

# Outline of 2025 Policy Program for Promotion of Overseas Infrastructure Systems

[Revised June, 2021 ]

October, 2021  
Cabinet Secretariat

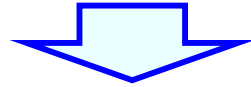
## I . Background

- ◆ **The government and the private sector have made joint efforts** since 2013. The orders for the infrastructure systems in 2019 reached 27 trillion yen and are steadily increasing. The impact of COVID-19 on this trend remains unclear.
- ◆ **A new policy program for promotion of overseas infrastructure system projects** from 2021 to 2025 was formulated in December 2020 and revised in June 2021.
- ◆ The new policy program seeks to **improve and strengthen the infrastructure platform where the government and the private sector participants can work together** to promote infrastructure system projects in a coordinated manner thorough effective and efficient information sharing.

## II . Objectives and the target of the new policy program

### Changing environment after adopting the 2013 policy program

- Intensified competition with companies from emerging economies
- Broad support for the UN Sustainable Development Goals (SDGs)
- Increasingly complicated international environment (for example, Indo-Pacific is going through various changes)



### Establishing three key pillars while keeping the original objective of “achievement of economic growth”

1. Achieve **economic growth** through carbon neutrality and digital transformation
2. Contribute to resolving social issues and achieving **SDGs** in partner countries
3. Realize Free and Open Indo-Pacific (**FOIP**)

## III. Major policies

### 1. Response to critical issues

#### ① Accelerate responses to the COVID-19 pandemic

- **Emergency response** to suspended projects (seeking cooperation from partner countries to resume projects, securing funds, etc.)
- Contribute to **strengthening of medical and healthcare, and public health** as needed by each partner country.

#### ② Contribute to carbon neutrality

- To reduce greenhouse gas emissions to net-zero by 2050, that is **to realize a carbon-neutral by 2050**, promote efforts toward carbon-neutral in Japan and contribute to **global decarbonization**, through joint developments and pilot projects in foreign partner countries.

#### ③ Promote the use of digital technologies/data

- Improving maintenance and operation of existing infrastructure through digital technologies, and start new services utilizing data obtained.
- Matching assistance for companies with advanced technologies in partner countries.

## III. Major policies

### 2. Response to diversifying objectives

#### ④ Secure core technologies

- Promote measures to **ensure cost competitiveness** of Japanese companies through local partnerships while **securing important technologies and taking the lead** in projects.
- Support Japanese companies in technological development, reorganization, human resource development and partnerships with local businesses.

#### ⑤ Promote quality infrastructure and co-creation with partner countries

- Promote policy dialogue for dissemination and Implementation of **Principles for Quality Infrastructure Investment including resilience and social considerations**.
- Strengthen **involvement in early stages of project formulation** in such areas as **smart cities** so as to co-create development model that meets local needs of partner countries.

#### ⑥ Promote economic prosperity and connectivity in partner countries

- **Promote project formation in line with FOIP** involving both soft and hard infrastructure.
- **Strengthen partnerships with countries** that share the vision.
- **Review/utilize a broad range of public financing instruments** including ODA to conduct appropriate risk management.

### III. Major policies

#### 3. Response to diversifying methods

##### ⑦ From one-off sales to continuous involvement

- Promote involvement in operation & maintenance (O&M) of infrastructure as well as business management via investment.
- Through identifying Japan's strengths and utilizing ODA and other resources, **support the formulation of comprehensive projects that cover the phases from infrastructure development to O&M.** Provide a **support package for human resource development and technology transfer** to promote collaboration with local businesses.

##### ⑧ Partnership with government/organizations in third party countries

- Promote collaboration with companies from partner countries operating in third-party countries.
- **Develop a cooperation framework with the government/organizations of partner countries** (e.g. Memorandum of Cooperation among financial institutions), and support specific projects.

