

Japan offers US\$1.2 billion for infrastructure, climate change

By Saigon Times, 3 Nov. 2011

HCMC – Japan on Wednesday signed agreements to provide US\$1.2 billion of official development assistance for Vietnam to finance infrastructure projects and climate change fighting in the country, the Vietnam News Agency reports.

The agreements were signed in Tokyo between the Japan International Cooperation Agency (JICA) and the Ministry of Finance under the witness of Prime Minister Nguyen Tan Dung, who also wrapped up his Japan visit on Wednesday.

The lending capital will be allocated for such infrastructure facilities as the Lach Huyen Port project, the Nghi Son thermo-power project, and the Ben Luc-Long Thanh expressway project.

For climate change fighting, loans are allocated for the supporting program for climate change adaptation, and the Vietnam Space Center project applying satellite technology to tackle climate change and prevent disasters.

Of all the projects that obtained the ODA capital, the Nghi Son thermo-power project is funded the most with 40.33 billion yen, or US\$522 million. The loan, carrying an annual interest rate of 1.4%, has a term of 30 years including a grace period of 10 years.

Other projects enjoy a 0.2-0.3% interest rate per year, with a 40-year lending period and 10-year grace period.

Speaking at the press conference in Hanoi on Wednesday, Nagase Toshio, deputy chief representative of JICA Vietnam, said Japan kept supplying loans for Vietnam to fulfill the commitment with the World Bank and the International Monetary Fund (IMF) to support the country in poverty reduction and development.

On the same day, Prime Minister Nguyen Tan Dung had a meeting with Japan's Minister of Land, Infrastructure, Transport and Tourism Takeshi Maeda. At the meeting, the Prime Minister expressed his appreciation to the ministry and Japanese enterprises for investing in local traffic infrastructure, according to the website www.chinhphu.vn.

PM Dung said Vietnam has issued the pilot public-private partnership (PPP) investment regulations and encouraged many big projects to be developed under this form. Private investors can mobilize commercial capital and other sources on the competitive and transparent basis.

Since PPP is quite new to Vietnam, Prime Minister Dung hoped to receive cooperation of experienced Japanese investors to develop the traffic infrastructure.

Minister Takeshi Maeda replied Japanese investors had keen interest in the Vietnamese market and sought support from Vietnam so as for Japanese investors to successfully and efficiently deploy the projects in Vietnam.

This lending agreement, along with that of 99.1 billion yen signed in the first half of 2011, raised the total capital funded by Japan's ODA this year to 191.8 billion yen, or US\$2.4 billion.

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