

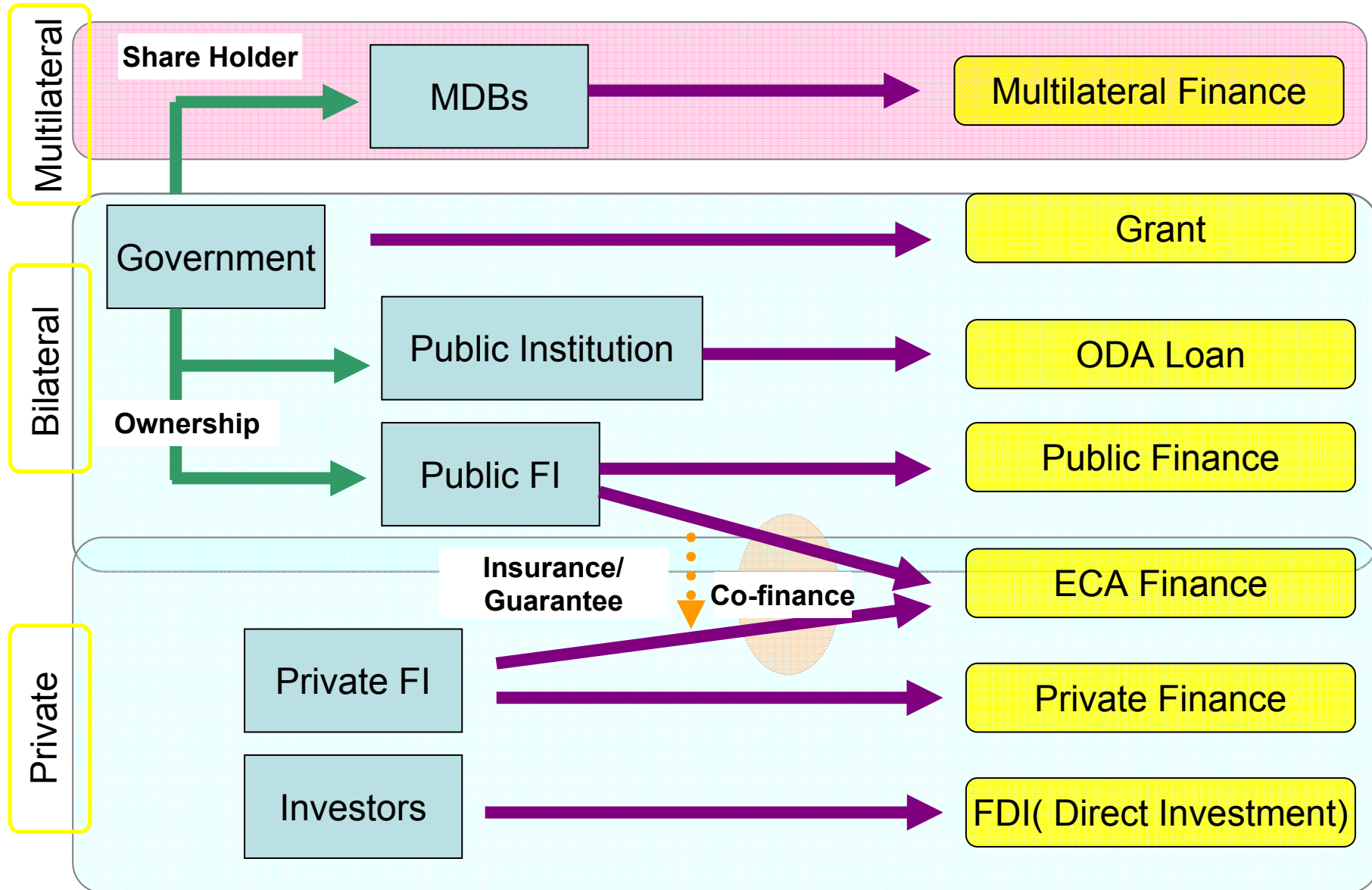
**The Ministerial Conference
on Global Environment and Energy in Transport (MEET)
Follow-Up Meeting 17-18 June 2009,
Hakodate-city, Hokkaido, Japan**



