



**JAPAN BANK FOR
INTERNATIONAL COOPERATION**

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日本の力を、世界のために。
Supporting Your Global Challenges

Japan Bank for International Cooperation

JBIC's Activities for Environmental Sustainability

Supporting Environment Conservation and Improvement Projects



Environment

Amid the recognition that achieving harmony between global environment conservation and economic development is a global common challenge whether in developed or developing countries, the world has increasing expectations for the implementation of projects conducive to environmental conservation and improvement.

In the environment sector, a variety of efforts have been underway across the world. They include energy saving projects that improve energy efficiency; renewable energy projects that range from photovoltaic to wind power generation; high efficiency and performance coal thermal power generation and natural gas-fired combined cycle projects that can reduce CO₂ emissions; urban transit railway projects that help reduce traffic congestion and air pollution; smart grid projects that efficiently supply electricity by using IT; and eco-city projects that aim to materialize environmentally sustainable cities.

Here are some examples of support JBIC has provided in the environment sector.

Example 1

Supporting GHG Emission Reduction Projects in Brazil

In October 2012, JBIC provided long-term loans to finance two projects undertaken by Petróleo Brasileiro S.A. (PETROBRAS), a Brazilian state-owned oil company in Rio de Janeiro, Brazil, that helps reduce greenhouse gas (GHG) emissions, under GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) operations. One loan is for a co-generation project at Comperj oil refinery, and the other is for a flaring gas reduction project* at multiple offshore oil concessions in the Campos Basin. This is both the largest loan, as well as the first loan targeting specific projects under GREEN operations. According to JBIC estimations, GHG emission reductions are expected to reach 0.3 million tons of CO₂ per year from the co-generation project, and 2.41 million tons of CO₂ per year from the flaring gas reduction project.

* This project aims to reduce GHG emissions by diverting flaring gas, which was previously burned, to increase the supply for its domestic supply in Brazil by stabilizing and expanding the capacity of gas compressors.



Example 2

Supporting Participation of Japanese Companies in Renewable Energy Power Generation Projects by Providing Local Currency Loan

In December 2012, JBIC provided a loan in project financing for a Canadian renewable energy power generation project that a Japanese company had contributed equity investment to. Japanese companies have found increasing opportunities to participate in such projects as progress is being made in the harnessing of renewable energy primarily in developed countries. This project aims to build and operate three wind power stations and two solar power stations in Ontario and British Columbia, Canada, with the electricity generated being sold for 20 years. JBIC helped minimize the currency risk of the project owners by financing in Canadian dollars, as this project requires a long-term period for recouping investment with revenues received in the local currency. This exemplifies JBIC's efforts towards supporting renewable energy projects by Japanese companies on a long-term basis.



Example 3

Supporting Renewable Energy Project in Colombia

In March 2013, JBIC extended a credit line under GREEN operations to Banco de Bogotá S.A. (Banco de Bogota) incorporated in Colombia. The credit line is intended to provide funding through Banco de Bogota for environment-related projects harnessing renewable energy, such as small scale run-of-river hydropower and biomass power generation projects. The Government of Colombia is actively implementing the GHG emission reduction plan, as reflected by the fact that they have set a quantitative emission reduction target. This credit line is expected to help promote adoption of renewable energy and of GHG emission reduction in Colombia. At the same time, there are expectations that this will help facilitate the propagation of internationally acclaimed advanced Japanese environmental technologies in Colombia.



Example
4

Supporting Renewable Energy and Waste-to-Energy Project in Malaysia

In March 2013, JBIC established a credit line for RHB Bank Berhad (RHB), one of the leading commercial banks in Malaysia. The credit line is extended under GREEN operations to provide necessary funding for bio-mass power generation and other renewable energy projects, and waste-to-energy projects in Malaysia. Environment-related business opportunities are increasing in Malaysia with the introduction of subsidies for renewable energy programs, such as the feed-in tariff system. This credit line is expected to contribute not just to a reduction in GHG emissions, but also to provide opportunities for Japanese companies to utilize its advanced environmental technologies in Malaysia.



