

PPP/PFI in Japan

~Aiming for Maintaining Quality of Infrastructure Investment~

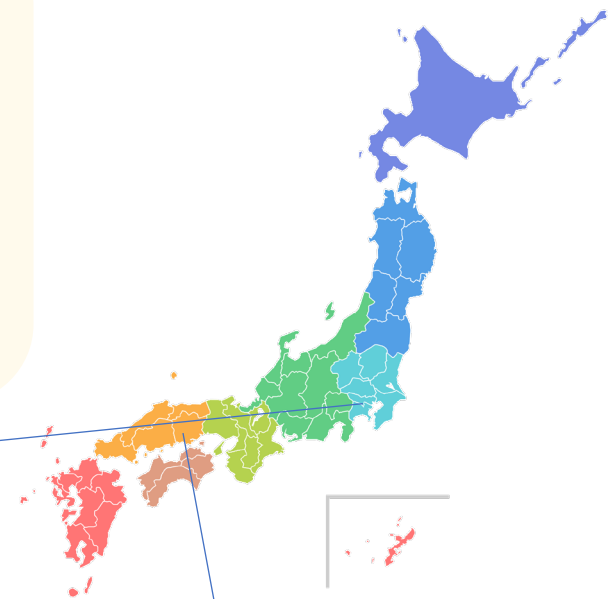
Deputy Director, Private Finance Initiative (PFI) Promotion Office,
Cabinet Office, Government of Japan

Rena Muranaka

1. Introduction



Japan National Stadium
(Tokyo Metropolis)



Accommodation utilizing the townhouses attached to the former Kanda family (in Okayama Prefecture)²

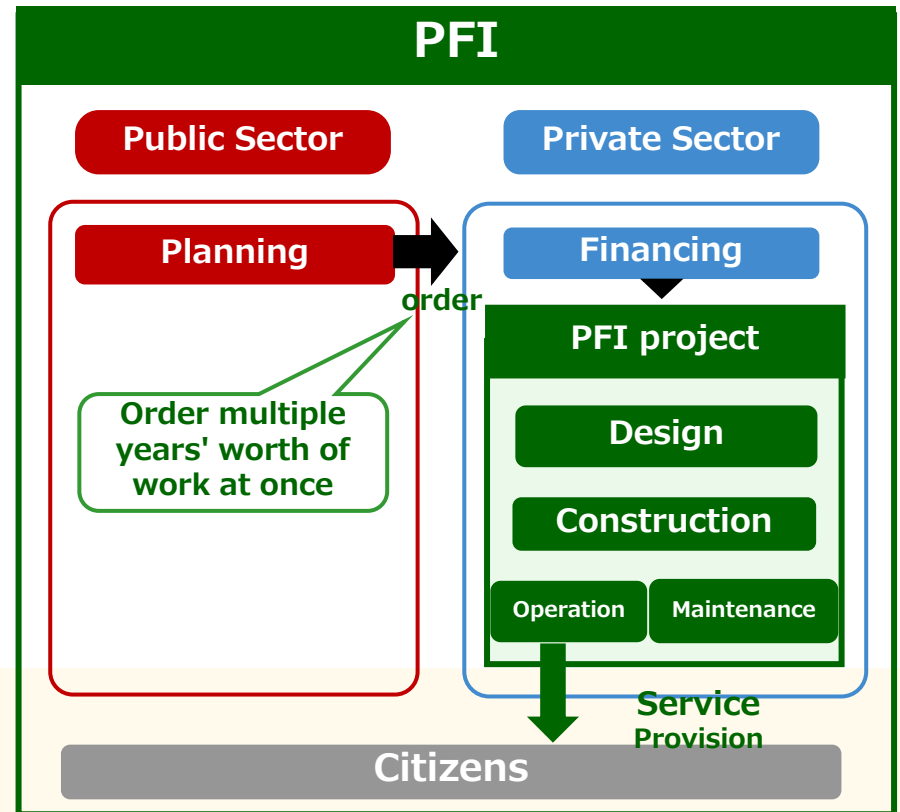
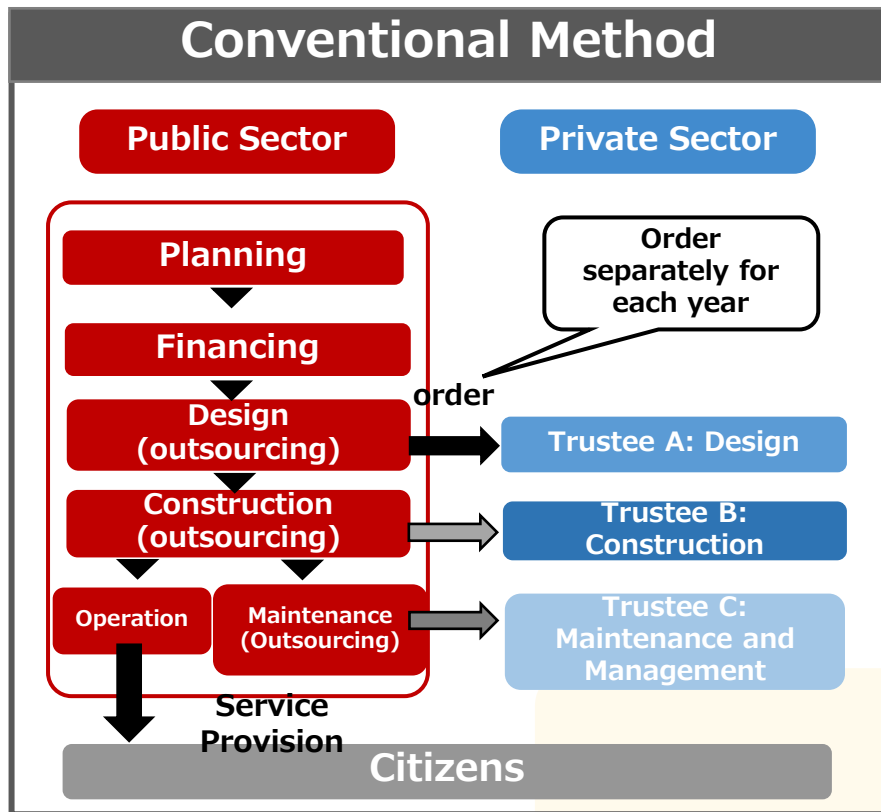
2. PFI in Japan