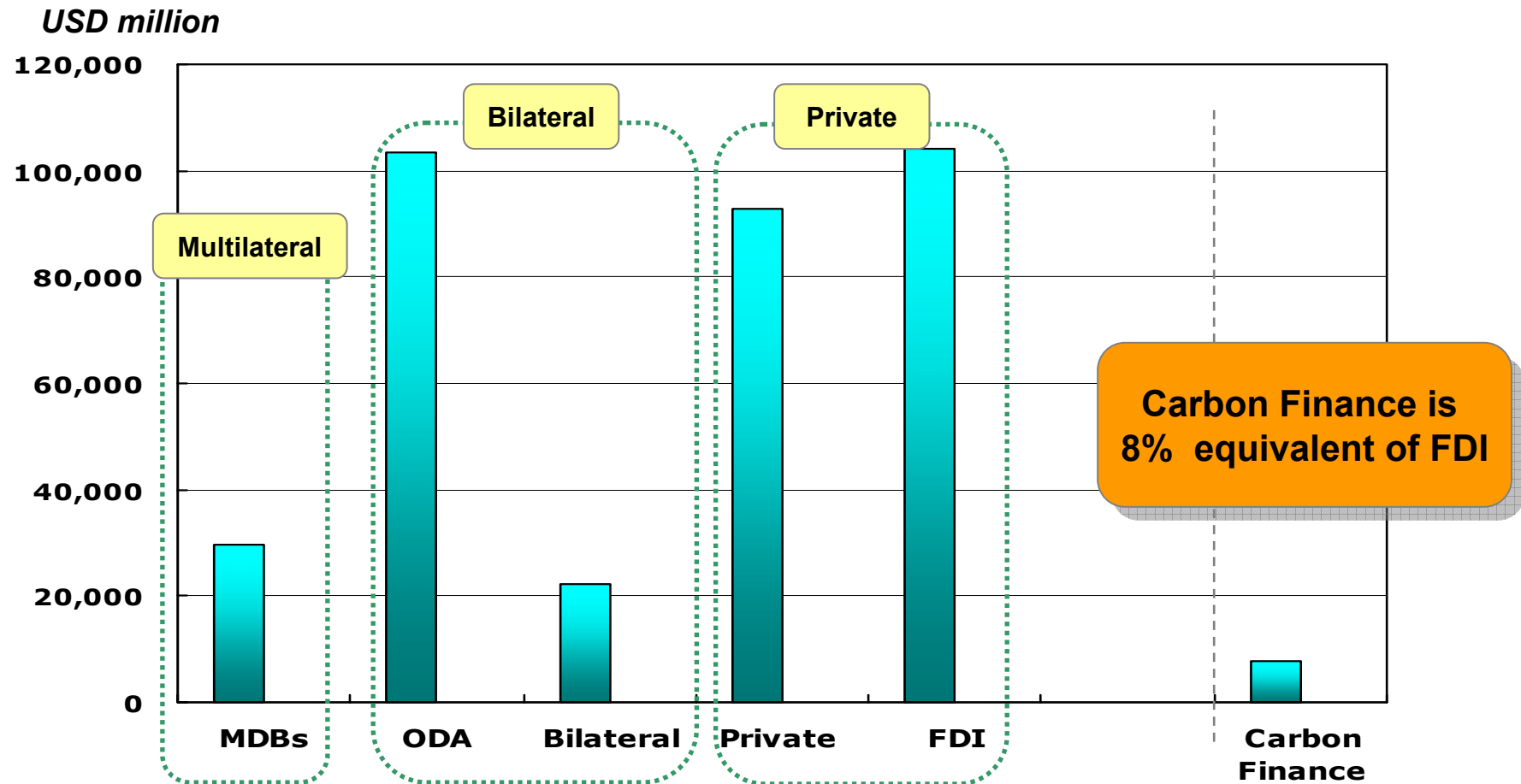
Financing toward Low Carbon Investment ~ Challenge of Transportation Sector ~

**Takashi Hongo
Special Advisor and Head of
Environment Finance Engineering Department
Japan Bank for International Cooperation**

Source of Financing



Financial Flow to Developing countries



Source: OECD(2006, net flow), World Bank(2007, contract amount)

Modality of Finance of JBIC 1

Lending

- Government
- Corporate
- Local Bank
- Structured Finance

Equity Finance

- Project
- Fund(e.g.. PE Fund)

