

Annex 4. Actual Inputs

Annex 4-1 Records of Dispatching Experts to Malaysia

<Japanese Experts>

Name	Organization	Task	Period
Mr. Hirohiko Sekiya	JERI	Team Leader	June 10~19, 2004
			Aug. 8~18, 2004
			Sept. 19~Oct. 9, 2004
			Dec. 5~18, 2004
			Feb. 13~Mar. 1, 2005
			May 12~29, 2005
			Aug. 28~Sept. 11, 2005
Mr. Minoru Tsuyuki	MT & Associates	Risk Management System of the Bank	June 13~19, 2004
			Aug. 8~18, 2004
			Sept. 19~Oct. 2, 2004
			Dec. 8~18, 2004
			Feb. 13~26, 2005
			May 15~28, 2005
			Aug. 28~Sept. 10, 2005
Mr. Hironobu Adegawa	PPM	Project Risk Evaluation	June 13~18, 2004
			Aug. 8~13, 2004
			Sept. 28~Oct. 2, 2004
			Feb. 16~22, 2005
			May 15~21, 2005
Mr. Tatsuo Iwamoto	PPM	Project Risk Evaluation	Aug. 31~Sept. 9, 2005
			June 13~19, 2004
			Aug. 8~18, 2004
			Sept. 23~Oct. 8, 2004
			Dec. 11~18, 2004
			Feb. 13~20, 2005
Ms. Yuko Karasawa	PPM	Project Risk Evaluation	Aug. 28~Sept. 3, 2005
			May 15~25, 2005
Mr. Masahiko Endo	PPM	Project Risk Evaluation	Aug. 28~Sept. 3, 2005
			June 13~19, 2004
Mr. Shingo Tsuji	PPM	Project Risk Evaluation	Aug. 8~18, 2004
			Dec. 13~18, 2004
Mr. Masahiko Komori	JERI	Human Resource Development and Organizational Improvement	Feb. 16~24, 2005
			June 10~17, 2004
			Aug. 8~18, 2004
			Sept. 19~25, 2004
			Oct. 3~9, 2004
			Dec. 7~18, 2004
			Feb. 12~19, 2005
May 19~31, 2005			

Name	Organization	Task	Period
			Aug. 29~Sept. 11, 2005
Mr. Eishi Yasunaga	JERI	Operational Strategy	June 13~17, 2004
			Aug. 8~17, 2004
			Sept. 23~Oct. 9, 2004
			Dec. 8~18, 2004
			Feb. 13~24, 2005
Mr. Rikizo Matsukawa	JERI	Operational Strategy	May 15~25, 2005
			Aug. 28~Sept. 6, 2005
Mr. Toshiyuki Okubo	JERI	Operational Strategy and Organizational Improvement	Feb. 13~26, 2005
			May 11~28, 2005
			Aug. 28~Sept. 10, 2005
Ms. Kaori Kumamoto	JERI	Coordinator	June 10~19, 2004
			Aug. 8~18, 2004
			Sept. 23~Oct. 9, 2004
			Dec. 5~18, 2004
			Feb. 13~Mar. 1, 2005
Ms. Yumi Ito	JERI	Coordinator	May 22~28, 2005
			Sept. 1~10, 2005

<Short-term Experts>

Name	Organization	Task	Period
Mr. Kan Ishii	DBJ	Instructors for the seminar on Infrastructure finance	Oct. 3~6, 2004
Mr. Kazuhiro Takahashi	DBJ		Oct. 3~5, 2004
Mr. Akira Sato	DBJ		Oct. 3~7, 2004
Mr. Hiroyuki Tanaka	DBJ		Oct. 3~5, 2004
Mr. Masato Kaizaki	DBJ		Oct. 3~6, 2004
Mr. Tosihuki Okubo	JERI		Sept. 23~Oct. 9, 2004
Mr. Satoru Ito	DBJ	Instructors for Risk Management Seminar	May 11~15, 2005
Mr. Katsuhiro Sato	DBJ		May 11~15, 2005
Mr. Kunio Kikuchi		Capacity strengthening for establishing trainers' training system in BPIMB on infrastructure project finance skills	Sept. 4~10, 2005
Mr. Shingo Tsuji	PPM	Capacity strengthening for establishing trainers' training system in BPIMB on infrastructure project financial modeling skills	Aug. 31~Sept. 3, 2005

Annex 4-2. Records of Receiving Trainees in Japan

“Obtaining the Skills in Project Financing”

(Nov. 22-Dec. 3, 2004)

Technical Cooperation Project for Institutional Capacity Building on Infrastructure Finance in Malaysia; Obtaining the Skill for Project Financing

	DATE	TIME	PROGRAM	LECTURER	PLACE	REF.
11/8	Mon	10:30~12:00	Program Orientation	JICA • JICE • TRI Minoru Tsuyuki, President, MT & Associates	JICA-net	
		12:00~13:30	Seminar Outline: Prediscussion for "My Project" exercises.	JICA • JICE • TRI Minoru Tsuyuki, President, MT & Associates	JICA-net	
11/10	Wed	10:30~12:00	History and General Concept of Project Financing	Minoru Tsuyuki, President, MT & Associates	JICA-net	
		12:00~13:30	Discussion on the selected projects for "My Project" exercises. Q&A	Minoru Tsuyuki, President, MT & Associates	JICA-net	
11/20	Sat		Arrival in Japan			
11/21	Sun		Free Time			
11/22	Mon	9:30~12:30	Briefing	JICA • JICE	TIC SR10	
		14:30~17:30	1 (Case Study) Examples of three major areas: Industry, Energy, Infra Projects	Minoru Tsuyuki, President, MT & Associates	TIC SR10	
11/23	Tue	9:30~12:30	2 (Lecture) Project Financing as a tool for economic development	Kunio Kikuchi, Senior Adviser, Masaoka & Associates	TIC SR10	
		13:30~16:30	3 (Lecture & Exercise) Cash Flow Analysis and various evaluation methods	Shingo Tsuji, Assistant Manager, Investment & Finance Program Dept., Pacific Program Management Co., Ltd.	TIC Computer Room	
11/24	Wed	9:30~12:30	4 (Lecture) General Theory and Activities of Big International Banks	Shin-ichi Mochizuki, Senior Manager, Investment Banking Administration Division, The Bank of Tokyo-Mitsubishi, Ltd.	TIC SR10	
		13:30~16:30	5 (Case Study) Mineral Resources Development Project (Chilean Copper Mining)	Kazuo Kitazawa, Managing Director, Nippon Mining Research & Technology Co., Ltd.	TIC SR10	
11/25	Thu	9:30~12:30	6 (Case Study) Waste to Energy Project (Power generating in U.S.)	Tadashi Abe, President, Financial Catalyst International	TIC SR14	
		13:30~16:30	7 (Case Study) Fukuoka Clean Energy Project: Finance arrangement by PPP/PFI methods	Toshiyuki Okubo, Economist, International Bureau, The Japan Economic Research Institute	TIC SR14	
11/26	Fri	9:40~11:25	(Visit) Arrive Fukuoka Airport via ANA247		Fukuoka	
		13:00~14:00	8 (Lecture) On-site Explanation of Fukuoka Clean Energy Project	Toshiyuki Okubo, Economist, International Bureau, The Japan Economic Research Institute	Fukuoka	
		14:00~16:00	9 Project site visit		Fukuoka	
		16:00~17:00	10 Visit Seaside Momochi Area		Fukuoka	
11/27	Sat	11:30~14:00	11 Experience train rides; Kiakyushuu Monorail, JR Train, Shinkansen		Kokura	
		16:30~17:55	Back to Tokyo via ANA260			
11/28	Sun		Free Time			
11/29	Mon	9:30~12:30	12 (Case Study) Examples of BOT Projects; Power Generation and High-Speed Rail	Akira Tezuka, Senior Vice President & Head of Power / Infrastructure, Project Finance Division, Mizuho Corporate Bank, Ltd.	TIC SR10	
		13:30~16:30	13 (Lecture) How to mitigate various project risks	Hironobu Adegawa, Director and General Manager, Investment & Finance Program Dept., Pacific Program Management Co., Ltd.	TIC SR10	
11/30	Tue	9:30~12:30	14 (Lecture) How PFI activities develop in Japan	Kazuo Ueda, Managing Director, Japan PFI Association	TIC SR10	
		13:30~16:30	15 (Case Study) Industrial Estate Development	Kunio Kikuchi, Senior Adviser, Masaoka & Associates	TIC SR10	
12/1	Wed	9:30~12:30	16 (Lecture) Diversified Application of Project Financing (Wind Power Power Generation)	Katsuki Ouchi, Vice President & COO, Japan Wind Development Co., Ltd.	TIC SR10	
		13:30~16:30	17 (Lecture) Importance and difficulty of Project Monitoring	Tatsuo Iwamoto, Joint General Manager, Investment & Finance Program Dept., Pacific Program Management Co., Ltd.	TIC SR10	17:00~ Visit to DBJ
12/2	Thu	9:30~12:30	18 (Special Session) Presentation of Each Group's Proposal	Minoru Tsuyuki, President, MT & Associates	TIC SR10	
		13:30~16:30	19 (Special Session) Presentation of Each Group's Proposal	Kunio Kikuchi, Senior Adviser, Masaoka & Associates	TIC SR10	
12/3	Fri	9:30~12:30	20 (Special Session) Questions & Answers	Minoru Tsuyuki, President, MT & Associates		
			Evaluation Meeting and Closing Ceremony	Kunio Kikuchi, Senior Adviser, Masaoka & Associates		
12/4	Sat			Economic Development Department, JICA		
12/5	Sun		Departure for Malaysia			

Name List of Trainee in Japan

(November 20-December4, 2004)

	NAME	SECTION / DEPARTMENT
1	MR <u>ALI BAHARI</u>	MANAGER OF CREDIT RISK SECTION, RISK MANAGEMENT DEPARTMENT (EXT. 2160)
2	MR <u>ZULHAIMI HUSSIN</u>	MANAGER OF CONTRACT FINANCING SUPERVISION SECTION, INFRASTRUCTURE BANKING SUPERVISION DEPARTMENT (EXT. 2897)
3	MR <u>ANUAR MAAROF</u>	SENIOR EXECUTIVE OF PROJECT FINANCE SUPERVISION SECTION, INFRASTRUCTURE BANKING SUPERVISION DEPARTMENT (EXT.2883)
4	MS <u>INTAN ZALILA MODH YUSOF</u>	MANAGER OF TRAINING & DEVELOPMENT SECTION, HUMAN RESOURCE DEVELOPMENT DEPARTMENT (EXT. 2011)
5	MR <u>TG MOHD FUAD TG HAMZAH</u>	SENIOR EXECUTIVE RESEARCH SECTION, CORPORATE PLANNING DEPARTMENT (EXT.2188)
6	MS <u>HJH AZLINA HJ AHMAD</u>	MANAGER OF INFRASTRUCTURE II SECTION, PROJECT FINANCE DEPARTMENT (EXT.2936)
7	MS <u>TAN FUI KOON</u>	EXECUTIVE OF INFRASTRUCTURE I SECTION, PROJECT FINANCE DEPARTMENT (EXT.2948)
8	MR <u>MOHD HILMI MOHD HITHIR</u>	EXECUTIVE OF STRUCTURED FINANCING DEPARTMENT (EXT.2918)
9	MR <u>MOHAMMAD BIN ISMAIL</u>	LOAN MGT AND FINANCIAL POLICY DIVISION, MOF
10	MR <u>SELVARAJOO MANIKAN</u>	INFRASTRUCTURE SECTION, EPU
11	MR <u>NOR RIZAN BIN MOHD THANI</u>	PRIVATIZATION SECTION, EPU
12	MS <u>ZARINA ALI MERICAN</u>	INDUSTRY AND ECONOMIC SERVICE SECTION, EPU

JICA's Training Program on 'Obtaining The Skills in Project Financing'
22 November – 3 December 2004
Tokyo, Japan

Training Report

1.0 Introduction

The training program on 'Obtaining The Skills in Project Financing' (hereinafter referred to as the 'Program') was successfully conducted from 22 November to 3 December 2004. The Program was participated by 12 participants (8 from Bank Pembangunan & Infrastruktur Malaysia Berhad (BPIMB), 3 from Economic Planning Unit (EPU) and 1 from Ministry of Finance (MOF)).

The objective of the program was to get the participants to acquire knowledge of project finance and be able to apply them for infrastructure development. Among the topics covered in the program were as follows:-

- a) Overview & history of project finance
- b) Cash flow analysis of projects
- c) Various methods of risk analysis & risk management
- d) Understanding of various types of projects by case studies
- e) Formulation of simulated proposals
- f) Evaluation of simulated projects
- g) Prospect of project finance in the future

The program was conducted mainly in lectures with occasional simulation exercises and discussions. A computer simulation exercise on cash flow analysis was conducted for a half-day session and one full day was dedicated for 'My Project' presentation session.

Eleven experienced and eloquent speakers were responsible in presenting topics chosen. Most of them, back-up with years of experience, presented their pieces with detailed explanation and in-depth elaboration of certain pertinent issues.

2.0 The Program

In Malaysia

The program was conducted for the duration of two weeks with 2 days (prior to departure to Japan) conducted via teleconferencing (JICA-Net) on 8th and 10th November 2004. The JICA-Net session mainly covered Orientation and Introduction to Project Finance.

Prior to attending the JICA-Net session, all participants were given a set of questions to think about for the discussion purposes. The questions managed in getting the participants to be involved in the pre-discussion session.

During the JICA-Net session, all participants were introduced to the history of project finance. The speaker gave a lengthy explanation on the birth of project finance in 1930s in the United States of America. He also explained on the theoretical part of approaches to project finance. The latter part of the session was dedicated to the discussion on the 'My Project' assignment where the facilitator discussed with the participants on the choice of projects.

