AZEC – Practical Solutions for Decarbonization and Economic Growth –

June 2024

SUZUKI Ryuta
Director General
New Energy and Power Finance Department II
1. About JBIC

2. Activities in Vietnam, Indonesia, and the Philippines

3. Focus Area of JBIC under AZEC
1 About JBIC
## Organization Profile

<table>
<thead>
<tr>
<th>Name</th>
<th>Japan Bank for International Cooperation (JBIC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor</td>
<td>HAYASHI Nobumitsu</td>
</tr>
<tr>
<td>Capital</td>
<td>JPY 2,108 billion (US$ 14.5 billion)*</td>
</tr>
<tr>
<td>Outstanding Loans and Equity Investment</td>
<td>JPY 15,998 billion (US$ 110.2 billion)*</td>
</tr>
<tr>
<td>Outstanding Guarantee</td>
<td>JPY 1,537 billion (US$ 10.6 billion)*</td>
</tr>
<tr>
<td>Number of Employee</td>
<td>699</td>
</tr>
</tbody>
</table>

* Figures as of June 30, 2023 (US$ 1.00 = JPY 144.99)

- Wholly owned by the Japanese government.
- Provides policy-based finance with a mission of contributing to the sound development of Japan, the international economy and society as a whole.
- Supplements the financial transactions implemented by private-sector financial institutions.
(2) Missions

**Securing Natural Resources**
Promoting the overseas development and securement of resources which are important for Japan

**Supporting Japanese Industries**
Maintaining and improving the international competitiveness of Japanese industries

**Preserving the Global Environment**
Promoting overseas business having the purpose of preserving the global environment, such as preventing global warming

**Prevention of / Responding to Financial Crisis**
Preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruptions
## (3) Organization (Finance Groups)

### Energy and Natural Resources Finance Group
- Energy Solutions Finance Dept.
- Mining and Metals Finance Dept.
- Energy Transformation Strategy Office

### Infrastructure and Environment Finance Group
- New Energy and Power Finance Dept. I
- **New Energy and Power Finance Dept. II**
- Social Infrastructure Finance Dept.

### Industry Finance Group
- Corporate Finance Dept.
- Finance Office for SMEs
- Marine and Aviation Finance Dept.
- Osaka Branch

### Equity Finance Group
- Equity Investment Dept.

### Relationship management with host countries
- **Asia**
  - ASEAN, PRC, Mongolia, Bangladesh, etc.
- **Non-Asia**
  - Türkiye, North Africa (Morrocco, Egypt, etc.), Central America (Mexico, Panama, etc.)

- Responsible for sovereign risk projects regardless the sector.

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A cross-organizational task group to materialize tangible projects under AZEC initiative.

Director General of New Energy and Power Finance Dept II is responsible to manage activities of the Task Group.
Activities in Vietnam, Indonesia, and the Philippines
AZEC Leaders’ Joint Statement on 18 December 2023

➢ Promote **decarbonization** towards carbon neutrality/net-zero emissions, while also achieving **economic growth, energy security and resilience**, especially through innovation.

➢ Share an understanding that there are **various and practical pathways** towards carbon neutrality/net-zero emissions **depending on the national circumstance and different starting point of each country**.

Japanese contribution

➢ Note the importance of **natural gas and LNG as transition fuels** in line with climate goals of Paris Agreement.

➢ Waste to energy and nuclear energy can be solutions for decarbonization in the region.

➢ Enhance **energy efficiency as “the first fuel”** through Japanese technologies.

➢ Various solutions such as (i) FS support (METI/NEDO), (ii) Yen Loan (JICA), (iii) insurance (NEXI), (iv) loans, guarantees and equity investment (JBIC) are available.
Some coal-fired power plants have just started their operations. **Too early to apply ETM?**

**Large-scale gas-fired power generation** and **import of renewable energy** is required for economic growth.

**Grid capacity is insufficient.** Urgent need to expand the main line connecting the north and south. Interconnection from Lao PDR is expected to be constructed.

Relevant laws and regulations need to be revised to develop bankable large-scale power plants.

Introduction of **Direct PPA** is expected to fully utilize **rooftop solar power generation**.

A large amount of electricity is required for the new capital.

Application of ETM to the existing coal-fired power plant is in the final stage.

Ongoing plans for (i) **expansion of geothermal power plant** and (ii) **construction of WtE plant**.

