

**Workshop on sectoral approaches  
Bonn, 24 and 25 March 2009**



# **Possible financial scheme to facilitate sectoral cooperation**

**25 March 2009**

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Japan Bank for International Cooperation**



# **Financing to Low Carbon Investment - General -**



# Transition to Low Carbon Society

**Our goal = ‘Low Carbon Society’**

**Solution: Improvement of EE and more use of RE**

**How effectively shall we realize its goal?**

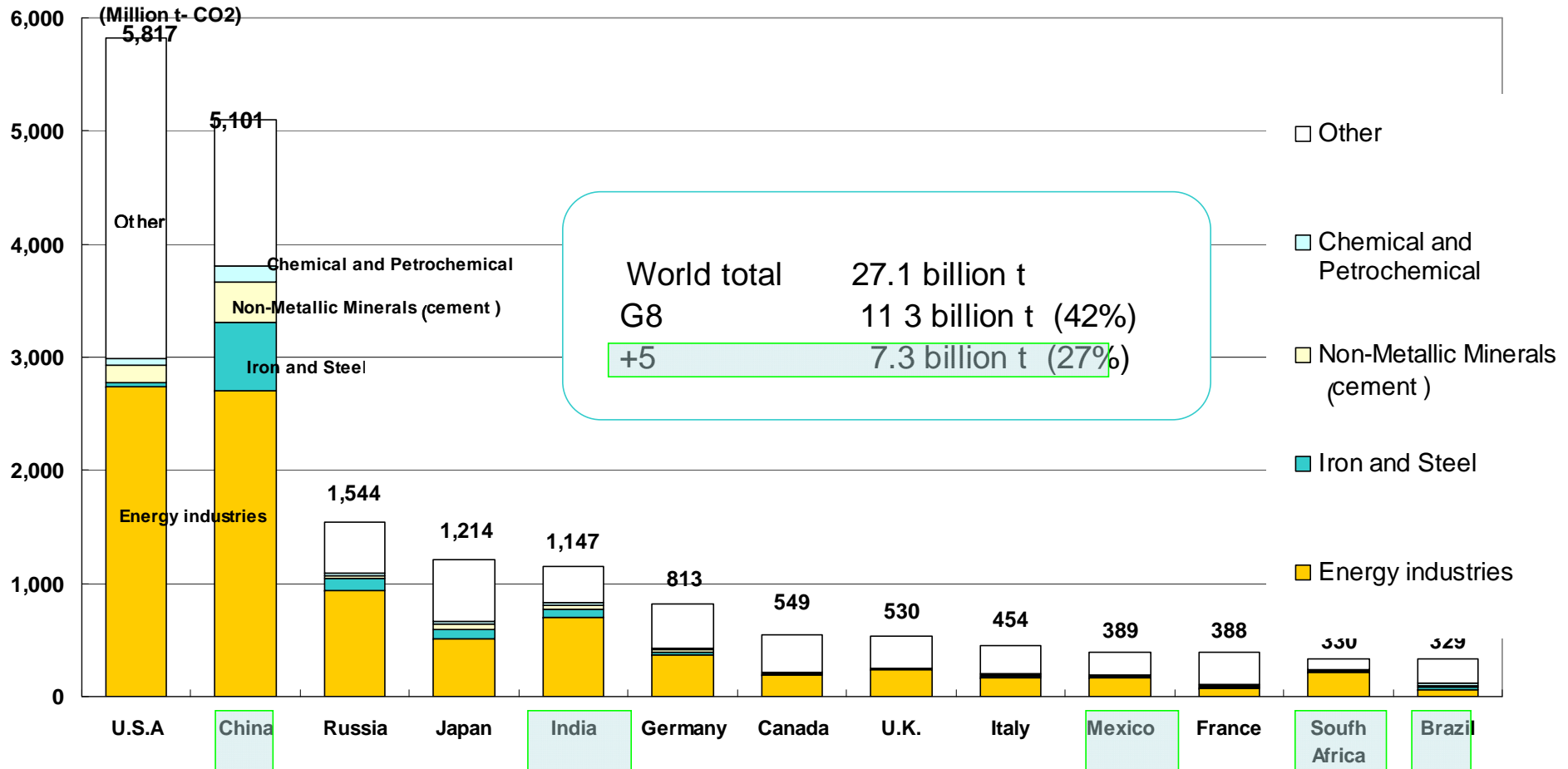
- 1 Who emitted?**
- 2 Where is reduction space?**
- 3 Who shall or can pay its cost?**

