

JBIC Financial Assistance Scheme for Regional Climate Change

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What is ODA Loans ?

ODA Loans

- Government to Government (G-G) loans
- Focus on development objective
- Support public projects and public-private partnership projects
- Low commercially viable projects
- General untied or tied for non commercially viable projects

★ ODA Loans has very concessional terms and conditions for environmentally sound projects (Interest rate: 0.55-0.6% p.a., Repayment period : 40 years with 10 years grace period)



What is the significance of Japanese ODA loans?



- **Japanese ODA loans have the following six characteristics.**

- Securing ownership of developing countries
- Meeting the Millennium Development Goals
- Ensuring sustainability (contribution to effective and efficient investment in development)
- A bridge from dependence to independence
- Stability of funds
- Strengthening of Partnerships between Japan and Developing Countries



Japan's ODA Policies and JBIC OECO's Strategy



Government of Japan

Japan's ODA Charter

Basic Policy for Japan's ODA

Mid Term Policy on ODA

Mid-term Policy for Japan's ODA

The Medium-Term Strategy for OECO

JBIC's Basic Strategy for ODA Loan Operation

Basic Approach

- Focus on Development Results
- Medium to Long Term Perspectives
- Efforts for Transparency of Japanese ODA Loans

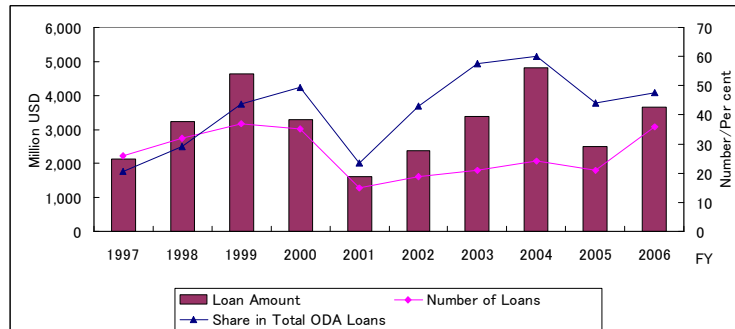
Priority Areas

- Poverty Reduction
- A Foundation for Sustained Growth
- **Global Issues and Peace Building**
→ *Climate change issue*
- Human Resources Development



ODA Loans as policy incentive tool

- Trend of Environmental ODA Loans



- Introduced “Special terms and condition for environmental projects/programmes (0.55-0.6% of interest rate and 40 years repayment period)” as a part of Kyoto Initiative in 1997.
 - ➔ Since then, number of environmental projects has been increased
 - Effectively work as “policy incentive tool”
 - Stocktaking of “know-how” to address to climate change



Cool Earth Partnership

- Japan will provide funds amounting approximately to US\$ 10 billion (JP¥ 1,250 billion) in aggregate over the next five years.
 - Assistance will be provided to developing countries, that are making efforts to reduce GHGs emissions and achieve economic growth in a compatible way, on the basis of policy consultations between Japan and those countries.



Cool Earth Partnership



- **Assistance for adaptation to climate change and improved access to clean energy: up to US\$ 2 billion (JP¥ 250 billion)**
 - Grant aid, technical assistance and aid through international organizations will be provided to address the needs in developing countries. A new scheme of grant aid, "Environment Program Grant Aid", will be created as a component of this package.
 - In the context of improved access to clean energy, feasibility study on rural electrification projects with geothermal energy and "co-benefit" projects that address climate change will be conducted.



Cool Earth Partnership



- **Assistance for mitigation of climate change: up to US\$ 8 billion (JP¥ 1 trillion)**
 - "Climate Change Japanese ODA Loan" with preferential interest will be created to provide loans amounting to JP¥ 500 billion for the purpose of implementing programs to address global warming in developing countries.
 - Up to JP¥ 500 billion will be provided for projects to reduce GHGs emission in developing countries through
 - capital contribution and guarantee by JBIC IFOs (JBIC Asia and Environment Facility),
 - trade and investment insurance by NEXI, and government support (projects to be implemented through NEDO), together with private funds,.
 - Asian Clean Energy Fund (at ADB) will also be utilized to promote energy conservation in the Asian-Pacific region.



What type of financing schemes could be applicable?



