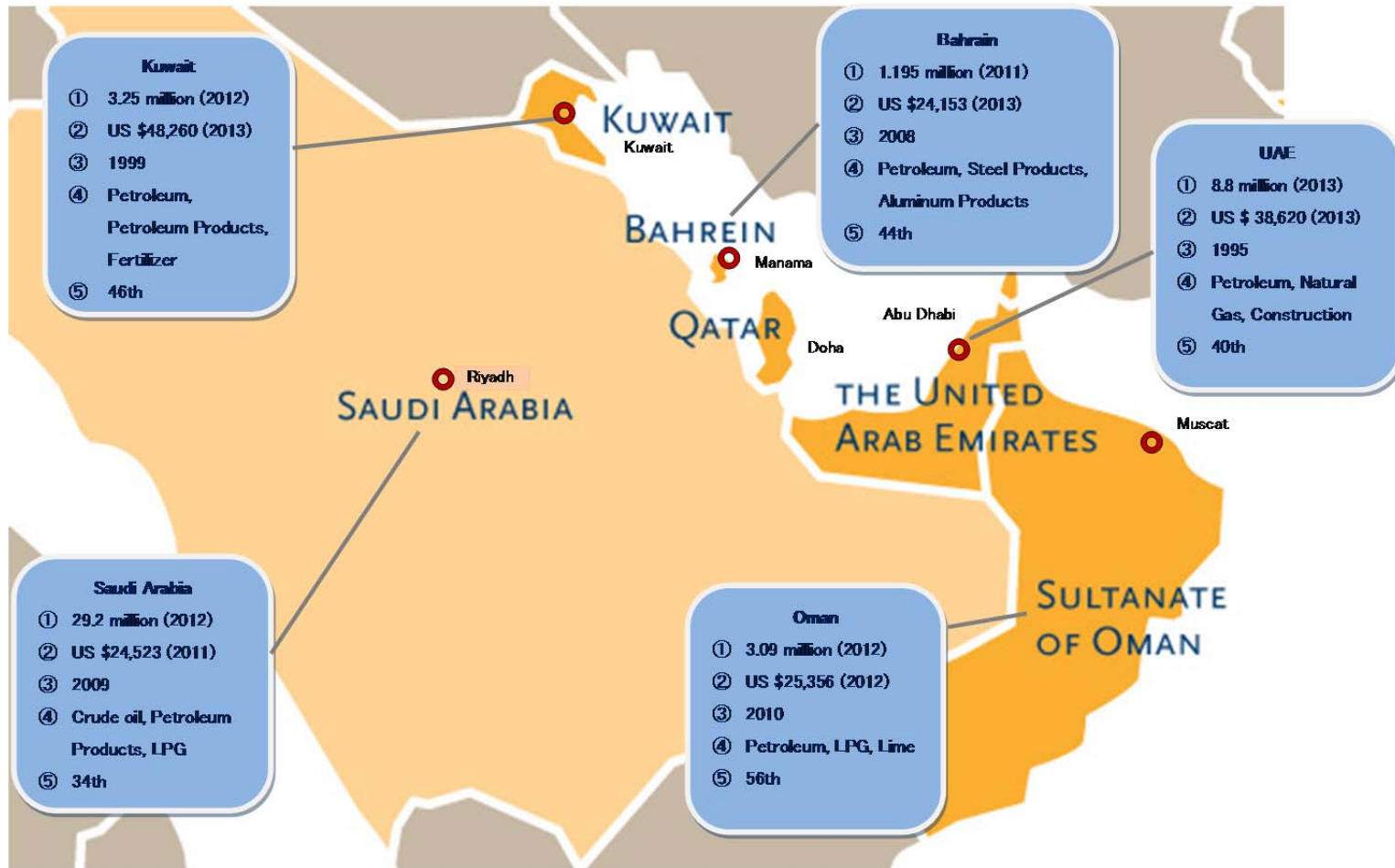
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Acronyms

CEAPAD	Cooperation among East Asian Countries for Palestinian Development
DAC	Development Assistance Committee
FY	Fiscal Year
GCC	Gulf Cooperation Council
G to G	Government to Government
IDB	Islamic Development Bank
JICA	Japan International Cooperation Agency
MICAD	Ministry of International Cooperation and Development
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PPP	Public-Private Partnership
TC	Technical Cooperation
UAE	United Arab Emirates

Map of Target Countries and Basic Statistics



① Population ②GDP per capita ③DAC list graduation year ④Major industries
⑤ Human Development Index