Example
5

Loan to DBSA under GREEN Operations

In June 2013, JBIC signed an untied loan agreement with the Development Bank of Southern Africa Limited (DBSA) under the JBIC Facility for African Investment and Trade Enhancement (FAITH). The loan is intended to primarily finance environment-related projects such as wind power, solar photovoltaic power generation, and other projects harnessing renewable energy resources in South Africa through DBSA, as well as other countries where the bank conducts operations. The loan is expected to help reduce GHG emissions in Southern African countries. At the same time, there are expectations that the loan will help facilitate the propagation of internationally acclaimed advanced Japanese environmental technologies in these countries.

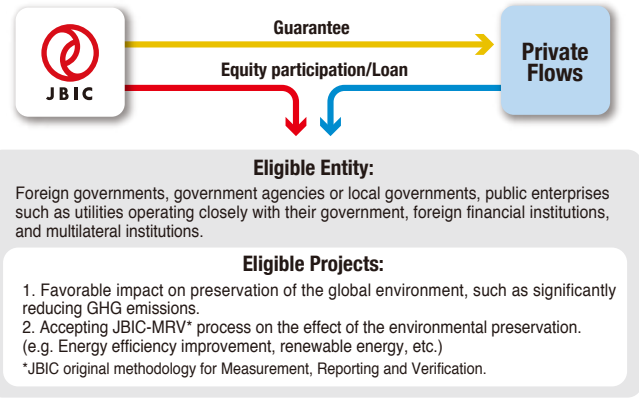


Environment

GREEN Operations

JBIC launched GREEN (Global action for Reconciling Economic growth and ENvironmental preservation) operations in April 2010. Previously, JBIC's financing operations had centered mainly on projects directly aiming to maintain and improve international competitiveness of Japanese industries, such as projects involving Japanese companies' investment and machinery/equipment exports. Accordingly, projects dedicated solely to preservation of the global environment were so far not eligible for JBIC support. Launching GREEN operations enabled JBIC to finance projects seeking to preserve the global environment, such as those that materially reduce GHG emissions, while propagating advanced Japanese environmental technologies across the world.

Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming



Communication

While looking towards the realization of environmental conservation and a low carbon society, environment-related projects are expected to increase in many parts of the world. JBIC supports the activities of foreign governments and Japanese companies' overseas business deployment in this sector, through the provision of information and the sharing of knowledge through not only financing, but holding seminars and participating in events, while also collaborating with foreign and domestic stakeholders such as foreign governments, government agencies, and domestic local governments.

Example 1

Participation in East Asia Low Carbon Growth Partnership Dialogue

In April 2012, JBIC participated in "East Asia Low Carbon Growth Partnership Dialogue," held in Tokyo, along with the World Bank and Asian Development Bank (ADB).

The aim of the Dialogue was to hold discussions on a cooperative framework toward low-carbon growth in East Asia, with a view to realizing harmony between global environmental conservation and economic growth through the propagation of low carbon technologies in each country in the region. Ministers and cabinet members in charge of environment or energy related areas from 18 member countries of the East Asia Summit (EAS) attended the Dialogue. In the meeting, they agreed to work together to realize low carbon growth and a society resistant to climate change by forming a network for collaboration between government officials, research institutions, and private sector companies.



Example 2

MOUs with BNCR and BCR in Costa Rica

In May 2013, JBIC signed two separate memorandums of understanding (MOUs) with Banco Nacional de Costa Rica (BNCR) and Banco de Costa Rica (BCR), which are state-owned banks, respectively, for the purpose of information exchange on possible future collaboration in financing. These MOUs aimed to explore future cooperation between JBIC, BNCR, and BCR for supporting the exports of renewable energy-related equipment utilizing the advanced environmental technologies of Japanese companies to Costa Rica including wind power and geothermal power generation. The MOUs will also help promote the exchange of information on the candidate projects regarding renewable energy that may be eligible for future financing cooperation.