In Japan

Session I

i. Project Finance: Basic Concept & Application Guidelines

ii. Case Study (Examples of Three Major Areas: Industry, Energy, Infra Projects)

By Mr. Minoru Tsuyuki

President, MT & Associates

The session was an extension of the JICA-Net session whereby the facilitator went through the definition of project finance, its history and other related aspects of project finance. This was merely to recapture what have been taught as a refresher or warm-up to the oncoming topics.

The latter part of the session was mainly on the sharing of experience of the facilitator to the participants. Here, the facilitator provided three examples of projects in which he himself was very much involved. The first example of case study was a manufacturing project (P.T. Unitex: A Textile Manufacturing Project in Bogor, Indonesia, the second was Northwest Shelf Gas Project in Western Australia and the third was The Eurotunnel Project between U.K. and France.

The session was very interesting because it enabled the participants to appreciate the fact that each project was different from one another and one needed to conduct a thorough feasibility study on each project before finalizing the financing aspects.

Session II

Project Financing As a Tool for Economic Development

By Kunio Kikuchi

Senior Adviser, Masaoka & Associates

This session was very informative for the speaker had successfully provided the participants with an in-depth explanation of how project financing helped in economic development. He also explained how the World Bank played its role in international development and its main business operations.

He also gave a detailed explanation on types of projects financed by the World Bank. Topics covered also included processes involved in the initial and during project implementation, project financing criterion, project cycle, approval of projects, negotiation and dealing as well as supervising projects.

On the last part of his presentation, he spoke on the approaches to managing the project cycle. His vast experience working with the World Bank and IFC enabled him to give indepth explanation on the whole spectrum of project finance. The participants were very much impressed with his knowledge and skills and felt that the short session was not sufficient to better gain and tap his expertise in the areas concerned.

Session III

Cash Flow Analysis and Various Evaluation Methods

By Mr. Shingo Tsuji

Asst. Manager Investment & Finance Program Dept

Pacific Program Management Co. Ltd

The session was conducted in the Computer Training Room and each and every one of the participant was given the opportunity to work on the computer.

The facilitator was very experienced person on the financial modeling and he had prepared very comprehensive training materials with a disc to supplement the modules taught.

He started off the session with an explanation on the basics of financial modeling and cash flow analysis, how to go about interpreting a financial model and building up a financial model. The participants were introduced to a spreadsheet and were asked to do some basic cash flow calculations.

The speaker mainly covered the points in the handouts but was unable to complete the computer simulation exercises due to some time constraints. Nevertheless, the handouts and disc given would enable the participants to do the exercises on their own. Apart from that, the facilitator (being a JCC member) also conducted a session in Malaysia during the December mission.

Session IV

General Theory & Activities of Big International Banks

By Mr Shin-ichi Mochizuki

Senior Manager, Investment Banking Administration Division

The Bank of Tokyo-Mitsubishi Ltd (BTM)

During this session, the speaker deliberated on the 'project structure' and the projects undertaken by his Bank. The speaker mapped out the project structure and explaining the works/activities that should be taking place when proposing to finance certain projects.

He also explained in great length about typical deal flow for lead arranger Bank and finance scheme. All his points were illustrated in the form of diagrams that were very easy to understand. Apart from that, he also talked on the risk analysis in infrastructure projects (each risk area was covered in great length).

The final part of his presentation was dedicated to the examples of global projects undertaken by BTM. Here, the participants were shown high-profile deals made by BTM like Campeche Gas Compression Project (Mexico), Pacific LNG Shipping Project (Bahamas), Ilijan Power Project (Philippines) and many others.

Session V

Mineral Resources Development Project (Chilean Copper Mining)

By Mr. Kazuo Kitazawa

Managing Director of Nippon Mining Research & Technology Co Ltd

The speaker, being an experienced consultant for metal industry, was invited to talk about a copper mining project in Chile. His involvement in this particular project was on the project itself, not from the lending perspective. After hearing from the banking people, it was refreshing to get someone who was an industry expert to deliver the presentation.

His presentation started off with a brief explanation on what copper was and its usage. Later, he talked about global copper consumption. He then focused his presentation to Escondida Copper Mine project. Among the areas covered in the presentation were the history and structure of the project finance of Escondida, proposal from the owner, reactions from lenders, structure of financing and lessons learnt from this project. To supplement his presentation, he played a documentary on the project so that the participants would be able to view how massive the project was and the processes it took to produce copper in Chile.

The session ended with the speaker posing some questions to the participants and they in return provided answers that generated a good discussion.

Session VI

Waste to Energy Project (Power Generating in USA)

By Mr. Tadashi Abe

President, Financial Catalyst International

Mr. Abe explained the history of the waste to energy project, how it was developed, legal environment, financial package and also the technology involved. He later focused on the technicalities of the projects (from waste collection to the energy production). He also mentioned how the project helped in opening up the surrounding areas which now boast a population of more than it was expected when the project was first initiated.

Session VII

Fukuoka Clean Energy Project: Finance Arrangement by PPP/PFI methods

By Mr. Toshiyuki Okubo

Economist, International Bureau JERI

This was a briefing session conducted to enlighten participants on their site visit to Fukuoka, Kyushu the following day. The presentation was divided into three parts; first on overview of DBJ, the second was on PPP/PFI in Japan and the last part was on the selected case study (Fukuoka Clean Energy Project).

The first part of the session started off with the speaker explaining the overview of DBJ (Development Bank of Japan) and its three major areas of current activities. He also reiterated about the relationship of DBJ with the Government of Japan.

The explanation on DBJ's roles and responsibilities were crucial as the project he would be explaining thereafter was co-financed by DBJ. In his presentation, he explained in great details on the DBJ's new directions in financial services, and virtuous cycle of DBJ's limited-recourse finance activities.

The second part of his presentation was focused on PPP/PFI in Japan. Here, he explained extensively on Japan's scheme for using PPP/PFI in infrastructure. He also mentioned the difference between 3rd sector scheme (public-private joint venture) and PPP/PFI schemes.

The last part of his presentation was mainly on the selected case study in Fukuoka. Here, he explained about the project profile, deal flows, project structure. Its debt & equity and the risks involved.

Session VIII

Site Visit to Fukuoka, Kyushu

Seaside Momochi Area

This site visit was very interesting as the participants got to view the development surrounding the Momochi Area. There, the participants were brought to the Fukuoka Tower to have a better view of the seaside development area.

Fukuoka City Waste Treatment Facility 'Shin-Tobu Plant'

This site visit was very informative and interesting as the participants were brought to view the plant which was still in construction. Here, they were briefed on the operational aspects of the plant. The participants were brought to view every inch of the plant with detailed explanation of each part of the plant.

Railway Rides

Shinkansen Ride, Monorail Ride & JR Super Express Sonic Ride Kitakyushu & Kokura

The following day was dedicated to train rides. Here, participants got to experience the train rides and understand the railroad systems in Japan. There was also a short stop at Kokura where the participants got the opportunities to observe urban reform in Kokura.

Session IX

Examples of BOT Projects, Power Generation & High Speed Rail

By Akira Tezuka

***Senior VP & Head of Power & Infrastructure, Project Finance Division
Mizuho Corporate Bank Ltd***

During this session, participants had the opportunities to learn about two prominent infrastructure projects – Mexican Power Project and Taiwan High Speed Rail Project. The speaker spoke in detail about the two projects covering aspects from project description, project structure, sources and utilisation of fund, debt structure, revenues and risk analysis. He also covered other pertinent matters like PPA project buyout events, cash flow and debt service and sensitivity analysis.

The session proved to be very useful as the participants could relate to the experience gained from the recent project visit.

Session X

How To Mitigate Various Project Risks

By Mr. Hironobu Adegawa

***Director & GM, Investment & Finance Program Dept
Pacific Program Management Co. Ltd.***

This session was specifically focused on risks analysis and risk mitigation approaches. The speaker elaborated on the points of approaches to risk mitigation such as a) risk mitigation by project structuring, b) risk mitigation by 3rd parties undertakings, c) risk mitigation by sponsor's undertakings and d) risk mitigation by documentation.

The session was informative where the participants were exposed on the different approaches to mitigate risks. Much can be learnt from this session since it was conducted by a very experienced person. However, the session could be strengthened by allocating more time for discussion since the topic generated much interest amongst the participants.

Session XI

How PFI Activities Develop in Japan

By Kazuo Ueda

Managing Director of Japan PFI Association

This was also one of the much-awaited sessions in the program. This was mainly because the participants had some burning questions to ask with regards to the difference between PFI and privatization.

The speaker who had an extensive knowledge in PFI was invited to deliver a talk on 'Improving Public Services through PFI'. Among the topics covered in this session were a) purposes of PFI, b) PFI in Japan, c) Process of the selection of a preferred bidder, d) risk allocation & contractual issues and e) monitoring methodology.

He also cited a few examples of successful case studies in Japan's power, gas & water as well as wastewater projects to further stress his points in the presentation materials.

This session, as expected, generated much interest in the participants as they were keen to find out more about PFI. They also compared some of the projects available in Malaysia and wanted to find out as to whether they could be considered as PFI projects.

The speaker answered most of the questions and ended his presentation by leaving some useful website addresses on PFI.

Session XII

Industrial Estate Development

By Mr. Kunio Kikuchi

Senior Adviser, Masaoka & Associates

In this session, Mr. Kikuchi talked about a case study of Industrial estate development project in East Asia. First, he explained on the role of industrial estate projects in developmental infrastructure by giving the overview of the chosen project and its significance in a developing country.

Later he presented on the project documentation, financial aspects and project implementation. He supplemented his presentation with a copy of a typical proposal paper on project finance to IFC. The handouts proved to be very beneficial for the participants when they wanted to adopt some of the criterion for the purpose of group presentation.

Session XIII

Diversified Application of Project Financing (Wind Power Generation)

By Mr. Katsuki Ouchi

VP & COO Japan Wind Development Co. Ltd

In this session, the speaker talked about the wind power industry in Japan. The first topic covered was on the Kyoto Protocol on the environment concern and need for energy. This was covered in great length.

Later, he explained on market overview of wind power, the technology involved in generating wind power and that particular industry in Japan,

Next on his presentation was on project financing for wind power project. Here, he spoke about the project structure, contracts, risk analysis and cash flow projection.

The session was interesting however the speaker spent too much time on the first part of his presentation. He could elaborated further on more important issues instead of talking on the Kyoto Protocol.

Session XIV

Importance & Difficulty of Project Monitoring

By Mr Tatsuo Iwamoto

Joint GM, Investment & Finance Program Dept

Pacific Program Management Co. Ltd

This session also proved to be very engaging since the topic chosen was very relevant to the participants. The speaker used a very specific case study to detail out some of the points covered in the session. The case study was actually his very own and that proved to be very interesting as the participants obtained first hand information on the project.

Mr. Iwamoto elaborated on project risk monitoring points with special emphasis on the risks involved. Among the points covered were completion risk, cash flow risk, operation risk, sponsors risk, country risk, social and environment risk as well as contractual risk.

In short, it was a good session as evidenced by the active discussion on certain points in the presentation.

Session XV

Presentation of Each Group's Proposal

By Participants to Mr. Tsuyuki and Mr. Kikuchi

The whole day was dedicated to the participants' presentation. Earlier on, the participants had worked on their respective proposals. Each group was also given the opportunity to consult with either Mr. Tsuyuki or Mr. Kikuchi on the progress of their proposals.

For this session, both Mr. Tsuyuki and Mr. Kikuchi were appointed as Members of the Board of a Bank, where financing was made available to viable projects which were to be presented by the participants.

The presentations' order was as follows:-

- a) A project to construct ASEAN Institute of Medicine, Science & Technology at Semeling, Kedah
- b) A project to develop a marine tourism center at Port Klang, Klang Selangor
- c) A project to construct Batang Rajang bridge at Sibu, Sarawak
- d) A project to develop a resort at Karambunai, Sabah

Each group (as investment officers of JAMACO) presented their proposals and managed to obtain sound feedbacks from the Board members. The Board members were very thorough in evaluating each proposal and came up with very good advice and input to further strengthen the proposals.

Special Session

Q & A

Between participants and Mr. Tsuyuki and Mr. Kikuchi

The session was conducted with the objective to answer some of the crucial questions posed by the participants. Both the facilitators gave an in-depth explanation to each question raised citing examples and giving further elaboration.

The facilitators also managed to obtain further explanation from other speakers (via phone) so that the participants' expectation of an answer was satisfactorily met.

In short, the session was very fruitful with thorough explanation given to questions posed. In fact, Mr. Kikuchi delivered a lecture on how to calculate IRR for the benefit of all participants.

Evaluation Meeting & Closing Ceremony

The evaluation meeting was attended by all participants, team members of the Economic Development Department, Japan International Cooperation Agency (JICA), Japan Economic Research Institute (JERI) and course leader, Mr. Tsuyuki.

The objective of this meeting was to discuss on the achievement made through the course, questionnaires and evaluation sheets and the effectiveness of JICA-Net sessions.

Each participant gave comments on the course. In summary, the program was very successful as most of the objectives are fairly met. The success of the program was partly because of the experienced and knowledgeable resource persons involved. The course materials were also satisfactorily prepared and the site visits were also very useful to complement the classroom teachings by experiencing the infrastructure facilities in both Tokyo and Fukuoka.

The only drawback of the program was the constraint of time in the cash flow analysis (computer simulation exercise) session. The session should be conducted one full day instead of 3 hours.

The session ended with the certificate giving ceremony where all participants were presented with a certificate of attendance.

3.0 Recommendation

One of the objectives of the program is to build up the participants' capacity in the areas of project finance and for them to disseminate what have been learnt to other infrastructure officers by launching similar programs in the future.