**Who are major players?**

**Private Sector : Investment and Financing**

**Public Sector : Improve investment climate**

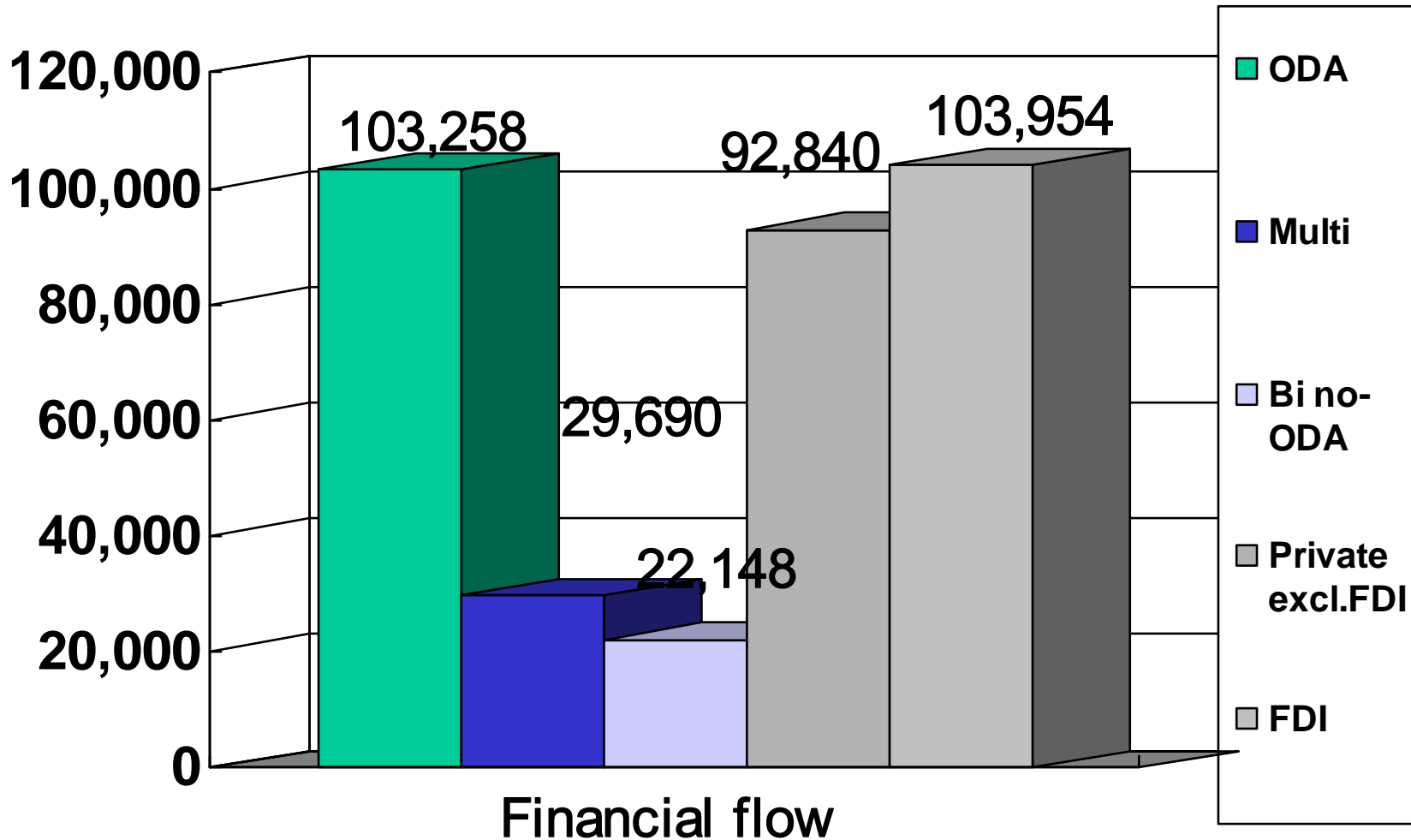
# CO2 Emission ( 2005 )