Guideline



In conducting operations, all projects subject to JBIC financing that affect the natural environment and the local communities are to be confirmed based on the environmental and social considerations of the "JBIC Guidelines for Confirmation of Environmental and Social Considerations" (Environmental Guidelines).

The Environmental Guidelines set out the procedures, criteria, and requirements that JBIC-financed projects must meet, so JBIC can confirm their environmental and social considerations. If the environmental and social considerations taken by the project proponents are deemed to be inappropriate, JBIC will encourage remedial measures, and may even suspend financing or demand mandatory repayment in cases where sufficient remedial measures have not been taken.

Screening

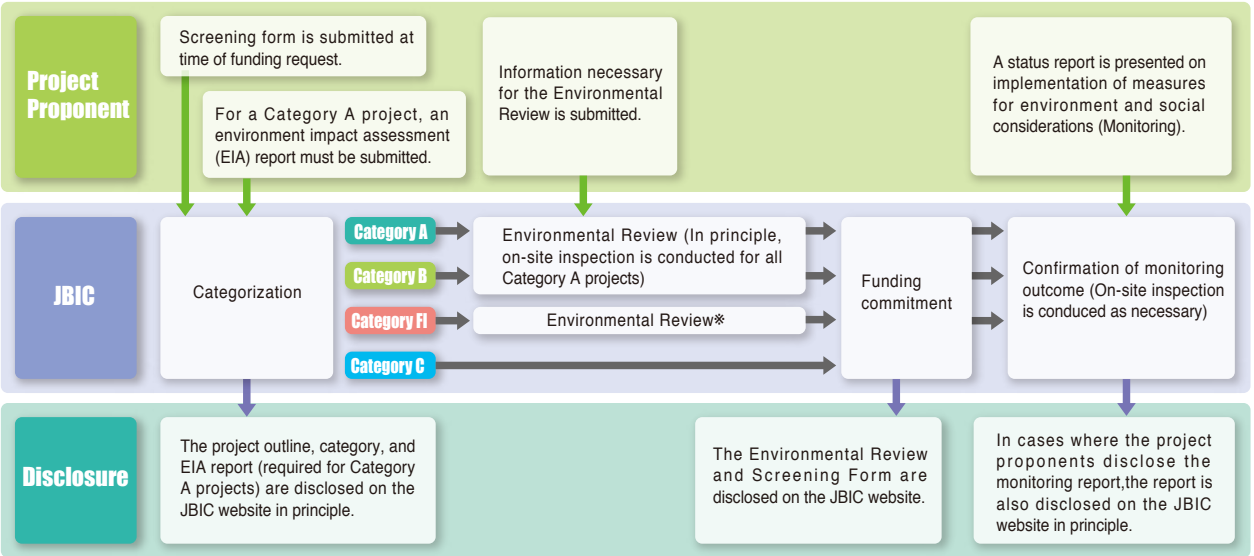
In the screening process, prospective projects are classified into the following four categories in accordance with the degree of potential environmental impact, and based on the information provided by the borrowers or project proponents (henceforth collectively the “project proponent”). The results are published in the JBIC website.

- Category A:** A project with the potential for significant adverse impact on the environment
- Category B:** A project with the potential of less adverse impact on the environment than a Category A project
- Category C:** A project with minimal or no adverse impact on the environment
- Category FI:** A project in which JBIC provides funding to a financial intermediary, etc. which makes selection and assessment of specific sub-projects only after funding is approved by JBIC; therefore such sub-projects cannot be determined prior to JBIC approval of funding; and in case where such sub-projects are anticipated to have impact on the environment.

Flow of Procedure for Confirmation of Environmental and Social Considerations

Prospective projects are screened prior to funding and classified into categories in accordance with the degree of potential environmental impact. Environmental Review is then conducted to verify that environmental and social impact has received proper consideration. After funding has been approved, projects are monitored to assess the actual impact.

