

Promoting Quality Infrastructure

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**High-Level Side Event
on Promoting Quality Infrastructure**

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G7 Ise-Shima Principles for Promoting Quality Infrastructure

- ① Economic efficiency of life-cycle cost
- ② Social/environmental consideration
- ③ Local job creation and tech transfer
- ④ Local development strategy
- ⑤ Effective resource mobilization



Pursuing regional peace and prosperity through connecting the continents and oceans with secured sea lanes in the Indo-Pacific Region

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- ⚓ Port : Cambodia (Sihanoukville), Indonesia (Patimban), Kenya (Mombasa), Madagascar (Toamasina), Mozambique (Nacala), Samoa (Apia), Sri Lanka (Colombo, Trincomalee), Vanuatu (Port Vila)
- ✈ Airport : Papua New Guinea (Nazab)
- ⚓ Maritime Security and Safety: ASEAN, Brunei, Cambodia, Djibouti, India, Indonesia, Kenya, Malaysia, Myanmar, Thailand, Philippines, Sri Lanka, Vietnam
- Counterterrorism: Bangladesh, Kenya, Maldives, Pakistan, Philippines, Sri Lanka, Thailand,
- Disaster Risk Reduction: ASEAN, Bangladesh, Maldives, Pakistan, Philippines, Sri Lanka, Thailand, Vietnam
- ▲ Counterpiracy: Gulf of Aden, ReCAAP-ISC (in Singapore)
- Mine Cleaning: ASEAN
- ★ Post-Conflict Management: Sri Lanka

Yellow: Completed
Blue: On-going

East-West Economic Corridor

- Construction of Hai Van Tunnel (Vietnam)
- Improvement of Da Nang Port (Vietnam)
- Construction of Second Mekong International Bridge (Laos) etc.

- Improvement of National Road No.9 (Laos)
- Improvement of East-West Economic Corridor (Myanmar) etc.

