

# Outline of 2025 Policy Program for Promotion of Overseas Infrastructure Systems (Provisional Translation) (Infrastructure System Overseas Promotion Strategy 2025)

## I. Background

- ◆ The government and the private sector have made joint efforts since 2013. The orders for the infrastructure systems in 2018 reached 25 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.
- ◆ 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)

Note: Acronyms, abbreviations and reference

- CCUS: Carbon dioxide Capture, Utilization and Storage
- DICOM: Digital Imaging and Communications in Medicine
- Decent Work: <https://www.ilo.org/global/topics/decent-work/lang-ja/index.htm>
- Examples mentioned in this outline are based on data as of December 2020

## 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.
- Regarding newly-planned coal-fired power generation projects, the Government clarified the current requirements and tightened its export policy.

#### 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.

### 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.

### 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 178 overseas diplomatic missions (July 2020)

#### ➤ Overseas missions, etc. appealed to the governments of partner countries to implement contracts faithfully as requested by Japanese companies in 66 countries

#### ➤ 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** (Signed exchange of notes worth JPY240 bn with seven countries)

Provided financial support for maintaining or restructuring Japanese companies' overseas business via the **Emergency Window for Overcoming the COVID-19**. (Approved loans/guarantees amounting to JPY297.1 bn for 15 countries)

Compensated losses from the suspension of business, delayed payments, etc. caused by the pandemic through **trade insurance** (Underwrote insurance worth JPY3.7 tn for 158 countries and regions)

**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.

②

## Contribute to carbon neutrality

### Support overseas development via public funding, obtaining credits

- Improve access to funds utilizing **JPRSI** (Japan Platform for Redesign: Sustainable Infrastructure) (Established in September, 2020 with membership totaling 293 organizations)
- **Promote origination of decarbonization projects utilizing green schemes**
  - ✓ **JBIC Facility Window for the Development of Quality Infrastructure for Environmental Preservation and Sustainable Growth.** (From Jan. 2020) (Approved nine loans/guarantees amounting to JPY199.7 bn)
  - ✓ **NEXI Loan Insurance for Green Innovation** (Jul. 2019 onward), etc. (Approved loans worth JPY130 bn for eight countries from 2019 onwards involving renewable energy projects)
- **GHG emissions reduction or removal through the Joint Credit Mechanism (JCM)**  
Approved projects are expected to reduce more than 17 million t-CO2 by fiscal 2030. Accumulated emission reductions or removals by FY 2030 through the JCM are estimated to be ranging from 50 to 100 million t-CO2 via scale-up or horizontal expansion of the project going forward.

### 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



#### Power grid battery storage



#### Hydrogen supply chain



#### 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 (Ongoing with 18 countries and regions)

Policy dialogue on the environment (Ongoing with 9 countries)

Support development of a long term strategy under the Paris Agreement (Ongoing with one country)

③

## Promote the use of digital technologies/data

### Matching assistance to connect with companies with advanced technologies in partner countries

- Set up **"Japan Platform for Driving Digital Development"** (JPD3) by early 2021 and promote the sharing of information on overseas projects
- Set up the **Japan Innovation Bridge (J-Bridge)** in JETRO by early 2021, which provides matching services to connect Japanese companies with foreign startups

### Support digital technology utilization projects (F/S, demonstration, public funding, HR development, etc.)

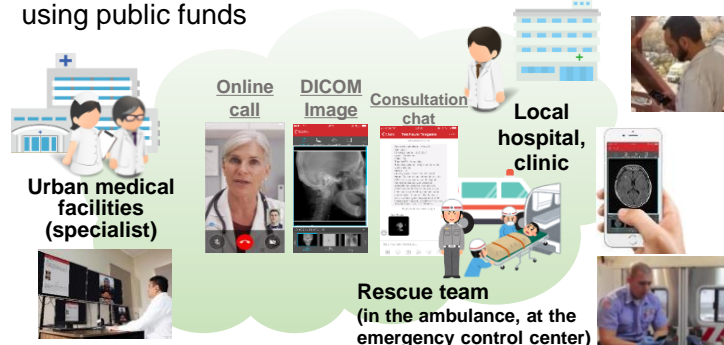
Support F/S of the formulation of business models utilizing digital technology that will be developed for multiple countries

### Facilitating international discussions on rule-making for the promotion of "Data Free Flow with Trust (DFFT)" including better use of data

### Digital technology application example

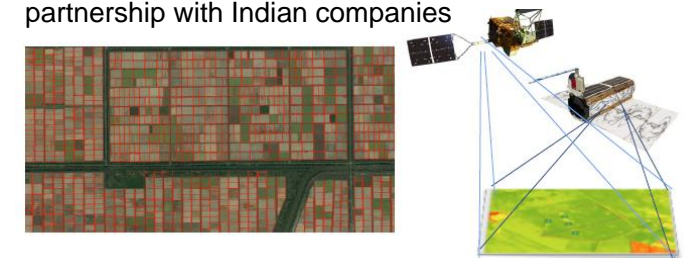
#### ICT-powered telemedical system

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.

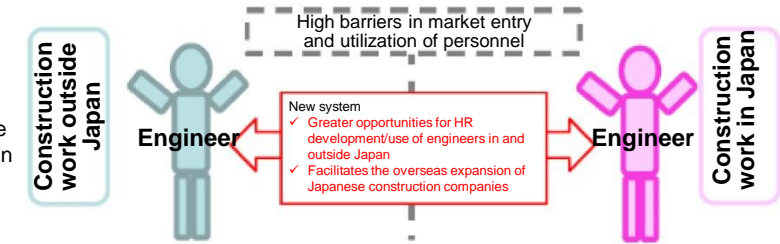
### ○ Support corporate reorganization (Investment in overseas companies, M&As)

- ✓ Support for companies' due diligence
- ✓ Financial support through JBIC's Facility Window for Supporting Japanese Companies' Overseas Business Expansion (Approved 21 loans/guarantees amounting to JPY968.4 bn)
- ✓ 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

(Invitations for bidding were announced in Sept. to Oct. 2020)



## 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

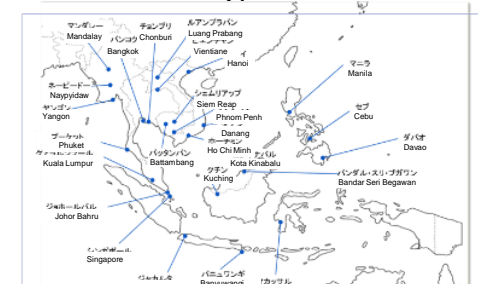
- Support development of the soft infrastructure of partner countries

- ✓ 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)"



Member Cities of ASCN (ASEAN Smart City Network)

### ○ Upstream support for social infrastructure development Financial infrastructure in Myanmar

- From 2013: Supported development of the central bank payment and settlement system through ODA
- From 2014: Supported training of central bank IT staff by ODA
- From 2016: **Japanese companies were entrusted with system maintenance**



## 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.

Will be implemented considering the diplomatic schedule of the 9th Pacific Islands Leaders Meeting (PALM9) and TICAD 8, etc.

\* 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

### ○ Examples of FOIP infrastructure projects

#### Development of ports/operational support



Sihanoukville Port, Cambodia  
Funded by Japanese companies and JICA  
(Since 2017)

#### Development of a communication network



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

#### Development of an urban public transport system



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

## 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)

- Since July 2019, a Japanese consortium including Narita International Airport Corporation has been participating in the project for operating of the new airport constructed with ODA loan.
- 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**

