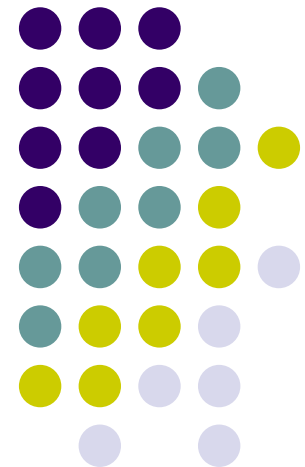


Role of ODA Loans for enabling LCS

The 3rd Workshop of Japan-UK Joint Research Project
“Roadmap to Low-Carbon World”

13th-15th February, 2008
Tokyo.

Tomonori SUDO
Advisor, Coordination Division,
Development Assistance Strategy Department
Japan Bank for International Cooperation (JBIC)



What is ODA Loans ?



ODA Loans

- Government to Government (G-G) loans
- Focus on development objective
- Support public projects and public-private partnership projects
- Low commercially viable projects
- Create enabling environment for private investors to invest in Developing countries.

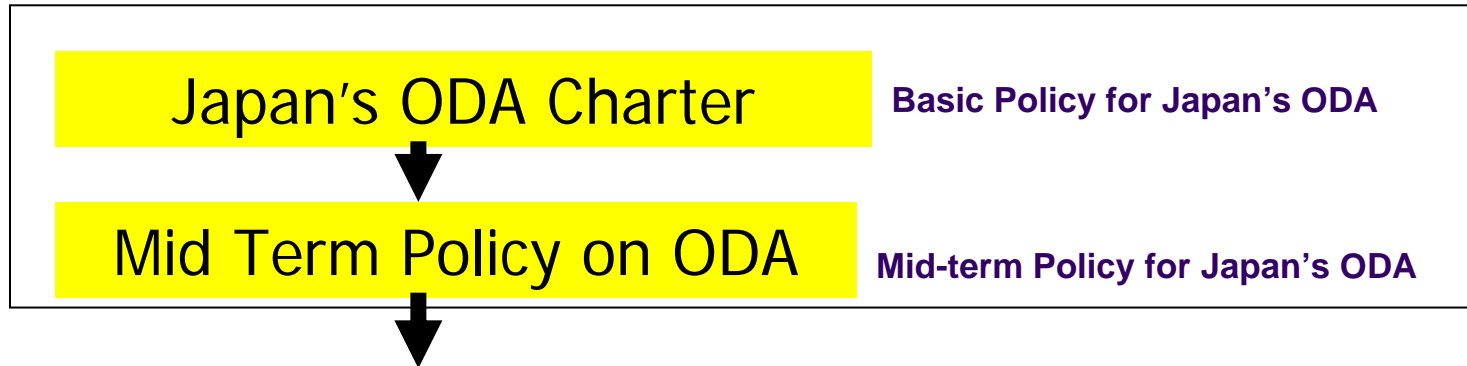


Japanese ODA Loan offers very concessional terms and conditions for environmentally sound projects (Interest rate: 0.55%-0.65% p.a., Repayment period : 40 years with 10 years grace period)

Japan's ODA Policies and JBIC OECO's Strategy



Government of Japan



JBIC's Basic Strategy for ODA Loan Operation

The Medium-Term Strategy for Overseas Economic Cooperation Operation

Basic Approach

- (1) Focus on Development Results
- (2) Medium to Long Term Perspectives
- (3) Efforts for Transparency of Japanese ODA Loans