(Source) OECD/IEA Carbon Dioxide Emissions from Fuel Combustion \_ 2005

# Financial Flow to Developing Countries (year 2006)

USD million



Source : OECD DAC Y2006



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# Financing by JBIC

# **Risk Mitigation and Financial Options**

## **Risk Mitigation**

**Government**

**Financial institution**

**Corporate**

**Project cash flow**

## **Financial Options**

**Lending**

**Guarantee/Insurance**

**Bond issuing**

**Equity investment**

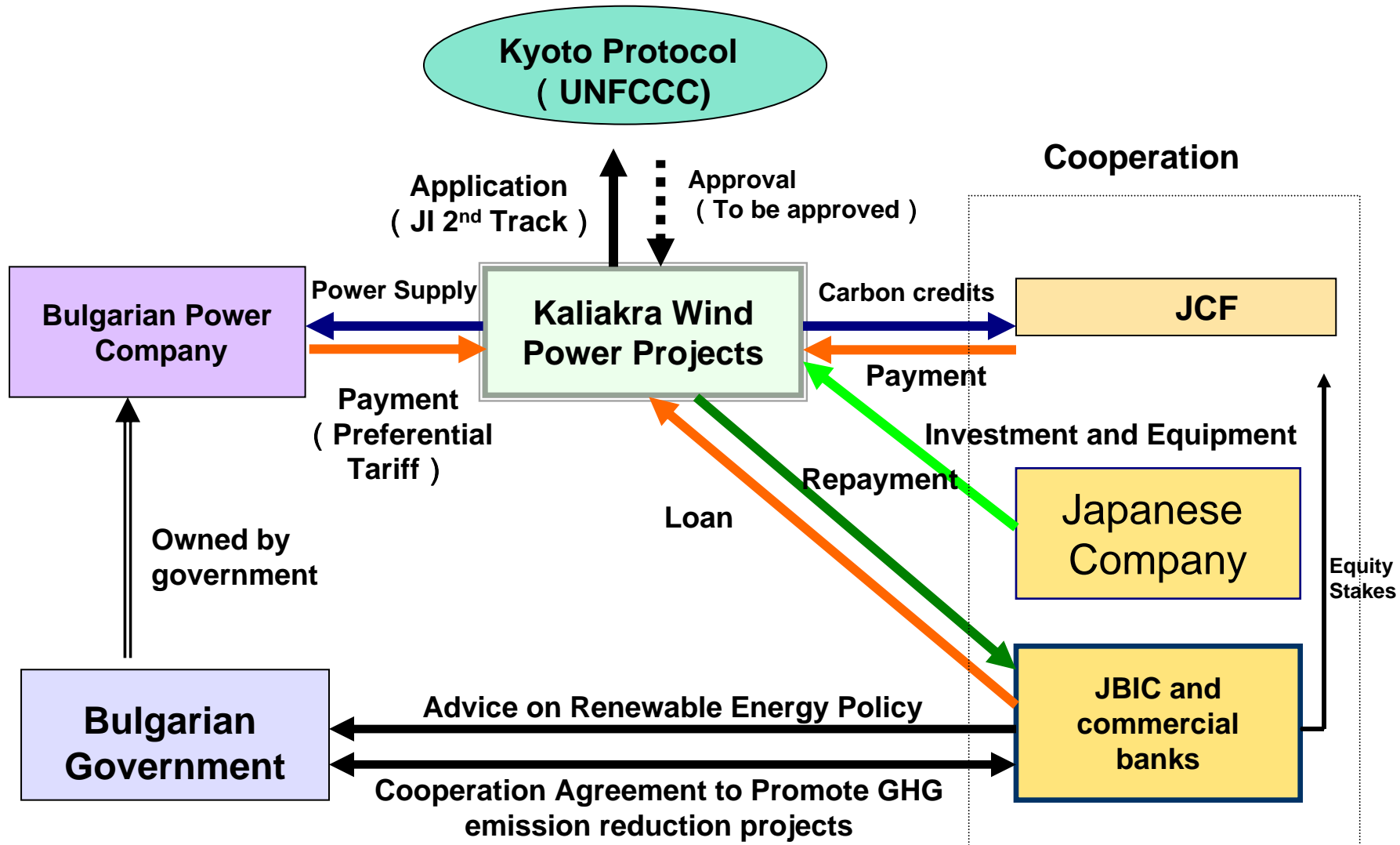


# Financial Instruments of JBIC

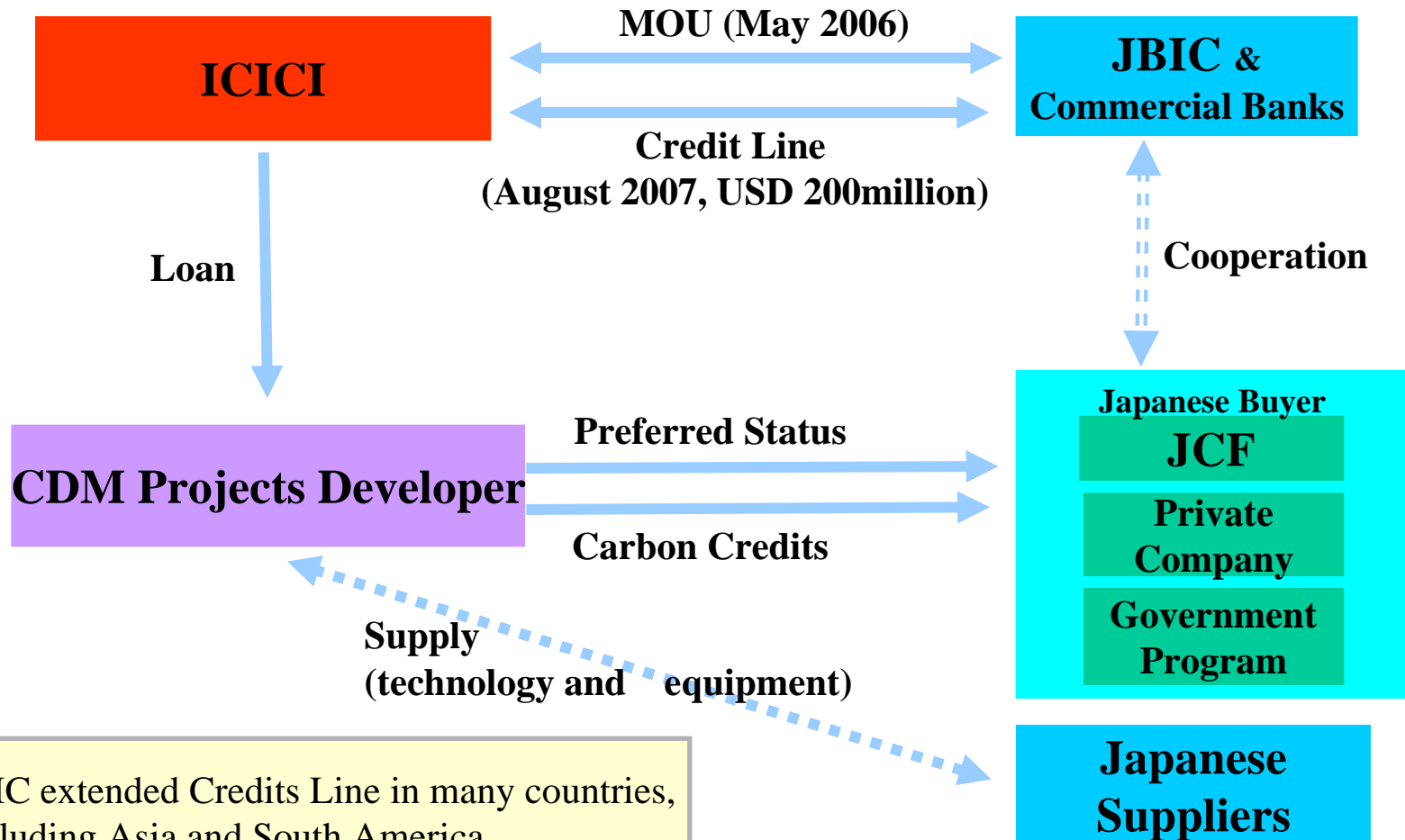
- **Regular contact with industries**
- **Varieties of risk mitigation**
- **Long-term relationship with host countries**
- **Co-finance with private finance (Catalytic role)**
- **Co-finance with other export credit agencies and multilateral financial institutions**