The program has succeeded in providing the participants with theoretical aspects of project financing with sufficient case studies and examples to further strengthen the participants' understanding of the subject matter.

However, the know-how of transferring the skills and knowledge gained is not addressed in the program. The program alone is insufficient to prepare the participants to disseminate what has been learnt to other officers in the Bank.

The program should include a session with the objective to equip the participants with the necessary trainers' skills so that they would be able to train others in the future. The session should also provide the participants with the opportunity to choose the topic that they are comfortable to work on for the purpose of establishing and developing a module and training plan (materials, training aids, etc).

With this session, the participants would acquire and develop some of the trainers' skills that help boost their confidence in disseminating the newly acquired knowledge in project finance upon returning home.

With the absence of this kind of opportunity, the participants are not ready to transfer their skills and knowledge as yet and therefore would need to undergo separate series of training programs in order to build up their capacity as trainers.

4.0 Conclusion

Overall the program has successfully met some of its objectives. The program has managed to provide the participants with the relevant skills and knowledge in project finance. The topics and the choice of speakers are fairly good with the exception of one or two speakers. The classroom sessions are interesting with many case studies to learn from. The site visits help in giving an exposure to what has been gained and learnt in the classroom.

The program should be continued in the future to cater for new infrastructure project officers. The program could be made more effective if the party involved take into account the recommendations made to improve it.

Alternatively, the Bank may also want to invite some of the speakers to conduct in-house training programs in the Bank. This collaboration between Japan and Malaysia in the capacity building is a good effort and therefore should be continued in the years to come.

Prepared by:
Intan Zalila Mohd Yusof
Training & Development Section
Human Resource Development Department

Evaluation Report

Training Program on 'Obtaining The Skills In Project Finance'
22 November – 3 December 2004
Tokyo, Japan

**Organized by Japan International Cooperation Agency (JICA) and Bank
Pembangunan & Infrastruktur Malaysia Berhad (BPIMB)**

**“Senior Management Seminar in Japan for Strengthening
Infra-Finance Operation in Malaysia”**

(Jan. 23-Jan. 29, 2005)

Technical Cooperation Project For Institutional Capacity Building On Infrastructure Finance In Malaysia
Itinerary For JICA Senior Management Seminar In Japan For Strengthening Infra-finance Operation In Malaysia

		TIME		PROGRAM	LECTURER/CONTACT PERSON	PLACE	REF
1/23	Sun	AM		Departure for Japan			
		PM		Arrival in Japan			
1/24	Mon	11:30-12:00		Courtesy Call to JICA, Mr. Tadashi IZAWA (Vice President)	Mr. Toru TAKE, Team Director, Economic Policy and Finance Team, Economic Deve. Dept., JICA	JICA13F	
		12:00-12:40		Briefing of the Senior Management Seminar Program	Mr. Hirohiko SEKIYA, JICA Expert Team Leader	JICA11F CD	
		15:00-15:30		Courtesy Call to JBIC, Mr. Fumio HOSHI (Snr Executive Director)	Ms. Yoko Fujimura, Div3, Int'l Finance Dept., JBIC	JBIC5F	
		15:30-16:40		Discussion with JBIC, Mr. Kazuhiko TANAKA (Director, Div 3, Int'l Finance Dept)	Ms. Yoko Fujimura, Div3, Int'l Finance Dept., JBIC	JBIC8F	
1/25	Tue	9:45-10:00		Courtesy Call to DBJ, Mr. Takeshi KOMURA (Governor) and Mr. Fumio INUI (Senior Executive Director)	Mr. Masahisa KOYAMA, Dir Gen of International Dept., DBJ	DBJ3F-3	
		10:00-12:00	1	New Challenges of DBJ Under Institutional Changes of Fiscal Investment & Loan Program	Mr. Masahisa KOYAMA, Dir Gen of Dept for International Affairs, DBJ	DBJ6F-1	
		13:00-15:45	2	Policy Trends on Public & Private Partnership (PPP) in Japan	Mr. Toshihiro TOYOSHIMA, Dir of Planning Dept for Investment Banking, DBJ	DBJ6F-1	
				PPP in Japanese Water Service and the Role of DBJ	Mr. Ryusuke KUWAHARA, Deputy Director, Planning Dept for Investment Banking, DBJ	DBJ6F-1	
		16:30~		Courtesy Call to the Embassy of Malaysia	H.E Dato' Marzuki Mohammad Noor	Embassy	
1/26	Wed	10:00-12:00	3	DBJ's Involvement in PFI and Privatization	Mr. Kan ISHII, Dir Gen of Project Finance Dept., DBJ	DBJ6F-1	
		13:15-15:30	4	DBJ's Risk Management System, Credit Rating and Funding Issues	Mr. Kazuhiro TAKAHASHI, Dep Dir Gen of Financial Planning & Coordination Dept., DBJ, Mr. ITO, Dep Dir of Credit Analysis Dept., DBJ & Mr. Kan ISHII, Dir Gen of Project Finance Dept	DBJ6F-1	
		15:50-17:00	5	Privatization and Public Sector Consultants	Mr. Toshiyuki KATAGIRI, Vice Dir Gen, JERI	DBJ6F-1	
		17:30-19:00		Welcome Party by DBJ, JICA & JERI	Ms. Kaori KUMAMOTO, JERI Ms. Yuko KURITA, DBJ	DBJ8F-1	
1/27	Thu	10:00-12:00		Visit Project Sites - Kazusa Clean System (PFI Project)	Mr. Tadashi ONZUKA, President, KCS	Kazusa	
			6	1) Explanation on Kazusa Clean System 2) Explanation of the field trip	Mr. Toshiyuki OKUBO, Economist of International Bureau, JERI		
		13:50-15:00		Trans-Tokyo Bay Highway (Aqua Line)			
		15:30-16:45		Yokohama Bay Area Development (MM 21 Project)			
1/28	Fri	9:30-12:30	7	Korea's Recent Development of Private Participation in Infrastructure	Dr. Sejong Wang, Research Fellow, Construction and Economy Institute of Korea	TIC SR15	
		14:30-16:30	8	Wrap Up Meeting	Mr. TAKE of JICA, Dato' Rahim Zin of BPIMB, Messrs. YASUNAGA & OKUBO of JERI	TIC SR15	
1/29	Sat	AM		Departure for Malaysia			
		PM		Arrival in Malaysia			

Participant List of Senior Management Seminar in Japan

1. Tan Sri Datuk Dr. Hj. Zainul Ariff Hussain – Chairman
2. Dato' Hj. Abdul Rahim Mohd Zin – President/Managing Director
3. Dato' Hj. Abdul Rahim Abu Bakar – Board of Director
4. Tn. Hj. Mohd Zarif Mohd Zaman – Senior Director of Privatization, EPU
5. Ir.Dr. Azunban Mohamed – Senior Engineer of Infrastructure Section, EPU
6. Ms. Azimah Mansor – Principle Assistant Director of Industry and Economic Section, EPU
7. Mr. Aladdin Mohammed Lip – Vice President
8. Mr. Mohd Ramli Samian – Vice President
9. Mrs. Zawiyah Hj. Hassan – Vice President
10. Mrs. Azizah Kamarudin – Vice President
11. Mr. Muhamad Ngah – Vice President
12. Mr. Rizal Wong Abdullah – Assistant Vice President
13. Mr. Lim Ba Thai – Assistant Vice President
14. Mr. Ahmad Mochtar Hashim – Assistant Vice President
15. Mr. Abdul Rahman Ahmad Ramli – Assistant Vice President

**Technical Cooperation Project for Institutional Capacity Building
on Infrastructure Finance in Malaysia
JICA Senior Management Seminar in Japan for Strengthening
Infra-finance Operation in Malaysia**

1. Objective

Participants will share views on BPIMB's operational roles in infra-project finance in Malaysia for its future operational strategies under 9th Malaysia Plan by studying lessons from experiences of Japan. This Senior Management Seminar is one of important activities for attaining "Output 5" in the initial Project Design Matrix (PDM) of Technical Cooperation Project for Institutional Capacity Building on Infrastructure Finance in Malaysia (Please see attached PDM).

2. Course Contents

- Infrastructure finance framework in Japan and role of DFI ----- New challenges of Development Bank of Japan (DBJ) under Fiscal Investment and Loan Program (FILP: which is currently experiencing market oriented institutional reforms) will be introduced (Material 1).
- Policy trends on Public & Private Partnership (PPP) in Japan including an case study on Water Service in Japan will be discussed (.Material 2).
- DBJ's Involvement in Private Finance Initiative (PFI) and Privatization is highlighted (Material 3).
- Risk Management System, Credit Rating and Funding Issues for DFI----- DBJ's practices reflecting the recent FILP and banking sector reforms will be presented (Material 4).
- Role of Public Sector Consultants for advisory services on infra-project formulation will be discussed. The Japan Economic Research Institute (JERI: an association research institute of DBJ) will introduce its experience in PFI projects (Material 5).
- Field Trip to PFI project and other Infra-Projects
"Kazusa Clean System" is a pioneering PFI project where private sector know-how applied to infrastructure development. This project provides wide-area intermediate processing of general waste from four cities in Chiba Prefecture (Material 6).
In the afternoon, through Trans-Tokyo Bay Highway (Toll Bridge called Aqua Line), the Team will visit Yokohama Bay Area Development Project named MM 21.
- Private Participation in Infrastructure (PPI) in Korea ----- New PPI Law was implemented in 1998 after Asian Financial Crisis for making good use of private

sector capacity and Foreign Direct Investment to promote PPI projects (Material 7).

3. Expected Outputs

- a) At wrap-up meeting, main observations and lessons in the seminar programs in Japan will be discussed and compiled.
- b) A brief report will be drafted and submitted to JICA after returning to Malaysia based on the outcomes of the Seminar in Japan, particularly with focuses on BPIMB's strategy on infra-finance operation in the coming five years.

**SENIOR MANAGEMENT SEMINAR EVALUATION REPORT:
INSTITUTIONAL CAPACITY BUILDING & INFRASTRUCTURE FINANCING IN MALAYSIA,
JAN 22-JAN 29**

1. Seminar Overview

The seminar was organized over a 5 day period with classroom lectures held over 3 days, 1 day of site visit to infrastructure projects around Tokyo area & half day of wrap up meeting before end of the seminar.

2. Seminar Objectives

The objective of this seminar is to expose the Senior Management to the Japanese experience in infrastructure financing. In line with this seminar the Korean experience in infrastructure financing was also tabled.

The seminar has achieved its objectives of giving an insight of the Japanese experience in infrastructure financing especially PPP/PFI, the Reshaping Of DBJ and how it formulates its Annual Budget and Experience of Korea In Infrastructure Finance."

3. Seminar Content

The seminar content touched on various aspects such as:

- a. The experience of DBJ PRE and POST FILP Reform
- b. The evolution of PPP In Japan including in water and sewage sector
- c. The role of DBJ in institutional establishment of PFI in Japan
- d. DBJ Risk Management System
- e. Advisory service for PFI project
- f. Private participation in Infrastructure in Korea

From the lectures and the site visit it has given a great insights, knowledge and experience to the Senior Management on the experience of Japan and DBJ in its infrastructure project financing. The discussions and presentations also touched on not only its successes but also its failures.

4. Speakers

The speakers are well experienced in their field and have done extensive research in their field. Their fluent English has helped the participant to understand the subject matter. The question & answer session has been lively and well participated by all participants

5. Lesson Learnt

- a. The experience of DBJ in Risk Management
- b. The budgeting process in DBJ, which is significantly different from BPIMB.
- c. The Japanese framework and experience in PPP/PFI implementation.
- d. DBJ law that maintains its independence from political interferences
- e. Operational competency and internal ratings methodology

From the above it is our aspirations and intentions to implement what has been learnt in Japan to BPIMB specifically and to Malaysia generally.

6. Recommendation

- a. The duration of the seminar is suitable. However more project site visits would be welcomed.
- b. The timing could be better if held in spring or summer, as the winter period is a little bit too cold to participants. However we do understand the constraint faced by the organizer.