Source: ①~④Ministry of Foreign Affairs (<http://www.mofa.ae/middleeast.html>) (2015/2/23); ⑤United Nations Development Programme Human Development Report 2014

1. Background and Objectives of the Survey

In 2010 during the review of its Official Development Assistance (ODA), the Government of Japan identified “enhancing enlightened national interest” as the principle of international cooperation and developed a new policy to utilize ODA appropriately for achieving Japan’s economic growth strategies. Furthermore, “assistance based on the comprehensive partnership with Middle East for stability and prosperity of the region” became one of the Priority Policies for International Cooperation for the Fiscal Year (FY) 2013, and Technical Cooperation on Cost-sharing Basis (hereinafter “Cost-sharing TC”) was advocated during a series of Prime Minister Abe’s visits to the Gulf Cooperation Council (GCC) countries from April 2013.

For Japan, maintaining and strengthening the relations with GCC countries is indispensable not only for securing a stable energy supply but also because of their enormous market potential for Japanese corporations. Japanese corporations face fierce competition from leading Western corporations and Asian corporations advantaged by cheap labor in international tenders. Hence, from the perspective of Japan’s economic growth, it is necessary to increase its export competitiveness through Public-Private Partnerships (PPP).

Against the backdrop, in FY 2013, the Japan International Cooperation Agency (JICA) identified implementation issues and examined different forms of cooperation towards expanding Cost-sharing TC that had been implemented in a limited scale and introducing a new system. At the same time, JICA implemented the Data Collection Survey for Needs-matching toward Cost-sharing Technical Cooperation, targeting Bahrain, Kuwait, Oman, Saudi Arabia and United Arab Emirates (UAE). The Survey aimed to collect and validate necessary information for needs-matching between Japan’s private sector and target GCC governments and to select concrete potential projects. It identified areas and individual projects deemed feasible for implementation and assisted the establishment of the new Cost-sharing TC scheme.

In addition, in ODA’s context of aid coordination, strengthening partnerships with GCC countries is also being sought. One of the examples is the Cooperation among East Asian Countries for Palestinian Development (CEAPAD) led by Japan’s Ministry of Foreign Affairs. Through cooperation with the Islamic Development Bank (IDB), JICA is in discussion with GCC donor countries to establish a cooperation mechanism. Therefore, it is expected to strengthen the ties between Japan and the GCC countries.

Against the above-mentioned background, the present Survey was conducted with the following objectives:

1. Based on the output of the Data Collection Survey for Needs-matching toward Cost Sharing Technical Cooperation conducted in FY 2013, to examine and analyse the needs in the potential areas and sectors and develop projects for Cost-sharing TC through discussions with relevant ministries and institutions together with technical experts;
2. To examine the status of establishing a system for Cost-sharing TC and make recommendations for developing a roadmap for Cost-sharing TC; and

3. To explore concrete ways of aid coordination through discussions with GCC donor countries, particularly IDB, based on the past discussions and agreements with JICA, develop projects for aid coordination, and prepare and make recommendations for the system establishment.

The target countries of the Survey were Bahrain, Kuwait, Oman, Saudi Arabia and UAE (in the alphabetical order).

The Survey was conducted from May 2014 to March 2015.

2. Summary of Activities and Results

The present Survey has been conducted for the purposes of system establishment and project development since Prime Minister Abe's announcement on expansion of Cost-sharing TC.

With regard to the system establishment, the previous Survey conducted in FY2013 identified implementation issues for introducing the new system and longlisted potential projects based on the data collection survey for needs-matching between Japan's private sector and the target countries. Thereafter, the present FY2014 Survey validated concrete details including work procedures, financial processes and intellectual property rights for deliverables with target governments and made suggestions for JICA's draft Procedure Guidelines. The Procedure Guidelines were finalized in December 2014, and the necessary procedures for submission of official applications have been facilitated with the relevant ministries of the target countries.

In order to develop projects for Cost-sharing TC, based on the longlist produced in 2013, the present Survey examined and analyzed the detail needs and developed projects for cooperation in potential areas and sectors. Japanese technical experts were dispatched as Survey members during this process. As the submission of official applications within FY2015 became possible, the project development has progressed in time to be part of the FY2016 regular budget. However, it is presently unclear as to the impact of the rapid decline in oil prices since October 2014 on the project development for FY2016. In this regard, one needs to monitor the situation closely.

