

**“Asia-Pacific Regional Approach to
Climate Friendly and Climate Change-resilient Society”
at Jakarta, Indonesia, 5-8 September 2006**



Adaptation and Public Finance

**Takashi Hongo
Director General and Special Advisor
for Kyoto Mechanisms
Japan Bank for International Cooperation**

About JBIC

Japan Bank for International Cooperation



1. An Official Financial Institution with Special Mandate owned by the Japanese government
2. Major Financing Tools
 - Export Finance
 - Overseas Investment Loans
 - Untied Loans
 - ODA Loans
3. Outstanding Lending as of the End of March 2006
USD201,181 million equivalent
(cf. World Bank: USD223,177 million)
4. International Network
4 Resident Executive Directors and 27 Representative offices

JBIC's role at Carbon Market



1. Financing
2. Arranging carbon credits for Japanese buyers (such as JCF and Japanese government)
3. Initiation of new structure
 - e.g.. Green Investment Scheme
 - Demand Side Management CDM
 - Contribution for Asian Pacific Partnership for Climate Change and Clean Development and Gleneagles Initiative for Clean Energy
4. Organizing and supporting business seminar
 - 1) CO2 Seminar (CO2 Caravan)
 - London, Paris, Brussels, Frankfurt, Vienna, Hong Kong, Sao Paulo, Manaus, Jakarta
 - Tokyo, Osaka, Nagoya, Sapporo, Kitakyushu
 - 2) Co-works with Japan Institute for Overseas Investment (JOI) and JETRO

Carbon Expo Asia



First big carbon emission business messe in Asia. ---- 26- 27 October 2006 in Beijing

JBIC participate it as a partner under the cooperation with World Bank, Asian Development Bank. Around 800 people from 30 countries are expected.

Presentation about the policy and market climate.

Exhibition and side events by governments, public institutions, sellers, investors, etc.

Networking meetings

Why is Adaptation Important?



Magnitude and frequency of disasters caused by unusual weather

⇒ “bigger and more frequent than before”

This understanding may be shared but there is no consensus about its seriousness.

So an awareness of what has happened is needed.

<Example>

Campaign by former Vice President Al Gore

He said we should be aware of the risks from disasters and take action.



<Source: UPI Movies>

What is Adaptation?

- Mitigation and Adaptation -



Mitigation: Reduce GHG emissions by improving energy efficiency and increasing the use of renewable energy

Adaptation:

Step 1: Awareness of the risks from climate change

Step 2: Prevention of economic damage by improving infrastructure

Step 3: Recovery from the economic losses caused by disasters

Disasters Caused by Unusual Weather

- What has happened in the world? -



- Hurricane / Typhoon: Hurricanes in the Gulf of Mexico (Katrina and Lita in 2005)
Typhoons in Japan and East Asia
- Heavy rain / Flood: Central Europe in 2003 and East Europe in 2005
- Draught: Drop in agricultural production and hydropower generation in Kenya in 2006
→ More than 3.5 million people are starving
- Heat wave: Europe in 2003
- Melting frozen soil: Destruction of infrastructure, such as buildings and oil pipelines in Alaska

Lessons from the Disaster (1)



Case Study 1: Hurricane “Wilma” in Mexico in Oct. 2005

- Early warning system
 - ✓ For the quick evacuation of local citizens and tourists
 - Minimize the damage to life and the economy
- Measures for quick recovery
 - ✓ Prepared emergency plan
 - ✓ Job creation program
 - ✓ Set of Natural Disaster Fund
 - ✓ Concessional emergency loan by Mexican public banks
 - ✓ Rescheduling of housing loans by commercial banks (association of banks)
 - ✓ Financial support from international financial institutions (emergency loans by the World Bank and IDB)
 - ✓ Quick payment of insurance claims

<Lesson>

Well prepared emergency plan and financial support

Lessons from the Disaster (2)