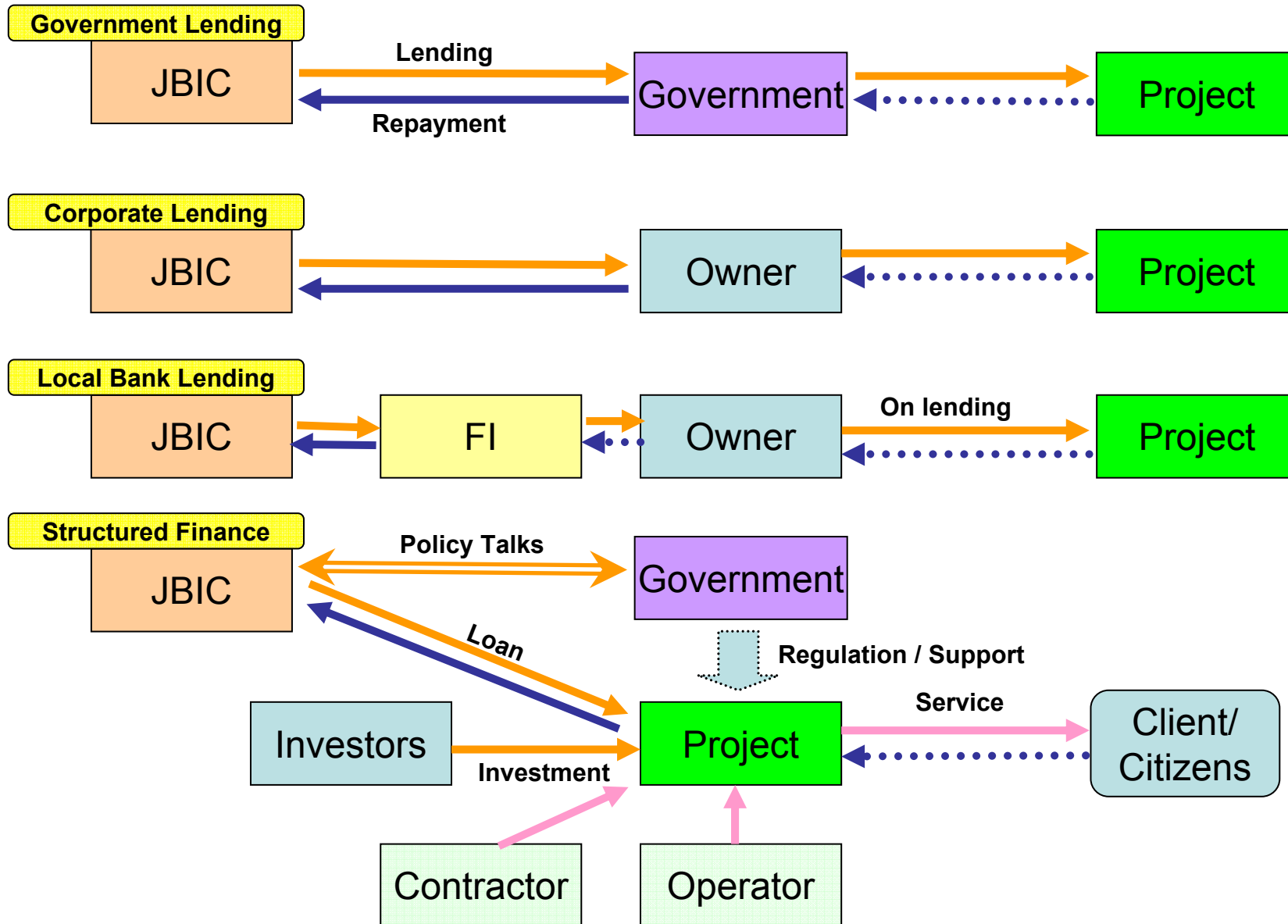
**Carbon Finance
(Additional cash flow)**