TABLE 1: SUMMARY OF ACTIVITIES AND SURROUNDING ENVIRONMENT RELATED TO PROJECT DEVELOPMENT FOR COST-SHARING TECHNICAL COOPERATION

Year		2014												2015												2016		
Month		4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3			
Prime Minister Abe's visits to the Middle East and announcements on Cost-sharing TC		▲				▲				▲																		
		Saudi Arabia, UAE (Apr 30, May 1)		Bahrain, Kuwait (Aug 24-26)						Oman (Jan 9-10)																		
Status of establishing the Cost-sharing TC system		Internal review of cost-sharing ratios												▲ Local survey for development of the Procedure Guidelines			▲ Finalization of the Procedure Guidelines											
Data Collection Surveys	Survey Timeframe	FY2014 Survey												FY2015 Survey														
	Primary Objectives	① Project development	To collect and validate necessary information for needs-matching between Japan's private sector and target countries												To examine and analyse the needs in the potential areas and sectors and develop projects together with technical experts													
		② Systematization	To identify implementation issues for introducing the new system												To examine the status of establishing the system and make recommendations from the perspective of developing a roadmap for Cost-sharing TC													
		③ Aid coordination	None												To explore concrete ways of aid coordination through discussions with GCC donor countries, particularly IDB, based on the past discussions and agreements with JICA, develop projects for aid coordination and prepare and make recommendations for the system establishment													
	Survey Schedule																											
Deployment of Experts (as Survey team members)																												
Situation of GCC countries														▲ Rapid decline in oil prices														

BH: Bahrain, KWT: Kuwait, OMN: Oman

During the FY2014 Survey, 14 Japanese technical experts were dispatched as shown in Table 2. Because the Survey was implemented while the system for Cost-sharing TC was being developed, they were dispatched as Survey team members without going through the official application procedures so that the timings requested by the counterpart governments could be met. Having said this, most of the deployments were implemented on a cost-sharing basis where the counterpart governments paid part of the costs such as transportation and accommodation. Some of them, including Kuwait's Ministry of Health, Oman's Ministry of Environment and Climate Affairs, bore more than 50% of the total costs. For the FY2014 projects, because there was no time to integrate the project costs into the regular budget of the counterpart governments, these costs were taken care of by the Ministers' budget (Oman's Ministry of Environment and Climate Affairs) or the special budget for foreign expert dispatches distributed to each ministry (Kuwait's Ministry of Health).

TABLE 2: RESULTS OF SHORT-TERM EXPERT DEPLOYMENTS AS PART OF THE SURVEY

	Time	Country	Area	Organization of the Short-term Expert	Costs borne by the Counterpart
1	Jun 2014	Kuwait	Health	JICA International Cooperation Senior Advisor	Airfare, accommodation, domestic transportation, daily allowance
2	Aug-Sept 2014	UAE	Solid Waste Management	Ministry of Environment Advisor	Accommodation, domestic transportation, daily allowance
3	Aug-Sept 2014	UAE	Solid Waste Management	Ministry of Environment Staff	Accommodation, domestic transportation, daily allowance
4	Aug-Sept 2014	UAE	Solid Waste Management	Osaka City Government Staff	Accommodation, domestic transportation, daily allowance
5	Aug-Sept 2014	UAE	Solid Waste Management	JICA International Cooperation Senior Advisor	Accommodation, domestic transportation, daily allowance
6	Aug-Sept 2014	UAE	Solid Waste Management	Private Consultant	Accommodation, domestic transportation, daily allowance
7	Aug-Sept 2014	UAE	Pest Extermination	Association Staff (Former JICA Expert)	Accommodation, domestic transportation, daily allowance
8	Oct 2014	Oman	Marine Environment	Director of an Independent Administrative Institution	Airfare, accommodation, domestic transportation, daily allowance
9	Oct 2014	Oman	Marine Environment	Private Consultant	Airfare, accommodation, domestic transportation, daily allowance
10	Oct 2014	Oman	Tourism Development	Private Consultant	Airfare, accommodation, domestic transportation, daily allowance
11	Oct-Nov 2014	Oman	Vocational Training	Association Staff	Airfare, accommodation, domestic transportation, daily allowance
12	Oct-Nov 2014	Oman	Vocational Training	Association Staff	Airfare, accommodation, domestic transportation, daily allowance
13	Nov 2014	UAE	Anti-counterfeiting	Ministry of Economy, Trade and Industry Specialist	None
14	Jan 2015	UAE, Kuwait	Solid Waste Management	Deputy Director General of a General Incorporated Foundation	Airfare, accommodation, domestic transportation, daily allowance

Based on the longlist produced during the FY2013 Survey consisting of 25 potential projects, the present Survey followed up on the discussions with counterpart governments and institutions with the aim to develop concrete projects. As a result, there are 12 potential Cost-sharing TC projects on the list as outlined in Table 3.