**“Institutional Capacity Building on Infrastructure Finance-
Obtaining the Skill for Infra-Project Finance”**

(July. 2-July. 17, 2005)

Technical Cooperation Project for Institutional Capacity Building on Infrastructure Finance in Malaysia
July 2005 Training Program (For the Participants from BPIMB)
Institutional Capacity Building on Infrastructure Finance - Obtaining the Skill for Infra-Project Finance

2005/6/22

DATE	DAY	START TIME	END TIME	PROGRAM	LECTURERS	PLACE	REF
7/2	Sat		Afternoon	Arrive at Narita, move to TIC			
7/3	Sun			Preparation for the seminar			
7/4	Mon	9:30-11:00		Briefing	JICA Minoru Tsuyuki, President, MT & Associates	TIC-SR8	
		11:00-12:00		Orientation and Seminar Outline	Hirohiko Sekiya, Executive Vice President, International Bureau, The Japan Economic Research Institute, JERI	TIC-SR8	
		13:30-16:00		Orientation and Seminar Outline (Continued) Infrastructure Finance in BPIMB	Abu and Himel, Minoru Tsuyuki, Hirohiko Sekiya, Toshiyuki Okubo, Deputy Director, International Bureau, JERI	TIC-SR8	
7/5	Tue	9:30-12:00		The Role of Project Finance in Economic Development.	Kunio Kikuchi, Senior Adviser, Masaoka & Associates	TIC-SR8	
		13:30-16:00		Role of Government and DFI in Infrastructure Provision in Malaysia- Implications of ADB/JBIC/World Bank Joint Flagship Study	Yasuo Fujita, Senior Economist, Director, Development Policy Research Division, JBIC Institute, Japan Bank for International Cooperation	TIC-SR8	
7/6	Wed	9:30-12:00		Case Study - Mass Transit Project; Project Risk Analysis and Mitigation Measures.	Zoi, Minoru Tsuyuki, Kunio Kikuchi, Shingo Tsuji, Assistant Manager, Investment & Finance Program Dept., Pacific Program Management Co., Ltd.	TIC-SR8	
		13:30-16:00		Case Study - Port Project; How to Make Proper Use of PRMS; also focusing on Supervision Activities.	Izumi, Minoru Tsuyuki, Kunio Kikuchi, Hironobu Adegawa, Director and General Manager, Investment & Finance Program Dept., Pacific Program Management Co., Ltd. Yuiko Karasawa, Pacific Program Management Co., Ltd.	TIC-SR8	
7/7	Thu	9:30-12:00		Case Study - Toll Road Project; Focusing on Cash Flow and Sensitivity Analysis.	Mustafa, Minoru Tsuyuki, Kunio Kikuchi, Yuiko Karasawa, Shin-ichi Mochizuki, Senior Manager, Investment Banking Administration Division, The Bank of Tokyo-Mitsubishi, Ltd.	TIC-SR8	
		13:30-16:00		Discussion: 1) Presentation up to now; 2) Program A-C, Contents and Each Participant's Role	Minoru Tsuyuki, Kunio Kikuchi, Yuiko Karasawa, Masahiko Komori, Director, Research Division, International Bureau, JERI	TIC-SR8	
7/8	Fri	Morning		(Study Tour) Recent Example of PFI (Enoshima Aquarium, Fujisawa)			
		10:20-12:00		(Lecture) Case Study for PFI Project - Enoshima Aquarium Project			
		Afternoon		(Study Tour) Large Scale Area Development (Minato-Mirai, Yokohama)			
7/9	Sat			Reading Materials			
7/10	Sun			Reading Materials			
7/11	Mon	9:30-12:00		Case Study - Area Development Project ; Focusing on Legal Arrangement and Documentation.	Saipudin: Mr. Mark Goodrich, Solicitor, Lovells Law Firm Minoru Tsuyuki, Kunio Kikuchi, Yuiko Karasawa	TIC-SR11	
		13:30-16:00		Case Study - Tourism Project ; Focusing on Market Risk Aspect	Sharul Muni: Minoru Tsuyuki, Kunio Kikuchi, Yuiko Karasawa	TIC-SR11	
7/12	Tue	9:30-12:00		Discussion: 1) Presentation up to now; 2) Program A-C Contents	Minoru Tsuyuki, Kunio Kikuchi, Hironobu Adegawa, Masahiko Komori	TIC-SR11	
		13:30-16:00		Confirmation of Program A~C Contents and Each Participant's Assignment	Minoru Tsuyuki, Masahiko Komori, Toshiyuki Okubo	TIC-SR11	
7/13	Wed	9:30-12:00		Exercise: Ad hoc 5-minute Presentation, Preparation for final Presentation Advised by Instructors	Minoru Tsuyuki, Kunio Kikuchi, Shingo Tsuji	TIC-SR9	
		13:30-16:00		Preparation for Final Presentation	Minoru Tsuyuki, Kunio Kikuchi, Yuiko Karasawa	TIC-SR9	
7/14	Thu	9:30-12:00		Presentation and Discussion of Program A	Minoru Tsuyuki, Kunio Kikuchi, Masahiko Komori	TIC-SR11	
		13:30-16:00		Presentation and Discussion of Program C	Minoru Tsuyuki, Kunio Kikuchi, Masahiko Komori, Shingo Tsuji	PC Room	
7/15	Fri	9:30-12:00		Presentation and Discussion of Program B	Minoru Tsuyuki, Kunio Kikuchi, Hironobu Adegawa, Masahiko Komori, Hirohiko Sekiya	TIC-SR11	
		13:30-16:00		Evaluation Meeting and Closing Ceremony	Minoru Tsuyuki, Kunio Kikuchi, Hirohiko Sekiya, Masahiko Komori	TIC-SR11	
7/16	Sat			Discussion with JICA Experts			
7/17	Sun			Leave for Malaysia			

Technical Cooperation Project for Institutional Capacity Building on Infrastructure Finance in Malaysia
July 2005 Seminar (for MOF/EPU officers)
Institutional Capacity Building on Infrastructure Finance - Obtaining the Skill for Infra-Project Finance

2005/8/18

DATE	DAY	TIME	PROGRAM	LECTURER	PLACE	REF.
7/2	Sat	Afternoon	Arrive at Narita, move to TIC			
7/3	Sun		Preparation for the seminar			
7/4	Mon	9:30-11:00	Briefing	JICE, JICA	TIC-SR8	
		11:00-12:00	Orientation and Seminar Outline	Minoru Tsuyuki, President, MT & Associates Hirohiko Sekiya, Executive Vice President, International Bureau, The Japan Economic Research Institute (JERI)	TIC-SR8	
		13:30-16:00	Orientation and Seminar Outline (continued) Infrastructure Finance in BPIMB	Abu and Hilmi: Minoru Tsuyuki, Hirohiko Sekiya, Toshiyuki Okubo, Deputy Director, International Bureau, JERI	TIC-SR8	
7/5	Tue	9:30-12:00	The Role of Project Finance in Economic Development	Kunio Kikuchi, Senior Adviser, Masaoka & Associates	TIC-SR8	
		13:30-16:00	Role of Government and DFI in Infrastructure Provision in Malaysia - Implications of ADB/JBIC/World Bank Joint Flagship Study	Yasuo Fujita, Senior Economist, Director, Development Policy Research Division, JBIC Institute, Japan Bank for International Cooperation	TIC-SR8	
7/6	Wed	9:30-10:30	(Lecture) Recent Trend of Japanese Economy / Discussion	Atsuhito Kurozumi, Director, Economic and Industrial Research Department, Development Bank of Japan (DBJ)	DBJ-1F	
		10:45-12:00	(Lecture and Discussion) Fiscal Investment and Loan Program in Japan and its Recent Reforms	Masahisa Koyama, Director General, Department of International Affairs, DBJ	DBJ-1F	
		13:00-14:45	(Lecture and Discussion) Role and Function of Development Bank of Japan	Eishi Yasunaga, Director General, Department of International Affairs, DBJ	DBJ-1F	
		15:00-16:15	(Lecture) Japan Finance Corporation for Small and Medium Enterprise	Jun Yoshida, Manager, International division, Business Information Dept. Japan Finance Corporation for Small and Medium Enterprise	DBJ-1F	
7/7	Thu	9:30-10:45	(Lecture and Discussion) Introduction of Japan's Experience in PPP/PFI	Toshiyuki Okubo	TIC-SR3	
		11:00-12:00	(Lecture and Discussion) Advisory Services for PFI Project	Sawako Obara, Senior Research Analyst, Research Bureau, JERI	TIC-SR3	
		13:30-16:00	(Discussion and Wrap-up) Lessons learnt for infra-finance in Malaysia	Hirohiko Sekiya, Rikizo Matsukawa, Director General, International Bureau, JERI, Okubo	TIC-SR3	
7/8	Fri	Morning	(Study Tour) Recent Example of PFI (Enoshima Aquarium, Fujisawa)	(Attend) Minoru Tsuyuki, Hirohiko Sekiya, Toshiyuki Okubo, Shingo Tsuji		
		10:20-12:00	(Lecture) Case Study for PFI Project - Enoshima Aquarium Project	Reiko Okubo, Assistant Vice President, Alternative Investment and Development Headquarters, Project Development and Investment Group, ORIX Corporation.		
		Afternoon	(Study Tour) Large Scale Area Development (Minato-Mirai, Yokohama)	(Attend) Hirohiko Sekiya, Toshiyuki Okubo		
7/9	Sat		Discussion among JICA experts and participants			
7/10	Sun		Departure for Malaysia			

**TRAINING PROGRAM ON OBTAINING THE SKILLS FOR INFRASTRUCTURE
PROJECT FINANCE
JULY 2 2005 – JULY 17 2005
TOKYO, JAPAN.**

1.0 INTRODUCTION

The training program on obtaining the skills for Infrastructure Finance (referred to as the 'Program') was successfully held from July 2, 2005 to July 17, 2005. The Program was participated by 7 members from Bank Pembangunan Dan Infrastruktur Malaysia Berhad (BPIMB), 2 from Economic Planning Unit, Prime Ministers Department (EPU) and 1 from Ministry of Finance Malaysia (MOF). However, representative from EPU and MOF were for a one-week seminar and had a separate session from day 3 onwards. Participant from BPIMB were more focused on being trained as Trainers. This evaluation report will therefore be focused on the Training the Trainers Seminar in Basic Infrastructure Financing.

The objective of the program was to train the participants so that they are able to impart the knowledge in infrastructure financing to new and junior executives in due course.

2.0 THE PROGRAM

The program was conducted for the duration of two weeks. Prior to attending the seminar, participant were required to prepare presentation materials as follows:-

<u>Topics</u>	<u>Presented by</u>
I. Basic Infrastructure Finance in BPIMB	Abu Hurairah Bahari Mohd Hilmi Mohd Hithir
II. Case Study: Mass Transit Project; Project Risk Analysis and Mitigation Measures	Zol Kahar Samsury
III. Case Study: Port Project; How to make Proper Use of PRMS; Focusing on Supervision Activities.	Izuan Ahmad
IV. Case Study: Toll Road Project; Focusing On Cash Flow & Sensitivity Analysis.	Mustafa Kamal
V. Case Study: Area Development Project; Focusing on Legal Arrangement and Documentation.	Muhamad Saipudin
VI. Case Study: Tourism Project; Focusing On Market Risk Aspect.	Shahrul Munir

The program was conducted at Tokyo International Center and started with a briefing session by JICA executives. The participants were briefed on the

facilities of the center and other in-house rules and regulations to facilitate the participants stay throughout the duration of the program.

Session I (Joint Session)

BACKGROUND OF THE TRAINING PROGRAM AND BRIEF HISTORY OF PROJECT FINANCE.

**Minoru Tsuyuki,
President M.T.Associates
11.20-12.00pm (4/7/05)**

This session covered the following: -

- I. Background of the training program – how the seminar came into the picture.
- II. Brief history of project finance was presented.
- III. Project Finance Lake Image was introduced to indicate sources of fund in financing the project i.e. equity, debt etc and the types of infrastructure project utilizing the fund.

The speakers provide very good & clear explanation on the history of project finance and the basic concept. Mr. Minoru Tsuyuki and Okubo also gave detailed explanation of the seminar program.

Session II (Joint Session)

BASIC INFRASTRUCTURE FINANCING IN BPIMB

**Abu Hurairah Bahari
Head Contract Financing Department &
Mohd Hilmi Mohd Hithir
Executive Structured Finance Department
Bank Pembangunan Dan Infrastruktur Malaysia Berhad
1.30–4.00 pm (4/7/05)**

The presentation was well prepared and generally performed. Due to economic crisis in 1997, financing of infrastructure project was affected. Bank Pembangunan was entrusted with additional role of financing infrastructure project in 1999. The new sector was created i.e. Infrastructure Banking Sector and several Department and Section are also created to undertake the new role of financing infrastructure projects. The new departments created are Project Finance Dept, Corporate Finance, Contract Finance and Structured Finance. The scope of works in each department and section of Infrastructure Banking Sector were presented together with the Process mapping for loan approval and disbursement.

A very good & clear explanation on the role and responsibility of each department and section of Infra Banking Sector.

Active Question and Answer session was conducted after the presentation. Other than the participants those instructors present at each session are shown in the attached program.

Minutes taken by: Muhamad Saipudin Mat Noor

Session III (Joint Session)

ROLE OF PROJECT FINANCE IN ECONOMIC DEVELOPMENT

Kunio D. Kikuchi

9.30-12.00pm (5/7/05)

This session covered the objectives of economics development, which are to raise standard of living and to reduce poverty. Both public and private sector undertake this. The distinction between public and private sector projects can be based from types of ownership as well as government involvement. Background of World Bank and IFC and the difference between the two were presented. Project refers to a process to produce service and/or product, has two main phases, time frame and adequate return. Good or bad project depends on viability, sustainability and governance. Explanation of a project cycle for public and private sector were made. The flow of the work process and the demarcation of it explained.

Session IV (Joint Session)

CONNECTING EAST ASIA: A NEW FRAMEWORK FOR INFRASTRUCTURE

Yasuo Fujita

Senior Economist/Director,

Development Policy Research Division,

JBIC Institute, Japan Bank for International Cooperation

1.30-4.00pm (5/7/05)

This session covered the framework for infrastructure project, which can be broken up into 3 parts that is Inclusive development, coordination and accountability & risk management. Infrastructure projects demand strong planning and coordination. Decentralization is important to accelerate the process together with coordination. Need to have right policy to attract private sector and need to reform the public sector in becoming a reliable and responsive development partner.

On the discussion part; for Malaysia, the Government's Process is centralized planning and decentralized implementation. The bank will make its own assessment with risk mitigation. As for Japan's case: Sponsors go directly to JBIC or DBJ first. Then only DBJ or JBIC will submit the proposal to the Government for consent.

Presenter's opinion: For developing country, it is important that the government take the lead for when there is abundant financial resources with high economic growth. While for when there is scarce financial resources and low economic growth, Bank will have to take lead to mitigate risk.

Both of the lecturer gave a good presentation on the relevant topics, which are very useful for the participants.

Session V

CASE STUDY – MASS TRANSIT PROJECT; PROJECT RISK ANALYSIS AND MITIGATION MEASURES.

Zol Kahar Samsury

Head Infrastructure I Section

BPIMB.

9.30-12.00 pm (6/7/05)

The case study was well prepared and generally performed. He started explaining the background and the content of his presentation by using the power point slides.