- PPP (Public Private Partnership):

Methods that effectively utilize private finance, management abilities and technical capabilities to ensure the provision of good service to the citizens. (designated administrator system, comprehensive outsourcing to the private sector, etc.)

- PFI (Private Finance Initiative):

One of PPP, a method based on “Act on Promotion of Private Finance”

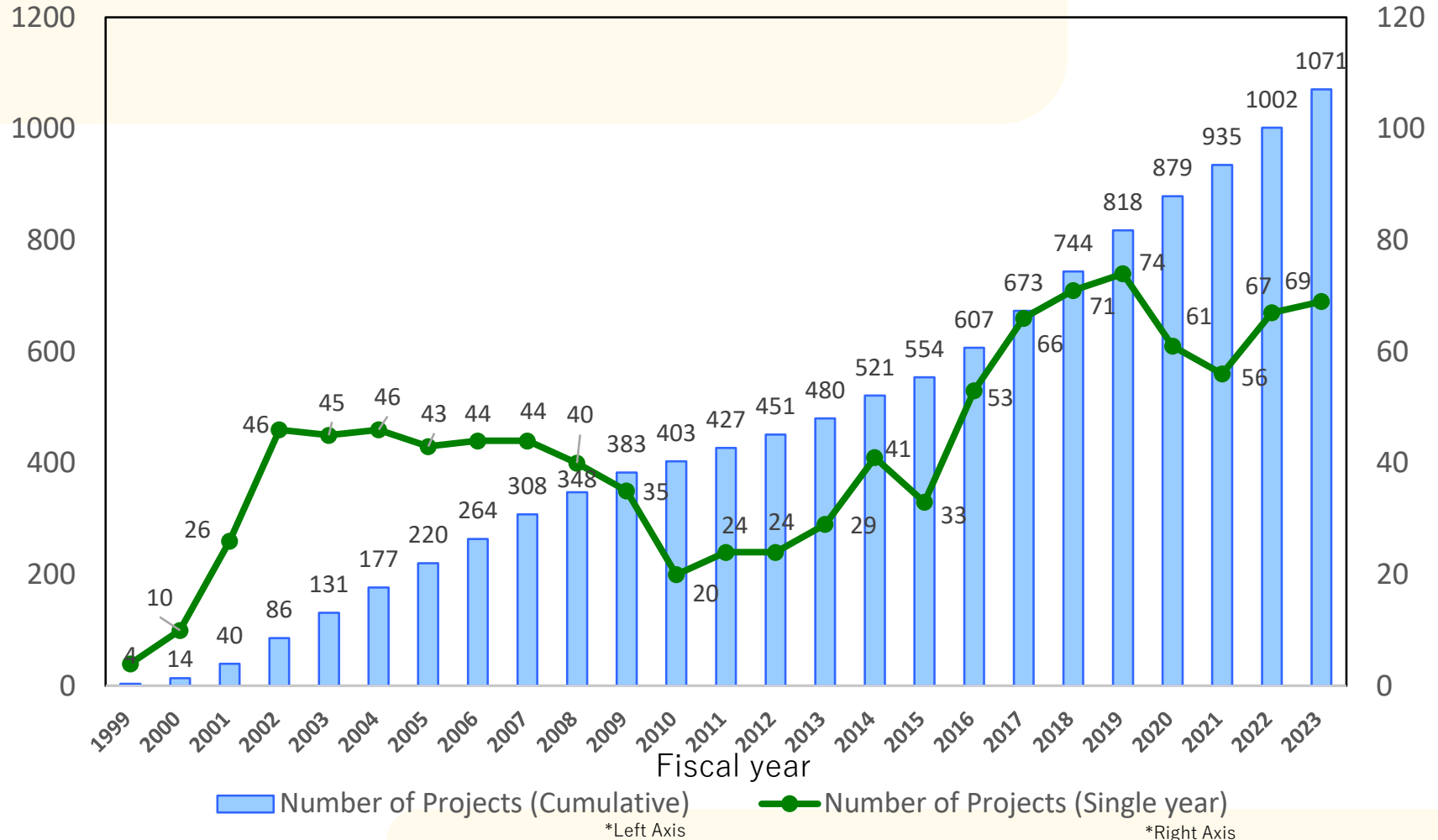


3. Number of PFI projects in Japan

(As of March 31, 2024)

(Number of projects)

(Number of projects)



(Note) The number of projects indicated is the number of projects implemented under the PFI Act as identified by Cabinet Office survey through the publication of the implementation policy and does not include projects which were canceled or discontinued during the service provision period or projects that were abandoned after announcement of the implementation policy.