**Inter-island and international connection need to be developed** to strengthen grid resilience.

Power sector has been privatized for more than 20 years. **Private companies play key roles.**

**Grid modernization is required.** Inter-island connection is insufficient.

**Conversion from coal to gas** is expected to reduce GHG.

Additional power supply is required to implement **Luzon Economic Corridor** project.
(3) Working Team and PAP in Vietnam

1. AZEC/GX Promotion Working Team (WT)
A framework for discussion between the Japanese public and private sectors, and the Vietnamese government regarding the regulations and systems to promote green growth and energy transition.

<table>
<thead>
<tr>
<th>Co-Leader</th>
<th>Ministry of Industry and Trade (MOIT) / Electricity &amp; Renewable Energy Authority (EREA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embassy of Japan and JBIC Hanoi Office</td>
<td>MOIT, Ministry of Planning and Investment, Ministry of Natural Resources and Environment, Other ministries and SOEs in energy sector</td>
</tr>
</tbody>
</table>

Participants
32 companies from various sectors such as trading firms, heavy industries, electricity & gas utilities, industrial parks, financial services, construction, engineering, consulting services.

- **Sub WT1 “Transition Energy / GX for Power Plants”**
  - Leader: Marubeni Corporation
  - Design and revise relevant regulations to develop bankable projects.
  - Clarify the concept of transition and policies for fuel conversion.

- **Sub WT2 “Power Generation through Renewable Energy”**
  - Leader: Sumitomo Corporation
  - Promote rooftop solar and off-shore wind power projects
  - Implement biomass fuel and WtE projects

- **Sub WT3 “Grid and Electricity Power Market”**
  - Leader: Tokyo Electric Power Company
  - Introduce DPPA for renewable energy.
  - Enrich wholesale and retail electricity market
  - Expand and strengthen grid capacity

2. AZEC/GX Project Accelerating Platform (PAP)
A platform among Vietnamese ministries, SOEs, Japanese companies and public organizations to materialize individual projects which are categorized in the following 3 pillars.

1. Develop sustainable large-scale power generation
2. Strengthen grid resilience and promote energy efficiency
3. Expand renewable energy
(4) Joint Task Force in Indonesia

<table>
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<tr>
<th>Objective of JTF</th>
<th>Encourage private sector investments to <strong>accelerate energy transition</strong> (EX) in Indonesia without sacrificing <strong>stable economic growth</strong>.</th>
</tr>
</thead>
</table>
| Activities of the Expert Group | ➢ Accurately understand the **needs of Indonesian side** for promoting EX.  
➢ Share business opportunities with Japanese companies to encourage their investments.  
➢ Identify challenges and obstacles for **potential and existing projects**.  
➢ Jointly figure out **appropriate solutions such as METI/NEDO’s support for FS, JBIC finance, JICA ODA** and other ministries’ support, for the identified challenges and obstacles.  
➢ **Invite relevant ministries, government entities, and private companies** to reach consensus on the proposed solutions.  
➢ Report progress to the Steering Committee. |

**Steering Committee**

- Ambassador to Indonesia, and Special Advisor to the Cabinet
- Coordinating Minister for Economic Affairs

**Expert Group**

- METI, JBIC
- Coordinating Ministry for Economic Affairs

**Inviting relevant companies depending on projects**

- Other Ministries, Sumitomo Corporation, Marubeni, Hitachi Energy, Sumitomo Forestry, etc.
- Other Ministries, PLN, SMI, INA, Pertamina, etc.
### (5) PDP and HCD in the Philippines

- Power sector of the Philippines has been privatized for more than 20 years. To promote projects for decarbonization in the Philippines, JBIC launched **AZEC Japan-Philippines Project Development Platform (PDP)** by concluding MOUs with 3 major conglomerates.

- Japan and the Philippines agreed to inaugurate **AZEC Japan-Philippines High-Level Coordination Dialogue (HCD)** to hold discussions on challenges that projects for decarbonization may face and solutions thereto.

#### AZEC Japan-Philippines High-Level Coordination Dialogue (HCD)

<table>
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<tr>
<th>Special Advisor to the Cabinet</th>
<th>Secretary of Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>METI, JBIC</td>
<td>DOE and other relevant ministries</td>
</tr>
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- Sharing information on challenges and obstacles for project development
- Providing solutions to overcome challenges and obstacles

#### AZEC Japan-Philippines Project Development Platform (PDP)

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<tr>
<th>JBIC</th>
<th>Aboitiz</th>
<th>MPIC</th>
<th>San Miguel</th>
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- Support through loans and equity investments
- Collaboration

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3 Focus Area of JBIC under AZEC
(1) Financing Instruments

- Export Loans
  Provide funds to support exports of machinery and equipment by Japanese companies and overseas transfer of their technologies.