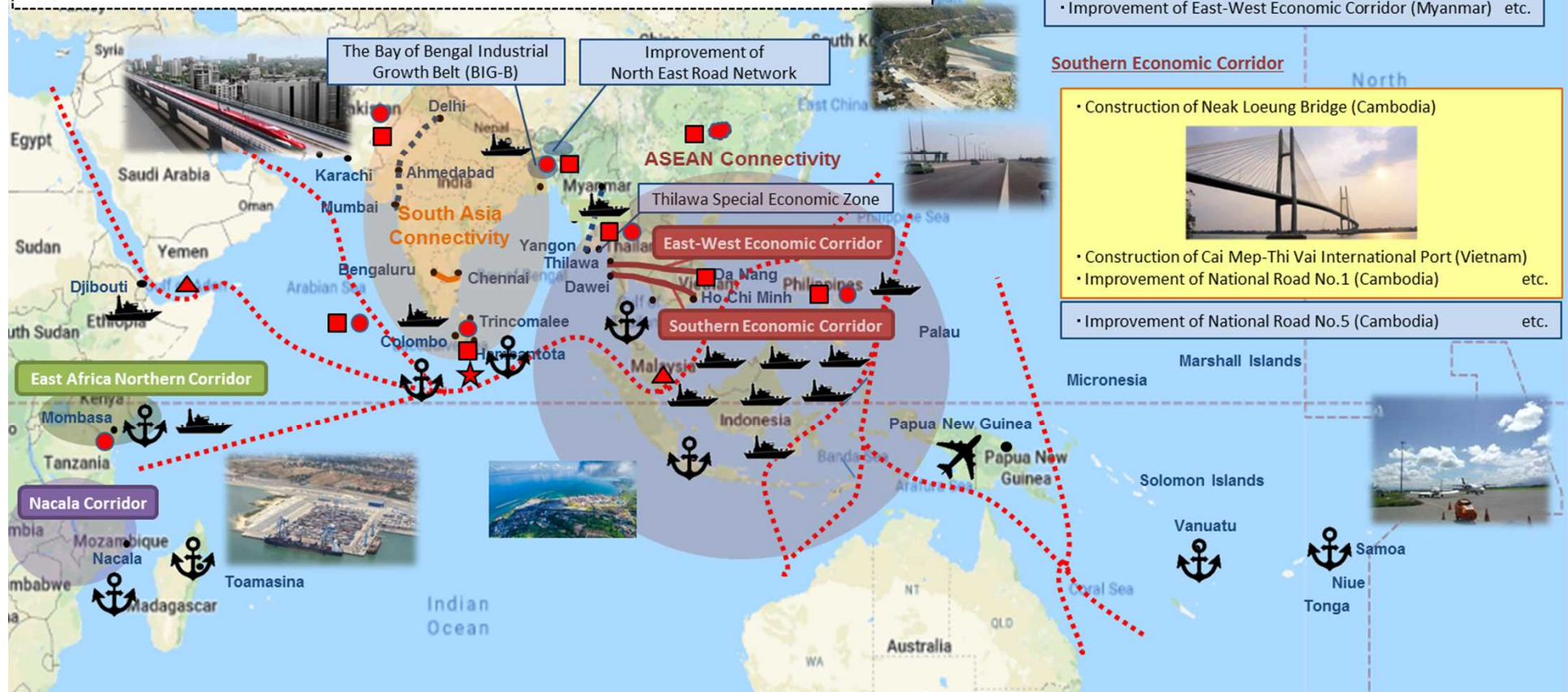
Southern Economic Corridor

- Construction of Neak Loeung Bridge (Cambodia)



- Construction of Cai Mep-Thi Vai International Port (Vietnam)
- Improvement of National Road No.1 (Cambodia) etc.

- Improvement of National Road No.5 (Cambodia) etc.



Examples of Quality Infrastructure

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High Speed Railway Project: Connecting India's largest city Mumbai with Ahmedabad, a prospering commercial and financial center



CG image: National High Speed Rail Corporation Limited (NHSRCL)

- Traveling time from Mumbai to Ahmedabad will be reduced from 7 hrs. → 2hrs. (max. speed: 320 km/h)
- Technical transfer through human resource development
- Development of the railway networks and the surroundings of train stations is expected to contribute to further economic development, job creation, and poverty reduction in India

Economic Prosperity through the Development of the East-West and Southern Economic Corridors and the Enhancement of Soft Connectivity



North-South Highway in Viet Nam (Provided by JICA)

- **Developing Roads and Bridges along the two Corridors**
- **Port Development**
Development of Sihanoukville Port
doubled container volume

Three Pillars:

① Promotion and establishment of rule of law, freedom of navigation, free trade, etc.

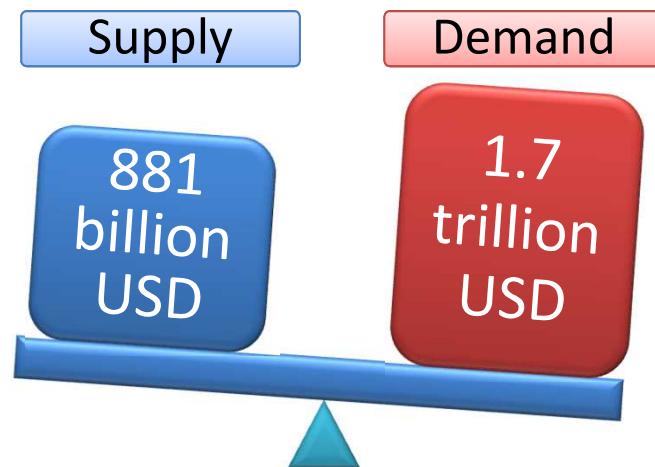
② Pursuit of economic prosperity

- Quality infrastructure contributes to enhancing connectivity, at national and regional level.
- For this, necessary to ensure open access to infrastructure.

③ Commitment for peace and stability

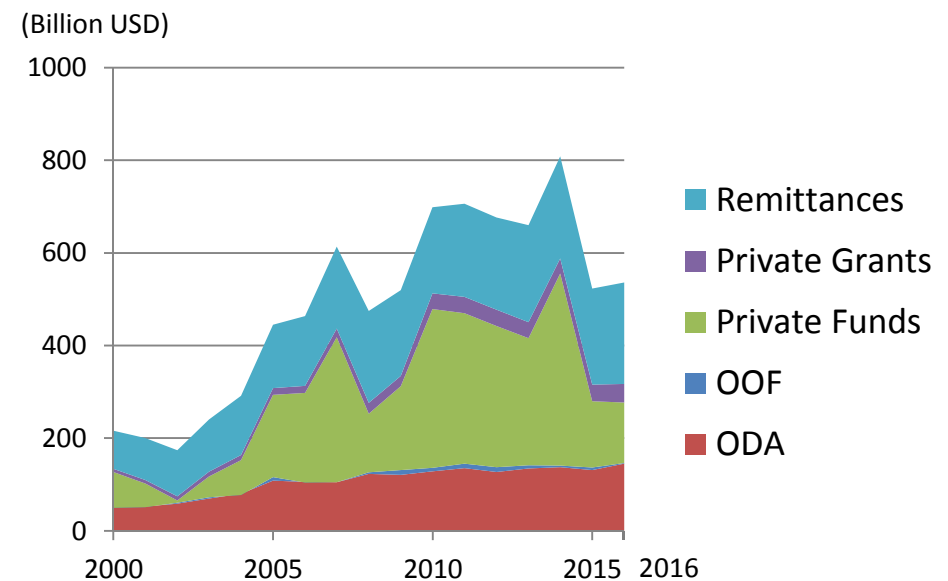
➡ For those purposes, Japan cooperates with various partners, including US, India, Australia and ASEAN.