The salient points raised during this session are as follows: -

- I. Mr. Kunio D. Kikuchi makes a suggestion and comment on the presentation slide of Project Background that is to include brief information of the project history and when is the date the project has started.
- II. Mr. Kunio D. Kikuchi also makes a suggestion and comment on presentation slide number 9 that needs to be improved on the explanation of Force Majeure.
- III. Mr. Kunio Kikuchi makes a suggestion and comment on presentation slide number 21 that is to delete the word `Debt`.
- IV. Member of the participant also make some comments and suggestion on the factors that determine the High, Medium and Low rating.

Minutes taken by: Shahrul Munir Abdul Rahman

Session VI

CASE STUDY - PORT PROJECT; HOW TO MAKE USE OF PRMS AND ALSO FOCUSING ON SUPERVISION ACTIVITIES.

Izuan Ahmad

Head Project Finance Supervision Section

BPIMB.

1.30-4.00pm (6/7/05)

The presentation was also well prepared and generally performed. He started his presentation with the introduction on the proposed new risk evaluation method, which is PRMS, and continues to explain the objective of PRMS system on the port project by using the power point slides. The detail of the Port Project Structure was presented to the panel member and the entire participant. The presenter continued his presentation and further explains on the PRMS by using Port Project as a sample model. It was highlighted that the PRMS method is not yet applied in the Bank as it is still in the discussion stage. A brief outline of the process flow for Supervision activities was presented.

The salient points raised during this session are as follows: -

- I. Mr. Kunio D. Kikuchi also makes a suggestion and comment on presentation slide and how to improve on the presentation material.
- II. Members of the participant also make some comments and suggestion on the PRMS method.
- III. Mr. Minoru Tsuyuki recommends to add into the power point presentation the Project Cost and Source of Fund.
- IV. Mr. Kunio D. Kikuchi requested that a more detail role of Supervision activities be included in the presentation.

Minutes taken by: Shahrul Munir Abdul Rahman

Session VII

**APPLICATION OF PROJECT FINANCE
CASHFLOW ANALYSIS FOR TOLL ROAD PROJECT
Mustafa Kamal Abd Mutalib
Head Corporate Advisory Section
Bank Pembangunan Dan Infrastruktur Malaysia Berhad
9.30–12.00 pm (7/7/05)**

The case study was well prepared and generally performed.

The salient points raised during this session are as follows: -

- I. Major project without going proper bidding process will create “Yellow Sign” for the project. Through bidding process, project cost can be lower and thus toll rate charge to public can be lower.
- II. It is useful to show project’s diagram (principal parties involve in the project) separately during construction period and operational period. There is public involvement i.e. parties which subscribe or pay for the services, during the operational period.
- III. The Government and Concession Company should appoint an expert to prepare feasibility study for the project prior to signing Concession Agreement. Therefore, project’s viability can be determined at early stage.

- IV. To establish Debt Service Reserve Account (DSRA) at early stage in the event that there is no grace period for loan's repayment. The DSRA shall be part of the project costs and finance by lenders or shareholders.
- V. Project's account shall be manage and operate by an independent party such as trustee (for private debt securities) or facility agent (for syndicated loan).

Minutes taken by: Zol Kahar Samsury

Session VIII

DISCUSSION ON THE PRESENTATION BY PARTICIPANTS AS AT 7/7/05 1.30–4.00 pm (7/7/05)

Discussion on the presentation so far was done. Then, Training Program A through C was discussed and Mr. Tsuyuki provisionally suggested the participant's allocation of tasks. Order of Program A and B changed based on the contents of each assignment.

Program A: Abu Hurairah Bahari and Sharul Munir Abdul Rahman.
Program B: Zol Kahar Shamsury, Saipudin Mat Noor and Izuan Ahmad
Program C: Mustafa Kamal Abd Mutalib and Mohd Hilmi Mohd Hithir.

It was proposed to review the contents by three working groups accompanied by instructors: Kikuchi, Tsuyuki and Tsuji for Program A, B and C respectively.

Session IX (Joint Session)

Topic : Site Visits
Date : July 8, 2005

Summary / Key Points:

A. ENOSHIMA AQUARIUM, ENOSHIMA

The Enoshima Aquarium is located along the Shonan Beach in the Kanagawa Prefecture. The facilities / attractions at the aquarium comprise Sagami Bay Zone, Deep-sea Corner, Jellyfish Fantasy Hall, Cold & Warm Sea Zones, Penguin & Northern Fur Seal Zone, as well as the Show Stadium which showcases the Dolphin and Seal shows. It is also completed with souvenir shops and cafes. The development was completed in April 16, 2004 and it has managed to achieve its forecast revenue in the 1st year of commercial operation, with 1.8 million visitors to-date.

The aquarium is part of the Kanagawa New Total Plan 21, which amongst others involves redevelopment of Shonan Beach Park. It is financed via the PFI Project Finance concept which entails formation of a Special Purpose Company ("SPC"), i.e. a company under the ORIX Corporation Group (through bidding process) to build and operate the aquarium and associated facilities for experimental learning, with 30 years operating period. The PFI Contract was executed by the SPC with the Kanagawa Prefecture in March 2002, with funding from Senior Debt (consortium of banks), Mezzanine Debt (ORIX), Tokumei Kumiai (limited partnership equity – chosen due to its tax merit, i.e. the Profit & Loss is not subject to tax at SPC level), common stock and grant from Kanagawa Prefecture. Kanagawa Prefecture decided the contractor for the project, as in other PFI projects in Japan. PFI Project Finance was chosen to finance the project due to its merits, i.e. limited recourse, investment efficiency and risk sharing.

The SPC appointed an independent consultant to estimate the demand forecast for the aquarium. As in many other similar projects, the number of visitors tends to reduce in 2nd year of operation; as such the aquarium needs to provide other attractive services to pull more visitors. During the first 3 months of the 2nd year, the aquarium has managed to achieve 85% of its forecast revenue (with contribution from the good sales of figurines) and to-date; it has 90,000 annual passport (yearly ticket) holders. 30% of its visitors are repeat guests.

B. MINATO MIRAI 21 AREA DEVELOPMENT PROJECT, YOKOHAMA

The Minato Mirai 21 ("MM21") is a project with the objective of transforming the metropolitan area of Yokohama, i.e. Waterfront Project that transformed the old industrial zone into urban facilities. Its 186 hectares area (with 76 hectares reclaimed land) currently has several prominent buildings, including Yokohama Landmark Tower, Yokohama Maritime Museum, Yokohama Cosmo World, Queen's Square Yokohama, Yokohama Museum of Arts, Yokohama World Porters and Minato Mirai Hall. The type of development method for MM21 is "plotting out small pieces of land to meet objectives by adjusting concerned development property rights".

In 1983, Mitsubishi Real Estate Co. bought the land, which was formerly the dockyard area from Mitsubishi Heavy Industry. Then, in 1988, City of Yokohama announced the development of MM21, which means the port town of the future for the 21st century, and in 1993, Yokohama Landmark Tower (Japan's tallest building) was completed. The project relocated the shipbuilding docks and other facilities to another part of the Yokohama city; and the open space and the reclaimed land were then

joined together for new development. The incentive of the project is that by increasing the size of blocks of land, wide roads were constructed in the area and permission to build high-rise buildings was given. Its total construction cost is Y1, 378.1 billion (RM46.0 billion), including Y100.8 billion invested by City of Yokohama for land reclamation and other infrastructure facilities.

The development of MM21 is based on risk sharing mechanism and is not financed through PFI or Project Finance mechanism. Yokohama Minato Mirai 21 Corporation, i.e. a "Third Section Company" (joint public-private Company) is operating the MM21, with the role of undertaking urban community development, coordination, promotion, survey and studies, as well as inducements and promotion campaigns. The public sector has the role of undertaking basic planning, infrastructure development and public facilities, whereas the private sector provides business and commercial facilities, as well as housing development. Each property owner in MM21 raised its own funds through the conventional financing.

The two visit was very interesting and gave the participants good examples of the recent PFI and PPP activities.

Accompanying the visit:-

Minoru Tsuyuki, President M.T.Associates

Hiroki Sekiya, Executive Vice President, International Bureau, JERI

Toshiyuki Okubo,

Shingo Tsuji, Assistant Manager, Investment & Finance Program Dept.,

Presentation on Enoshima Aquarium Project by:-

Reiko Okubo, Assistant Vice President, Alternative Investment and Development Headquarters, Project Development and Investment group, ORIX Corporation.

Minutes taken by: Izuan Ahmad

Session X

CASE STUDY – AREA DEVELOPMENT PROJECT; FOCUSING ON LEGAL ARRANGEMENT AND DOCUMENTATION

Muhamad Saipudin Mat Noor

Senior Executive, Infrastructure I Section,

BPIMB

9.30-12.00 (11/7/05)

The case study was well prepared and generally performed. A video presentation was shown on Area Development in Malaysia.

The salient points raised during this session are as follows: -

- I. Presenter should refrain from using too many color combination in the presentation slide unless with purpose.
- II. Case study used for the presentation is too complex. A more simple and easy to understand case study is recommended.
- III. Environmental issue in relation to the case study should also be addressed in the presentation.
- IV. In addition to understanding of the industry it also proposed that an understanding of the project be considered as one of the major factor when assessing project risk.

Minutes taken by: Mustafa Kamal Abdul Mutalib

Session XI

CASE STUDY – TOURISM PROJECT; FOCUSING ON MARKET RISK ASPECT

Shahrul Munir Abdul Rahman

Acting Head, Structured Finance Department,

BPIMB

1.30-4.00pm (11/7/05)

The background of the tourism project and highlight of market risks was presented and supported by a case study, which was well presented. Significance increase in tourism arrival between year 2003 and 2004 might be due to impact on SARS in the year 2003.

The salient points raised during this session are as follows: -

- I. Continuous R & D plan should be added as item under marketing plan.
- II. Foreign exchange risk should also be included as it is considered to be a major risk.
- III. BPIMB where possible become equity partner at it yield better return. However the presenter explained that under current Development Financial Institution Act, it prohibits BPIMB to finance and at the same time invest in equity.
- IV. Presenter was requested to freely present any case that he is familiar with as a case study. Gayana Resort case was selected and it is agreed upon to be the sample case study. In addition, a problem case should also be included for comparison purposes.

Minutes taken by: Mustafa Kamal Abdul Mutalib

Session XII

DISCUSSION ON THE PRESENTATION BY PARTICIPANTS AS AT 11/7/05 PROGRAM A – C CONTENTS AND EACH PARTICIPANT'S ROLE 9.30-4.00pm (12/7/05)

As for discussion for presentation up to now, each participant was requested to give comments on two points; (i) what part of the presentation impressed you most?, (ii) what are common items to be improved? Several interesting remarks were made. Then Program A through C was confirmed as final for start of preparation.

Session XIII

PREPARATION AND INSTRUCTION FOR FINAL PRESENTATION. 9.30-12.00pm (13/7/05)

Preparation continued with advice given by instructors; Kikuchi for group A, Tsuyuki for group B and Tsuji for group c.

Session XIV

FINAL PRESENTATION AND DISCUSSION OF PROGRAM A. Abu Hurairah Bahari Head Contract Financing Department & Shahrul Munir Samsury Acting Head, Structured Finance Department, BPIMB 9.30-12.00pm (14/7/05)

Module I

Advice / Input / Comment:

- History of Project Finance – to change PICA to MIDF
- Project Finance Debt Market Size (Loans & Bonds) – Mr. Tsuyuki will give the updated version in soft copy
- To add a slide on demarcation of role of BPIMB, i.e. Infrastructure Banking and Development Banking
- To stress on the difference between Project Finance and Corporate Finance
- To enlarge the chart for Process Mapping and to add involvement of solicitors in the project during the assessment and documentation stages
- To put different colours for YES and NO in the Process Mapping
- To add common abbreviations for frequently used terms in the “Documents for Project Evaluation”
- To add the Project Structure slide before the “Documents for Project Evaluation”

Module III

Advice / Input / Comment:

- To specify short term and long term in time period
- To include BPIMB's current share in the PDS market

Module IV

Advice / Input / Comment:

- To split the functions of Technical Department into sole responsibility vs. joint responsibility
- In the case of IFC, Kikuchi-san will confirm who pays for the appointment of Independent Checking Engineer ("ICE") and in the case of Euro Tunnel financing, Mr. Tsuyuki will confirm who pays for the ICE appointed by the Syndicated Lenders

General

Advice / Input / Comment:

- To standardize coverage of case study among the 3 departments
- To mention on BPIMB's syndication arrangement aspects of financing
- To invite respective personnel from Technical, Legal etc. to give talks during the actual training session

Session XV

FINAL PRESENTATION AND DISCUSSION OF PROGRAM C.

Mustafa Kamal Abd Mutalib
Head Corporate Advisory Section &
Mohd Hilmi Mohd Hithir
Executive Structured Finance Department
BPIMB
1.30-4.00pm (14/7/05)

Advice / Input / Comment:

- To put "cash" before inflow and outflow in the "What is Cash flow Projection" slide
- To put sequence of Capital Expenditure in the "Inputs into the Financial Model" slide
- Operating Parameters – To change terms:
"Source of Revenue" to "Revenue from Operations"
"Operating Expenditure" to "Operating Costs"
OR to limit to "Revenue" and "Expenses" (with examples for both)
- "Quarterly" might not be suitable for the exercise, to use "Semi-Annually" or "Annually"
- To balance the simplicity and complexity of the exercise
- To provide print-outs on the equations used in the model

- Level of difficulty is too high for a basic course – better to segregate into several modules
- Issue on computation of Debt Service Cover Ratio (“DSCR”), i.e. based on Annual Cash flow vs. Cumulative Cash flow
- Gap between presenters is too huge – better if 1st presenter touches on basic exercise and 2nd presenter follows up with more elaborate exercise (however, time constraint for this presentation is noted)

Session XVI

FINAL PRESENTATION AND DISCUSSION OF PROGRAM B.