Environment Guideline

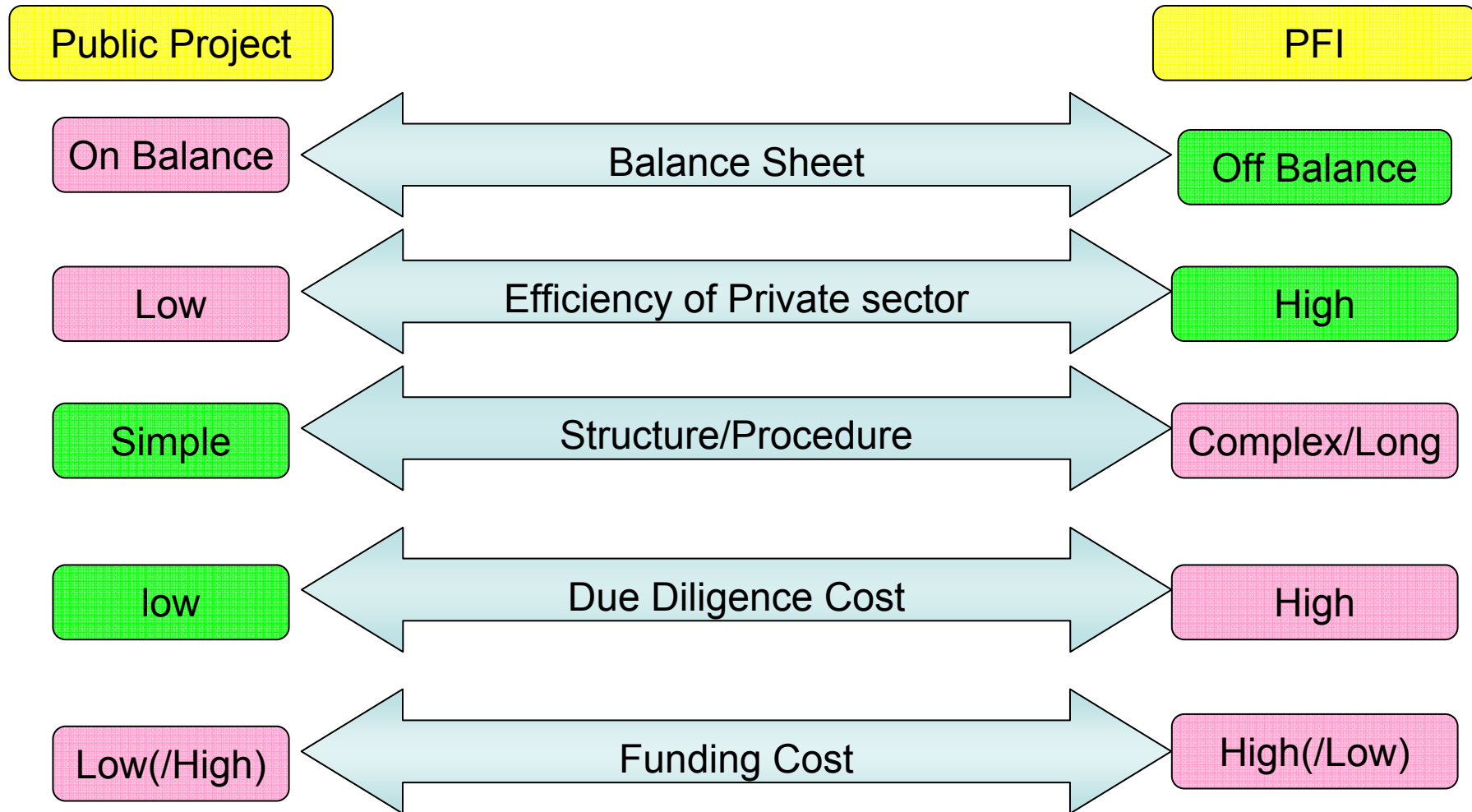
- Pollution Control
- Natural Environment
- Social Environment

