

Japan' s Fast-Start Financing for Developing Countries up to 2012
(As of 31 March, 2011)

May, 2011
Delegation of Japan

1. General Policy

In December 2009, Japan announced the assistance of approximately USD 15 billion including public and private financing, of which public finance comprises approximately USD 11 billion, as the assistance to developing countries up to 2012 to address climate change (announced as the “Hatoyama Initiative” , hereinafter referred to as the Fast-Start Financing). This Fast-Start Financing aims to assist developing countries, especially those making efforts to reduce GHG emissions as well as those which are vulnerable to the negative impacts of climate change, taking into account the developments in the international negotiations and the states of Japan`s reconstruction. Faced with an unprecedented disaster, the Great East Japan Earthquake, Japan is determined to overcome the catastrophe and to continue to faithfully implement the commitment on the Fast-Start Financing to fulfill a positive role in the international community.

Japan' s assistance to developing countries is composed of two main types of assistance. One is Official Development Assistance (ODA) such as grant aid, technical assistance, concessional loan and contribution to multilateral funds, which are implemented by relevant ministries and agencies, Japan International Cooperation Agency (JICA) and other institutions. The other includes Other Official Flow (OOF) such as co-financing of the Japan Bank of International Cooperation (JBIC), and private financing catalyzed by the basis of public financing.

Out of approximately USD 15 billion of the Fast-Start Financing announced in December 2009, more than USD 9.7 billion has already been implemented as of 31 March 2011. However, if the Fast-Start Financing would be limited to the projects based on public financing and projects implemented from January 2010 onward, the amount of the implemented assistance would be more than USD 6.3 billion. Taking into account the discussions at the UNFCCC negotiations, the Fast-Start Financing implemented by Japan from January 2010 onward and composed of public financing is explained more in detail as below.

Japan has been carefully implementing a wide variety of assistance in favor of developing countries, in order to move forward in the international negotiations

steadily toward the establishment of a fair and effective international framework with the participation of all major economies. For instance, considering the needs of vulnerable countries including Africa and LDC, over 50% of Japan's grant aid against climate change for those countries is devoted in the area of adaptation. Also, we are willing to carry out the assistance utilizing our advantages such as advanced technologies. This will help promote the establishment of a low-carbon society and achieve globally compatibility between economy and environment.

2. The contents of Japan's Fast-Start Financing implemented as of 31 March 2011

The main components of our assistance which amount to more than USD 6.3 billion as of 31 March 2011 are as follows.

With regard to Japan's assistance for developing countries, it is essential to establish a mechanism that not only ensures the effective use of public financing, but also facilitates the mobilization of private financing. Large-scale projects on infrastructure, such as the introduction of facilities with high energy efficiency and the construction of electric power transmission facilities, will require massive investment, and thus leveraging the private financing would be crucially important (this is why Japanese private financing of approximately USD 3 billion had already been mobilized for assistance to developing countries, as of 31 March 2011, though this figure is not counted as the Fast-Start Finance in this report).

(1) Mitigation(other than REDD+): USD 4.62 billion

Assisting developing countries in such areas as promotion of renewable energy including solar energy, wind energy and geothermal, and introduction of facilities with high energy efficiency, to contribute to reducing GHG emissions.

- ✓ Projects for introduction of clean energy by solar electricity generation system (23 countries, 127 million)
- ✓ Wind energy projects (338 million)
- ✓ Geothermal projects (2 countries, 491 million)

(2) REDD+: USD 307 million

Assisting developing countries to conduct survey on forest resources, formulate forest management plan and facilitate forestation by providing necessary equipments in order to promote sustainable usage and conservation of forests.

- ✓ Forest conservation programs (21 countries, 158 million)
- ✓ Contribution to UN-REDD (3.2 million)

(3) Adaptation: USD 738 million

Strengthening developing countries' capability to cope with natural disasters caused by climate change, and providing necessary equipment and facilities to take precaution against and to recover from natural disasters including floods and droughts.

- ✓ Program for the improvement of capabilities to cope with natural disasters caused by climate change (25 countries, 164 million)
- ✓ Infrastructure rehabilitation projects for typhoon damage (86 million)

(4) Mitigation and Adaptation: USD 707 million

Assisting developing countries to tackle climate change issues (both Mitigation and Adaptation) by providing contribution to multilateral fund and program loan to address climate change.