Zol Kahar Samsury

Head Infrastructure I Section,

Muhamad Saipudin Mat Noor

Senior Executive, Infrastructure I Section,

Izuan Ahmad

Head Project Finance Supervision Section

BPIMB.

9.30-12.00pm (15/7/05)

Advice / Input / Comment:

- To delete the cartoon image under the slide of History of Project Finance and to delete year 2006
- To improve the Project Structure slide and to include the shareholders’ profile of the project
- To elaborate further on the current changes of the port structure
- To change the short-term liabilities to short-term borrowing
- To ensure that the objective, function and purpose for each project parties and the risk sharing elements of the project must be clearly shown in the power point presentation
- To include in the power point presentation the contractual illustration
- To improve the table of Project Cost and add in the existing and the additional cost for the project
- The power point presentation must be able to assess the risk and mitigation factors of the Project Finance
- To elaborate further on the risk allotment for each project
- To explain further on the Put Agreement
- To show the projected cash flows first before the Financial Strength slide
- To discuss internally with participant during the course on the concept of Debt Service Reserve Account as the ratio might be different than the ratio required by the Bank
- To further explain on the Loan Structuring concept i.e. main terms and conditions, event of default and enforcement
- To explain more on the interest rate and security arrangements concept

- Program B need to get a clearance from the management on the content and to improve of the case study
- The Bank had to accept the global terms for the financial terms in banking industry

Session XVII

EVALUATION MEETING AND CLOSING CEREMONY 2.00-4.00pm (15/7/05)

Attended by:-

Minoru Tsuyuki, President M.T.Associates

Kunio D. Kikuchi, Senior Advisor, Masaoka and Associates, Inc.

Hiroki Sekiya, Executive Vice President, International Bureau, JERI

Masahiko Komori, Director, Research Division, International Bureau, JERI

All Participants

The objective of the meeting was to discuss on the achievement made throughout the seminar. Each participant provides useful and encouraging comments. The comments are stated below: -

By participants,

- Programs A, B and C should be carried out exactly as per the modules; Program A – 3 days, B – 3 days and C 3 days.
- For program C more time should be allocated for the final presentation and formula used in the financial analysis to be put on the handout.
- Common areas to be improve is how to make the presentation more effective.
- All the 3 programs presented were impressive. However need to balance the simplicity and complexity of the subject matter.
- Overall the input provided by the trainers was good and meet our expectation.
- The site visit especially the Enoshima Aquarium was good and the participants felt that there should be more sites visits on PFI/PPP projects.

By Instructors,

- How to in calculate the Trainers training and sustainable training system in BPIMB
- Program A, B and C was well organized and attains great achievement.
- To create sustainable group training and on the job training (OJT)

- To make best use of these materials by compiling, modifying and assembling according to actual operating needs/requirements for purpose of OJT.
- To continue to discuss with HRD on how to integrate group training programs with OJT
- Storage of such modules/supporting data can be compiled so that everybody can share. Mr. Komori to organize this with HRD.
- Malaysia and BPIMB in particular have great future. The ability of the bank to accord this kind of commitment is an indication of the quality of the bank.
- Good humor even with wide variations in age group and able to work as a team.
- Quality are quite impressive

The program was very successful and the course objectives were met. The success of the program was due to commitment by all participants and because of the availability of knowledge and experienced resource person involved. The site visits were very useful to complement the classroom teachings.

The session ended with the certificate giving ceremony where all participants were presented with a certificate of attendance.

3.0 RECOMMENDATION

It is recommended that such program be continued to further enhance the knowledge of BPIMB executives in infrastructure project financing especially for the purpose of going regional or global in the wake of the expected government reduce allocation for the local construction sector in the 9th Malaysia Plan. The economic growth is now focused on private sector driven. This has been the recent scenario and the basic underlying trend. Furthermore, the 2nd Phase of the Vision 2020 has also emphasized the development on human resources to provide for world class human capital at all levels. The exchanging of ideas between both JICA's expert and BPIMB's executives can further enhance capacity development of infrastructure finance.

The modules that have been prepared can be modified according to operational requirements for marketing or supervision units or in accordance with trainee levels. Further discussion with HRD on how to intergrate authorized modules for group trainings and On the Job Training (OJT) will have to be carried out in order to establish a sustainable training system in BPIMB.

4.0 CONCLUSION

The program has succeeded its objectives. The program managed to provide participants with the relevant skills and knowledge on how to conduct training in infrastructure finance on an in-house basis at BPIMB.

**TRAINING PROGRAM ON OBTAINING THE SKILLS FOR
INFRASTRUCTURE PROJECT FINANCE
JULY 2 2005 – JULY 10 2005
TOKYO, JAPAN.**

**BACKGROUND OF THE TRAINING PROGRAM AND BRIEF HISTORY OF
PROJECT FINANCE.**

**Minoru Tsuyuki,
President M.T.Associates
11.20-12.00pm (4/7/05)**

This session covered the following: -

- I. Background of the training program – how the seminar came into the picture.
- II. Brief history of project finance was presented.
- III. Project Finance Lake Image was introduced to indicate sources of fund in financing the project i.e. equity, debt etc and the types of infrastructure project utilizing the fund.

The speakers provide very good & clear explanation on the history of project finance and the basic concept. Mr. Minoru Tsuyuki and Okubo also gave detailed explanation of the seminar program.

BASIC INFRASTRUCTURE FINANCING IN BPIMB

**Abu Hurairah Bahari
Head Contract Financing Department &
Mohd Hilmi Mohd Hithir
Executive Structured Finance Department
Bank Pembangunan Dan Infrastruktur Malaysia Berhad
1.30–4.00 pm (4/7/05)**

The presentation was well prepared and generally performed. Due to economic crisis in 1997, financing of infrastructure project was affected. Bank Pembangunan was entrusted with additional role of financing infrastructure project in 1999. The new sector was created i.e. Infrastructure Banking Sector and several Department and Section are also created to undertake the new role of financing infrastructure projects. The new departments created are Project Finance Dept, Corporate Finance, Contract Finance and Structured Finance. The scope of works in each department and section of Infrastructure Banking Sector were presented together with the Process mapping for loan approval and disbursement.

A very good & clear explanation on the role and responsibility of each department and section of Infra Banking Sector.

Active Question and Answer session was conducted after the presentation. Other than the participants those instructors present at each session are shown in the attached program.

Minutes taken by: Muhamad Saipudin Mat Noor

ROLE OF PROJECT FINANCE IN ECONOMIC DEVELOPMENT

Kunio D. Kikuchi

9.30-12.00pm (5/7/05)

This session covered the objectives of economics development, which are to raise standard of living and to reduce poverty. Both public and private sector undertake this. The distinction between public and private sector projects can be based from types of ownership as well as government involvement. Background of World Bank and IFC and the difference between the two were presented. Project refers to a process to produce service and/or product, has two main phases, time frame and adequate return. Good or bad project depends on viability, sustainability and governance. Explanation of a project cycle for public and private sector were made. The flow of the work process and the demarcation of it explained.

CONNECTING EAST ASIA: A NEW FRAMEWORK FOR INFRASTRUCTURE

Yasuo Fujita

Senior Economist/Director,

Development Policy Research Division,

JBIC Institute, Japan Bank for International Cooperation

1.30-4.00pm (5/7/05)

This session covered the framework for infrastructure project, which can be broken up into 3 parts that is inclusive development, coordination and accountability & risk management. Infrastructure projects demand strong planning and coordination. Decentralization is important to accelerate the process together with coordination. Need to have right policy to attract private sector and need to reform the public sector in becoming a reliable and responsive development partner.

On the discussion part; for Malaysia, the Government's Process is centralized planning and decentralized implementation. The bank will make its own assessment with risk mitigation. As for Japan's case: Sponsors go directly to JBIC or DBJ first. Then only DBJ or JBIC will submit the proposal to the Government for consent.

Presenter's opinion: For developing country, it is important that the government take the lead for when there is abundant financial resources with high economic growth. While for when there is scarce financial resources and low economic growth, Bank will have to take lead to mitigate risk.

Both of the lecturer gave a good presentation on the relevant topics, which are very useful for the participants.

RECENT TRENDS IN THE JAPANESE ECONOMY

Atsuhito Kurozumi

Director,

Economic and Industrial Research Department,

Development Bank of Japan

9.30 10.30 morning (6/7/05)

This session recalled the history of the recovery phase in the Japanese economy and highlighted the attribution of the success to exports leakage, production of goods and services has leveled off and the inventory-adjusted rent in IT- related goods. The session also explained the direct relationship among the parameters that are Private Consumption with the Japan's nominal GDP and improvement in labor market due to the continuation of good corporate performance. Real Gross Domestic product gained its momentum in the late 2003 due to high capital spending, increased private consumption and net exports. Its started losing between 2004 and 2005 with practically zero growths due to China drastic economic growth. Even though the GDP started to recover, it is not the real strength which usually underlines the basic fundamentals of the economy. Several factors that delayed the private consumption and investment are the natural calamity associated with Japan – typhoons, earthquake and cold weather.

Even though there is a direct and positive relationship between exports and imports of goods and services in Japan since the late 90's, export has been stagnant due to the increasing China factor competitiveness. This resulted in the leveling of between the construction industries as against the mining and manufacturing industries of well as tertiary industries. Capital spending has bounced back to its highest in the year 2004 at the point of 20% since its lowest inception of -27% in the year 2002. This mainly attributed from high return on investment due to the high capital spending growth by the market. The public investment highest record was back in 1996 white 45 trillion yen and constituted 9% of GDP contribution. However, over the years until 2005, it recorded merely 23 trillion yen with a 4.6% of GDP. The corresponding government debt to GDP ratio shows that in 1996, it was 92% as against 170% ratio in year 2005. Comparatively with other countries government debt to GDP ratio shows a

steady and balanced ratio around 70% to 90% over the years from 1996 to 2005 for Europe and Canada.

REFORMS OF THE FISCAL INVESTMENT AND LOAN PROGRAM

Masahisa Koyama

Director General,

Department of International Affairs,

Development Bank of Japan

10.45 – 12.00 noon (6/7/05)

This session covered the Fiscal and Loan Program (FILP) provided during Japan economic slowdown, background and the criticism of the FILP which resulted in the Trust Fund Bureau Fund abolishment and FILP agencies dictated their own devices to raise fund directly from the financial market after April 1, 2001.

During the session, the key points of the Reform elaborated are as follows:-

- (i) Obligation to deposit all postal savings and pension reserves are eliminated;
- (ii) necessary funds are to be raised on the financial market;
- (iii) policy cost analysis introduced; and
- (iv) disclosure requirements strengthened to ensure greater efficiency in the FILP agencies operations.

The objectives of FILP reform are as follows:

- i) to achieve efficient and productive fund mobilization of FILP system;
- ii) to create private sector oriented economy as well as to encourage more funding participation from the privates; and
- iii) to achieve a sustainable fiscal balance through reducing subsidies.

Methods used to reform the FILP are by privatizing and restructuring of public corporation. The introduction of postal system via Japan Post Company back in 2003 marked the entrance of the fiscal and loan programme in the economy. A plan to privatize the Japan Highway Public Company is in the progress while the Government Housing Loan Company will be undertaken by commercial bank in 2006. This mean that the government is slowly exiting its role from the market and suspended new loan from housing loan scheme.

The impact of FILP reforms to the Policy-based Financial Institution (PFIs) is as follows:

- i) complementing private financing due to PFIs ability to take higher risk – providing long term loan with attractive rates;
- ii) redefine the scope of business via better understanding with private banks;
- iii) Market based funding which mean that performance will be disclosed and transparency prevailed; and
- iv) stricter risk management for obtaining better ratings.

Development Financial Institutions (DFIs) role in Malaysia

The session also touched on the industrial policies and economic development plan in East Asian countries particularly Malaysia. In Malaysia, back in late 1950's, DFI's, concentrated in import substitution goods and later changed to export oriented and labor intensive (Double track strategy) to cater for the then newly developed, National Economic Policy. NEP basically is to enhance the Malaysian economic growth while at the same time, balance the socio-economic growth and welfare of the multiple race in Malaysia.

In early 1980's, DFIs shifted to the heavy industrial import substitution to cater the ever growingly demand of manufacturing goods, steel and others. The last decade was transformed into export goods orientations that enable Malaysian to compete with others East Asian countries through its comprehensive infrastructure, labor market and government flexible policies. Malaysia also offered attractive markets and conducive environment for foreign Direct Investment to enter.

Session: Role and Function of Development Bank of Japan (DBJ)

Speaker: Mr. Eishi Yasunaga

Time: 13:00-14:45 (6/7/2005)

The objective of the session was to introduce DBJ to the participants. Generally DBJ is a DFI set up by MoF, Japan in 1951 to provide long-term loans and equity for private capital business investment. The sources of funds are all from government or government related agencies (ie FILP) besides issuance of bonds. DBJ's loan project is solely based in Japan as compared to Japan Bank for International Cooperation (JBIC) which only focuses on overseas projects. Focus of DBJ's loans has been changing from the 1950's due to the changes of needs from time to time. The recent focus is the revitalization of Local Economics through Private Finance Institution (PFI) and Public-Private Partnership (PPP) in alliance with regional banks. PFI and PPP projects are also new to DBJ which only started in year 1997. The volume of the outstanding loan is only RM16.3 billion as compared to the total outstanding loan of RM500 billion.

The speaker had given a very detailed introduction and working mechanism of the DBJ. It was a pleasure to have the opportunity to share the latest development of the Japan's DFI in the PFI and PPP field. The lecture had been very informative and useful to the participants.