## Example of Major Policy Measures

### ① Accelerate responses to the COVID-19 pandemic

#### ○ Emergency response to suspended overseas infrastructure projects

- Lay out support policies for Japanese companies
  - ✓ Held briefings for Keidanren and other organizations (June 2020 onward)
  - ✓ Informed overseas diplomatic missions (July 2020)
- Overseas missions, etc. appealed to the governments of partner countries to implement contracts faithfully as requested by Japanese companies
- Financial support by public financial institutions

#### ○ Economic Recovery



Timely responded to additional funding needs to promote the economic stabilization and development efforts of partner countries via the Emergency COVID-19 Crisis Response Emergency Support Loan



Provided financial support for maintaining or restructuring Japanese companies' overseas business via the Emergency Window for Overcoming the COVID-19



Compensated losses from the suspension of business, delayed payments, etc. caused by the pandemic through trade insurance Reform insurance systems including expansion of the coverage for eligible projects to strengthen supply chains

#### ○ Intensive promotion of medical care, healthcare, and public health initiatives overseas

##### Examples of support package for UHC\* through ODA

Treatment system



Constructing core hospitals, providing medical equipment, and developing capacity of human resources

Infectious disease research and alert system



Establishing core infectious disease research institutions and developing capacity of human resources

Infectious disease prevention



Providing access to safe water, sanitation and hygiene, and encouraging proper hand washing

\* UHC (Universal Health Coverage) means that all people have access to the health services they need, including proper preventive care, medical treatment and rehabilitation, without financial hardship.

## Example of Major Policy Measures

### ② Contribute to carbon neutrality

#### ○ Encouragement of carbon neutrality to developing countries

- Asia Energy Transition Initiative (AETI)
  - ✓ Support development of energy transition roadmaps, present and promote the Asian version of the transition finance, provide US\$10 billion financial support for individual projects, support technology development and demonstration, support human resource development on decarbonisation technologies
- Initiative for Decarbonized Infrastructure
  - ✓ Aiming for a cumulative GHG emission reduction of about 100 million tons of CO<sub>2</sub> by FY2030 from JCM projects through public-private partnerships (maximum project size of about one trillion JPY (approx. ten billion USD) through public-private partnerships with a diversification of funds accelerating the implementation of projects)
  - ✓ Promoting the formulation of a long-term strategy, the formation of Decarbonization Domino Effect projects, the cooperation with ADB, and the diversification of funds accelerating the implementation of projects, as well as strengthening the public-private partnerships for JCM expansion
- Support for Japanese companies with leading decarbonisation technologies
  - ✓ Support the enhancement of international competitiveness and the development of international sales via the JBIC's Post-COVID-19 Growth Facility, the NEXI's LEAD initiative and ODA.
  - ✓ Promote international standardization through support in technology development and demonstration for establishing the supply-chain of hydrogen and fuel ammonia and in development of environments

#### ○ Joint development/demonstration of advanced technologies, development of overseas markets

Develop/disseminate technologies and systems collaborating with partner countries by utilizing the NEDO International Demonstration Project\*, etc.

\* Conducts demonstrations of advanced Japanese energy technologies and systems overseas

CCUS



Hydrogen supply chain



Power grid battery storage



Geothermal power generation



#### ○ Support development of the administrative systems of partner countries

Constructive involvement in policies pertaining to energy conversion and decarbonization

- Policy dialogue on energy
- Policy dialogue on the environment
- Support development of a long term strategy under the Paris Agreement



## Example of Major Policy Measures

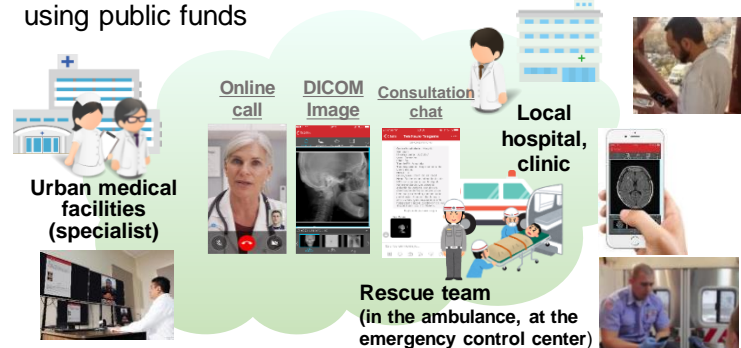
### ③ Promote the use of digital technologies/data