TABLE 3: LIST OF POTENTIAL PROJECTS

	Country	Area	Project Title
1	UAE	Solid waste management	Abu Dhabi Solid Waste Management
2		Anti-counterfeiting	Dubai Anti-counterfeiting
3	Kuwait	Energy	Strengthening the Management System for the Private Sector-driven Project Implementation
4		Metro	Assisting the Development of the Metro Plan and Project Supervision
5		Civil service training	Civil Service Training
6		Health	Prevention and Management of Non-communicable Diseases
7		Development planning	Assisting the Establishment of a Monitoring System for the Next National Development Plan and Training for Senior Government Officials
8	Bahrain	SMEs	Quality and Productivity Improvement for SMEs (KAIZEN)
9		Civil service training	Civil Service Training
10	Oman	Private sector (tourism)	Dispatching Tourism Promotion Experts for the Japanese Market
11		Conservation of marine environment	Developing a Long-term Strategy for Conservation of Marine Environment
12		Human resource development	Assisting Vocational Training

3. Current Situation, Issues and Recommendations Regarding Project Development for Cost-sharing Technical Cooperation

This chapter will discuss issues and recommendations relevant for project development and system establishment for the Cost-sharing TC scheme. Many of the issues and recommendations overlap with or are relevant to those pointed out in the final report of the FY2013 Survey. Furthermore, the effectiveness of many of the recommendations made by the last Survey has been verified through activities under the present Survey. Therefore, the following issues and recommendations will be reported with reference to the previous Survey's recommendations.

3.1. Response to the Environment for Developing Cost-sharing TC Projects

Recommendation 1: Need for recognizing the market value of Cost-sharing TC
(Relevant to FY2013's Survey Recommendation 3: Offering sufficiently differentiated "Japan's signature values," which is worth the price tag from the perspective of the "clients")

Prior to Prime Minister Abe's announcement of the Cost-sharing TC scheme during his visit to the Middle East in May 2013, it had been required for counterpart governments and institutions in ODA-graduated countries to defray the entire cost for in order to tap into Japan's TC scheme. In other words, it is Japan's logic that, upon achieving a certain income level, ODA recipient countries need to pay for the equivalent value should they wish to keep their access to TC, which used to be provided on a grant basis. The needs for such a system existed on an extremely limited scale, for example through Saudi Arabia's participation in JICA's thematic training. The Procedure Guidelines on Cost-sharing TC finalized in December 2014 treat the overall new system basically the same as the previous system.

To begin with, in order to develop Cost-sharing TC projects, it is necessary to understand the current market environment as to how the needs of the counterpart governments and institutions are met. The structure of incentives for counterpart governments and institutions to adopt Cost-sharing TC is briefly described in Figure 1. In GCC countries, infrastructure was developed using massive oil income and their wealth was accumulated rapidly in a short period of time after the Oil Crisis in early 1970s. Because the income improvement was achieved in a rapid manner, the countries have not gone through the development processes so far, including human resource development and development of non-petroleum industries. As a result, they are dependent on foreign labor and import of consumer goods, recruit foreign advisors for key areas in ministries, and procure the most cost-effective technologies through international tenders. It means that the needs for foreign technical cooperation¹ were widely present even prior to the initiation of the Cost-sharing TC scheme, and it has been provided mainly through recruitment of foreign advisors and international biddings.

¹ These are mainly purchases of "services" without much focus on human resource development through technology transfer.

Under the environment, in order to develop Cost-sharing TC projects, Japanese experts dispatched by the scheme need to be more cost-effective than advisors from other countries and the projects need to be more cost-effective than going through an international tender. Therefore, based on competitions derived from the market principle, the formation of Cost-sharing TC projects can be realized only if the experts or training provided by the scheme are recognized to have higher market values than other options. This point is decisively different from ODA projects formulated by Japanese grants. It is necessary for domestic stakeholders including Japan’s Ministry of Foreign Affairs and JICA to fully recognize this reality in order to develop projects for the scheme.