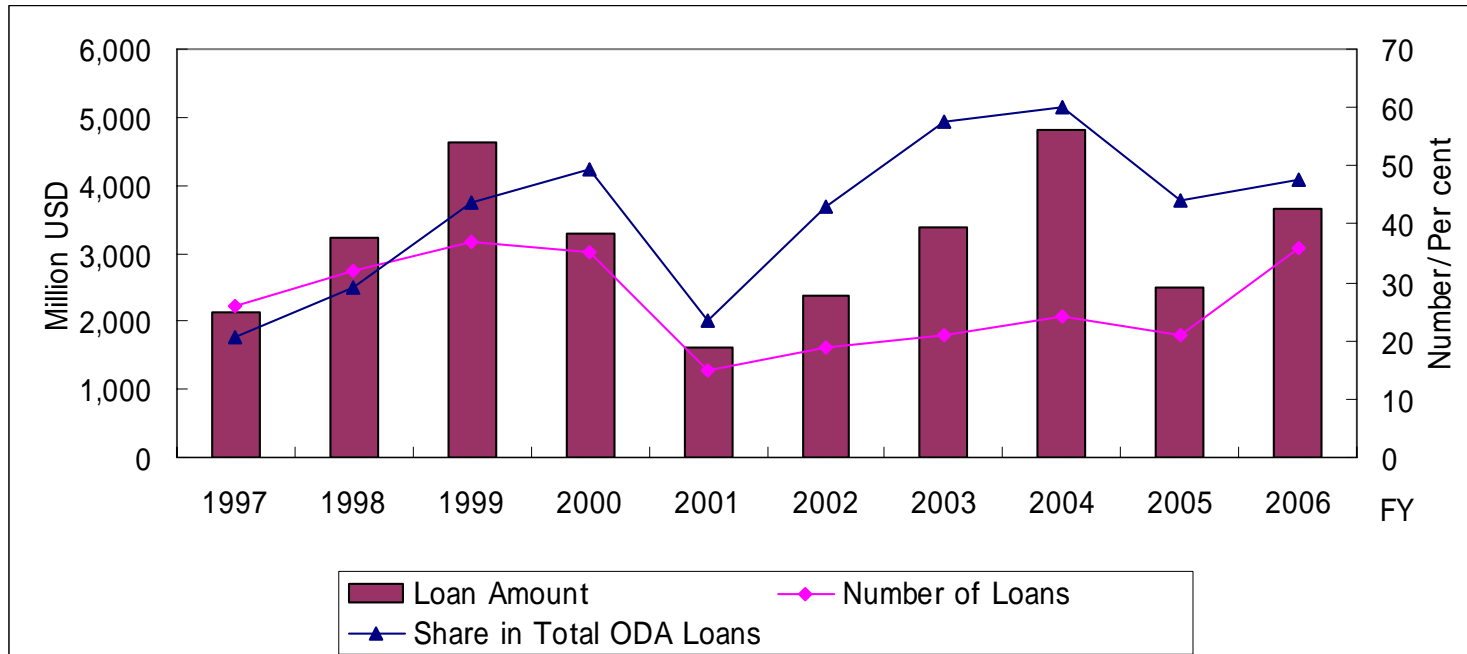
Priority Areas

- (1) Poverty Reduction
- (2) A Foundation for Sustained Growth
- (3) Global Issues and Peace Building
- (4) Human Resources Development

ODA Loans as policy incentive tool



- Trend of Environmental ODA Loans



- Introduced “Special terms and condition for environmental projects/programmes (0.75% of interest rate and 40 years repayment period)” as a part of Kyoto Initiative in 1997.
 - ➔ Since then, number of environmental projects has been increased
 - Effectively work as “policy incentive tool”
 - Stocktaking of “know-how” to address to climate change

What type of existing / future financing schemes could be applicable LCS?



