Japan
Aiming for Sustainable Infrastructure

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Introduction of QII

- Infrastructure is critical as a driver of economic prosperity and a solid basis for economic growth and sustainable development.
- Not only to meet the quantitative demand but also to consider quality such as transparency, openness, economic efficiency in view of life-cycle cost and debt sustainability in infrastructure development in order to realize "quality growth" in developing countries.

From this viewpoint, Japan has been leading international discussions.
- "G20 Principles for Quality Infrastructure Investment" was endorsed by G20 Leaders at the G20 Osaka Summit.

History of QII

- June 2019 G20 Osaka Summit: The "G20 Principles for Quality Infrastructure Investment" was endorsed by G20 Leaders.
- June 2019 G20 Minister of Finance/Central Bank Governors Meeting: The "G20 Principles for Quality Infrastructure Investment" was endorsed.
- November 2018 APEC Committee on Trade and Investment.
- June 2016 G20 Hangzhou Summit.
- June 2015 G7 Ise-Shima Summit: Agreement on the "G7 Ise-Shima Principles for Promoting Quality Infrastructure Investment".
- May 2015 Prime Minister Abe proclaimed the "Partnership for Quality Infrastructure".

Source: Ministry of Land, Infrastructure, Transport and Tourism
### G20 Principles for QII

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<th>SDGs</th>
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<td>4. Building Resilience against Natural Hazards and Other Risks</td>
<td>16. Peace, Justice and Strong Institutions&lt;br&gt;17. Partnerships for the Goals</td>
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<td>5. Social Considerations</td>
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<td>6. Infrastructure Governance</td>
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Source: Ministry of Land, Infrastructure, Transport and Tourism
Maximizing the positive impact of infrastructure to achieve sustainable growth and development

Raising Economic Efficiency in View of Life-Cycle Cost

Environmental Considerations

Building Resilience against Natural Hazards and Other Risks

Social Considerations

Infrastructure Governance

Technology transfer, enhanced skills and institutional construction support

- Long life
- Low life cycle cost

Reliable technology backed by experience of development cooperation with consideration for the environment and disaster prevention

Construction that considers the local community and safety

Appropriate operation, maintenance and management

Source: Ministry of Land, Infrastructure, Transport and Tourism
Promotion of PPP / PFI in Japan
Challenges to overcome in Japan

Social / Economic Environment

1. **Population decline / aged society**
   - Low total fertility rate and the highest level of elderly ratio in the world

2. **Severe financial situation**
   - Japan has the worst debt-to-GDP ratio among major developed countries.

3. **Deterioration of public facilities**
   - High Percentage of social infrastructure that is 50 years old or more after construction
PPP/PFI Experiences in Japan

➢ History

over 21 years  (Since PFI act enacted in 1999)

➢ PFI Projects implemented

- Total PFI projects being implemented from FY1999 to FY2020
- PPP projects (not compliance with PFI act) other than PFI is not included
- The latest figure is 875 projects (announced in November).

Number of PFI Projects implemented 818 (FY1999 - FY2019)

Recorded the per year highest 77 projects in FY2019

PFI project is an upward trend for these 10 years

Note: The number of projects does not include projects for which the contract was cancelled or discontinued during the service provision period
Number of PFI projects by field and contractor

By contractor:
- Central Gov.: 10%
- Local Gov.: 83%
- Other: 7%

Total PFI projects implemented from FY1999 to FY2019
Photos of PPP/PFI Projects in Japan

① Education
※ Supply center of school meals

② Social Housing

③ Complex Facility
Support to Local Governments

1. Various Guidelines and manuals
   Process guideline, Risk guideline, VFM guideline, Contract guideline, the Right to Operate the Public Facility Guideline etc.

2. PPP/PFI regional platform
   Formed by local enterprises, financial institutions, and local governments.
   Framework for improving know-how and project formation capabilities of PPP/PFI projects in the region.

3. PPP/PFI priority consideration principles
   Principles that give priority to considering whether PPP/PFI can be used for the public works projects
   (Introduced in 194 local governments)

4. Support for feasibility study
   Subsidizing for feasibility study which held by local governments before implementing PFI project

5. Dispatch specialist
   In response to requests from local governments, CAO dispatches administrative practice experts to local governments

Beside the above, CAO provide several supports to local governments.
Thank you!

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