

# Financing and Delivery Mechanisms for Sanitation (Case in JAPAN)

## Filling the Financing Gaps

3<sup>rd</sup> Asian Sanitation Dialogue (ADB)  
11<sup>th</sup> Hour to MDGs

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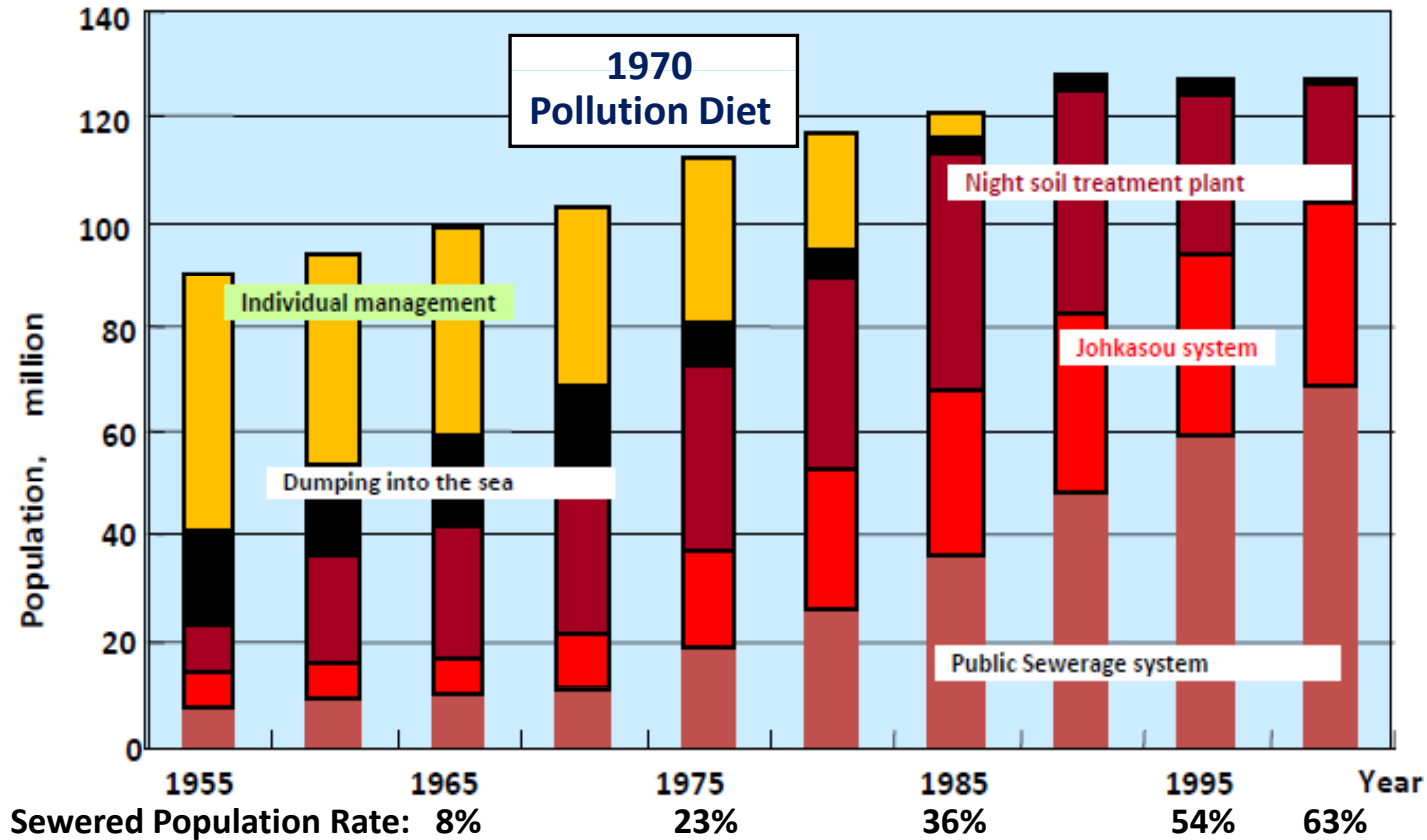
Japan Sanitation Consortium