4. PPP/PFI Promotion System in Japan

- **Council for the Promotion of Private Finance Initiatives**

Chairperson: Prime Minister / Members: All Ministers of State
Formulation of PPP/PFI Promotion Action Plan, etc.

- **Public Private Partnership / Private Finance Initiative Promotion Committee:**

Composed of 9 experts

Deliberation on revisions to action plans*, deliberations on investigations to promote project formation, etc.

→ Planning Sub-committee

→ Project Promotion Sub-committee

- **PFI Promotion Office, Cabinet Office, Government of Japan**

* PPP/PFI Promotion Action Plan:

A compilation of measures and policies for the government to promote PPP/PFI.
(Revised around June every year).

5. Necessity of PPP/PFI in Japan

Harsh social environment

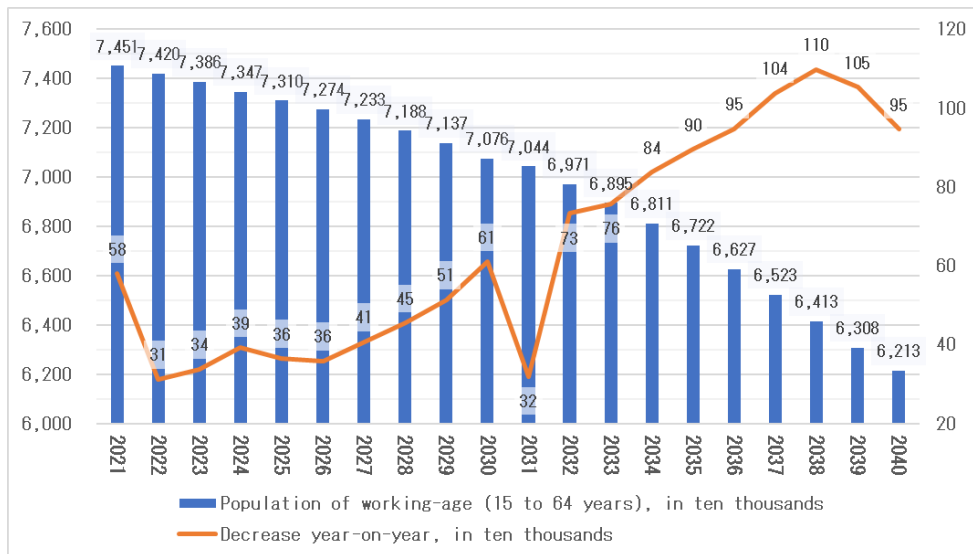
(1) Decline in the working-age population