# Japanese Technology, Carbon Finance and JBIC'S Finance



# CDM Enhancement Credit Line

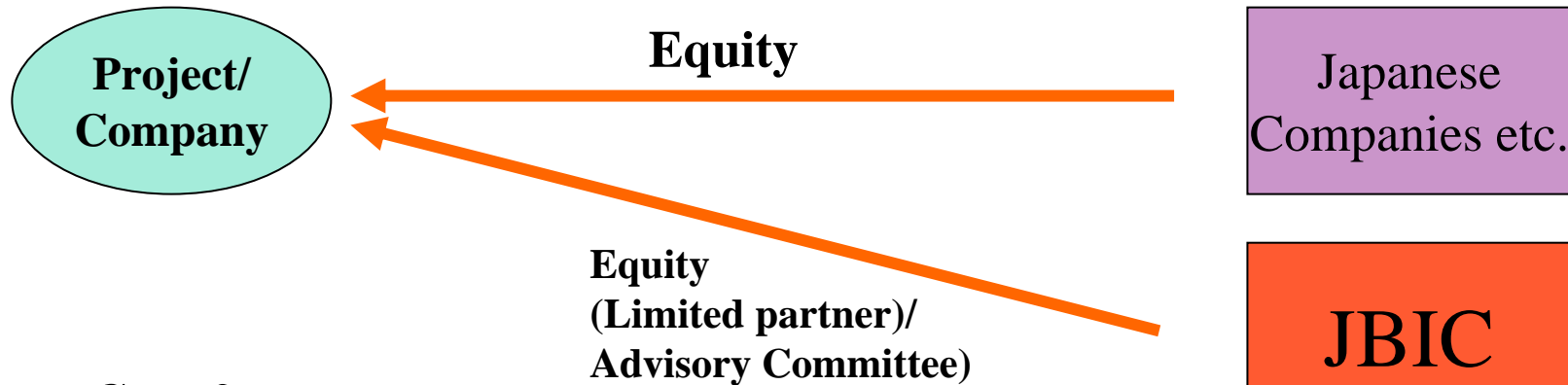


JBIC extended Credits Line in many countries, including Asia and South America .

