

## Japan's submission on its updated strategies and approaches for scaling up climate finance from 2014 to 2020

Japan is pleased to respond to the request in Decision 3/CP.19 for developed country Parties to submit biennial submissions on their updated strategies and approaches for scaling up climate finance for the period from 2014 to 2020. This submission builds on previous submissions from Japan including Japan's fast-start finance reports, first strategies and approaches, and biennial reports.

### 1. Information to increase clarity on the expected levels of climate finance mobilized from different sources

Japan has been making proactive efforts to enhance clarity on the expected levels of climate finance mobilized from different sources. For instance, Japan announced, at COP15 in 2009, to provide and mobilize climate finance [approximately USD 15 billion](#)<sup>1</sup> to developing countries from 2010 to 2012, and pledged, at COP19 in 2013, [1,600 billion yen \(approximately USD 16 billion\)](#)<sup>2</sup> as climate finance to be provided or mobilized from 2013 to 2015. Japan has contributed about USD 20.0 billion as climate finance as shown in its second biennial report.

Japan announced a new commitment "[Action for Cool Earth 2.0 \(ACE2.0\)](#)"<sup>3</sup> at COP21 and pledged that Japan will provide, in 2020, approximately 1.3 trillion yen of public and private climate finance, 1.3 times up from the current level, to developing countries. The breakdown of 1.3 trillion will be decided based on the request from or needs of recipient countries. Japan's climate finance is usually comprised of public finance (ODA and OOF) and private finance. The ODA programmes are implemented by Japan International Cooperation Agency (JICA), a governmental agency which coordinates and implements official development aid in collaboration with other relevant government ministries and agencies. ODA includes grant assistance, loan, technical cooperation and contribution to international organizations. OOF is mainly provided by Japan Bank for International Cooperation (JBIC) which is a policy-based financial institution, as well as Nippon Export and Investment Insurance (NEXI), a governmental agency which provides trade and investment insurance. These institutions mobilize private finance by co-financing and providing trade insurance. Japan will continue to enhance providing and mobilizing climate finance through these organizations.

### 2. Information on Japan's policies, programmes and priorities as well as on actions and plans to mobilize additional finance

In order to scale up Japan's climate finance, Japan will implement following policies, programmes, actions and plans in line with the ACE2.0 towards 2020.

#### (1) Programmes by Japan International Cooperation Agency (JICA)

JICA is an implementing agency of Japan's Official Development Assistance (ODA) and has been playing an important role in providing Japan's climate change support. JICA issued its [Climate Change Cooperation Strategy](#)<sup>4</sup> in September 2016 with an emphasis on integrating climate actions under the Paris Agreement into development efforts to achieve Sustainable Development Goals (SDGs). According to the strategy, JICA commits to expanding its supports to climate actions and facilitates the transformation to a low-carbon and climate-resilient society and economy in developing countries with Japan's advanced innovative technologies by focusing mainly on (i) promoting low-carbon, climate-resilient urban development and infrastructure investment; (ii) enhancing comprehensive climate risk management; (iii) supporting climate policy

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<sup>1</sup> [http://japan.kantei.go.jp/tyokan/2009/1216initiative\\_e.pdf](http://japan.kantei.go.jp/tyokan/2009/1216initiative_e.pdf)

<sup>2</sup> <http://www.mofa.go.jp/files/000019537.pdf>

<sup>3</sup> [http://www.mofa.go.jp/ic/ch/page24e\\_000119.html](http://www.mofa.go.jp/ic/ch/page24e_000119.html)

<sup>4</sup> [https://www.jica.go.jp/english/our\\_work/climate\\_change/overview.html](https://www.jica.go.jp/english/our_work/climate_change/overview.html)

and institutional development; and (iv) enhancing conservation and management of forests and other ecosystems. The strategy denotes its cooperation approach of (i) integrating climate actions and development; (ii) building global partnership with diverse stakeholders and; (iii) taking the best of Japan.

Japan places emphasis on customizing support programmes through JICA, taking into consideration of the recipient's national strategies for development and NDCs, to the recipient country since each faces different conditions, difficulties and specific needs. The government of Japan and JICA has reached out actively to about 60 developing country Parties to hold quadripartite consultation to scale-up and enhance quality of support. For more details on quadripartite consultation, please see section 3 (1) of this submission.

