

Partnership for Quality Infrastructure

Investment for Asia's Future

- Japan promotes “quality infrastructure investment” through “Partnership for Quality Infrastructure: Investment for Asia’s Future,” which consists of four pillars, in collaboration with other countries and international organizations.
- To that end, Japan, in collaboration with the strengthened Asian Development Bank (ADB), will provide approximately USD 110 billion (about a 30% increase) for “quality infrastructure investment” in Asia over the next five years.
- This initiative will play a catalytic role in further mobilizing financial resources and know-how from the private sector across the globe to Asia, a region full of potential, in such a way that promotes infrastructure investment that the region needs, both in terms of quantity and quality.

Background

- From South East and South West Asia to Central Asia, the Asian region needs an immense amount of infrastructure development and financial resources for it to unleash its potential and to continue to be a growth center that leads the world economy of the twenty-first century.
- In meeting this challenge, it is important to ensure the quality of infrastructure in order for a government to achieve sustainable development and to bring well-being and benefits to its people.

Elements of “Quality Infrastructure Investment”

- “Quality infrastructure” may first appear costly; however, since it is easy to use and durable, as well as environmentally friendly and disaster resilient, “quality infrastructure” is indeed cost-effective in the long run.
- “Quality infrastructure” also contributes to enhancing connectivity among Asian countries, creating jobs for local people, increasing local skills and improving people’s lives.
- Japan has been a long-standing partner for Asian countries to invest in “quality infrastructure” based on each country’s development plan.

Examples of “Quality Infrastructure Investment”

1. India: Delhi Metro

- Provides comfortable and convenient means of transportation for about 2.5 million people every day.
- Mitigates traffic congestion and air pollution in the metropolitan area.
- Disseminates the idea of “safety first” and the importance of “on-time delivery” at construction sites.
- Contributes to reducing electricity consumption and CO₂ emission with a Japanese high-tech brake system.

2. Mongolia: Ulan Bator Railway Fly-over (“Sun Bridge”)

- Ensures smooth traffic between the capital’s southern (new residential area) and northern (business district) areas by overpassing a railway line which runs east to west across the capital.
- Applies Japanese high-tech for the elevated bridge to prevent a bridge collapse upon a large earthquake, etc.
- Transfers technology to Mongolian engineers and students by introducing Japanese construction skills through such events as seminars and site visits.

3. Vietnam: Nhật Tân bridge (“Vietnam-Japan Friendship Bridge”)

- Achieves high resilience despite the softness of the ground by applying a construction method in which Japan has superior skills and experience.
- Transfers technology to Vietnamese engineers through the construction process.
- Contributes to improving the safety level throughout the country through the adoption of the construction method introduced by the project as a national standard.

Pursuit of both “Quality” and “Quantity” by way of mobilizing private finance

- Japan promotes “quality infrastructure investment” in pursuit of “quality as well as quantity”, instead of “quality over quantity.”
- There is a limit to what public finance alone can achieve in pursuing both “quality” and “quantity.” A breakthrough may be possible, however, by developing and enhancing mechanisms that attract private funding to infrastructure investment in Asia.
- In doing so, Japan intends to support Asian countries in pursuit of “quality infrastructure investment” by launching the “Partnership for Quality Infrastructure: Investment for Asia’s Future,” which consists of the following four pillars.

Four Pillars of “Partnership for Quality Infrastructure: Investment for Asia’s Future”

■ First Pillar: Expansion and Acceleration of Assistance through the Full Mobilization of Japan’s Economic Cooperation Tools

- ⇒ Increase the amount of Japanese ODA Loans for Asia’s infrastructure by about 25% by way of coordinating Japanese ODA Loans with Technical Cooperation and Grant Aid as well as enhancing JICA’s Private Sector Investment Finance.
- ⇒ Promote the mobilization of private funding for infrastructure projects through the utilization of new types of ODA Loans that support developing countries to provide capital and guarantee for Public Private Partnership (PPP) infrastructure projects.
- ⇒ Make continuous efforts to further expedite Japan’s ODA Loans procedures.

■ Second Pillar: Collaboration between Japan and the Asian Development Bank (ADB)

- ⇒ Support ADB’s initiatives such as the expansion of its lending capacity by 50%, the expansion of the lending portfolio to the private sector and the reduction of the project preparation period.
- ⇒ Welcome ADB’s consideration of its future capital increase.
- ⇒ Consider a new collaboration mechanism between JICA and ADB to facilitate the use of PPP for infrastructure investment by utilizing JICA’s Private Sector Investment Finance.

■ Third Pillar: Measures to double the supply of funding for projects with relatively high risk profiles by such means as the enhancement of the function of the Japan Bank for International Cooperation (JBIC)

- ⇒ Empower JBIC to actively provide funding for PPP infrastructure projects, etc. with relatively high risk profiles (e.g., a project without a guarantee from a government of developing country to support the payment obligations of the off-taker under the purchase agreement).
- ⇒ Utilize the newly-established Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN).

■ Fourth Pillar: Promoting “Quality Infrastructure Investment” as an international standard

- ⇒ Share good practices of “quality Infrastructure Investment” across the world through such media as booklets.
- ⇒ Offer opportunities for site visits to experience Japan’s advanced technologies.
- ⇒ Hold seminars on “quality infrastructure investment” in collaboration with international organizations, such as the World Bank and ADB, as well as many partner countries.
- ⇒ Stress the importance of “quality infrastructure investment” at international fora such as G20 and the UN.
- ⇒ Enhance the provision of technical cooperation necessary for “quality infrastructure investment.”