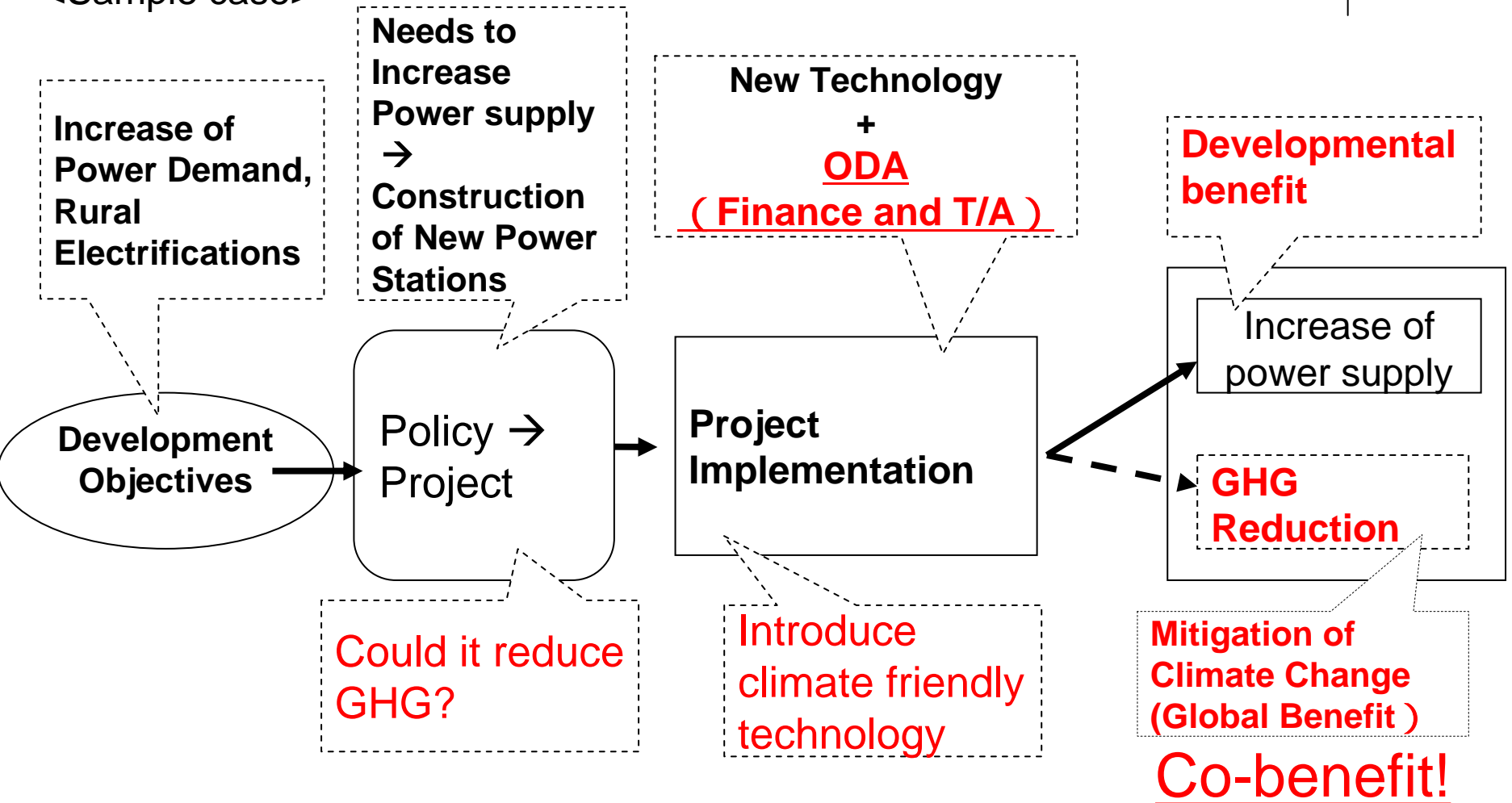
- ODA Loans
 - Project Loans → **Support LCS**
 - Development policy Loans (DPLs) → **Support SD-PAM**
 - Two Step Loans
 - Engineering Service Loan

=Co-finance with WB, ADB, GEF and/or other donors are welcome.
- Technical Assistance
 - Special Assistance facility (SAF)