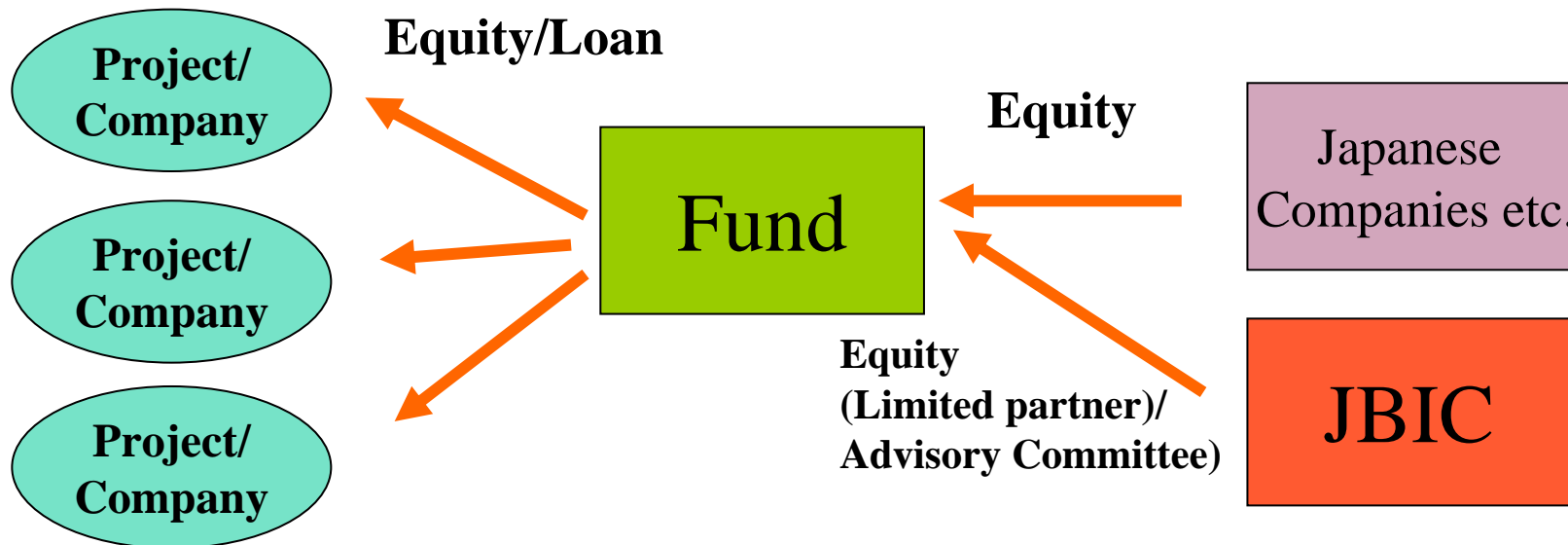
# Equity Finance ( FACE )



<Case 1>



<Case 2>

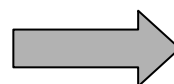




# Scaling up of investments

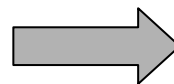
# Barriers for Scaling up of the Investments

**Lack of technology  
information**



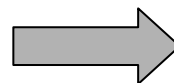
**Policy dialogue, Technology Expo.  
Introduction of Good Practice**

