

***Japan's Fast-Start Finance for Developing Countries up to 2012
(As of December, 2012)***

May, 2013

Delegation of Japan



Technical Assistance related to Energy Saving

(Photo by JICA)



Solar Energy Project



Climate Change Program Loan

(Photo by JICA)



JBIC's Support for Renewable Energy



Water Supply Project



Policy Dialogue with SIDS Countries

1. Overview

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, for developing countries up to 2012 to address climate change (hereinafter referred to as the Fast-Start Finance). This Fast-Start Finance 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 state of Japan's reconstruction after the Great East Japan Earthquake, an unprecedented disaster in 2011. Japan has made utmost effort to play its part of the commitment made by developed countries to provide 30 billion to developing countries in three years from 2010 to 2012 as agreed by the Cancun Agreements. Faced with the Great East Japan Earthquake, Japan was determined to overcome the catastrophe and to continue to faithfully implement the commitment on the Fast-Start Finance 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 Finance announced in December 2009, USD 17.6 billion including public and private financing has been implemented as of December 2012. However, if the Fast-Start Finance is limited to projects or programs based on public financing newly implemented during the period between January 2010 and December 2012, the amount of the implemented assistance would be USD 13.5 billion. Taking into account the discussions at the UNFCCC negotiations, the Fast-Start Finance implemented by Japan from January 2010 onward and composed of public financing is explained more in detail as below.

2. Objective of Japan's Active Efforts including Fast-Start Finance

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 applicable to all Parties. Considering the priority to be given to developing countries which are vulnerable to adverse impact of climate change as agreed in Cancun Agreements, over 50% of Japan's grant-based assistance against climate change for those countries is devoted in the area of adaptation to respond to the needs of vulnerable countries including Africa, LDC and SIDS. Japan is also willing to carry out the assistance utilizing its advantages such as advanced technologies aiming at achieve global compatibility between economy and environment. This will help promote efforts toward the achievement of low-carbon growth.

As one of the concrete examples, regarding the East Asia area, Japan and Indonesia co-chaired "East Asia Low Carbon Growth Partnership Dialogue" in Tokyo on 15th April in 2012 under the framework of East Asia Summit, and participants reaffirmed the importance of realization of low-carbon growth in the area. Following the First Dialogue, Japan and Cambodia co-chaired the Second East Asia Low Carbon Growth Partnership Dialogue in Tokyo on 18th May in 2013, and participants reiterated the importance of promoting effective low carbon technologies. Through these efforts, Japan is willing to contribute to fighting against climate change by encouraging the

achievement of low-carbon growth all over the world.

3. Contents of Japan's Fast-Start Finance implemented as of December 2012

The main components of our assistance which amount to USD 13.5 billion as of December 2012 are as follows.

It should be noted that Japan's assistance for developing countries accords importance to establishing 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 over USD 3 billion had been mobilized for assistance to developing countries, as of December 2012, though this figure is not counted as the Fast-Start Finance in this report).

(1) Mitigation: USD 9.99 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 (24 countries, 130 million)
- ✓ Wind power plant projects (Egypt, 338 million)
- ✓ Geothermal power plant projects and feasibility studies (13 countries and regions including Kenya, Indonesia and Peru, 979 million)
- ✓ Electric transmission projects (Olkaria to Kisumu in Kenya: 108 million, Iringa to Shinyanga in Tanzania: 53 million, Habarana to Veyangoda in Sri Lanka: 83 million)

(2) Adaptation: USD 1.37 billion

Strengthening developing countries' capability to cope with natural disasters caused by climate change, and providing necessary equipment and facilities to take precaution measures 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 (Philippines, 86 million)

- ✓ Project for flood protection and drainage improvement (Cambodia, 30 million)
- ✓ Technical assistance on climate change prediction (South Africa: 1.9 million)
- ✓ Capacity building for disaster management in coastal area (Samoa: 6.48 million)
- ✓ Rural water supply projects (Ethiopia, Kenya, Djibouti, Sudan, Togo and Malawi: 34 million)
- ✓ Desalination project (Tunisia: 8.7 million)

