

Part II: Trends in MLIT Administration

Chapter 1: A Shift in Focus to Result-Oriented Policy Framework

[Reform of infrastructure development planning]

○ The Priority Plan for Social Infrastructure Development

In April 2003, the Priority Plan Act for Social Infrastructure Development came into force. This law called for fundamental reform and integration of all the nine existing long-term plans for sectoral infrastructure development. Based on the law, the Cabinet endorsed in October 2003 the Priority Plan for Social Infrastructure Development for FY2003-2007.

The five-year priority plan has set out specific goals that have been established after taking account of public input. It has also called for closer coordination between sectoral programs and established cross-sectoral reform policy.

[Result-oriented policy initiative]

○ Reform of policy framework

Under the priority plan, MLIT monitors the plan-do-see-cycle of its policies and assesses their performance in light of policy goals—whether it satisfies the expectations of the public. Based on such assessment, the ministry continues to implement necessary policies in an effective and efficient manner.

○ Promoting policy assessment

MLIT promotes policy assessment to ensure public service delivery that is result-oriented, user-oriented, and well-balanced. Under the priority plan, the ministry conducts ex-post assessment regarding policy objectives and indicators every year as a follow-up measure.

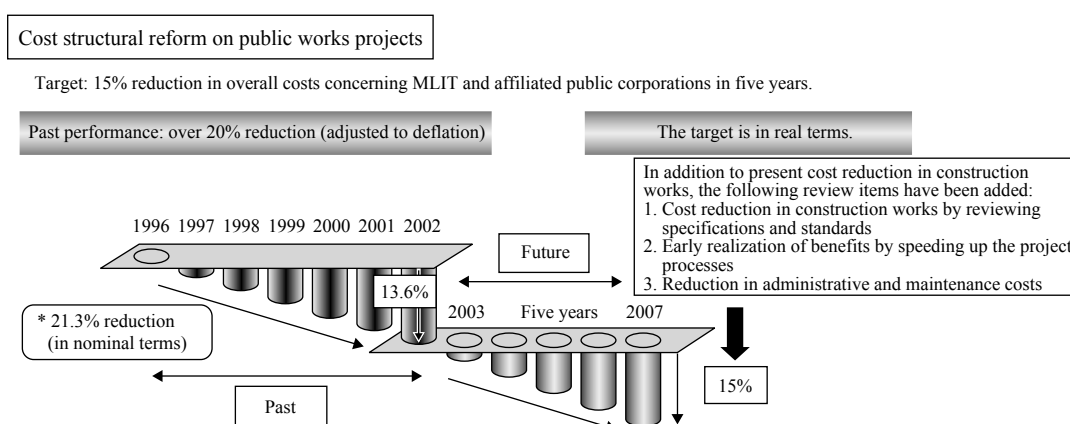
○ Strict implementation of project evaluation

To further improve both the efficiency of public works projects and the transparency of their implementation processes, MLIT in FY2003 started to implement full-fledged “ex-post evaluation” after the completion of each project. This completed the project evaluation framework including ex-ante and ex-post evaluation.

○ Promoting reform of the cost structure of public works projects

MLIT is reviewing the whole processes of public works projects in terms of cost reduction under the ministry’s “program of cost structural reform on public works projects.” This review is aimed at speeding up the project processes, optimizing the all processes from planning to maintenance, including procurement, in addition to present cost reduction policies. MLIT aims to reduce the costs by 15% compared with the FY2002 levels during the five-year period starting FY2003.

A conceptual rendering of cost structural reform on public works projects



○ Winning the understanding and support of local communities

In implementing infrastructure development, it is important to ensure transparency and fairness and win the understanding and support of local communities. To that end, MLIT has formulated the “guidelines on public

involvement procedures in the planning phase of public works projects under MLIT jurisdiction.” According to the guidelines, MLIT promotes public involvement in all the processes from proposal formulation and planning to implementation.

○Ensuring appropriate biddings and contracts

As far as public works projects under the direct control, MLIT has expanded technical capabilities-oriented competitive bidding, incorporated covenants or clauses concerning violation penalties in contracts, and implemented a blanket introduction of electronic bidding. The ministry has also prodded local governments to take steps to ensure appropriate biddings and contract.

[Effecting a shift in focus from the public to the private sector for better efficiency]

○Promoting PFI

MLIT is committed to promoting the private finance initiative (PFI). This idea is to make good use of private finances and capabilities for more efficient and effective development and management of infrastructure and better quality public service delivery.

○Making better use of the existing infrastructure stock

MLIT is committed to making better use of the existing infrastructure stock for better service delivery. For more efficient and effective management of such stock, the ministry promotes the use of an integrated assess management approach that is designed to standardize the replacement cycle of infrastructure and curtail total cost by optimizing the management and replacement of infrastructure.

○Encouraging the involvement of the community, NPO and private sectors in managing infrastructure, including the operation of local public transport

It is important to manage infrastructure—including the operation of local public transport—from the viewpoint of the beneficiary, that is, the people. MLIT encourages the involvement of the community, NPO and private sectors in such infrastructure management as part of efforts to effect a shift in focus from the public to the private sectors. Specifically, MLIT continues to explore new ways to manage public facilities.

○Streamlining administrative procedures

MLIT has already taken a number of steps to ensure better service for the public and businesses and for streamlined and efficient management of the public sectors. Such steps include: the introduction of a system that makes it possible to submit applications on-lines to government agencies; the adoption of a one-stop service (single window) system for procedures regarding import and export, port use, car ownership; and the introduction of unified standards for government buildings service.

○Reform of quasi-governmental corporations

In relation to 13 corporations under the MLIT jurisdiction, the Diet passes bills that reorganize these and other semi-governmental bodies into private businesses or independent administrative institutions by 2003.

MLIT is committed to implementing the Reorganization and Rationalization Plan for Special Public Institutions (Cabinet decision in December 2001). The ministry is working hard to reform the four highway-related public corporations in accordance with the Cabinet decision in December 2002 “Reform of the Four Highway-related Public Corporations, International Hub Airports and Policy-based Finance Institutions” and an agreement reached between the government and the ruling parties in December 2003 on “the basic framework for the privatization of four highway-related public corporations.”

[New partnership between the central and local governments]

MLIT is phasing in flexible standards that allow for local governments to cut costs and make appropriate choices in light of local realities (introduction of local rules). The ministry is also promoting dialogue between the central and local governments through The Regional Block Strategy Meeting and other channels.

MLIT is trying to abolish or reduce state subsidies and pressing ahead with reform so as to allow for more autonomy for local governments.