**Reliability of technology**



**FS Support  
(Technology innovation)**

**Low economic return  
(Low priority)**



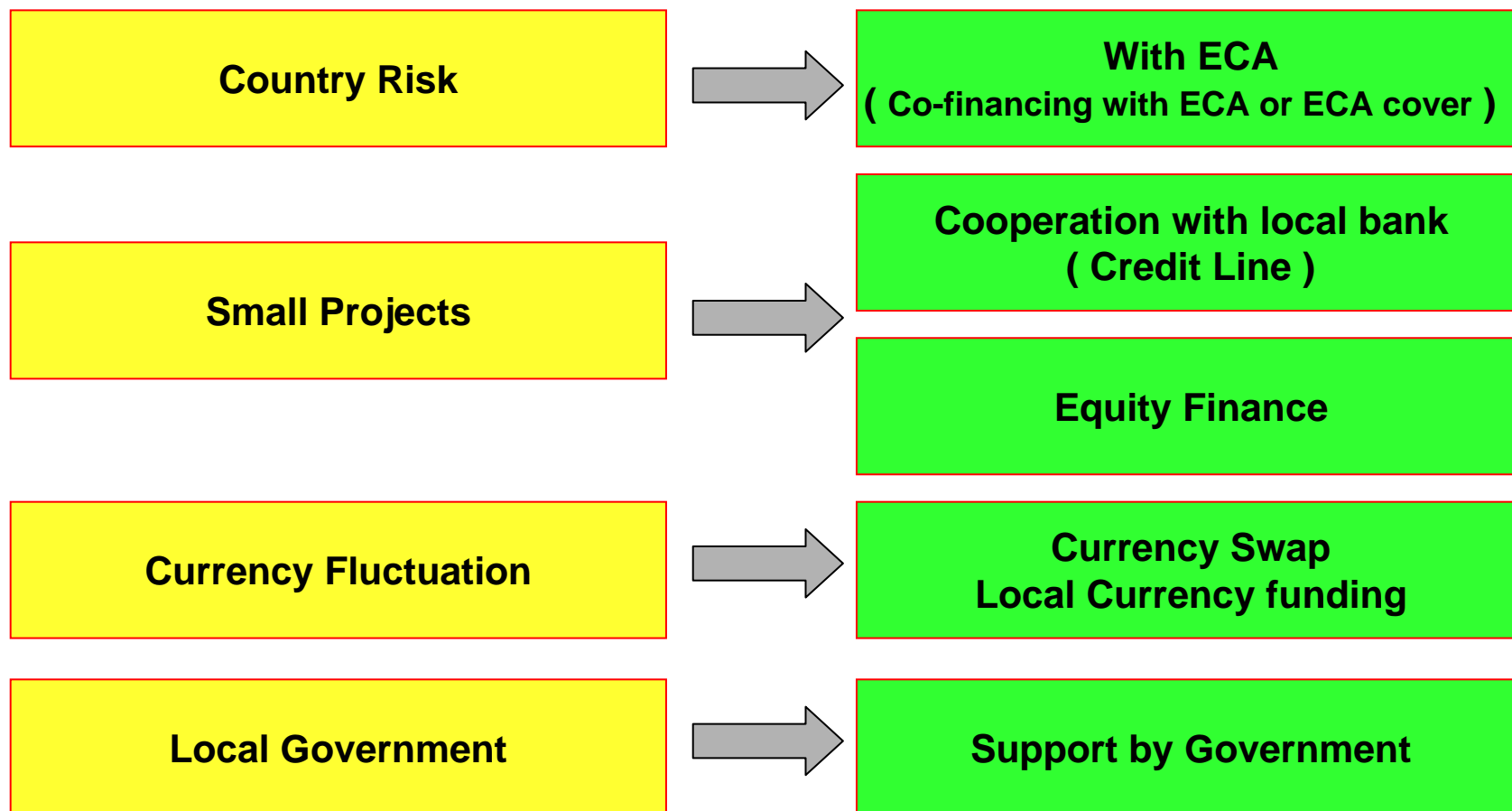
**Incentive, Regulation**

**Lack of finance**



**Risk mitigation by the Public  
Risk sharing( Co- finance)**

# Major Risk for Finance in Developing Country



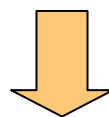


# **Voluntary Energy Efficiency Target and Environment Finance**

# Voluntary Standard by Private Initiative

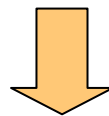
1<sup>st</sup> step

Methodology for measurement of energy efficiency  
(CO2 emission per production/Efficiency indicator)



2<sup>nd</sup> step

Specification of technology for transfer globally  
(Bilateral / Multilateral technology cooperation)

