

Pursuing Strategic, Enhanced International Cooperation Through Public-Private Cooperation

8 April, 2009
Nippon Keidanren

The Backgrounds and Challenges

- **Rising expectations for Japanese ODA and OOF** amid global recession
 - Supply liquidity to emerging/developing countries, expand effective demand
- **Creation of effective demand in East Asia region** especially important
 - Support development of major infrastructure, social safety nets ⇒ Boost consumption, livelihoods
 - Build infrastructure for EPAs through ODA ⇒ E. Asian economic integration ⇒ Create demand
- Japan should display leadership in making an international contribution under economic difficulties
 - Duty to fulfil int'l pledges, action on climate change and energy security
- **Increase ODA and improve procedures**
 - Expand fiscal resources, implement ODA effectively through public-private partnership

*Follow up April 2008 proposal on
Future of International Cooperation*

ODA amid a global recession

Toward Effective Public-Private Cooperation

1. Taking Action to Address the Global Recession

(1) Providing Liquidity, Projects That Have Immediate Effects

- Secure liquidity through JBIC, NEXI ⇒ Expand and extend
- Expand grant aid ⇒ Augmentation of existing infrastructure

(2) Expanding Effective Demand

- Develop wide-area infrastructure (e.g. East Asia Industrial Corridor)
- Establish social safety nets (health and unemployment insurance) and expand education through ERIA ⇒ Improve livelihoods

(3) Expanding the ODA Budget

- Expanded ODA budget essential to meet int'l pledges

2. Promoting Public-Private Cooperation

(1) Link Acquisition of Project Rights and Provision of ODA

- Support establishment of PPP systems in recipient countries
- Share overall project schedule between public/private sector parties

(2) Support for Project Development

- Establish system for hybrid projects (ODA + private investment)
- Use of the technical assistance funds in JICA ODA loan account

(3) Establishing Viability Gap Funding (VGF)

- Establish system for grant aid/low-interest loan VGF ⇒ Trial projects

(4) Assistance to Single Specific Company

- Fund projects that meet standards for public benefit etc. through ODA

3. Expanding the Functions of New JICA

(1) Participation in Planning International Cooperation Strategy

- Perform roles in making comprehensive, integrated plans (basic policy formulation ⇒ preparation, planning ⇒ construction, operation)
- Use JICA's Private-Sector Investment Finance facility (differentiate from JBIC financing facility)

(2) Accelerating Yen Loan Procedures

- Capacity building in yen loan procedures for recipient country governments
- Establish credit lines covering multiple development projects

(3) Expanding STEP Yen Loans

- Expand range of areas covered by STEP through trial projects using ODA

(4) Motivating Japanese Firms to Participate in ODA Projects

- Urgent need to expand project size, etc.

4. Promoting Cooperation Between International Organisations and Japanese Companies

• Effective use of contributions to int'l organisations (Japan Fund)

Reflect fields in which Japanese firms are competitive in project selection
⇒ Lobbying of int'l organisations by government is essential

• East Asian economic integration, multilateral infrastructure projects

Increase Japan's presence through personnel and funding cooperation with ERIA and policy dialogue