## (2) Outcome of the Sixth Tokyo International Conference on African Development (TICAD VI) and Africa Renewable Energy Initiative (AREI)

At the Sixth Tokyo International Conference on African Development (TICAD VI) held in Nairobi, Kenya on August 27 and 28, 2016, the Heads of State and Governments and delegations of Japan and 53 African countries together with the representatives of 52 other partner countries, 74 international regional organizations, representatives of the private sector and civil society organization (CSOs) from both Japan and Africa adopted the "[Nairobi Declaration](http://www.mofa.go.jp/af/af1/page3e_000543.html)<sup>5</sup>" and its "[Implementation Plan](http://www.mofa.go.jp/af/af1/page3e_000549.html)<sup>6</sup>". In the Nairobi Declaration, public and private sector actors, as well as relevant organizations are encouraged to take clearly-defined measures to support upstream investment to exploit energy resources abundant in African countries, including renewable energy such as geothermal power and hydropower. To this end, [Japan pledged](http://www.mofa.go.jp/mofaj/files/000183835.pdf)<sup>7</sup> to increase geothermal power generation to cover the demand of 3 million households in Africa by 2022. Japan signaled its commitment to the renewable energy projects by exchanging notes to provide ODA loans to the following:

(a) Hurghada Photovoltaic Power Plant Project in Egypt (Loan: 11,214 million yen (USD 80 million), Power Generation Capacity: 20MW)

This project will construct a large-scale solar power plant and install storage battery systems in the Hurghada region in Egypt. This will increase the electricity supply while contributing to peak shift of power supply as well as stabilization of the network voltage.

(b) Olkaria V Geothermal Power Plant Project in Kenya (Loan; 45,690 million yen (USD 326 million), Power Generation Capacity: 70MW x 2 units = 140 MW)

This project will construct a geothermal power plant, steamfields, power transmission lines and related facilities at the Olkaria geothermal area in Nakuru County in Kenya. The project is expected to contribute not only to the stabilization of power supplies but also to Kenya's economic development through improvements to the investment climate.

Moreover, Japan will implement measures for countering climate change and natural disasters to African countries, amounting to approximately USD 1.8 billion (equivalent to approximately JPY 187 billion) including providing training to 4,000 people.

## (3) Finance provided by Japan Bank for International Cooperation (JBIC)

JBIC is a policy-based financial institution which is a driving force to mobilize private finance. In March 2010, the Japan Finance Corporation Act was revised to extend JBIC's scope of operations by adding a new area of financial operations for promoting the overseas business having the purpose of preserving the global environment, such as preventing global warming. JBIC provides overseas investment loan, export loan and financial products called Global action for Reconciling Economic growth and Environmental preservation (GREEN) to support environmentally friendly projects. GREEN was launched immediately after the revision of the JFC

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<sup>5</sup> [http://www.mofa.go.jp/af/af1/page3e\\_000543.html](http://www.mofa.go.jp/af/af1/page3e_000543.html)

<sup>6</sup> [http://www.mofa.go.jp/af/af1/page3e\\_000549.html](http://www.mofa.go.jp/af/af1/page3e_000549.html)

<sup>7</sup> <http://www.mofa.go.jp/mofaj/files/000183835.pdf>

Act to promote private sector to invest in low-carbon technologies and renewable energy and realize reduction of the Greenhouse gas (GHG).

For example, JBIC has loaned money to Denizbank and Türkiye İs Bankası A.Ş. in Turkey, Bank of ICICI and IDFC Limited in India, Standard Bank in South Africa, and the Development Bank of Southern Africa. Moreover, JBIC established Guidelines for Measurement, Reporting and Verification of greenhouse gas (GHG) Emission Reductions in JBIC's GREEN (the "[J-MRV Guidelines](https://www.jbic.go.jp/en/efforts/j-mrv)"<sup>8</sup>). Based on the J-MRV Guidelines, JBIC supported the 29 projects in total which contribute to reduce GHG through GREEN and reached USD 4.5 billion by July 2016 since GREEN was introduced. Moreover, by March 2016, JBIC accomplished to reduce GHG of approximately 1.6 million ton (equivalent to the amount of CO<sub>2</sub> that 114 million well-grown Japanese cedar trees can absorb) based on the J-MRV. JBIC has set the programme in its mid-term business plan (FY 2015-2017) and will continue to enhance its contribution to preserve the global environment.