⇒ Tight financial situation in local governments, decrease in administrative staff

(2) Deterioration of public facilities

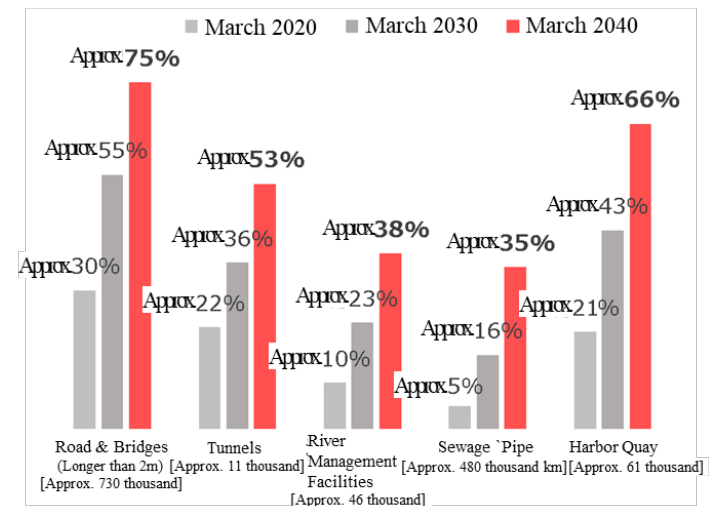
⇒ Increasing demand for renovations

Estimation of working-age population



Source: Created based on materials from the National Institute of Population and Social Security Research

Percentage of social infrastructure that is 50 years old or more after construction



Source: Ministry of Land, Infrastructure, Transport and Tourism Policy Bureau

6. Goals of PPP/PFI in Japan

【Promotion of PFI】

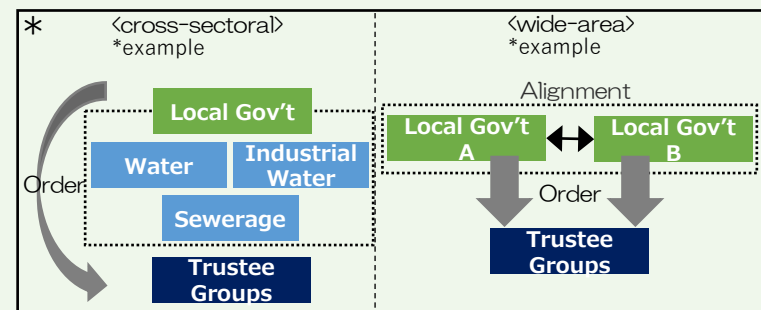
As social issues such as tight financial conditions of local governments, decrease in the working-age population, and aging infrastructure become more apparent, it is important to bring benefits not only to the government but also to private businesses and residents.

- **Administration:** Improving the efficiency of expenditures through long-term contracts, lump-sum orders, and performance-based ordering
- **Residents** : Improving services for residents by utilizing private sector know-how and flexible ingenuity
- **Private sector:** Generate profits through expansion of business opportunities, etc.