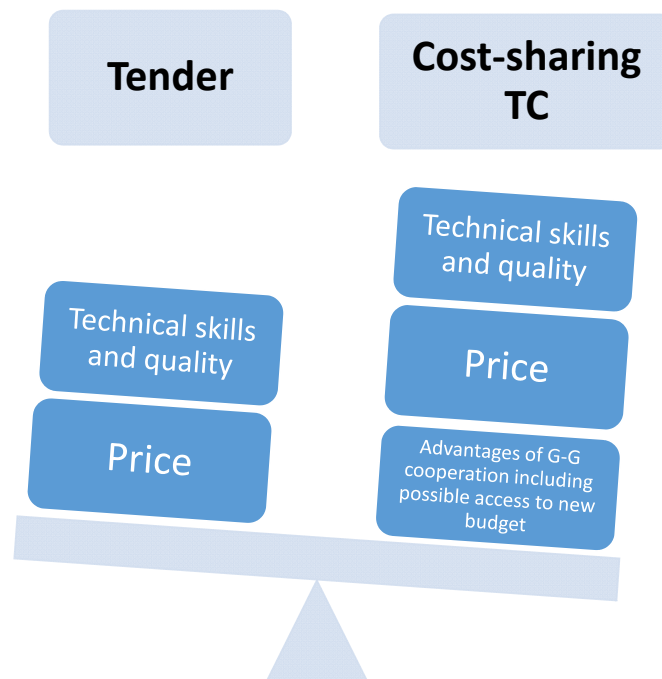


FIGURE 1: STRUCTURE OF INCENTIVES FOR COUNTERPART GOVERNMENTS AND INSTITUTIONS TO ADOPT COST-SHARING TC

The following analyses the elements of the “market value” of Cost-sharing TC.

① **Price**

Recommendation 1-1: Strengthening the clarity and transparency of explaining the “price” and “cost-sharing”

It goes without saying that, because the scheme requires the counterpart governments and institutions to defray most of the cost, price is an important factor for the development of a project.

However, the importance of the cost factor has increased in the context of the GCC countries where the decline in oil prices resulted in budgetary austerities since the third quarter of 2014.

Cost-sharing TC consists of three major schemes: 1) Dispatching Japanese experts; 2) Training; and 3) TC projects (see Figure 2). With regard to 3) TC projects, it is difficult to analyze its price competitiveness given the wide range of projects for comparison. Therefore, 1) and 2) will be examined based on the information such as from the interviews conducted by the present Survey. Japanese experts can be compared to foreign advisors from other countries (e.g. Europeans, Americans, Australians and Middle Eastern nationalities such as Jordanians and Egyptians). These foreign advisors are often recruited under the individual contracts with various ministries and institutions, and their monthly honorariums range from JPY 900,000 to 1,400,000 according to a rough estimate². In case of Japanese experts that can be dispatched through the Cost-sharing TC scheme, their honorarium is higher than the above-mentioned foreign advisors particularly because it includes various costs such as indirect costs for their companies. In addition, under the current system, even if there is a Japanese expert willing to accept the request for a lower price, there is no means to reduce the price to win the price competition with other foreign advisors.

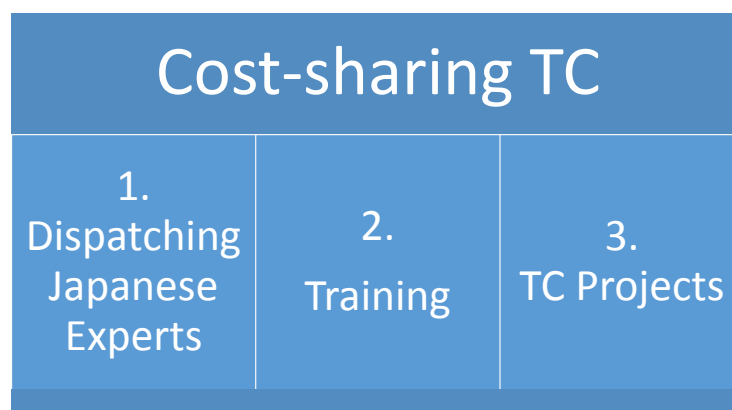


FIGURE 2: BASIC SCHEMES OF COST-SHARING TC

Source: FY2013 Report on “Data Collection Survey for Needs-matching toward Cost-sharing Technical Cooperation”

With regard to 2) Training, while there are different price standards for JICA’s thematic training and country-focused training, based on Saudi Arabia’s experience, participation in thematic training can be done for a much lower cost compared to the training offered in other countries. The comparative advantage of the price to conduct JICA’s country-focused training is unknown as the present Survey did not come across detailed discussions that enabled the comparison.