#### (4) Role played by Nippon Export and Investment Insurance (NEXI)

NEXI is a governmental agency which provides trade and investment insurance. It has an insurance called "Trade and investment insurance for preventing global warming" since 2009 so as to promote technology transfer on energy efficiency and new energy and contribute to global mitigation. It increases the insurance coverage of emergency risk after shipping to 100% if a project or an export of instruments related to following 8 areas, which contributes to reduction of GHG, satisfies certain conditions. The 8 areas are,

- (a) Energy Efficiency
- (b) New Energy
- (c) Nuclear
- (d) Uranium Development
- (e) The Joint Crediting Mechanism (JCM)
- (f) The Clean Development Mechanism (CDM)
- (g) The Carbon Capture and Storage (CCS)
- (h) Afforestation

#### (5) Contribution through the Global Environment Facility (GEF) and the Green Climate Fund (GCF)

Japan pledged USD 607 million for the Green Environment Facility (GEF) in 2014 and USD 1.5 billion for the Green Climate Fund (GCF) at G20 summit in 2014. Japan has been a member of the GEF Council and the GCF Board and will continue to participate actively in discussion of the GEF and the GCF to facilitate financial mechanism.

#### (6) Partnership through the Joint Crediting Mechanism (JCM)

Japan has established and been implementing the JCM in order both to appropriately evaluate contributions from Japan to GHG emission reductions or removals in a quantitative manner achieved through the diffusion of low carbon technologies in developing countries and to use them to achieve Japan's emission reduction target. Japan has forged partnership with 16 countries to facilitate dissemination of advanced low carbon technologies. The JCM is a market mechanism which functions in the context of Article 6.2 of the Paris Agreement and has already issued credits from the projects in two countries (Indonesia and Mongolia). While maintaining objectivity in Measurement, Reporting and Verification (MRV), JCM enjoys flexibility and timely decisions taken by the two countries (Japan and each partner country). According to Japan's INDC, accumulated emission reductions or removals by FY 2030 through governmental JCM programs to be undertaken within the government's annual budget are estimated to be ranging from 50 to 100 million t-CO<sub>2</sub>.

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<sup>8</sup> <https://www.jbic.go.jp/en/efforts/j-mrv>

(7) NDC Partnership and NDC related support

NDC implementation is integral to realize the Paris Agreement. Japan announced, at pre COP in 2016, its participation in NDC Partnership. Japan registered some existing projects related to NDC implementation to the NDC Partnership website and will continue its effort to promote NDC implementation in developing countries. In addition to NDC partnership, Japan has held some seminars related to NDC implementation, such as [the 25th Asia-Pacific Seminar on Climate Change](#)<sup>9</sup> and the Seminar for Capacity Development for Transparency to Implement the Paris Agreement, to share experiences and knowledge related to NDC implementation among governmental officials and researchers from the Asia-Pacific region.

(8) Cooperation among Cities or sub-governmental authorities

According to the Paris Agreement, the participation of various stakeholders, including cities and other subnational authorities, was recognized as an integral part to tackle climate change. Japan has recognized the importance of the implementation of mitigation and adaptation among cities and has been promoting cooperation among them. For instance, Ministry of Environment has been holding a seminar, since 1991, called Asia-Pacific Seminar on Climate Change to provide opportunities for not only government officials but also cities to discuss climate change. At least 18 cities from Japan and Asia-Pacific region were involved.

Moreover, Japan has been supporting [feasibility studies on JCM projects through city-to-city collaboration](#)<sup>10</sup> Studies are being conducted on the feasibility of low-carbon project packages at city or regional scale and may contribute to create a master plan for realizing low carbon society. This will be fulfilled through cross-sectional partnership among local public bodies, technology providers, research institutions, and other relevant organizations, while applying advanced low-carbon technologies and systems suitable for local conditions.