- ODA Loans
 - Project Loans → **Support Government Actions**
 - Development policy Loans (DPLs) → **Support SD-PaM**
 - Two Step Loans → **Support Actions taken by Private Sector**
 - Engineering Service Loan

=> Co-finance with WB, ADB, GEF and/or other donors are welcome.

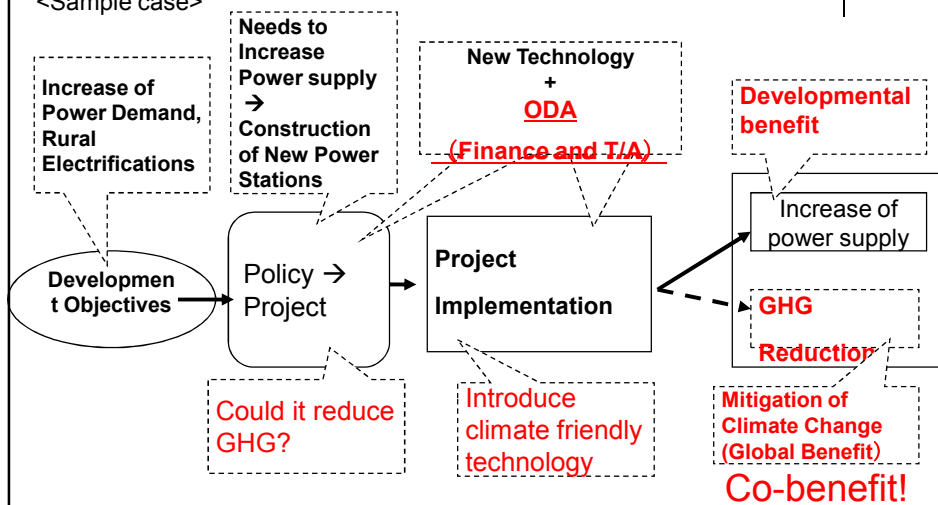
- Technical Assistance



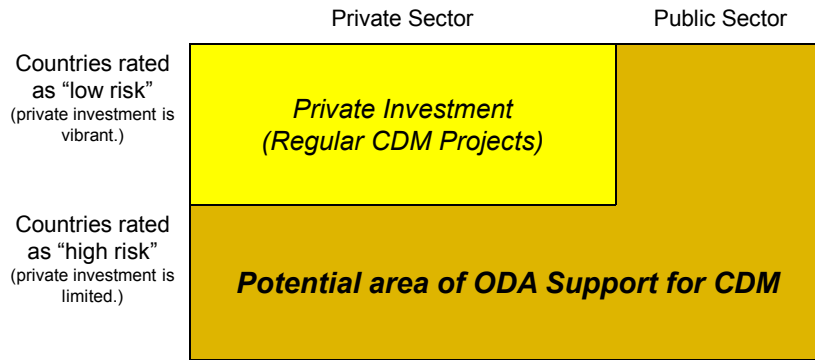
We support to generate “co-benefit”.