- ✓ Contribution to Global Environment Facility (GEF) (34 million)
- ✓ Contribution to Climate Investment Funds (CIF) (322 million)

3. The Features of Japan' s Fast-Start Financing

(1) Various types of assistance in a wide range of areas

As Japan' s Fast-Start Financing, 444 projects have been implemented in as many as 88 countries as of 31 March 2011. Through the Japanese Embassies and JICA' s local office stationed in a number of developing countries, the Japanese Government has been developing projects of the Fast-Start Financing in close consultation with the government of developing countries and international organizations in response to the needs of recipient countries. Japan has been providing assistance through various channels, including grant aid, concessional loan and technical assistance, taking into account local economic situations and content of projects.

(2) Grant Aid prioritizing the area of adaptation

In Japan' s Fast-Start Financing, the grant aid has been implemented as follows:

- Mitigation (other than REDD+): 261 million (19.4%),
- REDD+: 180 million (13.4%)
- Adaptation: 523 million (38.9%)
- Mitigation/Adaptation: 382 million (28.4%)

Based on these figures, it can be said that Japan has implemented grant

projects, reflecting the needs for adaptation of developing countries, in particularly those of vulnerable countries in relation to adaptation.

(3) Assistance focusing on vulnerable countries

Japan has implemented its assistance to developing countries vulnerable to climate changes as follows (US dollars):

	Total	Mitigation (other than REDD+)	REDD+	Adaptation
Africa	1225 million	899 million (Grant: 118 million, Loan: 781 million)	93 million (Grant Only)	233 million (Grant Only)
LDCs*	629 million	297 million (Grant: 110 million, Loan: 187 million)	81 million	251 million (Grant Only)
SIDS**	50 million	19 million (Grant Only)	11 million (Grant Only)	20 million (Grant Only)

*LDCs: Least Developed Countries **SIDS: Small Island Developing States

With regard to the grant aid for vulnerable countries, it has been implemented as follow:

- In Africa
Mitigation (other than REDD+): 118 million (26.6%)
REDD+: 93 million (21.0%)
Adaptation: 233 million (52.4%)
- In LDCs
Mitigation (other than REDD+): 110 million (24.9%)
REDD+: 81 million (18.2%)
Adaptation: 251 million (56.8%)

Over 50% of the total amount of the grant aid implemented in vulnerable countries including Africa and LDCs allocated into the area of adaptation.

4. Tangible examples of Japan's Fast-Start Financing

(1) Grant Aid in bilateral cooperation

• Introduction of solar power plant (Mitigation)

In 23 countries, Japan contributed to stabilizing electricity supply in developing countries while contributing to reducing GHG emissions, by introducing

solar power equipments in the public spaces such as school, airport, water plant and reservoir and thus replacing a part of consuming electricity with renewable energy. In some projects, Japan also provided necessary technical training to manage, maintain and control equipment.

- **Prevention of Disaster and Rehabilitation (Adaptation)**

In 25 countries, Japan provided financial support for the rehabilitation and maintenance of disaster prevention equipment, recovery measures against natural disasters and water supply by groundwater development, as measures taken for adaptation to climate change, including large scale typhoon or cyclone.

In Samoa, as part of measures against climate change and disaster prevention in Oceania, Japan provided financial support to introduce meteorological observing equipment and communication systems in meteorological bureau and international airport. Besides, in Solomon Islands, Japan introduced and maintained shortwave radio network to broadcast emergency news related to natural disaster all over the country. In Morocco, where a large number of victims are caused by natural disaster once in some years, Japan has been taking efforts to introduce observation and warning devices in river basins and technical supports for activities related to evacuation, in order to reduce damages caused by flood.

- **Forest Conservation (REDD+)**

In order to contribute to encouraging REDD+ efforts and reducing GHG emissions in 22 countries, Japan provided technical support to analyze satellite images and financial support for monitoring systems and related equipment in the following actions: making forest distribution map, preventing excessive logging, taking countermeasures against forest fire and ensuring alternative energy to firewood.

(2) Technical Assistance in bilateral cooperation

- **Prevention of Disaster and Rehabilitation (Adaptation)**

In Republic of South Africa, Japan provided technical support to enhance the functions of meteorological forecasting system, in order to improve the capability of coping with environmental issues such as climate change. Besides, in Mozambique, Japan is making efforts to enhance the adaptation capability to climate change, strengthening the basic capability for taking countermeasures against coastal erosion.