Aside from the comparison to price standards of other options (e.g. foreign advisors), what is also important for counterpart governments and institutions with regard to price is its clarity and transparency. The Cost-sharing TC scheme was advocated during Prime Minister Abe’s visit to

² Based on the interviews with ministries and institutions in UAE, Kuwait and Oman.

the Middle East in 2013 precisely as a “cost-sharing” scheme. Subsequently, Embassies of Japan and JICA including the Survey team explained the scheme to many governments and institutions in GCC countries under the same name. However, according to the Procedure Guidelines, “all the costs have to be borne by the government counterparts in principle” for ODA-graduated countries and -graduating countries. For the government counterparts and institutions, the “cost-sharing” scheme and “full burden” contradict each other. The feedback was often heard during the discussions with counterpart governments. On the other hand, on the premise of “cost-sharing”, if one can clearly explain the methods of cost-sharing with Japan, it would be easier to attain the government counterparts’ agreement on the price. While the present Survey did not achieve “cost-sharing” through an official application, various Japanese experts were dispatched in the form of “cost-sharing”³ as explained in Chapter 2 of this report. On these occasions, the government counterparts agreed without problem when JICA proposed to share the costs: i.e. the counterparts to cover airfare and accommodation and JICA to cover honorariums for the experts.

In any case, price negotiation is a crucial element to enable formulation of Cost-sharing TC projects. In this process, giving the counterpart governments and institutions the impression that Japanese logics are difficult to understand and untransparent could result in their distrust and create obstacles for project development. It is also necessary to bear in mind the risk of a possible impediment to building relations with counterpart governments.

② Quality and Values

Recommendation 1-2: Maintaining and strengthening the “past assets”

(Relevant to FY2013’s Survey Recommendation 5: Full mobilization/utilization of (human) asset from the past)

Under the circumstances described above, it is highly possible that the Japanese experts dispatched to GCC countries by the Cost-sharing TC scheme in the future will be working in the environment that tends to compare their competencies with those of advisors from other foreign countries. Therefore, it is deemed necessary to provide them with training and devise ways so that they are not evaluated as less competent in language and communication skills. The GCC region has customs such as the Arabs and Islam based on traditional cultures, and due to the historical past, Western business practices widely prevail. The examples of their communication include explanations based on logics and frequent use of presentations and agreement documents such as Memorandums of Understanding. Under such environment, it is necessary to devise ways to show the presence of Japanese and it is extremely important to recognize the importance of communication skills.

With regard to “values”, it is necessary to pay attention to the fact that generally the people of GCC countries are brand-conscious. In this regard, in developing a Cost-sharing TC project, the elements deemed important for the values of counterpart governments and institutions include the

³ For some of the projects, the government counterparts defrayed more than 50% of the total cost.

“Japanese brand” and “JICA brand”. In terms of general images towards Japan, the “Japanese brand” often implies positive assessments and images such as “high quality”, “high technology” and “high reliability”, etc., as proven by the Future Brand Index 2014 (<http://www.futurebrand.om/fbi/2014>).

On the other hand, while it differs depending on the number of years since graduation from ODA⁴, the “JICA brand” is hardly recognized in the target GCC countries except for Oman. In general, the longer the country has graduated from ODA, the more difficult it is to access pro-Japanese groups such as former trainees of JICA training. In order to develop projects for Cost-sharing TC, whether or not the “JICA brand” is recognized by the counterparts makes a big difference in their recognition of the market value of Cost-sharing TC. In this regard, as well as from the perspective of building multi-layered diplomatic relations as a mid- and long-term objective of Cost-sharing TC, it is a critical issue to take care of the pro-Japanese people. Accordingly, as part of the activities to develop projects for Cost-sharing TC, it is suggested to support alumni associations and conduct follow-ups with them including former-JICA trainees and those who have studied in Japan.