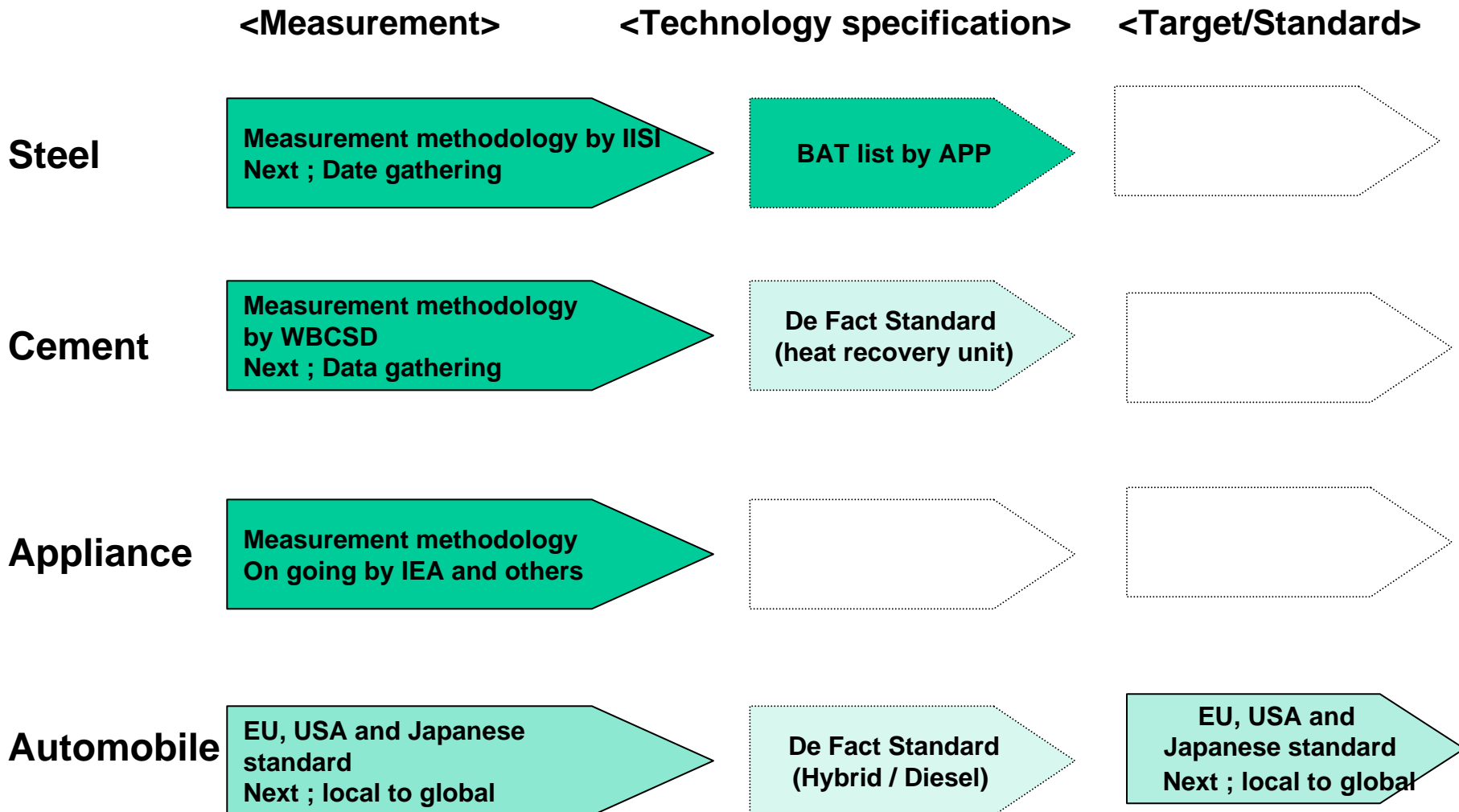


3<sup>rd</sup> step

Voluntary Target or Voluntary Standard by private initiative  
(Global De Facto Standard)



# Progress of Voluntary Standard Setting

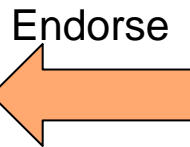


# Voluntary Standard and Environment Finance

## Industry & Technology Track

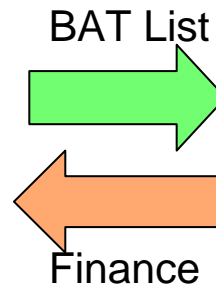
## Finance Track

Voluntary Standard Setting Initiative  
( On-going )



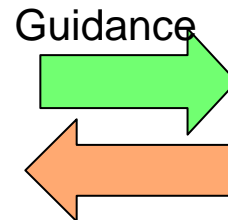
Environment Finance Initiative  
( Message )

Specification of BAT  
Transfer of BAT



Criteria for prioritized projects  
( Soft Commitment )

Voluntary Target



Guiding Principle for financing

Voluntary Standard

Finance /  
No Finance

Financing to Low Carbon projects  
reduce long term risk



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# History of Environment Finance by JBIC

- **April 2007 : Proposed at the workshop of Asian Pacific Partnership Policy Implementation Committee with US EXIM**
- **February 2008 : Proposed at UNEP FI CCWF**
- **April 2008 : Workshop for ABAC**
- **June 2008 : Presented by Mr.Tanami, Governor of JBIC, at GLOBE International Tokyo Forum**
- **October 2008 : Presented by Mr.Watanabe, CEO of JBIC, at the workshop with IFC**



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