Government Policy

Modality of Finance of JBIC 2

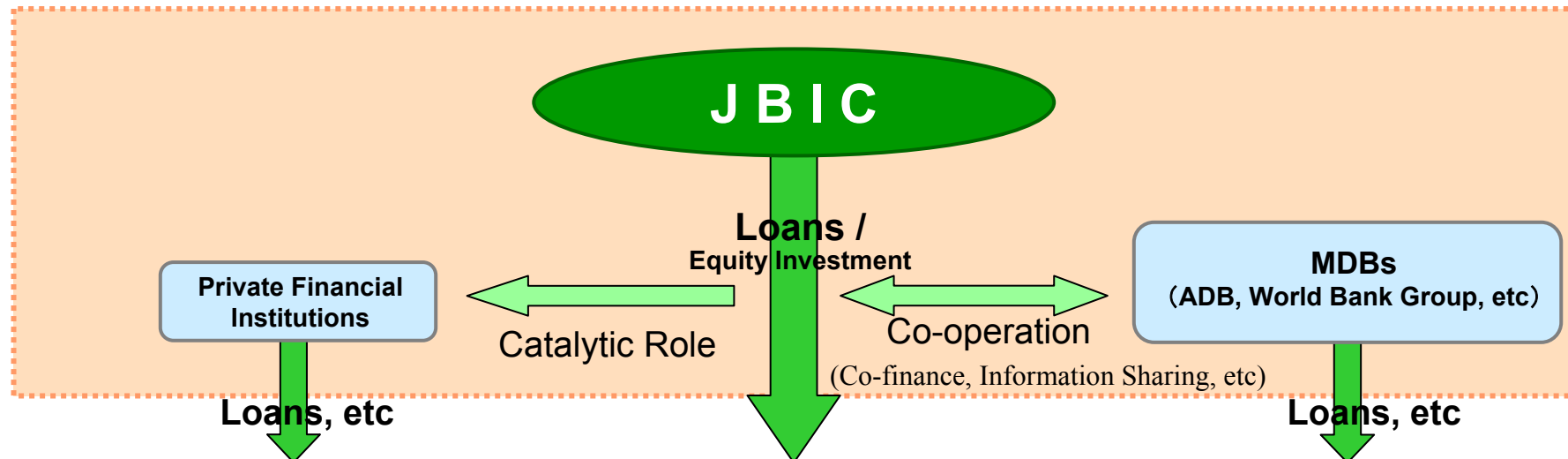


Advantages and Disadvantages of Structured Finance/PFI



“LIFE” (Leading Investment to Future Environment) Initiative by JBIC

- The LIFE will ...
 - support both public and private sectors,
 - co-operate with Multilateral Development Banks (MDBs) and mobilize private finances.
- The JBIC’s financial support under the Initiative will be around **5 Billion USD for the next 2 years.**



4 Main targeted sectors of the Initiative are ...

- **Clean Power Generation** (Solar, Geothermal, Wind Power, Clean Coal Power Plant, etc)
- **Energy Efficiency Improvement** (Upgrading of Existing Transmissions and Distributions, Modernization and Heat Recovery of Steel Furnaces and Cement Kilns, ESCO (Energy Service Company), etc.)
- **Water** (Water Purification and Supply, Sewage System, Wastewater Treatment, Desalination and Water Processing, etc)
- **Urban Transportation** (Modal Shift in Densely Populated Areas, etc)

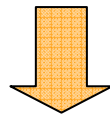
Voluntary Energy Efficiency Target and Environment Finance

~ JBIC's Proposal ~

Voluntary Standard by Private Initiative

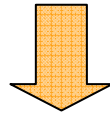
1st step

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



2nd step

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



3rd step

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

Progress of Voluntary Standard Setting

Design Index

<Measurement>

<Technology specification>

<Target/Standard>

Steel

Measurement methodology by IISI
Next ; Date gathering

BAT list by APP

Cement

Measurement methodology
by WBCSD
Next ; Data gathering

De Facto Standard
(Heat recovery unit)

Appliance

Measurement methodology
On going by IEA and others

Automobile

EU, USA and Japanese
standard
Next ; local to global

De Facto Standard
(Hybrid / Diesel)

EU, USA and
Japanese standard
Next ; local to global

**Ship
Building**

Energy Efficiency Design Index
(Japanese proposal)

Voluntary Standard and Environment Finance

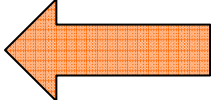
Industry & Technology Track

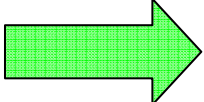
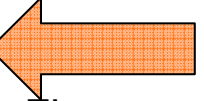
Voluntary Standard Setting Initiative
(On-going)

