



# **Annual Activity Report**

**(From April 2016 to March 2017)**



**Asia PPP Institute (APPPI)**  
**TOYO University**

## Organization of Asia PPP Institute (APPPI)

### Honorary Advisors

Dr. Mahathir bin Mohamad, the fourth Prime Minister of Malaysia

Dr. Yasuko Fukuda, the ninety-first Prime Minister of Japan

### Director

Prof. Sam Tabuchi, Professor of Toyo University, Vice-chair of the Executive Board to UN PPP Team of Specialists under UNECE (The United Nations Economic Commission for Europe)

### Senior Staff

Ryuji Takeda (until February 2017)

Fumiyo Takai (from April 2017)

### APPPI Members (2016)

#### <In Japan>

- Kitakyusyu City, Fukuoka Prefecture
- Eight-Japan Engineering Consultants Inc.
- Saitama Prefecture
- Kyoritsu Maintenance Co., Ltd.
- Kiso-Jiban Consultants Co., Ltd.
- Mr. Takashi Okazaki, Tokyu-Fudosan R&D Center Inc.
- Toyama City, Toyama Prefecture

#### <Overseas>

- Butuan City, the Philippines
- Iriga City, the Philippines

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## **I. Executive Summary**

Since its establishment in 2011, while this year marks the 5th year of its foundation, APPPI has been continuing to grow with faith in going ahead with the mission to be a global driver to promote a notion of PPP framework and PPP-based business development across Asia, and its activities have been broadening steadily among APPPI target countries. The main activities in 2016 represent as follows;

- A three-year contract was signed between Toyo University and JICA on Policy Advisory Research Studies on PPP and toward the implementation of PPP projects
- Based on the above contract, 2 field visits to Indonesia were conducted
- RDAP/PPP Follow-up Study in Butuan City, the Philippines
- Regional Development Advisory Study (RDAP)/PPP applicability study (simplified research) in Iriga City, the Philippines
- Two PPP seminars to the government officials of South Africa
- Invitation of a professor from International Islamic University Malaysia (IIUM)
- United Nations CoE Local Government Network Event
- A MOU was signed between Cebu Province, the Philippines and Toyo University

### III. APPPI Activities from April 2016 to March 2017

#### 1. Regional Development Advisory Program (RDAP) /PPP Applicability Study

##### 1) RDAP/PPP Follow-up Study in Butuan City, the Philippines

APPPI study team conducted RDAP/PPP Follow-up Study in Butuan City, the Philippines from 10<sup>th</sup> to 14<sup>th</sup> of August, 2016. This research, which was originally conducted in 2011, became actual projects operated by Chodai Co. Ltd. in cooperation with a local company. This follow up study was accompanied by Saitama TV crews from Japan to capture the on-going various projects, such as mini-hydro power plants, biomass power plants, development of an industrial park, rice farming and the farming of eels.

In addition, these projects were introduced to Japanese Prime Minister, Mr. Abe when he visited Dabao City, Mindanao Island, the Philippines in January 2017.

##### 2) JICA Policy Proposal Research Program on PPP in Indonesia:

<The 1<sup>st</sup> Field Visit: August 28<sup>th</sup> to September 4<sup>th</sup>, 2016>

Based on the 3 year (2016-2019) contract between JICA and Toyo University on policy proposal research on PPP in Indonesia, APPPI proposes on the policies and systems to promote PPP in Indonesia at the local government level through identifying bottlenecks and capacity enhancement of local government officials on PPP. In the 1<sup>st</sup> field visit, which was held between August 28<sup>th</sup> to September 4<sup>th</sup>, 2016, the research team visited Surabaya city and Sidoarjo city to interview government officials as well as to observe PPP projects.

In Surabaya city, the research team observed 3 ongoing projects studied by Japanese companies to analyze the possibility of applying PPP methods in each project. As a

result, the research team found out that the City Mayor was not favoring PPP and the local government of Surabaya had a tendency not to apply PPP methods to their projects due to its complex and time consuming administrative processes. Therefore the research team suggested that the local government transfer its facility operation and management to the private sectors after the facility is built by the local government as a regular public project to reduce the facility management costs. The research team also proposed to the local government to utilize public incentives to attract the private sectors.