The list of projects for FY2016 is shown below:

| Name of the project  | Municipal government of the host countries | Japanese municipal governments |
|--|--|--------------------------------|
| The study of high-efficiency heat pump installation projects for Energy-saving field and PV generation projects for RE* field in Mongolia                      | Ulaanbaatar, Mongolia                      | Hokkaido, Sapporo              |
| The study of cogeneration and exhaust heat recovery projects for RE field in Vietnam   | Hai Phong, Vietnam                         | Kitakyushu                     |
| The study of PV generation projects for RE field and high-efficiency boiler installation projects for Energy-saving field in Myanmar                           | Yangon, Myanmar                            | Kawasaki                       |
| The study of water treatment system installation and WtE projects for RE field in Myanmar  | Ayeyarwady Region, Myanmar                 | Fukushima                      |
| The study of biomass power generation projects and PV generation projects for RE field in Cambodia   | Siem Reap State, Cambodia                  | Kanagawa                       |
| The study of WtE, cogeneration and exhaust heat recovery for RE field in Thailand  | Rayong Province, Thailand                  | Kitakyushu                     |
| The study of project formulation by assisting planning the action plan for the climate change strategy and projects for RE field and Energy-saving in Cambodia | Phnom Penh, Cambodia                       | Kitakyushu                     |
| The study of cogeneration projects for RE field and high-efficiency air conditioning system installation projects for Energy-saving field in Malaysia          | Iskandar Development Region, Malaysia      | Kitakyushu                     |
| The study of high-efficiency air conditioning system installation and heat desorption unit installation projects in Indonesia                                  | Batam, Indonesia                           | Yokohama                       |

<sup>9</sup> <http://www.env.go.jp/en/earth/ap-net/>

<sup>10</sup> [http://www.env.go.jp/earth/coop/lowcarbon-asia/english/project/data/jcm\\_pamphlet\\_02.pdf](http://www.env.go.jp/earth/coop/lowcarbon-asia/english/project/data/jcm_pamphlet_02.pdf)

|   |                   |           |
|---|-------------------|-----------|
| The study of Waste-to-Energy project Bali Province in Indonesia             | Bali Province     | Indonesia |
| The study of low-carbon and smart energy control project at Bangkok seaport | Bangkok, Thailand | Yokohama  |

Cities also implement programmes by themselves to disseminate low carbon technology which local companies are strong at and to share their own experience and knowledge on how to be eco cities. For instance, Kitakyushu city, an EcoModel city as certified by the Japanese government in July 2008 which set a goal of reducing CO<sub>2</sub> emissions city-wide by 50% and through Asia by 150% from 2005 levels by the end of 2050, established [Kitakyushu Asian Center for Low Carbon Society](#)<sup>11</sup> in 2010. The center's missions and functions are (a) Assist technology transfer, (b) Fostering specialists, and (c) Conduct surveys and researches, and disseminate information. It aims to disseminate low carbon technology through international market. The other example is Yokohama city, which started a new international cooperation called "[Yokohama Partnership of Resources and Technologies \(Y-PORT\)](#)"<sup>12</sup> in 2011 which contribute to solve various urban issues which emerging cities are now facing due to their rapid population expansion. Meanwhile, Yokohama city is engaged in promoting the best use of innovative technologies such as low carbon technologies, solid waste treatment, waste water treatment, and etc., which Yokohama based companies have. For instance, the Yokohama city has made the "[Memorandum of Understanding on Technical Cooperation for Sustainable Urban Development with Cebu City](#)"<sup>13</sup>, and the Yokohama city conducted joint surveys in Cebu with private companies and participated in preparation of long-term development plan "Mega Cebu Roadmap 2050" which was formulated under the support of JICA. These activities resulted in project formation by Yokohama based SMEs as well as in conducting surveys for construction of septage treatment plants in Cebu. The city has built partnerships with Da Nang City of Vietnam, Bangkok Metropolitan Administration of Thailand, and Batam city of Indonesia as well.

Cooperating with various stakeholders such as cities, private sectors, research institutions, Japan will enhance its contribution to prevention of global climate change and its climate finance.

### **3. Information on how developed country Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change**

Japan will strive for ensuring the balance between adaptation and mitigation measures to be made available to developing countries' needs to address adverse effects of climate change. In order to find a balance between the two areas, two points need to be borne in mind. First, Japan's support is mainly based on the request from or needs of recipient countries. There are increasing numbers of requests made by developing countries to tackle challenges related to adaptation, but a large number of requests continue to focus on mitigation measures. Second, private climate finance is captured only partially and biased towards mitigation finance such as renewable energy investments due to constraints of data availability in other sectors, particularly those related to adaptation. Considering the increasing awareness among private sectors towards climate change, the current climate finance information is likely to be underestimate private investments in adaptation actions. Therefore, the simple comparison of the ratio between adaptation and mitigation in the amount of climate finance may not fully represent the balance between adaptation and mitigation efforts. Japan has been taking the following measures to be more responsive to the needs of the developing countries in the area of adaptation.