● Procedure for Confirmation of Environmental and Social Considerations



* For Category FI projects, JBIC confirms through the financial intermediary that proper environmental and social considerations indicated in the Environmental Guidelines have been followed for the project.

Environmental Review

JBIC conducts an environmental review prior to the funding decision. In the environmental review, depending on the project's classification, JBIC confirms such factors as the current state of the project site, the environmental impact of the project's execution, and measures to reduce environmental impact.

For Category A projects, JBIC examines the written EIA report provided by the project proponent and, thereafter typically makes an inspection visit to the project site where JBIC holds meetings with such parties as the local environmental authorities on environmental management, the environmental consultant who produced the EIA report, the project proponent, and local residents.

Through these meetings, JBIC confirms whether the project proponent has undertaken appropriate environmental and social considerations. JBIC encourages the project proponent to carry out appropriate remedial measures in cases where JBIC judges that appropriate environmental and social considerations are not being undertaken. In cases where appropriate environmental and social considerations are not undertaken, JBIC may not extend loans or other financing.

*The scope of an environmental review for a Category B project is narrower than that for a Category A project, and it is not mandatory to refer to an EIA report. An environmental review is not carried out for Category C projects. For Category FI projects, JBIC makes sure via the financial intermediary that appropriate environmental and social considerations as set forth in the Environmental Guidelines are ensured.

Confirmation of Monitoring Results (Excluding Category C projects)

After the financing decision is made, JBIC confirms through the borrower that the monitoring conducted by the project proponent is based on the following key points.

- Have the measures for environmental and social considerations been carried out as planned?
- Have any situations emerged during the project's execution that had not been envisaged prior to starting the actual work of the project?

JBIC may also conduct on-site inspections if necessary. In cases where external parties raise concerns about inadequate environmental and social considerations, JBIC will communicate such criticisms to the project proponent and call on the project proponent to undertake remedial measures to ensure appropriate environmental and social considerations where necessary. In cases where the project proponent fails to take appropriate measures, loan disbursement may be suspended pursuant to the loan agreement.



Objection Procedures

In October 2003, JBIC introduced procedures to submit objections for the purpose of ensuring the compliance of the Environmental Guidelines by internally creating the position of the Examiner in Charge of Environmental Guidelines (hereafter the “Examiner”), who receives requests to raise objections with respect to JBIC-funded projects from the residents in developing countries.

In cases where such a request is submitted, the Examiner will conduct an investigation into the matter from an independent and neutral position, and report its findings to the Executive Committee of JBIC, while trying to resolve the problem by encouraging dialogue between the parties concerned.

Japan Bank for International Cooperation

As a policy-based financial institution, JBIC has the objective of contributing to the sound development of Japan and the international economy and society, while having the objective of supplementing the financial transactions implemented by private-sector financial institutions.

The Mission of JBIC

JBIC's mission is to contribute to the sound development of Japan and international economy and society by conducting financial operation in the following four fields:

- Promoting the overseas development and securement of resources which are important for Japan
- Maintaining and improving the international competitiveness of Japanese industries
- Promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming
- Preventing disruptions to international financial order or taking appropriate measures with respect to damages caused by such disruption

JBIC Corporate Philosophy

Positioned at the crossroads of global business opportunities, JBIC is opening new venues to the future for the Japanese and global economy.

Hands - on Policy

Pioneering new value by participating at the forefront of overseas project development, and by engaging proactively in projects from the early stages

Customer - 1st Approach

Offering customers one-of-a-kind solutions by adopting their perspectives and integrating their views into policy development

Forward - looking Action

Contributing to the sustainable development of Japan and the world as a whole by deploying highly professional skills, with a view to realizing a secure and affluent future society