- Matching assistance to connect with companies with advanced technologies in partner countries
  - "Japan Platform for Driving Digital Development" facilitates information sharing via database, coordination for project formation, 5G, data center and ICT utilization and application in healthcare, disaster management and agriculture sector
  - J-Bridge (Japan Innovation Bridge) facilitates open innovation process with overseas startups/firms through support measures such as webinars, hands-on meet-up arrangements and consultations for business alliance.
- Support digital technology utilization projects (F/S, demonstration, public funding, HR development, etc.)  
Support F/S of the formulation of business models utilizing digital technology that will be developed for multiple countries
- Facilitating international discussions on rule-making for the promotion of "Data Free Flow with Trust (DFFT)" including better use of data
- Japan-U.S. cooperation  
Secure network including 5G and beyond 5G, investment in advanced ICT development and the launch of the U.S.-Japan Global Digital Connectivity
- Japan-UK cooperation  
The UK government promotes the demonstration project in partnership with Japanese companies for the implementation of 5G Supply Chain Diversification Strategy

#### ○ Digital technology application example

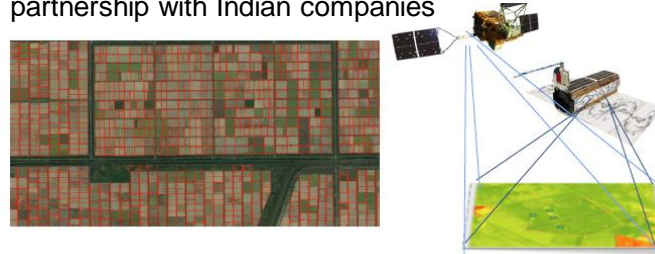
##### ICT-powered telemedical system

The results of the demonstration experiments in Brazil and Chile were deployed to African and Asian markets using public funds



##### Agriculture infrastructure system utilizing satellite data

- 2019: Set up a subsidiary in India with support from the Japan India Startup Hub
- 2020: Adopted as a subsidized business by the Asia DX Project, and rolled out a farming business in partnership with Indian companies



## Example of Major Policy Measures

### ④ Secure core technologies

#### ○ Support technological development

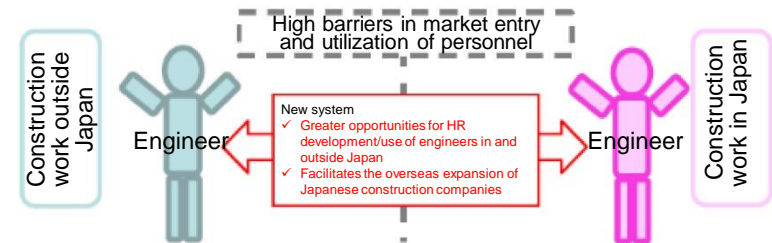
- Support R&D and social implementation that help to enhance infrastructure competitiveness based on the Integrated Innovation Strategy 2020
  - ✓ AI and quantum technologies
  - ✓ Safety and security (Disaster prevention, etc.)
  - ✓ Environmental energy
  - ✓ Healthcare, medical care, etc.

#### ○ Support corporate reorganization (Investment in overseas companies, M&As)

- ✓ Support for companies' due diligence
- ✓ Financial support through JBIC's Post-COVID-19 Growth Facility for supporting Japanese companies' overseas business expansion
- ✓ Hands-on support by the public-private partnership fund

#### ○ Support HR development (Certify/award overseas infrastructure project engineers)

- Certify/award engineers with a good track record in overseas infrastructure projects
- Certifications and awards are taken into consideration when bidding for domestic construction work and businesses



## Example of Major Policy Measures

### ⑤ Promote quality infrastructure and co-creation with partner countries

#### ○ Disseminate and implement quality infrastructure

- Communication of **G20 Principles for Quality Infrastructure Investment\*** in the international arena