Main activities for this fiscal year

-From the PPP/PFI Promotion Action Plan (2024 revised version) -

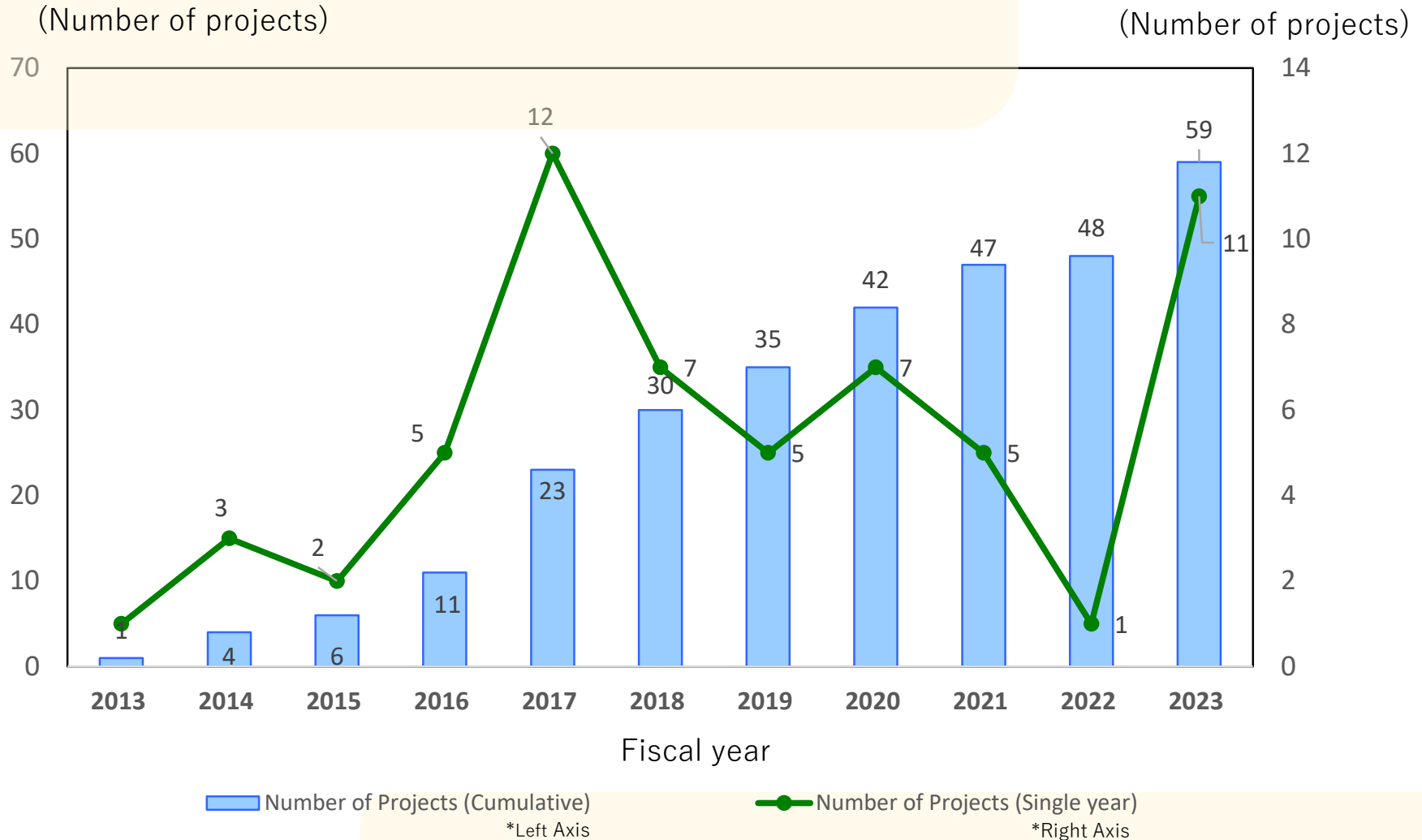
- Promote the formation of cross-sectoral and wide-area PPP/PFI*
- Promote the creation of an environment in which appropriate profits can be obtained through the efforts and ingenuity of private businesses
- Expansion of PPP/PFI utilization areas
- Promotion of Regional Revitalization through PPP/PFI



,etc.

7. Changes in the number of concession projects in Japan

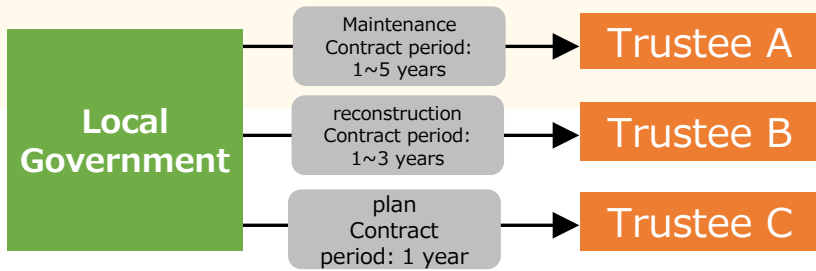
(As of March 31, 2024)