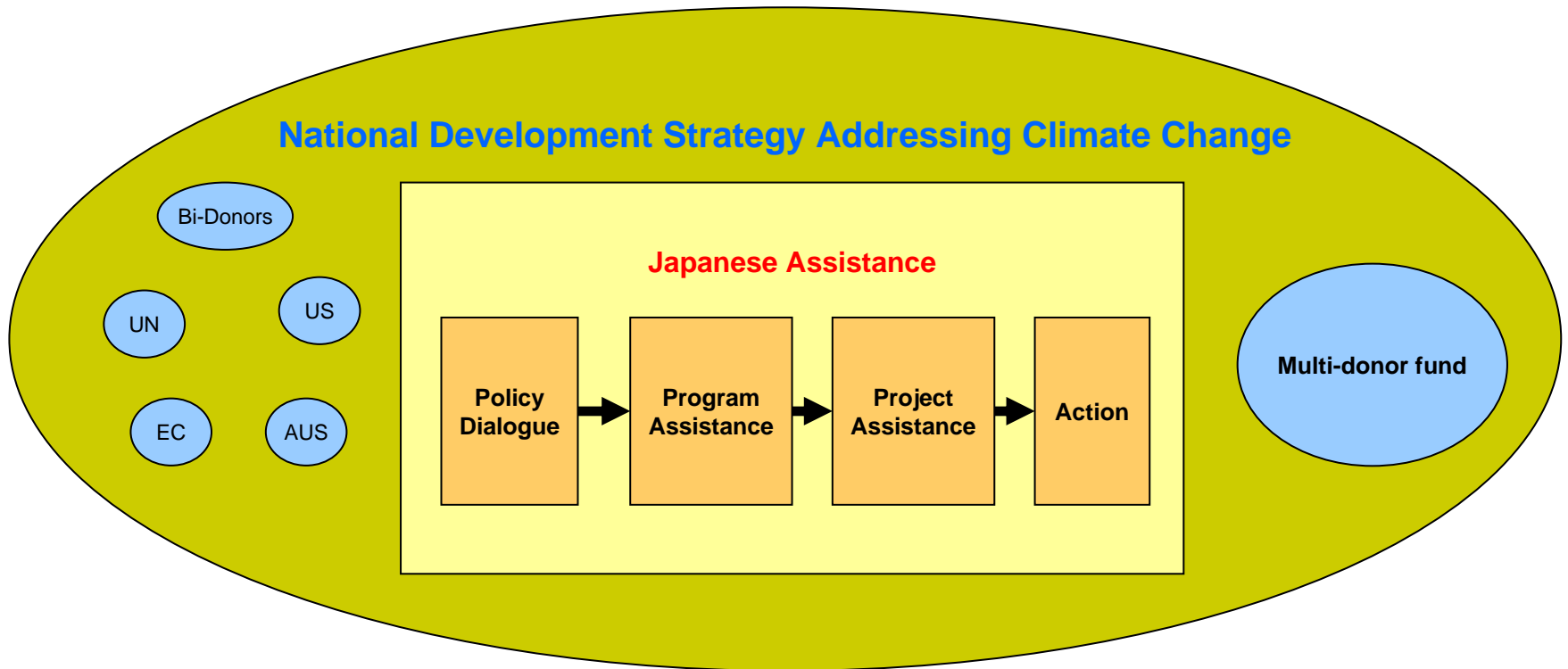
We support to generate “co-benefit”.



<Sample case>



Climate Change Program Loan supporting SD-PAM (Concept Image)



Program-typed Assistance for 2007-09



Policy Dialogue/ General Budget Support

Pillar 1: Mitigation

1.1: LULUCF (Land Use, Land Use Change and Forestry)

- Forestry
- Implementation of incentive mechanism
- Supporting policies

1.2: Marine

- To increase carbon absorption

1.3: Energy

- Power plant
- Transportation
- Industry
- Domestic (household) and commercial
- Others

Pillar 2: Adaptation

2.1: Water Resource

2.2: Agriculture

2.3: Marine, Coastal and Fisheries

2.4: Infrastructure

2.5: Health

2.6: Forestry and Biodiversity

Pillar 3: Cross-cutting Issues

3.1: Understanding the Impact of Climate Change

3.2: Mainstreaming Climate Change in the National Development Program

3.3: CDM

3.4: Co-Benefits

Project Assistance to executing agencies (line ministries)

Project

TA

Project

TA

Project

TA

Project

TA

mutually complementary relationship

Multi-donor fund and other donors' projects

Mechanism of Program Loan

CY2008

- Assessment of CY2007 progress
- Loan disbursement (Year 1)
- Monitoring

CY2009

- Assessment of CY2008 progress
- Loan disbursement (Year 2)
- Monitoring

CY2010

- Assessment of CY2009 progress
- Loan disbursement (Year 3)
- Monitoring

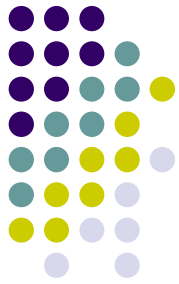
Key Points of “Roadmap to Low-Carbon World”



- Enabling environment to realise LCS
 - Ownership with strong political will to achieve LCS
 - Result-oriented development policies & actions
 - Access to adequate, predictable and sustainable financial resources with Incentive

Investment & development environment is different among countries due to their potential

- Political stability
- Resource endowment



Thank you !

Please do not hesitate to contact us!

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