③ Procedures and Administrative Cost

Recommendation 1-3: Minimizing the procedures and administrative costs

As mentioned above, various institutions in the GCC countries including ministries normally procure necessary overseas human resources and technologies through individual contracts and international tenders. In these countries, the implementation of procurement generally rests with the respective ministries to use their budget and make their own decisions based on the relevant rules and regulations. With regard to Oman, partly because JICA had provided ODA until end of 2013, they seemed to be relatively familiar with the “Government to Government (G to G)” implementation procedures taken by the Ministry of Foreign Affairs. However, other countries are not familiar with such procedures. Under the circumstances, applying all the “application-based” system, paper work and necessary document formats adopted for ODA to Cost-sharing TC projects, which have the premise of the counterpart’s bearing most of the cost, is considerably unreasonable from every aspect to say the least. The wording in the necessary document formats (e.g. the A-1 Form, which is used for application for Japanese experts) is on the premise of ODA projects that are entirely funded by the Japanese Government. Therefore, the phrases often used in the documents are not suitable for Cost-sharing TC projects that are funded mostly by the counterpart governments and institutions. To begin with, it is not difficult to imagine the possible discomfort felt by the counterparts about the diplomatic procedures requiring them to submit an “application” for a project that they will mostly defray.

⁴ The years of ODA graduation are: 2002 for UAE; 1999 for Kuwait; 2008 for Bahrain; 2009 for Saudi Arabia; and 2010 for Oman (Source: Japanese Ministry of Foreign Affairs).

Furthermore, as mentioned earlier, no Cost-sharing TC project has been implemented using the official application as enforced by the Guidelines. As a result, there has not been a case that verified how much time the official procedures would take from the stages of application to actual implementation of the project. As mentioned above, because the counterpart governments and institutions are used to recruiting foreign advisors and conducting international biddings relatively freely, there is a risk of reducing the market value of Cost-sharing TC projects once they realize the high transaction cost and administrative cost generated by the complicated and lengthy⁵ procedures for project implementation.

Consequently, in the short term, it is a minimum requirement to change the wording used in the formats attached to the Procedure Guidelines to the appropriate wording for Cost-sharing TC projects. In the mid- and long-term, it is suggested to reconsider the procedures so that the market value of the scheme will not be adversely affected.

3.2. Issues Related to the System for Developing Cost-sharing TC Projects

① Multi-layered Structure of Objectives of the Cost-sharing TC Scheme

The following describes a few issues related to the implementation system.

Recommendation 2-1: Improving the understanding of the scheme's primary objective
(Relevant to FY2013's Survey Recommendation 1: Common recognition of the intended diplomatic goals of the Cost-sharing TC scheme among Japanese governmental authorities and Recommendation 2: Broad dissemination of a clear objective of the Cost-sharing TC scheme)

JICA's Procedure Guidelines underline the objective of Cost-sharing TC as follows:

Cost-sharing TC is a technical cooperation system on a cost-sharing basis, implemented by the counterpart governments defraying all or part of necessary costs. It has the objective to contribute to the economic and social development of the ODA-graduated and -graduating countries and high- and medium-income countries and regions still in high need for technical cooperation for human resource development, consequently aiming to maintain and promote the good bilateral relations between the regions and Japan.

The above-mentioned objective corresponds to the one mentioned in Prime Minister Abe's speech during his visit to Saudi Arabia in May 2013. It means that the scheme aims to build multi-layered relations, a transformation from resource-centric ties and to contribute to addressing

⁵ It is estimated to take approximately 3 months from submission of the application form to project implementation even for small-scale projects.

development issues of the counterpart governments through people-to-people exchanges including the deployment of experts.⁶

Considering the two documents mentioned above and that the Cost-sharing TC scheme will be expanded from the GCC countries to other regions, the Survey team regards the objective as summarized in the figure below. Hence, the scheme has not only a diplomatic function but also the potential to play a crucial role in Japan's ODA history.

Hierarchy of Overall Objectives of Cost-sharing



Hierarchy of Overall Objectives for GCC Countries

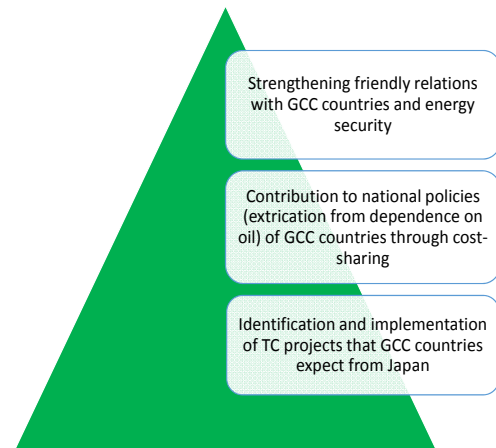


FIGURE 3: OBJECTIVES OF COST-SHARING TC (DRAFT)

Source: FY2013 Report on "Data Collection Survey for Needs-matching toward Cost-sharing Technical Cooperation"

While building and implementing Cost-sharing TC, it is extremely important that its objective is clearly understood and shared within and outside of JICA. Otherwise, stakeholders' support for the new scheme cannot be acquired. This point should be thoroughly understood by policy makers and other stakeholders and responded appropriately.

