CLIMATE CHANGE AS A BUSINESS OPPORTUNITY
December 2007

JBIC’s Business Model for Supporting Kyoto Mechanism Projects

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General Background of Kyoto Mechanisms
Japan’s commitment to Kyoto Protocol

Reduction target under Kyoto Protocol
--- 6 %
by domestic measures
energy efficiency investment at industry
efforts to energy savings at households and offices (such as ‘cool-biz’)

Around 150 million ton equivalent is over the Kyoto Target (in FY2006)

Use of carbon credits from Green House Gas emission reduction projects for compliance
- Government’s target: 100 million ton equivalent
- Industry under voluntary reduction commitment

Japan’s presence as a Carbon Credit Buyer in the Carbon Market

(Source: World Bank report 2007 May)
Number of the CDM projects registered at UNFCCC

By country as of 1st October 2007

(Source: UNFCCC)
Asset Classes of CDM projects

As a share of CER volumes contracted in 2006

(Source: World Bank Report)
JBIC’s Support
for GHG Emission Reduction Projects
About JBIC
Japan Bank for International Cooperation

1. An Official Financial Institution with Special Mandate owned by the Japanese government

2. Major Financing Tools
   ・Export Finance
   ・Overseas Investment Loans
   ・Untied Loans

3. Outstanding Lending as of the End of March 2007
   USD180,187 million equivalent

4. International Network
   4 Resident Executive Directors and 28 Representative offices
JBIC’s role at Carbon Market

1. Financing

2. Supporting carbon credits purchase by Japanese buyers (Japanese Private Companies, Government, JCF)

3. Initiation of new structure
   e.g., Green Investment Scheme
   Demand Side Management CDM
   Contribution for Asian Pacific Partnership for Climate Change and Clean Development and Gleneagles Initiative for Clean Energy

4. Organizing and supporting business seminar
   1) CO2 Seminar (CO2 Caravan)
      • London, Paris, Brussels, Frankfurt, Vienna, Hong Kong, Sao Paulo, Manaus
      • Tokyo, Osaka, Nagoya, Sapporo, Kitakyush
   2) Carbon Expo Asia etc.
   3) Co-works with Japan Institute for Overseas Investment (JOI) and JETRO
Environment Finance Engineering Department

1. 1 October 2006, Environment Finance Engineering Department was established.
2. The department together with lending department will provide financial and technical advice to Japanese clients and developing countries for environment improving projects.

- Finance to environment related projects: Environment Finance

- Develop innovative financing: Finance Engineering

Environment Finance Engineering Department

3. Goals
   - Support environmental projects using Japanese technology and experience.
   - Contribution for Climate Change Mitigation and Energy Security through these projects
JBIC’s Business Model for GHG Emission Reduction Project

[Host Country]
Government

Kyoto Mechanism (UNFCCC)
Approval and Registration

Transfer of Credits

< International Rule >

[Investor Country]
Japanese Private Companies
Government

Japanese Companies
Participation
Credit

Participant Information

Carbon Credits

JCF

GHG Emission Reduction Project
Supply of Equipment & Technology
Finance

Supplier (Japanese)

Cooperation Agreement
Wind Power Project in Bulgaria

Kyoto Protocol (UNFCCC)

Application (JI 2nd Track) → Approval (To be Approved)

Kaliakra Wind Power Project

- Power Supply
- Payment (Preferential Tariff)
- Repayment
- Loan
- Advice on Renewable Energy Policy
- Cooperation Agreement to Promote GHG Emission Reduction Projects

Nationalna Electricheska Kompania EAD

Owned by Government

Bulgarian Government

Japanese Government

Cooperation (MOU)

JCF

Mitsubishi Heavy Industries

JBIC

Cofinance with Japanese Commercial Bank

Payment (Preferential Tariff)

Carbon Credit

Investment, Equipment

Equity Stakes
Energy Saving Project of Steel Plant in Ukraine

Supply Contract
Combined Cycle Gas Turbine electricity generation facility
(to utilize off-gas in steel plant as a fuel for power generation)

Ekoenergiya

Carbon Credits

Japan

Export Loan

Sumitomo Corporation

Mitsubishi Heavy Industries, Ltd.

JBIC

EBRD
Methane Gas Recovery Project in China

Chinese Government

ADB

Japanese companies

Cooperation Agreement

Loan (USD20 million)

Coal Mine

Carbon Credits

Power Generation for the Project

Methane Gas

World Bank

PCF

Japanese companies

JCF

Carbon Credits

CDM Project

Carbon Credits

Carbon Credits

Carbon Credits
CDM Enhancement Loan by JBIC

ICICI (India)  
Sub-Loan

Cooperation Agreement
Credit Line

Preferred Status
In purchasing Carbon Credits

Carbon Credits

JBIC  
Cooperation with Japanese Buyer

CDM Projects

JCF
Private Company
Government Program

☆Available Other Credit Line
BCIE (Central America), COFIDE (Peru), Unibanco (Brazil)
JBIC Signed Cooperation Agreements

with

International Organizations:

World Bank
CABEI (Central American Bank for Economic Integration)
CAF (Corporación Andina de Fomento )
Regional Environment Center (REC) etc.

Foreign Governments:

Indonesia, Bulgaria, Romania, Mexico, Chile, Colombia, Vietnam,
Morocco, Brazil, Peru, Paraguay, Sri Lanka, El Salvador,
Philippine etc.
The cases of cooperation between Indonesia and JBIC

Cooperation on the Kyoto Mechanisms with Republic of Indonesia (27 June 2006)

1. Indonesian Ministry of Environment provides JBIC with information on candidate CDM projects in Indonesia;
2. JBIC provides such information for Japan Carbon Finance Ltd., which will purchase emission credits, as well as other Japanese firms; and
3. JBIC considers financial support for those candidate CDM projects and provides advice on their financing.

Partnership with the Republic of Indonesia on Biomass (28 Nov 2006)

1. Resources (MEMR) of Indonesia and JBIC signed a MOU concerning a strategic partnership on biomass, and
2. The MOU stipulates that JBIC and MEMR establish a Working Team on potential biomass projects in Indonesia, including biofuel development projects, and exchange information on JBIC's possible financing of such projects.
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