<sup>11</sup> <http://asiangreencamp.net/eng/>

<sup>12</sup> <http://www.city.yokohama.lg.jp/kokusai/en/>

<sup>13</sup> <http://www.city.yokohama.lg.jp/kokusai/yport/en/city/>

(1) Quadripartite Consultation for advance support using ODA

Japan has been reaching out to about 60 developing countries to hold quadripartite consultations for climate-related ODA among Japanese Embassy, JICA local office, Ministry in charge of development of a recipient country and climate change negotiator of the recipient country for the following purposes;

- (a) To share information related to Japanese ODA,
- (b) To consider how to realize climate-related projects using ODA, and
- (c) To coordinate requests related to climate change in order to integrate them into the requests of support to Japan.

By the end of October 2016, the quadripartite consultations were held with 30 countries. Japan will continue to strengthen its consultations with developing countries to reflect their needs and priorities in our climate change support.

(2) The GCF

The GCF aims for 50:50 balance between mitigation and adaptation investments over time and at least 50% of adaptation funding goes to the most vulnerable countries including LDCs, SIDS, and African States. As a board member, Japan will continue to participate in the management of the GCF actively to reflect this aim into the result of the GCF activities.

#### **4. Information on steps taken to enhance enabling environments**

In order to achieve scaling up climate finance, enabling environment in Japan and developing countries is also important. Japan will take steps to enhance enabling environments to scale up climate finance.

(1) Support for developing national strategies on climate change measures and its economic development

In order to scale up climate finance, implementing climate change measures with in developing countries needs to be set as national strategies or development plan. Japan has been supporting developing countries to develop such strategies through ODA such as supporting [the development of Low Carbon Growth Strategies in Malaysia<sup>14</sup>](http://www.env.go.jp/earth/coop/eco-csrjapan/en/dr-ho.html), and supporting capacity-building provided in Thailand and other ASEAN countries by [the Climate Change International Technical and Training Centre \(CITC\)<sup>15</sup>](http://www.env.go.jp/earth/coop/eco-csrjapan/en/dr-ho.html), which was established in 2014 by the Thailand Greenhouse Gas Management Organization (TGO) with JICA's technical cooperation. Japan will continue and enhance its efforts to support developing countries in the context of support for NDC implementations.

Moreover, since Japan's support is mainly based on the request or needs from developing countries, they need to be addressed using official diplomatic channel. In order to prioritize their needs and requests in the field of climate change, Japan will continue to hold Quadripartite Consultation with relevant officials as mentioned in the section 3(1).

(2) Disseminating and sharing information related to climate change

Providing places for sharing information concerning the needs and difficulties of developing countries face, and good practices among developed and developing countries is also important to create enabling environment in the international community. Japan has been holding seminars and events inside and outside of UNFCCC and will continue to lead the discussion on climate change as a member of the international community.

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<sup>14</sup> <http://www.env.go.jp/earth/coop/eco-csrjapan/en/dr-ho.html>

<sup>15</sup> <http://www.env.go.jp/earth/coop/eco-csrjapan/en/dr-ho.html>



### (3) Innovation for Cool Earth Forum (ICEF)

Technology and innovation play an important role in tackling climate change. The [ICEF<sup>16</sup>](http://www.icef-forum.org/index.html) is aimed at addressing climate change through innovation and it investigates via discussion in the forum what innovative measures should be developed, how the innovation should be promoted, and how cooperation should be enhanced among the stakeholders. The ICEF is held every year and has a steering committee which makes the decisions regarding the agenda and program to reflect the wide range of views of the international community. Researchers, businesspersons and policy makers from around the globe are expected to participate in the annual forum. More than 1,000 people from approximately 80 countries attended the third conference. Japan will continue to lead the discussion on innovation which will contribute to prevention of climate change and create and maintain momentum to tackle climate change in the international community. The fourth meeting will be held in October 4-5, 2017 in Tokyo.

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<sup>16</sup> <http://www.icef-forum.org/index.html>