⁶ <http://www.mofa.go.jp/files/000004096.pdf> (March 2015)

② Building the System for Improving the Market Value of Cost-sharing TC

Recommendation 2-2: Constructive efforts through the “All Japan” system with participation of relevant ministries, institutions and the private sector

(Relevant to FY2013’s Survey Recommendation 3: Offering sufficiently differentiated “Japan’s signature values,” which is worth the price tag from the perspective of the “clients”)

As mentioned under Chapter 3.1, the Cost-sharing TC projects cannot be materialized unless the market value is recognized by the counterpart governments and institutions. From this perspective, the following will discuss elements that need PPP particularly for improving the “market value”.

First of all, it is necessary to have a pool of experts who can respond to the counterparts’ needs. As explained under ② of 3.2, particularly in the GCC countries, not only high technical standards but also high language and communication skills are often required. These resources are also valuable for Japanese corporations and therefore it is not easy to get their agreement to deploy their staff as experts. As a result, there could be cases where necessary experts are not identified in a timely manner after the official application is submitted. Even during the present Survey, there were cases of difficulty in selecting experts while the counterparts’ needs were clear. Hence, in cooperation with the private sector, it is desirable to establish an expert pool in advance in the areas where the counterparts’ needs are clearly identified.

Secondly, as mentioned under Recommendation 3-1, it is necessary to avoid the risk of adversely affecting the relationships with the counterparts due to the administrative cost increased by the diplomatic procedures. In particular, it is necessary to clearly recognize the importance of a speedy response to their needs in order to provide the required value. Overall, in the GCC countries (except for Oman), there was an impression that the so-called “G to G” procedures are not familiar to many counterpart governments and institutions. Therefore, it is necessary to note that the “G to G” system of Cost-sharing TC in itself can be considered too difficult to deal with for the counterparts.

Relevant to the above-mentioned point, during the present Survey, a project with a clear advantage of “G to G” was identified. While the project was developed to respond to the needs of Oman’s Ministry of Environment and Climate Affairs, because it is a cooperation project with a foreign agency, it provided potential access to the special budget other than the regular budget. While it is still in the process of budget request, it was made possible due to the “G to G” arrangement and the fact that the counterpart government recognized the “JICA brand” since JICA had supported TC projects until recently. Thus, it is necessary to explore advantages of “G to G” as well as reducing the administrative cost.

3.3. Possibility of Aid Coordination with GCC Donor Countries

Recommendation 3: Active search for and promotion of possibilities for aid coordination with GCC donor countries

One of the GCC countries targeted under the present Survey is UAE, which has officially become an Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) donor country. The present Survey had discussions with the Ministry of International Cooperation and Development (MICAD), a coordinating entity for UAE's development assistance programs. Agencies in UAE, including MICAD, seem generally interested in playing the "donor" role in cooperation with JICA, such as through implementing third-country training, inviting neighboring countries. Furthermore, based on the enthusiastic request from the Arab Monetary Fund headquartered in UAE, Japanese lecturers were dispatched to their regional training during the Survey. Therefore, even in other GCC countries, it is desirable to actively explore possibilities for strengthening cooperation through aid coordination with various funds.

Even if the basic idea is agreed by both parties, when it comes to the stage of implementing the system and project development, stakeholders tend to stay away from aid coordination due to the complication of coordination to establish consistency including internal regulations and procedures of the relevant institutions. Hence, it is desirable to recognize that the target of aid coordination clearly benefits both parties.

In this regard, the new assistance mechanism of CEAPAD, which is about to start in cooperation with IDB, is a good example of recognizing the clear benefits for both parties. IDB and South Asian countries, particularly Indonesia and Malaysia, are keen on strengthening assistance to Palestine. However, due to the absence of diplomatic relations with Israel as Muslim countries, there is a limit to establishing an office and sending staff in order to implement projects. As JICA can provide resources to Palestine, it is possible to suggest effective utilization of resources such as IDB's funds and East Asian countries' experiences through JICA's cooperation. Since it is also expected to provide its know-how for establishing systems and implementing projects as a donor agency, JICA should contribute to solidifying the details of establishing the mechanism and concretely paving the way for project implementation.