In Sidoarjo city, the research team conducted PPP applicability study on the construction of a public hospital. As a result, the research team identified relevance and feasibility with a 3-6% of VFM (Value for Money). In addition, idle land was identified around the hospital through the field visit.

Therefore the research team proposed the wider comprehensive development plan to use the idle land, by considering future population growth and the development of the railway network.



Members attended the 1<sup>st</sup> field research

<The 2<sup>nd</sup> Field Visit: February 28<sup>th</sup> to March 8<sup>th</sup>, 2017>

The 2<sup>nd</sup> field visit was held between February 28<sup>th</sup> to March 8<sup>th</sup>, 2017 in order to feedback the findings from the 1<sup>st</sup> visit in Surabaya and Sidoarjo, as well as to conduct a PPP applicability study on the tourism industry at Flores Island. West Manggarai Regency, where Flores Island is located, enjoys various tourism resources, including Komodo dragon (an animal that only exists in Flores Island), crater lake with 3 different colors, beautiful beaches and an ocean as a high quality diving spot. On the other hand,

the research team identified that there was inadequate infrastructure in hard components (road, water and waste water management, electricity etc.) plus soft components (human resources in the tourism industry etc.) and it had issues in accessibility to sightseeing spots and few promotions to attract tourists. Based on the findings, the research team proposed a regional development plan focusing on the tourism industry that aims simultaneous management of tourism development spearheaded by the private sector and infrastructure development promoted primarily by the public sector.

The 3<sup>rd</sup> field visit is planned in August 2017 in order to follow up the research findings and PPP trainings are considered for Indonesian government officials to improve their knowledge and skills on PPP.

3) RDAP/ PPP Applicable Study (Simplified Research) in Iriga City, the Philippines:

APPPI carried out a RDAP/PPP Applicability Study (Simplified Research) in Iriga City, the Philippines from 9<sup>th</sup> to 11<sup>th</sup> of March 2017 based on the request from the City Mayor on 4 development issues; 1) Circumferential Road, 2) Water Supply System, 3) Organic Agriculture, 4) Two Mini-Hydro Power Projects.

In the Circumferential Road plan, the research team felt that it lacked consideration toward future city (land) development and road users. Therefore it proposed Iriga city to develop an urban master plan and road network plan to align with the zoning and the master plan. The research team also mentioned the idea of restricting heavy vehicles entering the city center by classifying the width and function of roads. In the Water Supply System, the research team proposed the promotion of rainwater use by introducing subsidies for setting water tanks at households as an example and

improvement of the ratio of tariff collection from piped households. As for Organic Agriculture, the research team assessed the high efficiency of the agricultural center established by Iriga city. Considering the limitation of its budget, it proposed the PPP method that Iriga city “sells” know-how and licenses to the private sector for a certain fee and private sector. As city officials did not understand much about the Two Mini-Hydro Power Projects, the research team listed the required technical analysis and consideration points. In addition to the above 4 development issues, the research team identified the high quality performances of dancing, singing and a cheerleading group, which performed in a World Competition and proposed to promote it as entertainment industry.

## 2. PPP short-term seminar (South Africa)

### 1) PPP seminar for the Ministry of Finance visited Japan in May 2016

APPPI conducted a PPP seminar for 8 officials from the Ministry of Finance, South Africa on 26<sup>th</sup> May 2016, while they visited Japan as a part of JICA technical cooperation assistance program. In the seminar, Prof. Nemoto, the Director of the Research Center for PPP, explained the Japanese PPP system and its expanding business market, while Prof. Tabuchi, the Director of APPPI, presented the Regional Development Advisory Program (RDAP) conducted in Asian countries and he also introduced world PPP trends.