<Sample case>



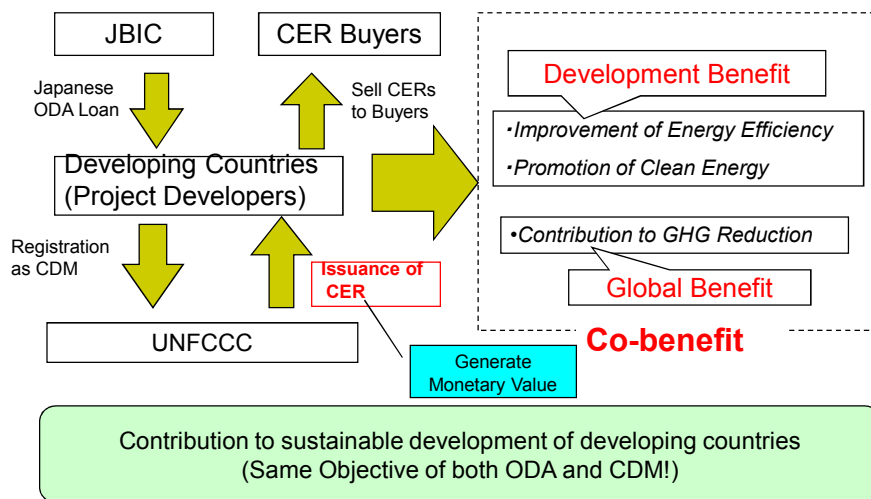
ODA Support for CDM Projects



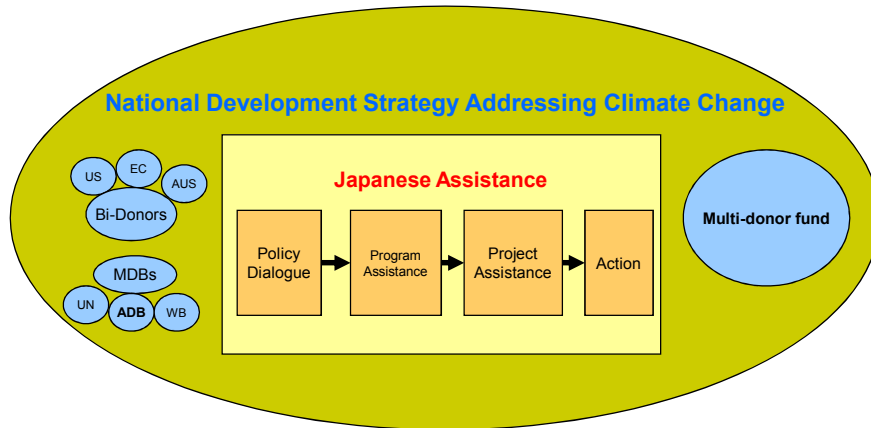
For countries and sectors where participation of private investors are difficult, Japanese ODA Loans are more effective in supporting CDM projects.



Co-Benefit of CDM

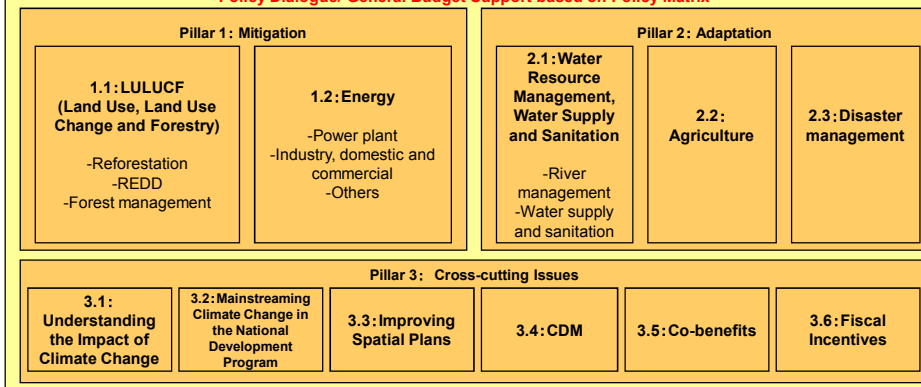


Climate Change Development Policy Loan supporting SD-PAM (Concept Image)



Policy based Assistance for climate change policy

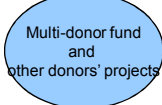
Policy Dialogue/ General Budget Support based on Policy Matrix



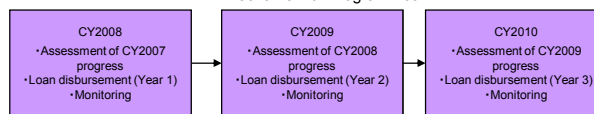
Assistance to executing agencies (line ministries)