Session: Japan Finance Corporation for Small and Medium Enterprise(JASME)
Speaker: Mr. Jun Yoshiba
Time: 15:00-16:15 (6/7/2005)

This session is about the concept of Small and Medium Enterprise (SME) and the Japan's Government Financial Institution on SME. The speaker then focused on the Japan Finance Corporation for Small and Medium Enterprise (JASME).

The speaker had given a very detailed introduction and working mechanism of the DBJ. It was a pleasure to have the opportunity to share the latest development of Japan's DFI in the PFI and PPP field. The lecture had been very informative and provided a lot of useful facts to the participants. The sources of funds are all from government or government related agencies (ie FILP) besides issuance of FILP agency bonds. The bulk of the JASME loan are focused on Special-purpose Loans, which carry characteristic of financing SME that is in-line with the government policy with longer-term and lower-interest Funds. It was interesting to find out that JASME as a SME Financing Institution is establishing a new program that supports the securitization support business. Malaysia is currently looking into securitization mechanism and this can be a good learning ground for the local DFI.

INTRODUCTION OF JAPAN'S EXPERIENCE IN PPP/PFI
Toshiyuki Okubo
Deputy Director, International Bureau
Japan Economic Research Institute (JERI)
JICA Expert Team
9.30-10.45am (7/7/05)

The session objective is to introduce the concept of PPP/PFI and Japan implementation experience in the PPP/PFI projects. The most important main features of PPP/PFI are Value For Money (VFM) in public funds expenditure and to reduce Life Cycle Cost. The session also touches on concept of PPP/PFI in Japan and shows the difference from the conventional public works by optimizing the risk-sharing between the public and private sector. The key in choosing the implementation method either by Government or PPP/PFI is by comparing Public Sector Comparator (PSC) with PPP/PFI itself to determine whether there is a

VFM, but there is a difficulty in identifying the Risk Adjustment for PSC. Further more the session also covered the DBJ's role in PPP/PFI including for providing finance arrangement for the projects.

ADVISORY SERVICES FOR PFI PROJECT

Sawako Obara

Senior Research Analyst,

Japan Economic Research Institute (JERI)

11.00am-12.00pm (7/7/05)

The contents of this session are to show the roles of public sector consultants in providing advisory services for privatization and PFI projects in Japan. In privatization process, there is obstacle in gathering information such as people, assets and money. Public sector consultants act as a mediator between public and private sector and play an important to solve the information asymmetry problems through project making support. This is because the government official's are lacking of experience in the management of profit making enterprises. The session also includes some general cases in privatization and PFI projects to clarify the roles of public sector consultants.

Topic : Site Visits

Date : 8/7/2005

Summary / Key Points:

A. ENOSHIMA AQUARIUM, ENOSHIMA

The Enoshima Aquarium is located along the Shonan Beach in the Kanagawa Prefecture. The facilities / attractions at the aquarium comprise Sagami Bay Zone, Deep-sea Corner, Jellyfish Fantasy Hall, Cold & Warm Sea Zones, Penguin & Northern Fur Seal Zone, as well as the Show Stadium which showcases the Dolphin and Seal shows. It is also completed with souvenir shops and cafes. The development was completed in April 16, 2004 and it has managed to achieve its forecast revenue in the 1st year of commercial operation, with 1.8 million visitors to-date.

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years operating period. The PFI Contract was executed by the SPC with the Kanagawa Prefecture in March 2002, with funding from Senior Debt (consortium of banks), Mezzanine Debt (ORIX), Tokumei Kumiai (limited partnership equity – chosen due to its tax merit, i.e. the Profit & Loss is not subject to tax at SPC level), common stock and grant from Kanagawa Prefecture. Kanagawa Prefecture decided the contractor for the project, as in other PFI projects in Japan. PFI Project Finance was chosen to finance the project due to its merits, i.e. limited recourse, investment efficiency and risk sharing.

The SPC appointed an independent consultant to estimate the demand forecast for the aquarium. As in many other similar projects, the number of visitors tends to reduce in 2nd year of operation; as such the aquarium needs to provide other attractive services to pull more visitors. During the first 3 months of the 2nd year, the aquarium has managed to achieve 85% of its forecast revenue (with contribution from the good sales of figurines) and to-date; it has 90,000 annual passport (yearly ticket) holders. 30% of its visitors are repeat guests.

B. MINATO MIRAI 21 AREA DEVELOPMENT PROJECT, YOKOHAMA

The Minato Mirai 21 (“MM21”) is a project with the objective of transforming the metropolitan area of Yokohama, i.e. Waterfront Project that transformed the old industrial zone into urban facilities. Its 186 hectares area (with 76 hectares reclaimed land) currently has several prominent buildings, including Yokohama Landmark Tower, Yokohama Maritime Museum, Yokohama Cosmo World, Queen’s Square Yokohama, Yokohama Museum of Arts, Yokohama World Porters and Minato Mirai Hall. The type of development method for MM21 is “plotting out small pieces of land to meet objectives by adjusting concerned development property rights”.

In 1983, Mitsubishi Real Estate Co. bought the land, which was formerly the dockyard area from Mitsubishi Heavy Industry. Then, in 1988, City of Yokohama announced the development of MM21, which means the port town of the future for the 21st century, and in 1993, Yokohama Landmark Tower (Japan’s tallest building) was completed. The project relocated the shipbuilding docks and other facilities to another part of the Yokohama city; and the open space and the reclaimed land were then joined together for new development. The incentive of the project is that by increasing the size of blocks of land, wide roads were constructed in the area and permission to build high-rise buildings was given. Its total construction cost is Y1, 378.1 billion (RM46.0 billion), including Y100.8 billion invested by City of Yokohama for land reclamation and other infrastructure facilities.

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The two visit was very interesting and gave the participants good examples of the recent PFI and PPP activities.

Accompanying the visit:-

Minoru Tsuyuki, President M.T.Associates

Hiroki Sekiya, Executive Vice President, International Bureau, JERI

Toshiyuki Okubo, Deputy Director, International Bureau, JERI

Shingo Tsuji, Assistant Manager, Investment & Finance Program Dept.,

Presentation on Enoshima Aquarium Project by:-

Reiko Okubo, Assistant Vice President, Alternative Investment and Development Headquarters, Project Development and Investment group, ORIX Corporation.

Minutes taken by: Izuan Ahmad

Annex 5. Records of JCC Meetings

JOINT COORDINATING COMMITTEE (JCC)

Venue : Meeting Room, Level 6
BPIMB

Date : 13th August 2004

Time : 3.30 P.M

JCC Member's :

a. Chairman

President/Managing Director – **Dato' Haji Abdul Rahim Mohd Zin**

b. Deputy Chairman

Vice President/ Head of Infrastructure Banking Sector –**Mr. Hj. Mohd. Ramli Samian**

Vice President/ Head of Corporate Management Sector –**Mr. Hj. Aladdin Hj. Mohamed Lip**

Vice President/Head of Supervision Sector –**Mr. Muhamad Ngah**

Leader of JICA Expert Team -**Mr. Hirohiko Sekiya**

c. Government Agencies

1. Principal Assistance.Secretary, Loan Management & Financial Policy Division (MOF) – **Mr. Muhammad Adli Bin Mahmood**
2. Principal Assistant Director, Industry & Economic Service Section (EPU) - **Madam Azimah Mansor**
3. Principal Assistant Director, Infrastructure & Utilities Section (EPU) - **Madam Liew Siew Lee**
4. Senior Manager, DFI Regulation Department (BNM) - **Madam Shahariah Hashim**

d. Representative From JICA, Malaysia Office

1. Deputy Resident Representative - **Mr. Yoshinobu Ikura**
2. Asst. Resident Representative - **Mr. Hitoshi Ara**

e. JICA Experts

1. Expert (Risk Management System of the Bank) –
Mr. Minoru Tsuyuki
2. Experts (Project Risk Evaluation) –
Mr. Tatsuo Iwamoto
3. Sub Sector Project Evaluation And Financial Modeling –
Mr. Hironobu Adegawa
4. Expert (Operational Strategy) –
Mr. Eishi Yasunaga
5. Expert (HRD and Organizational Improvement) –
Mr. Masahiko Komori
6. Sub Sector Project Evaluation And Financial Modeling –
Mr. Masahiko Endo
7. Expert (Operational Strategy) –
Mr. Toshiyuki Okubo
8. Coordinator –
Ms. Kaori Kumamoto

f. BPIMB's Counterpart Members

1. Asst. Vice President/Head of Project Finance Department –
Mr. Lim Ba Thai
2. Asst. Vice President/Head of Contract Financing Dept –
Madam Norain Mokhtar
3. Asst. Vice President/ Head of Corporate Finance Department –
Mr. Ahmad Mochtar Hashim
4. Asst. Vice President/ Head of Risk Management Department –
Mr. Mahashim Bajuri
5. Asst. Vice President/ Head of Infrastructure Banking Supervision
Department
Mr. Rizal Wong Abdullah

6. Asst. Vice President/Head of Human Resource Development Department- **Madam Rokiah Rajak**
7. Assit. Vice President of Corporate Planning Department- **Mr. Abd. Rahman Ahmad Ramli**
8. Asst. Vice President of President/ Managing Director's Office (Infrastructure)- **Mr. Ahmad Salleh**
9. Manager of Infrastructure Banking Administration Section - **Madam Lailathom Yusof**
10. Executive of Infrastructure I Section - **Ms. Tan Fui Koon**

- a) **Y.Bhg Dato' Haji Abdul Rahim Mohd Zin, Chairman welcomed all the team members to the meeting and explained the agenda of the meeting. The agenda of the meeting as follows :-**
- i) The outline and progress of Technical Cooperation Project for Institutional Capacity Building on Infrastructure Finance in Malaysia
 - ii) Workshop Program in Malaysia
 - iii) Training program in Japan
 - iv) Other matters
- b) **Tuan Haji Ramli Samian, Vice President of Infrastructure Sector gave a briefing about:-**
- i) Role and Functions of Infrastructure Development by BPIMB
 - ii) Performances during 5 years (1999 - 2004) :-
 - Loan approved RM22.0 billion
 - Loan disbursed RM11.0 billion
 - Loan undisbursed RM11.0 billion
 - iii) JCC
 - team members
 - functions of JCC
 - seminar program in Malaysia
 - iv) Training program in Japan
 - program for executives
 - program for officers
- c) **Mr.Hirohiko Sekiya (Leader of JICA team) did highlight a few key points:-**
- i) Comparison of Infrastructure Financing System between the Two Countries
 - ii) DBJ practices in the framework of Fiscal Investment and Loan Program :-
 - Bankable Projects .
 - Own funding
 - iii) DFI :-
 - should increased credit rating
 - meets policies and government's goals
 - v) Training program in Japan for executive and officers
 - vi) Seminar Program in Malaysia

d) Training Program in Japan

JICA Malaysia Office

The Training Program in Japan will be implemented on cost sharing basis. JICA will issue an inquiry letter to EPU, MOF, and BNM for their possible attendance. Please reply to JICA Malaysia Office by the end of September, at the latest.

EPU, MOF and BNM

They promise to reply as per the request.

e) Other Matters Discussed

- i) Mr. Chairman explain about performance of Infrastructure Development by BPIMB
 - the overall performances during 5 years which still need improvement
 - UDC RM11.0 billion
 - Funding issues
 - have to resolved
 - alternative plan
 - RM9 and budget 2005
 - Determine future of infrastructure projects
- ii) MOF
 - MOF will discuss further about infrastructure banking with other sub-division which oversees DFIs. He will invite the person in charge to the next JCC meeting.
- iii) EPU
 - The 9th Malaysian Pelan (RM9) will only ready by December 2005 which have input/indicator to guide BPIMB about sectors to be focus and priority sectors by Government.
- iv) BNM
 - The focus of the Project should be capacity building of BPIMB, rather than institutional changes of infra-financing system in Malaysia (e.g.: description of Output 5, Seminar Agenda)
- v) BPIMB
 - We understand the point being raised by BNM and will continue dialogue with concerned Ministries and BNM.
- vi) JICA Expert
 - Our Project goal is focusing on capacity building of BPIMB. Please note that Overall Goal of in the Project Design Matrix, describing infrastructure finance capacity in Malaysia, is a subject to be attained by the Government of Malaysia and BPIMB over longer period of time beyond the Project duration (one and half year).
- vii) All party agreed to continue discussion in the forthcoming JICA Expert Mission from late September to early October.
- viii) The second JCC will be held in February in 2005.

The meeting ended with closing remarks from Mr. Chairman at 5.30pm.

MINUTES OF MEETING

JOINT COORDINATING COMMITTEE MEETING

VENUE: Meeting Room, Level 6
Bank Pembangunan & Infrastruktur Malaysia Berhad

DATE: 23 February 2005

TIME: 3:30 p.m.