- Import Loans

- Overseas Investment Loans
  Provide funds to support overseas operations implemented by Japanese companies such as manufacturing and sales or infrastructure projects as well as to support M&A deals with foreign companies, the acquisition of natural resource interests and natural resource development projects.

- Untied Loans

- Equity Participations

- Guarantees

- Others
  Includes GREEN facility to support renewable energy and energy efficiency projects / program.
### Eligibility Criteria for JBIC Support

#### Potential Projects

- **Equipment supplier**
  - = Japanese companies

- **Project sponsor**
  - = Japanese companies

- **Contribution to the global environment preservation**

#### Applicable JBIC Facility

<table>
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<tr>
<th>Procurement G/L</th>
<th>Export Loans</th>
<th>Overseas Investment Loans</th>
<th>GREEN Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tied to Japanese suppliers</td>
<td>Untied</td>
<td>Japanese affiliates, SPC with Japanese sponsors, banks, etc.</td>
<td>Government, public entity, banks, etc.</td>
</tr>
<tr>
<td>No restriction</td>
<td>Untied</td>
<td>Untied</td>
<td></td>
</tr>
<tr>
<td>85% of foreign cost + part of local cost</td>
<td>Whole project cost</td>
<td>Whole project cost</td>
<td></td>
</tr>
<tr>
<td>Long-term finance support for buyers of Japanese equipment.</td>
<td>Establishment and/or expansion of Japanese companies’ production facilities in Türkiye.</td>
<td>Long-term finance support for capital expenditure of energy efficiency projects / programs.</td>
<td></td>
</tr>
</tbody>
</table>
Export of Geothermal Turbine (Apr. 2014)

Outline
- Funding support for Zorlu Enerji, a Turkish company which builds and operates geothermal plants, for its import of geothermal turbine from Toshiba.

Project Highlight
- Collaboration with a Turkish commercial bank to accommodate FIT system in Türkiye.
(4) Overseas Investment Loans

UK & Germany / Project financing for interconnector project (Jul. 2022)

Outline

- Construction and operation of high voltage direct current (HVDC) transmission system between UK and Germany with a cable of total length of approx 720 km.
- JBIC’s first project financing for an interconnector project. The total co-financing amount is approx. GBP 1,069 million and EUR 910 million (of which JBIC’s contribution is approx. GBP 270 million and EUR 156 million).
- Co-finance with European Investment Bank (EIB).

Project Highlight

- Contribution to the promotion of renewable energy and decarbonization through enabling power sharing between the UK and Germany.
- Support for Japanese sponsor’s policy of promoting energy business for achieving zero carbon society.
GREEN (Global action for Reconciling Economic growth and Environment) facility for Further contribution to renewable energy/energy efficiency project/program

Supporting projects which contribute to the preservation of the global environment by widely introducing Japanese companies’ expertise and/or technologies.

e.g. smart meters, grid management system, air conditioning systems, heat pump, cogeneration, heat recovery generation, waste to energy, factory automation, etc.
(6) Contribution through GREEN Facility

India / Credit Line for Power Finance Corporation Limited (Mar. 2023)

Outline
- A credit line through Power Finance Corporation Limited (PFC), a government financial institution in India, to support Waste-to-Energy projects.

Project Highlight
- Support for the government policy to improve hygiene problems in India.

Saudi Arabia / Loan to Saudi Arabia – Egypt Electricity Interconnection Project (Feb. 2023)

Outline
- Construction of a 3,000 MW high voltage direct current (HVDC) system with 1,350 km overhead power lines and 22 km of submarine cables to connect Saudi Arabia and Egypt.

Project Highlight
- Support for effective use of electricity and stabilization of grids by sharing surplus power, thereby contributing toward the growth of renewable energy in Saudi Arabia.
Türkiye / GREEN Untied Loans to Turkish Development Banks to support Renewable Energy and Energy Efficiency Projects (Dec. 2023)

Improvement of grid efficiency through installation of HITACHI’s circuit breaker

- Supported transmission lines and related facilities to be connected to a solar park.
- Reduce transmission loss through application of higher voltage and integrated control system.

Energy Efficiency in confectionery factory through installation of DAIKIN’s highly efficient AC system

- Supported Turkish confectionery manufacturer’s energy efficiency project for its existing factory.
- The project consists of rehabilitation of production and packaging facilities, installation of rooftop solar panels and DAIKIN’s highly efficient AC system.
Key Takeaways

What JBIC can do for your decarbonization are ….

1. **Introduce Japanese solutions** through its wide network with Japanese companies.

2. **Extend financial support** to implement decarbonization activities.

3. **Improve business environment** through policy dialogue with host country governments.
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