\* The following six principles were endorsed at the 2019 G20 Osaka Summit

- ① Maximizing the positive impact of infrastructure to achieve sustainable growth and development
  - ② Raising Economic Efficiency in View of Life-Cycle Cost
  - ③ Integrating Environmental Considerations in Infrastructure Investments
  - ④ **Building Resilience** against Natural Disasters and Other Risks
  - ⑤ Integrating **Social Considerations** in Infrastructure Investment
  - ⑥ Strengthening Infrastructure Governance
- Support development of the soft infrastructure of partner countries
    - ✓ Promoting **Decent Work etc.**

#### ○ Overseas development of Smart City

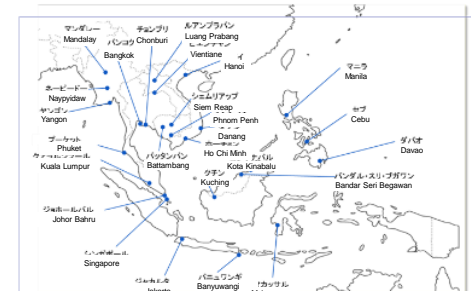
- PR through the use of **Smart City Catalog** (Published in Oct. 2020)
- International standardization of Smart City
- **Expansion of JOIN's areas of support**

Proactively provide support not only to the transportation and urban development sectors but also expand to support affiliated business fields (such as energy, information & communications and water services, etc.) in cooperation with other public sector institutions.

- Overseas development of **soft infrastructure such as MaaS**
- Project formation through "Smart JAMP (Smart City supported by Japan ASEAN Mutual Partnership)"

#### ➤ Smart JAMP

- ① Implementation of concrete smart city project formation
- ② Promotion of financial support for ASEAN smart city proposals
- ③ Strengthening support for smart city in ASEAN countries
- ④ Smooth information sharing and mutual cooperation through JASCA homepage



Member Cities of ASCN (ASEAN Smart City Network)

## Example of Major Policy Measures

### ⑥ Promote economic prosperity and connectivity in partner countries

#### ○ Support project formulation

- Encourage the public sector to take appropriate risks through coordination of public financial instruments
- Examine support policies for the realization of FOIP\* in partner countries.

\* FOIP aims to promote peace and prosperity across the region and the world by making the Indo-Pacific free and open through ensuring rules-based international order

#### ○ Support vaccine supply

#### ○ Examples of FOIP infrastructure projects

##### Development of ports/operational support



Sihanoukville Port, Cambodia  
Funded by Japanese companies and JICA  
(JICA: from 2017 to 2019)

##### Development of a communication network



Singapore-Myanmar-India  
fiber optic submarine cable  
Support from JICT (Approved in 2019)



Palau submarine cable  
Support from JBIC and NEXI (Approved in 2021)  
※Construction under this project executed in the boxed area by a red dotted line

##### Development of an urban public transport system



Jakarta Mass Rapid Transit Project  
Assist MRTJ's O&M task (Since 2016)

## Example of Major Policy Measures

### ⑦ From one-off sales to continuous involvement

- **Formulation of comprehensive project covering infrastructure development and O&M; support package of HR development and technology transfer**

#### **New Ulaanbaatar International Airport Operation Project (Mongolia)**

- A Japanese consortium, including Narita International Airport Corporation, has been participating in the project for operating of the new airport which was constructed with ODA loan and opened in July 2021.
- Development of Human Resource for operation is also funded by ODA
- Culmination of a **public-private partnership that leveraged knowledge from incorporated administrative agencies**



### ⑧ Partnership with government/organizations in third countries

- **Project origination involving third countries**

#### **China-Japan partnership in the development of a smart city in Thailand**

- In Oct. 2018, **Yokohama** Urban Solution Alliance (YUSA) **concluded an MoC** pertaining to the development of a smart city in Chonburi Industrial Estate, Thailand in collaboration with **Thai and Chinese companies** in line with **the convening of the Japan-China Forum on Third Country Business Cooperation**



Thank you very much for your attention.