- ① Investment gap in infrastructure in Asia
= **819 billion USD**
per year 2016-20



Source: ADB

- ② Resources other than ODA
account for large portion



Source: OECD DAC, World Bank

Government funds alone are **not sufficient** to meet needs.

Utilize public capital to **mobilize private capital**,
by alleviating investment risks for the private sector

- Private Sector Instruments (PSI)
- Public Private Partnerships (PPP)



Strengthen Cooperation with **MDBs**

- Co-financing schemes (e.g. Japan/ADB “Leading Asia's Private Sector Infrastructure Fund”)



Japan (JICA) and US (OPIC) signed MOC to mobilize private capital



Example: PSIF and Private Mobilization

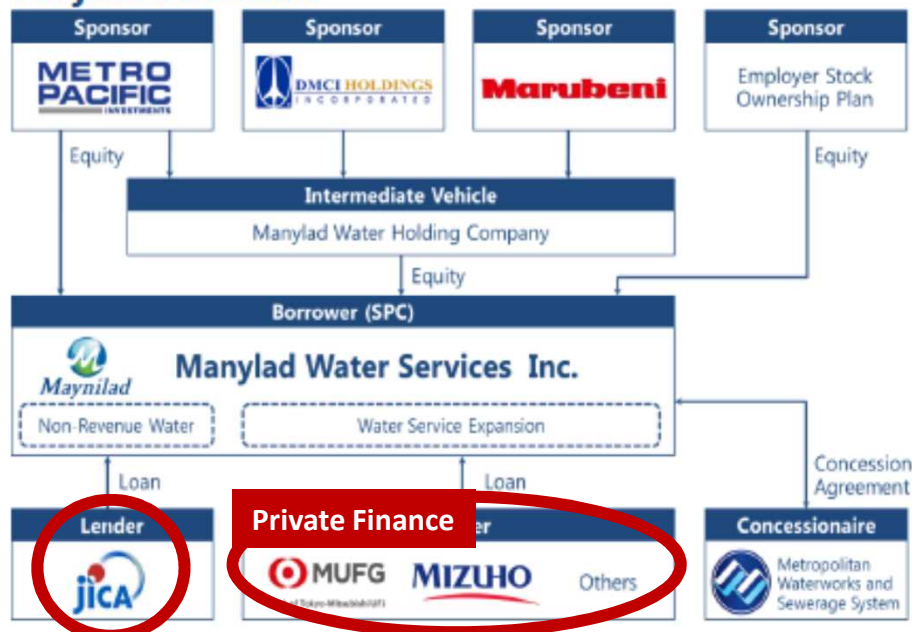
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Corporate Finance to Maynilad Water Services, Inc. in the Philippines

- JICA provided corporate finance to Maynilad, with Private Financial Institutions, which is the first-ever local currency-based loan in the Philippines.
- Supporting from the planning and formulation stage through JICA PPP F/S proposed by Marubeni, which is a Japanese private company.