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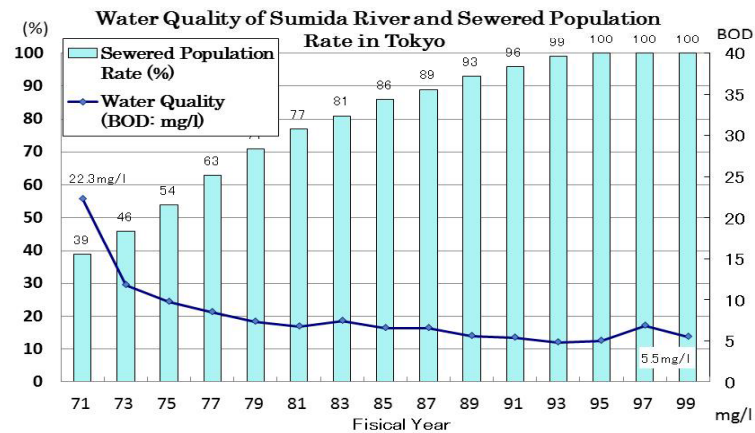
# I. BACKGROUND

## Population trends for on-site and off-site sanitation systems in Japan



### Sewered Population in 2011 in million

Sewerage	93.5 (76%)
Rural Sewerage	3.5 (3%)
Johkasou	10.8 (9%)
<b>Total</b>	<b>108.1 (88%)</b>



## II. FINANCING ARRANGEMENTS

### Sewerage Finance Research Committee

- established to study government's role and responsibilities and a rational cost sharing for sewage works
- formulated the current fundamental concept for sewage works  
the basic policy for the construction and maintenance financial sources
  - the necessary expenses that should bear the central government  
based on the public role of sewerage systems
  - stormwater at public burden and wastewater at private burden

Table: National Subsidy Ratio

Classification		Ration of National Subsidy	Cost Sharing Ratio of Local Government
Wastewater Treatment Plant	Granted Project	1 / 2	1 / 2
	Unsubsidized Project		10 / 10
Sewer Pipes	Granted Project	5.5 / 10	4.5 / 10
	Unsubsidized Project		10 / 10

LG: Local Government

#### Financial Sources

##### Construction Cost

###### **National Grant**

**LG:** General Account

Local Bond issues

Beneficiary Payment

City Planning Tax, etc.

##### Maintenance Cost

###### **for Wastewater**

User Charge

General Account

###### **for Rainwater**

General Account

# III-1. SUPPORTING POLICIES AND LAWS

## 1. Legal System: Sewerage Law

- Role of the central government and local governments
- Formulation of Project Planning, Comprehensive Basin-wide Planning
- Installation of Pre-treatment Facilities, User Charges,
- Structural Criteria and Standards for Effluent Quality, etc.

### Related Laws and Ordinances

- scope of national subsidies, procedures for the provision of subsidies,
- complete examination of the constructed sewerage facilities, etc.

## 2. Technology Options and Institutional Arrangement

Table: Project Implementation Organizations

Type of System	Project Program	Project Implementation Organization
Off-site	Night Soil Treatment Facility (MOE)	Municipality
On-site	Johkasou (MOE)	Individuals or Municipality
Off-site	Sewerage System Public Sewerage System (MLIT) Rural Sewerage System (MAFF) Community Plant (MOE)	Municipality  [JS: Japan Sewage Works Agency]

Note: Project Implementation (construction, O&M, and renewal)

The responsible Ministry in each program is the key organization for

- nationwide budget,
- establishment of technical standards,
- project evaluation,
- enactment of laws and regulations
- basic frameworks
- long and mid-term plans

## **III-2. SUPPORT TO POLICIES AND LAWS**      Management

- Rational and sustainable maintenance and management of the wastewater treatment facilities constructed with national subsidies.
- Proper project implementation agencies for a stable sanitation project
- Disclosure of management information to the citizens as tax payers and users to obtain citizens' understanding
- Consideration of Private Sector Participation and/or Public Private Partnership

## **IV. POLICY RECOMMENDATION**

### **1. Financial System for Sanitation**

**Establishment of Construction and O&M Cost Sharing Principles**

**Construction Cost:** Subsidy, Local Bond, User Charges, **O&M Cost :** User Charges, Public Burden

### **2. Establishment of Legal System:**

**Sewerage Law, as well as** Basic Law for Environmental Protection, Water Quality Control Law

### **3. Institutional and Management Arrangements**

**Role of Central Government and Municipalities,  
Project Implementation Organization, Public Private Partnership,  
Human Resource Development, Research and Technology Development,  
Technical Support to Medium-Small Scale Municipalities**

### **4. Technology Options**

**Off-site Treatment and On-site Treatment,  
Technology Evaluation and Establishment of Design Manuals**