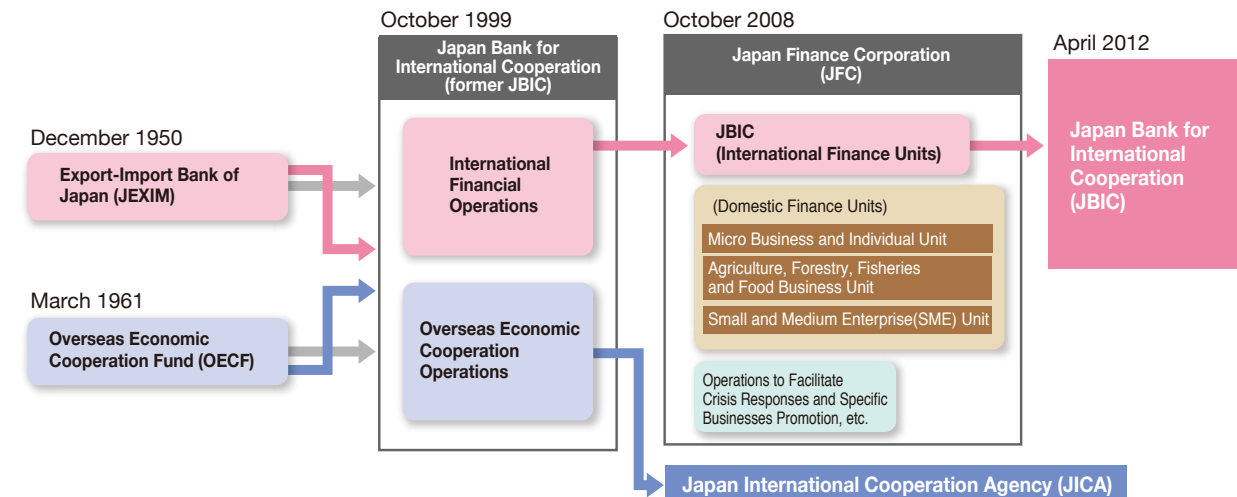
● Corporate Slogan

日本の力を、世界のために。

Supporting Your Global Challenges

History

Japan Bank for International Cooperation (JBIC) was established on April 1, 2012 in accordance with the Japan Bank for International Cooperation Act (JBIC Act), which promulgated and came into effect on May 2, 2011.



■ Profile

Name — Japan Bank for International Cooperation (JBIC)

Office — 4-1, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8144, Japan

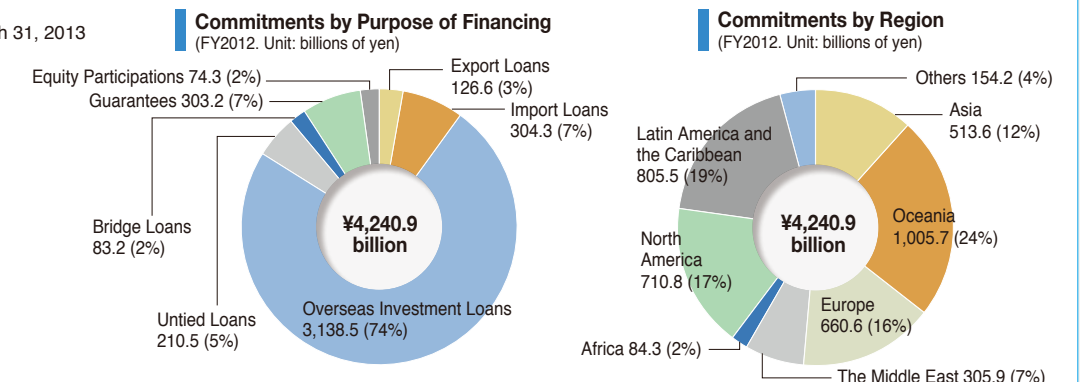
Capital — ¥ 1,360.0 billion*

Outstandings (Loans and Equity Participations) — ¥ 10,685.3 billion**

Outstanding (Guarantees) — ¥ 2,400.6 billion**

* As of March 28, 2013

** As of the end of March 31, 2013



Website <http://www.jbic.go.jp/en>