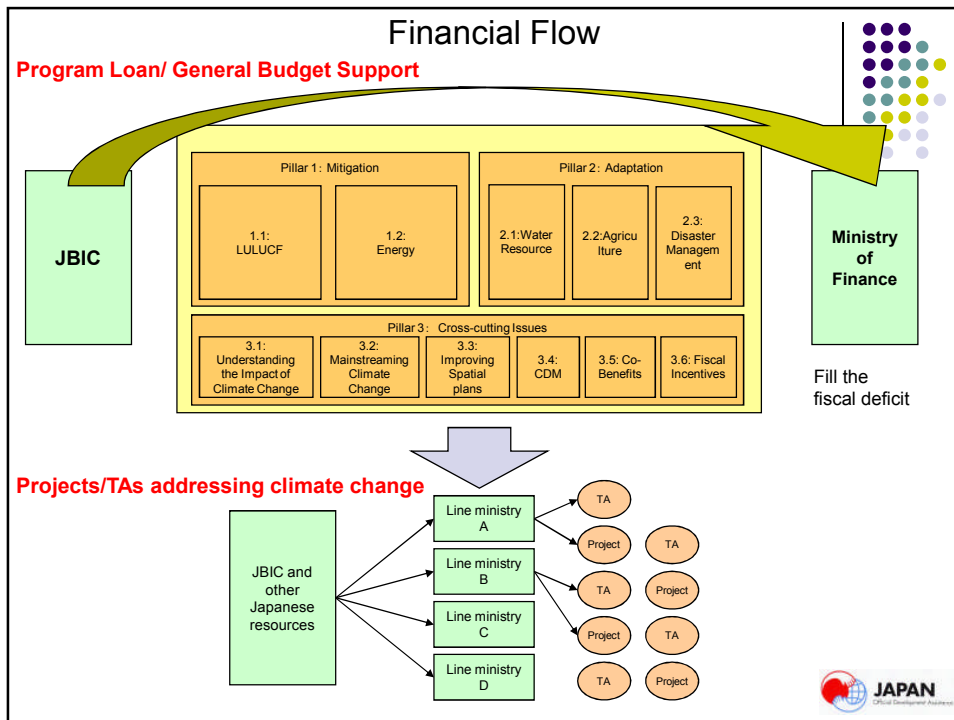


mutually complementary relationship



Mechanism of Program Loan





Example case of Japanese ODA Loan project for Mitigation (1) : -Transport-

- Delhi Mass Rapid Transport System Project , India

- Project objective:**

- To relieve traffic congestion and improve the urban environment through the reduction of vehicle emissions in the capital territory of Delhi by constructing the capital's first mass rapid transport system.
- The mass transit system is expected to carry 2.26 million passengers a day, a figure comparable to the volume of passengers carried by the subway system in Tokyo or in Osaka.

- Effect of the Project**

- Approx 38,000 t of CO₂ will be reduced by modal shift from vehicle.
- Approx 39,500t of CO₂ will be reduced by installation of regenerative brake system.



Example case of Japanese ODA Loan project for Mitigation (2) : -Energy Efficiency-



- Promotion of Electricity Energy Efficiency Project, Thailand

- **Project objective:**

- To build sufficient institutional capacity in Thailand's power sector, and energy-related private sector, so as to deliver cost-effective energy services throughout its economy,
- To pursue policies and implement actions which would lead to the development, manufacture and adoption of energy efficient equipment and processes within Thailand.



US\$25m	US\$9.5m	US\$5.4m
JBIC	WB/GEF	Gov of Australia

Co-finance

EGAT DSMO

- **Implement Demand Side Management Program**
 - High energy efficient home appliances, light
 - Green Building Program
 - Thermal Energy Storage
 - ESCO

- **Effect of the Project**

- Approx 4,160 GWh of total energy consumption were saved
- Over 3 million t-CO₂ was reduced,

(During 8years project period)

Example case of Japanese ODA Loan project for Adaptation (1) : -Flood Control-



- The Philippines: Iloilo Flood Control Project

- **Project objectives:**

- To enable Iloilo City to withstand the floods within the 20-year return period.
- To improve sanitation conditions and the living environment of the people living in this area, and in turn, to contribute to the development of the regional economy.

- **Expected effects of the Project**

	Reference (1994 Flood)	Without Project (20 years Return Period)	With Project
Cost of Disaster (Million Peso)	1,152	863	0
No. of affected households	24,836	21,990	0



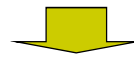
Example case of Japanese ODA Loan project for Adaptation (2) : -Coastal Management-



- Indonesia: Bali Beach Conservation Project

- **Project objectives**

- To conserve four beaches in the island of Bali, where coastal erosion is becoming a growing concern due to the increasing impact of ocean waves caused by damages to coral reefs.
- The project is expected to counteract the current and future problems, thus inducing sound socio-economic development in the area.
- It is also considered as an effective adaptation measure to rising sea levels due to climate change.



Thank you for your attention!

For further inquiry, please contact
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