(3) Mitigation and Adaptation: USD 2.10 billion

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) (96 million)
- ✓ Contribution to Climate Investment Funds (CIF) (967 million)
- ✓ Climate Change Program Loan (Indonesia and Viet Nam, 410 million)
- ✓ Policy dialogue with African countries (in Tokyo, October 2011) and SIDS countries (in Tokyo, July 2012)

Cf.) REDD+: USD 723 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)

4. Features of Japan's Fast-Start Finance

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

As Japan's Fast-Start Finance, 952 projects have been implemented in as many as 114 countries as of December 2012. 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 Finance 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-based assistance prioritizing the area of adaptation

In Japan's Fast-Start Finance, the grant-based assistance including grant aid, technical assistance and contribution to multilateral funds has been implemented as follows:

- Mitigation: 600 million (23.0%)
- Adaptation: 876 million (33.6%)
- Mitigation/Adaptation: 1,130 million (43.4%)
- Cf.) REDD+: 214 million (8.2%)

These figures show 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	Adaptation	Mitigation /Adaptation	Cf. REDD+
vulnerable countries (total)	2,101 million	1,432 million	644 million	25 million	142 million
Africa	1,585 million	1,186 million	385 million	13 million	99 million
LDCs*	927 million	412 million	500 million	15 million	89 million
SIDS**	118 million	87 million	26 million	5 million	11 million

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

With regard to the grant-based assistance including grant aid, technical assistance and contribution to multilateral funds for vulnerable countries, it has been implemented as follow:

- **In vulnerable countries (total)**
 - Mitigation: 344 million (39.3%)
 - Adaptation: 506 million (57.8%)
 - Mitigation/Adaptation: 25 million (2.9%)
 - Cf.) REDD+: 142 million (16.2%)

- **In Africa**
 - Mitigation: 254 million (39.0%)

- Adaptation: 384 million (59.0%)
- Mitigation/Adaptation: 13 million (2.0%)
Cf.) REDD+: 99 million (15.2%)

■ **In LDCs**

- Mitigation: 202 million (34.8%)
- Adaptation: 362 million (62.4%)
- Mitigation/Adaptation: 15 million (2.6%)
Cf.) REDD+: 89 million (15.3%)

■ **In SIDS**

- Mitigation: 32 million (50.8%)
- Adaptation: 26 million (41.3%)
- Mitigation/Adaptation: 5 million (7.9%)
Cf.) REDD+: 11 million (17.5%)

57.8% of the total amount of the grant-based assistance implemented in vulnerable countries including Africa, LDCs and SIDS was allocated into the area of adaptation.

5. Use of private finance

In order to further promote climate change action, Japan has also been working on establishing a mechanism to leverage private investment by use of public finance. Co-financing by JBIC with private sector and trade insurance are the examples of utilizing private finance. Private Finance also plays an important role to tackle climate change as its total amount is over 3 billion dollars as of December 2012, although it is not counted as Japan's Fast-Start Finance in this document.

6. Channel and access for Japan's Fast-Start Finance

There are mainly 5 types for Japan's Fast-Start Finance; i.e. (1) grant aid (2) loan (3) technical assistance (4) contribution to international organizations (5) OOF and others. Ministry of Foreign Affairs, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, Ministry of the Environment, Ministry of Land, Infrastructure, Transport and Tourism and JICA are implementing agencies of the types (1)-(3). The type of (4) is contributions to the development organizations or multilateral funds such as GEF, CIF, UNDP, UNEP, WFP and ITTO, which are

implementing agencies of this type of assistance. Regarding the type (5), relevant Japanese ministries and JBIC are the main implementing agencies. See the attached list for the detail.

7. Tangible examples of Japan's Fast-Start Finance

Japan's Fast-Start Finance has been effectively implemented based on needs and phase of development of the recipient countries. The following are the typical examples. (The detailed list is attached herewith. This list shows concisely the type of support such as grant/loan, countries and area, category, name of project, date, amount of money and channel.)

(1) Grant Aid in bilateral cooperation

• 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 a 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 provided financial support to improve shortwave radio network to broadcast emergency news related to natural disaster all over the country. In Honduras, Japan constructed land slide prevention facilities such as catchment wells, ditches, earth removal and earth fill and also introduced earth slide monitoring, warning and escaping systems in high risk areas.