- **Water and Sanitation (Adaptation)**

In Nigeria, Japan is making efforts to improve local water supply through the capacity building of local staff in charge of water supply and sanitation, in order

to better cope with the changes of precipitation pattern caused by climate change. In Burkina Faso, Japan provided technical support to develop, demonstrate water supply and sanitation system which was suitable to that area, as well as to help prepare its introduction.

- **Improvement of Energy Efficiency (Mitigation)**

In Papua New Guinea, Japan conducted a survey on the current electricity demand and supply and its forecast, as well as a survey on the fuel replacement (from light diesel oil to natural gas) for thermal power plant, the introduction of the cogeneration system, the improvement of energy efficiency (such as heat quantity, transmission) and enlargement of electric-generating capacity, and thus assisted efforts of PNG to reduce GHG emissions.

- **Promotion of REDD+ efforts (REDD+)**

In Brazil, Japan developed a wide-area assessment technology to evaluate carbon dynamics of various forests in Amazon to conserve functions of forests.

(3) Cooperation with international organization

- **Support for organizing Adaptation Fund Workshop in Africa (Adaptation)**

While the Cancun Agreements adopted at COP16 requested Parties to conduct workshops in each region to inform Parties of the process and requirements of the accreditation of National Implementation Agencies which have a direct access to resources of Adaptation Fund, Japan has provided financial support to hold this workshop in Africa.

- **Cooperation with UNDP (Adaptation)**

In islands states in Oceania and Caribbean Sea, Japan has been providing, in collaboration with UNDP, technical support for managing natural disaster risk and sharing know-how in adaptation to climate change.

- **Cooperation with ITTO (Mitigation/Adaptation)**

Japan has supported the implementation of ITTO, projects to promote conservation and sustainable management of tropical forests, and appropriate use of tropical forest resources.

- **Replenishment to GEF (Mitigation/Adaptation)**

Japan has made a contribution of US\$ 34 million to the 5th replenishment of the Global Environment Facility (GEF), which is a multilateral financial mechanism to support developing countries' efforts to preserve and improve global environment.

- **Contribution to CIF (Mitigation/Adaptation)**

In order to support developing countries' efforts to tackle the climate change

issues, Japan has made a contribution of US\$ 322 million to Clean Technology Fund, which supports projects for reducing GHG emissions, and to Strategic Climate Fund, which supports measures such as adaptation against the adverse effects of climate change in developing countries.

(4) Loan support in bilateral cooperation

• Improvement of energy access through the maintenance of electricity transmission equipment (Mitigation)

Japan has been contributing to reducing GHG emissions by electrification of local areas and the improvement of transmission efficiency, while aiming for a transfer to clean energy. In Kenya, Japan built 140 MW geothermal power plant in Olkaria, and supported Olkaria to Kisumu power transmission construction project to enable renewable energy transmission from Olkaria to Kisumu. Besides, in Tanzania, Japan has been improving transmission efficiency by expanding a part of the power transmission from Iringa to Shinyanga, in order to stabilize its electricity supply.

• Introduction of wind power plant (Mitigation)

Japan has been constructing 220 MW wind power plant in Gulf of El Zayt, Red Sea coast, Egypt.

(5) Other Official Flow, including co-funding with private sector

• Global action for Reconciling Economic growth and ENvironmental preservation by JBIC (GREEN) (Mitigation)

JBIC has provided finance needed for the environment-related loans (improving energy efficiency project or renewable energy project) to financial institutions, such as Deniz Bank in Turkey, Corporacion Andina de Fomento in Latin America, BNDES in Brazil and ICICI Bank in India. Through this operation, the funding of JBIC enabled private finance institutions to co-finance, which led to the mobilization of more fund.

【Reference】 Utilizing the private financing

As examples of using private financing, there are co-financing with private sector as mentioned above, and trade insurance. Although this is not counted as the Fast-Start Financing in this report, Japan has mobilized private financing of approximately 3 billion dollars as of end of March 2011. This helps promote countermeasures taken against climate change.

5. The reference of Japan' s Fast-Start Financing

If you have any questions about Japan' s Fast-Start Financing, please contact Japanese Embassies and JICA' s local offices in your area. For your inquiries on outcome or data of Japan' s Fast-Start Financing, please direct to Japanese Embassies.