➡ **JICA PSIF mobilizes private companies into emerging markets.**

Project Structure

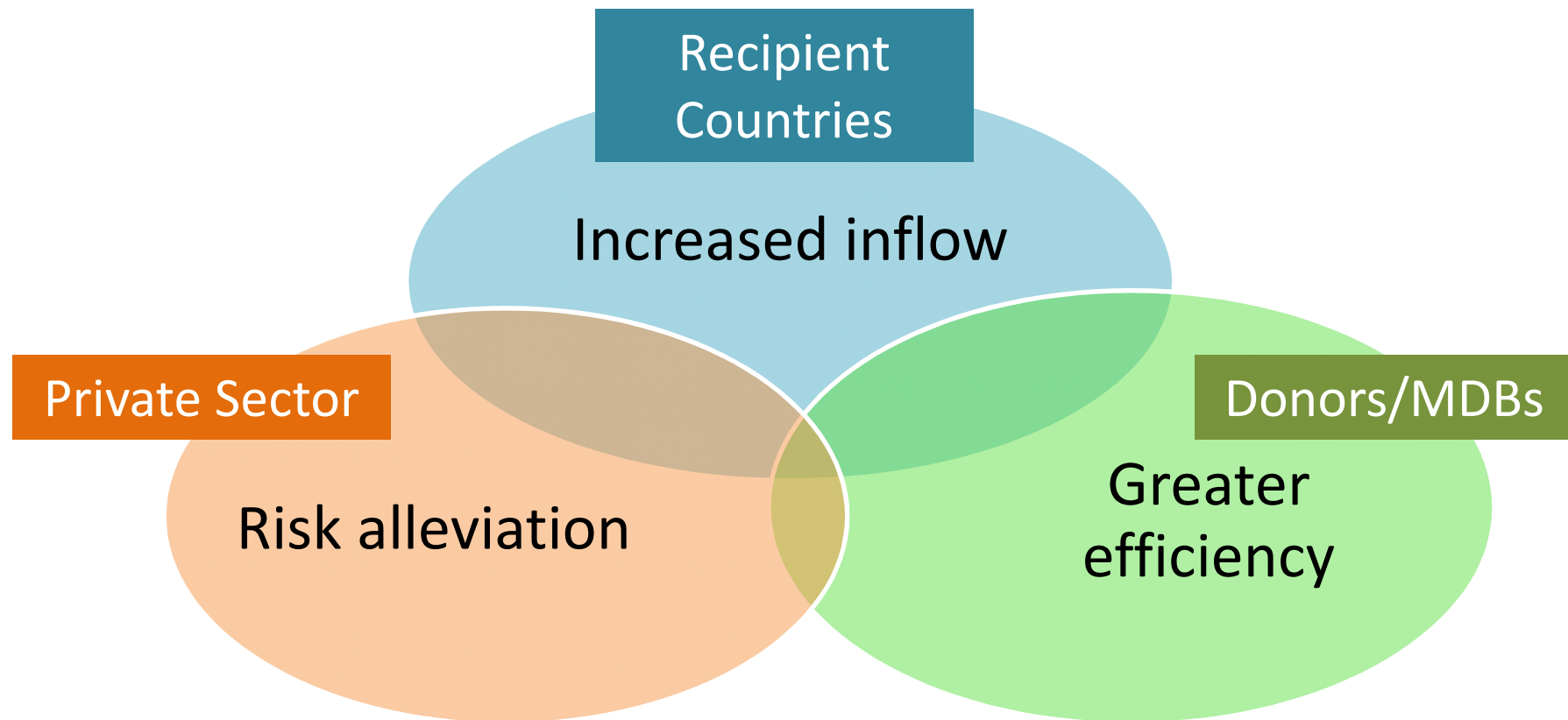


Non-Revenue Water
updating water distribution pipes,
installing water meters, procuring a
water distribution control system,
etc.



Water Service Expansion
laying new water distribution pipes,
expanding existing water treatment
plants, etc.

Effective resource mobilization creates a **win-win-win** situation.



Debt sustainability is essential element of quality infrastructure, as it is necessary for sustainable growth.

① For **lenders** (e.g. donors and MDBs), debt sustainability helps to **ensure repayment** from recipient countries.



② For **borrower countries**, debt sustainability **mitigates risks of default**.



Both lenders and borrower countries should pay due attentions to debt sustainability.
= **Sustainable financing**

Japan helps developing countries to increase knowledge and skills on debt sustainability.

- **Public officials from developing countries** receive **training** in debt management, such as **debt sustainability analysis** and **financial policy** from experts from the government, banks, brokerage houses, academia, etc.



(Lecture from experts)



(Visit to the Tokyo Stock Exchange)

For developing an international standard on quality infrastructure, along with EU and UNOPS, Japan also cooperates with various partners:



: Roundtable on Quality Infrastructure in Tokyo (April 2018) and Washington DC (September 2018)

In 2019, Japan will host:

- G20 Osaka Summit on 28-29 June
- TICAD 7 on 28-30 August