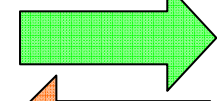

Specification of BAT
Transfer of BAT

Voluntary Target

Voluntary Standard

Endorse


BAT List


Finance

Guidance


Finance /
No Finance

Finance Track

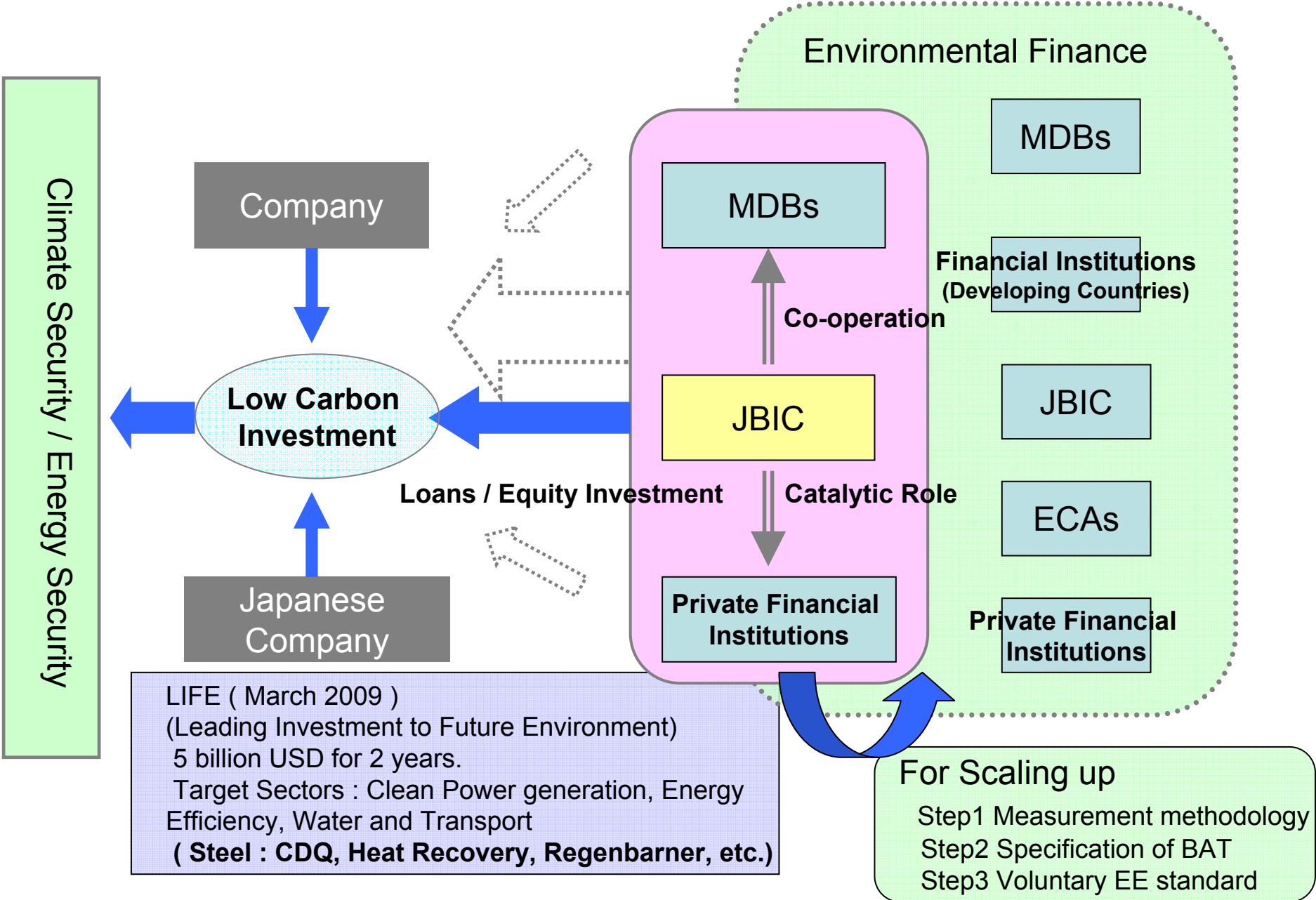
Environment Finance Initiative
(Message)

Criteria for prioritized projects
(Soft Commitment)

Guiding Principle for financing

Financing to Low Carbon projects
reduce long term risk

Scaling up financing for Low Carbon Investment



Conclusions

**Economic
Crisis**

Short-term challenge

**Climate
Change**

Medium and long-term challenge



Public- Private- Financial sector Partnership (PFPF)

New Market Mechanism for Climate Change with financing

Public Sector

(Improvement of investment climate)

Private Sector
(Driving force)

Financial Sector
(Push last one mile)