Case 2: Flood in the Eastern Part of Romania in 2005

- Mainly economic damage
 - ✓ Agricultural production
 - demand for livelihood support for farmers
 - ✓ Rehabilitation of water supply system
 - ✓ Rehabilitation of transportation (roads and railways)
- Demand for rehabilitation
 - ✓ Construction materials and equipment for urgent purposes
 - ✓ Delay in the supply of this equipment due to the construction boom in Romania and its neighboring countries.
- Financial support
 - ✓ EU grant
 - ✓ EBRD loan
 - ✓ ECA's credits

<Lesson>

Financial support: as quickly as possible

Role of Financial Institutions



1. Lending

- Financing for preventative infrastructure such as dykes, irrigation systems and so on
- Emergency credit line
 - 1) Reconstruction of infrastructure to recovery industry
 - 2) Support for livelihood and housing

2. Risk analysis of climate change

- Higher requirements for safety standard

3. Encouraging the inclusion of climate change components

- Safety standards
- Preparation of evacuation plans

4. Proposal and construction of new structures, such as Public Private Partnerships, improvement of access to micro-insurance, safety nets for agricultural production, and so on.

Effectiveness of PPP (Public Private Partnership)



Merits of private participation for adaptation projects

- Quickness
- Reasonable cost
- Reliability

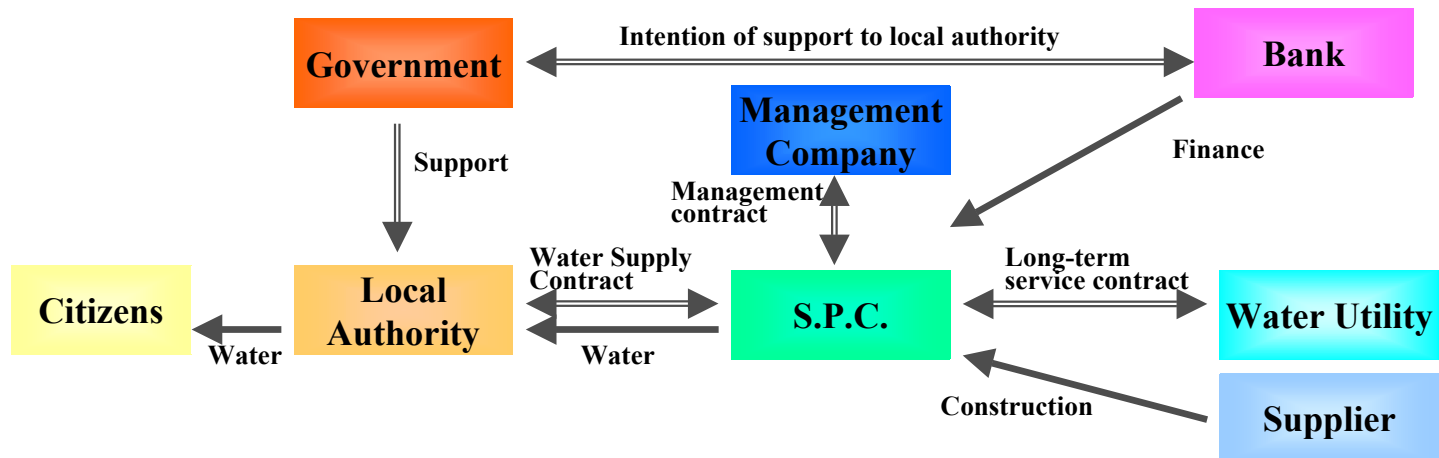
Barriers as private project

- Low economy
- Long-term services are needed

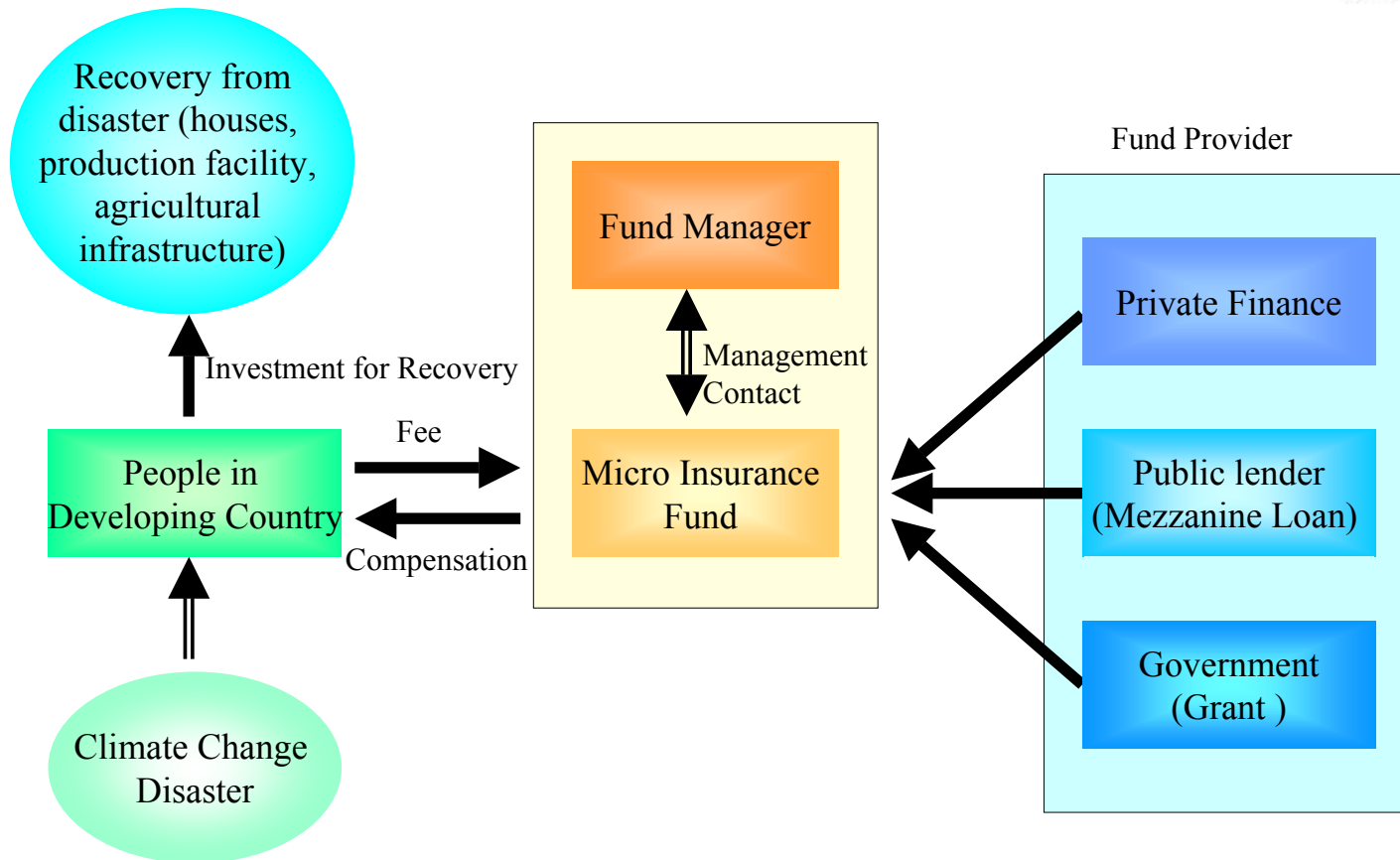
Solution

PPP 1

Model case in water supply



Micro Insurance Scheme under Public Private Partnership (Concept Paper)



JBIC Signed Cooperation Agreements



with

International Organizations:

World Bank

CABEI (Central American Bank for Economic Integration)

CAF (Corporación Andina de Fomento)

Regional Environment Center (REC)

Foreign Governments:

Bulgaria , Romania, Mexico, Chile, Colombia, Vietnam,

Morocco, Brazil, Peru, Paraguay, Indonesia, Sri Lanka

Others Partners:

IETA, ICICI Bank(India), TMB Bank(Thailand), RHB Bank(Malaysia)

Contact Information
Japan Bank for International Cooperation



Takashi Hongo

**Director General and Special Advisor for
Kyoto Mechanisms**

1-4-1 Otemachi, Chiyoda-ku, Tokyo

Tel.81-3-5218-3159

Fax. 81-3-5218-3433