In Morocco, where a large number of victims are caused by natural disaster once in several years, Japan has been making 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. In Bhutan, Japan provided financial support for reconstruction of the bridges which were damaged by cyclone and vulnerable bridges to be easily damaged by heavy rain in the future.

• Water and Sanitation (Adaptation)

Japan repaired the water supply facilities in the areas which have been suffering from drought caused by climate change. For example, in Ethiopia, Japan constructed and repaired the water supply facilities and provided equipments for reconstructing wells in 10 districts where water supply was extremely poor and underwater

development was technically and geologically difficult. In addition, in Sudan Japan improved water supply facilities and implemented plans to supply safe water stably with the residents. Moreover, in Togo, Japan supported the construction of 10 water supply facilities with engine pump as well as constructed 100 water supply facilities with human-powered pump and repaired 50 facilities.

• **Introduction of solar power plant (Mitigation)**

In 24 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.

• **Forest Conservation (Mitigation/REDD+)**

In order to contribute to encouraging REDD+ efforts and reducing GHG emissions in 21 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) 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 plants in Olkaria, and supported Olkaria to Kisumu power transmission construction project to enable renewable energy transmission from Olkaria to Kisumu. 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. In Cameroon, Japan has aimed at enhancement of electric power transmission capacity and dissemination of electricity supply to non-electrified areas by constructing electric power substations and electrical line as an electric distribution facilities.

• **Introduction of wind power plant (Mitigation)**

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

• **Introduction of highly efficient power-saving facilities (Mitigation)**

In Uzbekistan, Japan introduced highly energy-efficient combined cycle gas turbine to aim at stable electric supply, achieving both emission reduction and economic growth.

• **Climate Change Program Loan (Mitigation/Adaptation)**

Japan's loan aid is implemented by JICA and one of its characteristic programs is Climate Change Program Loan (CCPL). It helps to develop the multi-year national climate change policy of developing countries, which is called the "policy matrix", based on policy dialogues and supports the activities of private sector to implement those policies. In the process, Japan flexibly coordinates various ODA instruments such as loan aid or technical cooperation. Japan revises the policy matrix by doing monitoring and evaluation every year, and then considers the second and subsequent phase of program loan.

Japan has already signed CCPL agreements with Indonesia and Vietnam, and is now considering introducing it in other countries.

(3) Technical Assistance in bilateral cooperation

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

In the 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. In Mozambique, Japan is making efforts to enhance the adaptation capability to climate change, strengthening the basic capability for taking countermeasures against coastal erosion. In Fiji, Japan strengthened the disaster prevention capacity in the local communities to enhance system which enables the residents to escape appropriately in case of flood.

• **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.

• **NAMA(Mitigation)**

Japan supported the capacity building to formulate and implement NAMA in Serbia, Asian countries including Vietnam and African countries.

• **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 (Mitigation/REDD+)**

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

• **Policy Dialogue (Mitigation/Adaptation)**

Japan held policy dialogue with African countries in Tokyo in October, 2011, inviting negotiators and practitioners from 15 African countries. Japanese and African officials exchanged views on climate change negotiation and concrete cooperation and shared efforts and experience toward the achievement of low-carbon growth. Following the dialogue with African countries, Japan held policy dialogue with SIDS countries in Tokyo in July, 2012, inviting negotiators and practitioners from 21 countries from SIDS countries. Japan is also planning to hold policy dialogue on climate change with Asian developing countries in Tokyo in summer this year.

(4) Cooperation with international organization

• **Support for organizing Adaptation Fund Workshop in Africa, Asia and East Europe (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, Asia and East Europe.

• **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 made a contribution of US \$96 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)**

Japan also made a contribution of US\$ 967 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.

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

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

In April 2010, JBIC launched a new operation named 'GREEN' (Global action for Reconciling Economic growth and Environmental preservation) of which primary purpose is to support projects with favorable impact on the preservation of the global environment. Under the 'GREEN' operation, JBIC utilizes its untied facility (loans and guarantees) and equity participation while mobilizing private funds.

<Features>

In every project under the 'GREEN' operation, JBIC conducts its own accounting measures named 'J-MRV Guidelines' for reduction impact of GHG emission. It is based on the idea that such accounting makes borrowers strongly aware of their contribution to the preservation of the global environment through the relevant projects.

<Examples>

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.

8. The reference of Japan's Fast-Start Finance

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