Members attended the PPP seminar



2) PPP seminar for local government officials in South Africa in February 2017

APPPI held a PPP seminar for 40 local government officials in Pretoria University and Cape Town University in South Africa from 11<sup>th</sup> to 19<sup>th</sup> February 2017. In Pretoria, APPPI inspected public land development project around Tembisa station and the development of Gautrain (a high speed train) and utilized them as the group work of PPP seminar and analyzed the current issues of each project. In Cape Town, APPPI visited a project on medical waste management and conducted a PPP seminar using 3 ongoing PPP projects as the materials for group work.

JICA South Africa office plans to conduct another study tour to Japan under the technical assistance project to the Ministry of Finance in May 2017. APPPI will also be invited to hold another PPP seminar in Yokohama as well as instructing the site visit to Shiwa town, Iwate Prefecture.

3. Other Activities

1) Debriefing Session of RDAP/ PPP Applicability Study in State of Kedah, Malaysia :

Toyo University PPP School / APPPI demonstrated the research findings of RDAP / PPP applicability study in the State of Kedah, Malaysia to its government officials, including Dr. Mahathir, APPPI honorary advisor in front of various high officials from Japanese companies on 30<sup>th</sup> May 2016. The research team presented a SWOT analysis of Kedah State. Its well-developed and maintained infrastructure, stable governance and security, and being a moderate Muslim state were identified as strengths and opportunities, while the influence and presence of Government Related Companies were listed as a weakness and threat. Based on the situational analysis, the research team proposed practical projects in 6 development fields for Kedah State; 1) High tech industry (Industrial park), 2) Agriculture, 3) Rubber industry, 4) Halal

industry, 5) Tourism/MICE and 6) Transportation (planned new airport and public transportation). The research team highly evaluated the introduction of a Halal hospitality standard certified by Malaysian government. They stressed the opportunity of Halal industry and MICE sector development, considering the growing Muslim population in Asia and Africa on top of the 1.6 billion Muslims worldwide, while using the position of a stable Muslim state. At the end of the session, APPPI handed the report to Dr. Mahathir.

2) Invitation of a Professor from the International Islamic University Malaysia (IIUM):

APPPI invited Dr. Khairuddin Abdul Rashid, who is a quantity surveyor, specializing in construction procurement, from the International Islamic University Malaysia (IIUM) to hold special lectures. He lectured about the construction business market and issues on public infrastructure projects using PPP methods in Malaysia at the PPP School. He also mentioned about the Halal industry which has expanded rapidly in Asia. On 6<sup>th</sup> October 2016, he also gave a lecture at the main campus of Toyo University on politics, economy, ethnic and religious issues of Malaysia. About 30 students from abroad as well as Japanese students joined the lecture to have active discussions on the sense of “integration” in cohabitation among different ethnicities and cultures as well as the role of the younger generation helping Malaysia become a developed country.

3) United Nations CoE Local Government Network Event:

On 26<sup>th</sup> October 2016, United Nations CoE Local Government Network Event was held by Toyo PPP (composed of PPP Research Center, APPPI and Toyo PPP School) to celebrate its 1<sup>st</sup> year since it was accredited as an International Specialist Centre of Excellence on PPPs in Local Governments in October 2015. Under



Signed MOUs to promote cooperation

its activities, APPPI aims to promote regional economic development with PPP methods by crosslinking Japanese local governments and companies with societies in Asia. In this particular event, Toyama City, Saitama Prefecture, Itakura Town (Gunma Prefecture) sent their representatives, while Butuan City, Iriga City and Puerto Princesa City were invited from the Philippines. During the event, a MOU on promoting the cooperation was signed between Toyo PPP and Toyama City, Itakura Town and Butuan City. In addition, Toyama City and Butuan City made a special agreement to promote mutual cooperation on top of the MOU.

#### IV. APPPI Activity Plan in 2017 and onward

A table below shows the activity plan for April 2017 to March 2018.