A. PARTICIPANTS

Representatives from BPIMB:

1. Vice President/Head of Infrastructure Banking Sector
Mr. Mohd. Ramli Samian
2. Vice President/Head of Corporate Management Sector
Mr. Aladdin Mohd. Lip
3. Assistant Vice President/Head Risk Management Dept
Mr. Mahashim Bajuri
4. Assistant Vice President/Head Project Financing Dept
Mr. Lim Ba Thai
5. Assistant Vice President/Head of Infrastructure Supervision Dept
Mr. Rizal Wong Abdullah
6. Assistant Vice President/Head of Human Resource Development Dept
Mdm. Rokiah Rajak
7. Assistant Vice President/Head of Corporate Finance Dept
Mr. Ahmad Mochtar Hashim
8. Assistant Vice President/Head of Corporate Planning Dept
Mr. Abdul Rahman Ahmad Ramli
9. Acting Assistant Vice President/Head of Structured Financing Dept

Mr. Shahrul Munir Abdul Rahman

10. Acting Assistant Vice President/Head of Contract Finance Dept
Mr. Abu Hurairah Bahari
11. Manager, Infrastructure Banking Administration Section
Mdm. Lailathom Yusof
12. Executive, Infrastructure Banking Administration Section
Mdm. Roshida Bahari
13. Executive, Project Finance Dept – Infrastructure 1
Ms. Tan Fui Koon

Representatives from Government Agencies:

1. Industry & Economic Services Section, Economic Planning Unit
Mdm. Azimah Mansor, Principal Assistant Director
2. Infrastructure & Utilities Section, Economic Planning Unit
Ir. Dr. Azuhan Mohamed, Engineer
3. Privatization Section, Economic Planning Unit
Mr. Nor Rizan bin Mohd. Thani
4. DFI Regulation Department, Bank Negara Malaysia
Mdm. Shahariah Hashim, Senior Manager
5. Loan Management & Financial Policy Division, Ministry of Finance
Mr. Chua Choon Hwa, Principal Assistant Secretary

Representatives from JICA Expert Team:

1. Team Leader
Mr. Hirohiko Sekiya
2. **Mr. Minoru Tsuyuki**
3. **Mr. Eishi Yasunaga**
4. **Mr. Toshiyuki Okubo**
5. **Mr. Shingo Tsuji**

6. **Ms. Kaori Kumamoto**

Representatives from JICA Kuala Lumpur Office:

1. Assistant Resident Representative
Mr. Hitoshi Ara
2. Assistant Resident Representative
Mr. Masami Kido
3. Deputy Resident Representative
Mr. Yoshinobu Ikura
4. Assistant Resident Representative
Mr. Hiroyuki Tanaka

Secretary:

1. BPIMB – JICA Project Coordination Assistant
Ms. Shaorin Sham

B. AGENDA

1. **The purpose of the meeting** was to present and discuss the current progress and future planning of all activities under the JICA Project on Institutional Capacity Building on Infrastructure Finance in Malaysia (Project); to the government agencies.
2. Welcoming speech by Mr. Mohd. Ramli.
3. Mr. Sekiya introduced the JICA Expert Team and representatives from the JICA Kuala Lumpur Office.
 - Mr. Sekiya also introduced Mr. Kido as Mr. Ara's successor.
4. Mr. Sekiya briefly presented the overall Progress Report.
 - Mr. Sekiya stressed on "Issues to be Addressed", i.e.:
 - i. BPIMB should make constant efforts in responding to external environment and improve internal managerial system.
 - ii. BPIMB should offer higher quality services in catering to private sector clients.

- iii. BPIMB first-time participation in 9th Malaysian Plan's preparation to become better positioned to affect the government's opinion.
 - iv. BNM Examination of Development Financial Institution.
 - v. Improvement of Infrastructure Finance Sector's workforce in terms of quantity, quality and also decision making and sharing mechanism.
- Mr. Mohd. Ramli recapped Mr. Sekiya's presentation by stating that the end product of the Project will help BPIMB to draw up effective financing plan.
5. Brief reports on Seminars in Japan.
- i. Training Program in November 2004 by Mdm. Rokiah.
 - Mdm. Rokiah stated that based on experience from the November Program, it will be best to structure the upcoming July Program so as to produce trained trainers.
 - In answering Mdm. Shahariah's query on knowledge sharing obtained from training, Mdm. Rokiah stated that BPIMB will conduct sessions where trainees will be presenting what they had learned during the program.
 - Mdm. Rokiah added that ongoing discussions were held under the Output 3 group in identifying areas to improve competency among staff.
 - Mr. Mohd. Ramli suggested that lessons learned during the programs to be documented, possibly by the next JCC meeting.
 - ii. Senior Management Seminar in January 2005 by Mr. Abdul Rahman.
 - The brief presentation was concentrated on the overview, objectives, contents and lessons learned during the program.
6. Brief report on the Progress of Consignment Study by Mr. Lim
- Mr. Lim stated that by the next JICA Mission, the consultant who is currently working on database structure, would have made their recommendations on type of database, how to retrieve and store, etc. There will be a continuous accumulation of information from other sub sectors, maintaining and upgrading database, which will be utilized by BPIMB Infrastructure Finance staff.
 - As Mr. Tatsuo Iwamoto of the JICA Expert Team recommended during a meeting with the consultants on 15 February 2005, the consultant will limit its choices of individual projects to those with project cost of RM100 million and above. This is due to the relevancy to BPIMB targeted areas.
7. Prospective Agenda presented by Mr. Sekiya.

- Future missions will be held in late May and also late August/early September.
 - Next training program in Japan is planned in July.
 - A seminar in Malaysia will be conducted in early September.
 - 2nd Phase of Consignment Study will be from May to July/August.
 - Last JCC meeting will be held early September for wrap up and evaluation of the Project.
8. Other matters.
- i. Mdm. Azimah enquired on whether there would be any changes to the July training program to suit BPIMB's needs.
 - Mdm. Rokiah replied that based on discussions, number of participants will be limited to 6 persons from BPIMB, where each will focus on their area of expertise. BPIMB would also conduct preparation sessions in Malaysia prior to the training program.
 - Mr. Tsuyuki added that if there is any participation from government agencies, they will have separate sessions from BPIMB staff.
9. With no further matters to discuss the meeting was adjourned at 5:20 p.m.
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Secretary of Meeting
(Ms. Shaorin Sham)

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Chairman of Meeting
(Mr. Mohd. Ramli Samian)

MINUTES OF MEETING

JOINT COORDINATING COMMITTEE MEETING

VENUE: Meeting Room, Level 6
Menara Bank Pembangunan

DATE: 5 September 2005

TIME: 2:00 p.m.

A. PARTICIPANTS

Chairman

1. President/Managing Director (BPIMB)
Dato' Abdul Rahim Mohd Zin

Representatives from BPIMB:

1. Head of Corporate Management Sector
Mr. Aladdin Mohd. Lip
2. Head Risk Management Dept
Mr. Mahashim Bajuri
Represented by Mr. Ali Bahari , Manager, Credit Risk Section
3. Head Project Financing 1 Dept
Mr. Lim Ba Thai
4. Head of Recovery Dept.
Mr. Ahmad Salleh
5. Head of Infrastructure Supervision Dept
Mr. Rizal Wong Abdullah
6. Head of Strategic Planning Dept.
Mdm. Rokiah Rajak
7. Head of Corporate Finance Dept.
Mr. Ahmad Mochtar Hashim

8. Head of Southern Region Supervision Dept.
Mr. Abdul Rahman Ahmad Ramli
9. Manager, Budget Performance & Project Planning Section
Mdm. Lailathom Yusof
10. Executive, Product Development Dept.
Mdm. Roshida Bahari

Representatives from Government Agencies:

1. Industry & Economic Services Section, Economic Planning Unit
Mdm. Azimah Mansor, Principal Assistant Director
2. Development Finance & Enterprise Department, Bank Negara Malaysia
Ms. Alison Ang, Acting Deputy Director
3. Loan Management & Financial Policy Division, Ministry of Finance
Mr. Chua Choon Hwa, Principal Assistant Secretary
Mr. Chen Chaw Min, Principal Assistant Secretary

Representatives from JICA Expert Team:

1. **Mr. Hirohiko Sekiya**
2. **Mr. Minoru Tsuyuki**
3. **Mr. Hironobu Adegawa**
4. **Mr. Masahiko Komori**
5. **Mr. Rikizo Matsukawa**
6. **Mr. Toshiyuki Okubo**
7. **Ms. Yumi Ito**

Representatives from JICA Kuala Lumpur Office:

1. Deputy Resident Representative
Mr. Yoshinobu Ikura

Secretary:

1. BPIMB – JICA Project Coordination Assistant
Ms. Shaorin Sham

B. AGENDA

1. **The purpose of the meeting** was to present and discuss the progress and conclusion of activities under the JICA Project on Institutional Capacity Building on Infrastructure Finance in Malaysia (Project); to the government agencies.
2. Welcoming speech by the Meeting Chairman, Dato' Abdul Rahim Mohd. Zin.
3. Mr. Sekiya presented the summary of Draft Final Report.
4. Mr. Abdul Rahman presented the Proposed Guidelines and Direction of Infrastructure Banking Operations – Strategic Options For Year 2010 –
5. Comments.
 - i. Mr. Chen of MOF
 - The draft Final Report fails to identify the weaknesses of BPIMB before implementation of the Project. He suggested to add a before and after scenarios in the report to aptly shows the improvements.
 - ii. Ms. Alison Ang of BNM
 - Human resource training is the most critical aspect. The current trainers need to continue upgrading their skills. Therefore Bank will have to continue the training process by adopting models used during the Project.
 - Key areas to be captured into the database should be discussed in details with the JICA Team and PE Research.
 - iii. Mdm. Azimah of EPU
 - The newly formed bank should not duplicate EXIM Bank's functions, it should instead complement each other.
 - iv. Mr. Ikura of JICA KL
 - Expressed the possibility of future cooperation for the SME sectors through SMIDEC.
6. Mr. Adegawa, JICA Expert, explained a typical example of before and after scenario for Output 2. BPIMB used a general risk evaluation guideline document and financial model before implementation of the Project. However, JICA Expert Team introduced sub-sector level guidelines and financial models with trainings for relevant staff of BPIMB. These information was included in the Draft Final Report.

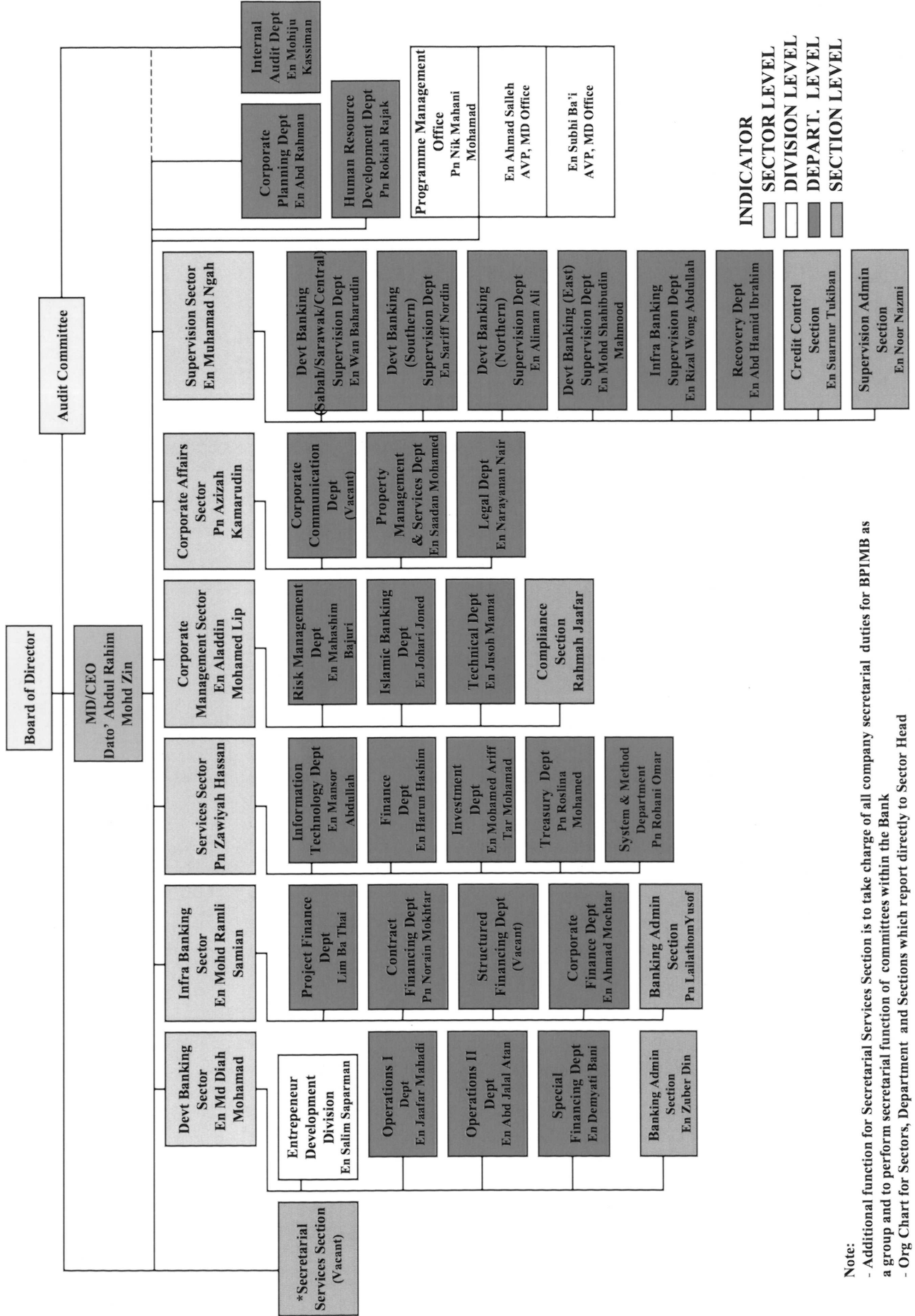
7. Dato' Abdul Rahim concluded the meeting and expressed the Bank's intention to further extend the Project in the near future.
 8. With no further matters to discuss the meeting was adjourned at 4:10 p.m.
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Secretary of Meeting

Annex 6. Organization Chart of BPIMB

STRUKTUR ORGANISASI BARU BPIMB

August 2004- September 2005



INDICATOR
 [Grey Box] SECTOR LEVEL
 [White Box] DIVISION LEVEL
 [Dark Grey Box] DEPART. LEVEL
 [Light Grey Box] SECTION LEVEL

Note:
 - Additional function for Secretarial Services Section is to take charge of all company secretarial duties for BPIMB as a group and to perform secretarial function of committees within the Bank
 - Org Chart for Sectors, Department and Sections which report directly to Sector Head