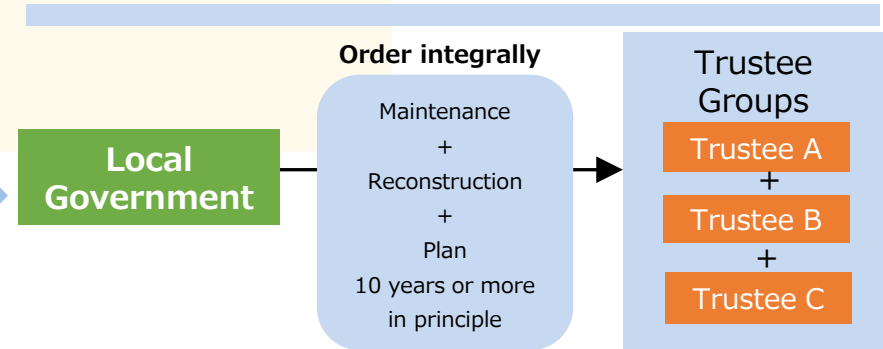
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8. Specific Initiatives (1): Water PPP

Conventional Business Structure

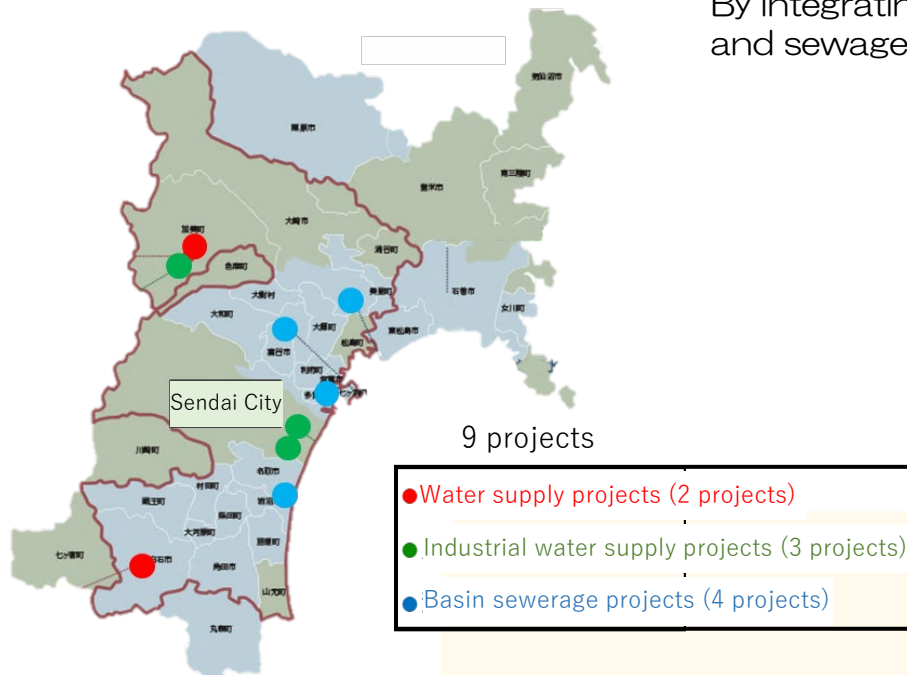


Water PPP



<Example: Water PPP in Miyagi Prefecture >

By integrating projects of water supply, industrial water supply and sewage systems, the following effects have been achieved.



<Local government>

- Significant cost efficiency (10.2% reduction compared to conventional models)
- Smooth information sharing among related parties by using digital technology

<Residents>

- Ensuring the safety and security of water by enhancing the monitoring system, etc.,

<Private Business>

- Stabilization of employment and earnings through long-term contracts, etc.

9. Specific Initiatives (2): Local PFI

Local PFI

=A concept that aims to bring more benefits to the local communities and their economy by promoting PFI projects, including PPP in a broad sense.

Core effects

- Expand opportunities for local companies to participate
- Utilization of locally produced materials and ingredients
- Development of local human resources , etc.



Secondary effects

- Preservation of history and culture
- Expansion of the nonresident population
- Increase in the number of immigrants , etc.

<Initiatives by the Cabinet Office>

- Guideline describes that expecting the participation of local private sector or the inclusion of business orders from local private sector will be highly evaluated at the time of recruitment of private businesses.
- Guide and case studies are published, which aims to identifying the various effects of PPP/PFI projects that contribute to the realization of sustainable communities, economies and societies, and evaluating their effects quantitatively.

10. Support Projects in the Cabinet Office