Date	APPPI Research/Study	APPPI Activity
April 2017	- Observation visit to the US on waste water concession	
May		<ul style="list-style-type: none"> <li>- Presentation at UN CoE PPP Forum in Hong Kong</li> <li>- PPP seminar for Ministry of Finance in South Africa (Yokohama)</li> <li>- Meeting with City Mayor of Iriga, the Philippines</li> <li>- Workshop for APPPI members</li> </ul>
June		<ul style="list-style-type: none"> <li>- Meeting between Dr. Mahathir and Dr. Fukuda (APPPI honorary Advisors)</li> <li>- Dr. Mahathir visits Toyo University and discusses issues with students</li> </ul>
July		- APPPI Open Seminar
August	- 3rd visit to Indonesia on JICA Policy Proposal Research Program	
September		- MOU signing between JICA and Toyo University on PPP
October	- PPP Applicability Research on toll road between Phnom Penh and Bavet	<ul style="list-style-type: none"> <li>- International PPP Forum</li> <li>- Workshop for APPPI members</li> </ul>
January 2018		- APPPI Open Seminar
February	<ul style="list-style-type: none"> <li>- 4th visit to Indonesia on JICA Policy Proposal Research Program</li> <li>- 2nd RDAP/PPP Applicability Study in Iriga, the Philippines</li> <li>- PPP follow up in Butuan, the Philippines</li> </ul>	
March		- Development of Annual Report

## Appendix 1: Major Activities from September 2011 to March 2017

Date	APPPI Activity
<b>2011</b>	
September	RDAP/PPP Applicability Study in Butuan City, the Philippines
November	<ul style="list-style-type: none"> <li>- Establishment of APPPI</li> <li>- Dr. Mahathir and Chancellor Shiokawa inaugurated as APPPI honorable advisors</li> </ul>
<b>2012</b>	
January	PPP seminar held in International Islamic University Malaysia (IIUM) and Karjasama Awam Swasta (UKAS) in Malaysia
February	Prof. Tabuchi named Vice Chair of the Executive Board to UN PPP Team of Specialists
March	PPP seminar held in Butuan, the Philippines
August	RDAP/PPP Applicability Study in the Republic of Kyrgyz
September	RDAP/PPP Applicability Study in Mandaue City, the Philippines
November	APPPI First Anniversary Event held
<b>2013</b>	
February	PPP seminar held in Manila, the Philippines
April	PPP research conducted for rehabilitation of Palais des Nation (PdN)
September	PPP seminars held in the MPI and NUCE in Hanoi, Vietnam
November	PPP seminars held in Bangdong and Surabaya, Indonesia
<b>2014</b>	
February	TOYO PPP held International Academic Competition for TOUHOKU recovery
May	<ul style="list-style-type: none"> <li>- Presentation at 1st Asia Pacific Conference on PPP at Incheon in Korea</li> <li>- Presentation of Report for rehabilitation of PdN at UN in Geneva</li> </ul>
September	PPP seminar held in Japan for government officials from Republic of Kyrgyz
<b>2015</b>	
February	RDAP/PPP Applicability Study in Province of Cebu, the Philippines

March	PPP seminar held in Hanoi, Vietnam (MPI and NUCE)
August	RDAP/PPP Applicability Study in Surigao del Norte, the Philippines
<b>2016</b>	
February	- RDAP/PPP Applicability Study in State of Kedah, Malaysia - PPP seminar held in Ho Chi Minh, Vietnam
April	Contracted with JICA on Policy Proposal Research Program in Indonesia (2016 – 2019)
May	PPP seminar held for the officials of the Ministry of Finance, South Africa
June	RDAP/PPP Applicability Study findings reported to State of Kedah officials at the 34 <sup>th</sup> JAMECA-MAJECA Joint Conference
August	- Follow up visit of RDAP/PPP Applicability Study in Butuan, the Philippines - 1 <sup>st</sup> field visit to Indonesia (Surabaya and Sidoarjo) on JICA Policy Proposal Research Program
<b>2017</b>	
February	PPP seminar held in Pretoria and Cape Town, South Africa
March	- RDAP/PPP Applicability Study in Iriga City, the Philippines - 2 <sup>nd</sup> field visit to Indonesia (Sidoarjo and Flores) on JICA Policy Proposal Research Program

**Appendix 2: APPPI's Network**

