

Submission by Japan on Strategies and Approaches for Long-Term Finance (December 2014)

1. Executive Summary

Japan provided a total of approximately \$16 billion of public and private finance from 2013 to mid-2014 to developing countries that are taking measures to reduce emission and are being vulnerable to impacts of climate change. During this period, Japan directly mobilized approximately \$ 2.3 billion of private finance by utilizing public finance.

To achieve the goal of mobilizing jointly \$ 100 billion annually from developed countries by 2020, it is essential to scale up private finance substantially.

In order to scale up climate finance, Japan will make the best possible use of its development financial institutions and export credit agencies. In particular, Japan will make use of co-financing, equity participation and guarantee facility by the Japan Bank for International Cooperation (JBIC) and insurance by the Nippon Export Investment Insurance (NEXI). Japan will also provide public assistance through the Japan International Cooperation Agency (JICA) to improve enabling environments in developing countries.

2. Current situation

The breakdown of the climate finance mobilized from January 2013 to June 2014 is as follows.

Public/Private finance	Public finance (Total)	\$13.9 billion
	Public finance (ODA)	\$11.5 billion
	Public finance (OOF)	\$2.4 billion
	Private finance	\$2.3 billion
Mitigation/Adaptation	Mitigation	\$13.9 billion
	Adaptation	\$2.0 billion
	Mitigation/Adaptation	\$0.3 billion
Vulnerable countries groups	Africa	\$1.07 billion
	SIDs	\$0.33 billion
	LDCs	\$2.04 billion
	Total	\$2.96 billion

3. Japan's strategies and approaches for mobilizing climate finance

Japan will continue to mobilize private finance, as well as to provide support for improving enabling environments and capacity-building in developing countries from medium- and long-term perspectives. In addition, Japan will strive to scale up climate finance for adaptation, utilizing a new scheme of concessional loan and the insurance mechanism of private companies. Furthermore, Japan will continue to mobilize private finance through multilateral channels.

(1) Public financial instruments for private company investments

Japan will encourage the participation of private companies in the field of climate change by utilizing public financial instruments provided by JBIC and NEXI among others,

- JBIC: co-financing and guarantees, including GREEN (Global action for Reconciling Economic growth and Environmental preservation)
- NEXI: risk insurance, including Global Environment Insurance System

(2) Public assistance for enabling environments, including hard and soft infrastructure, in developing countries

Japan will continue to provide public assistance to developing countries on soft infrastructure, including establishment and development of regulatory frameworks and human resources, as well as on hard infrastructure, including road construction.

- ODA schemes, including JICA's concessional loan, Private Sector Investment Finance, grant aid and technical cooperation

(3) Mobilizing private finance through multilateral channels

- Regarding the mobilization of private finance through international organizations, Japan will confirm administration and operation of finance through councils which are held regularly, and ensure transparency of operation of finance to see whether the finance provided by Japan is properly used for mitigation and adaptation projects and for capacity building by scrutinizing a project document prior to approval of each project.
- Japan will continue to make efforts in mobilizing private climate finance by utilizing multilateral channels. Furthermore, Japan will positively contribute to design the business model of mobilizing private finance through the Green Climate Fund (GCF), while utilizing analysis and verification of the effectiveness of current multilateral climate funds such as Climate Investment Fund (CIF) and Green Environment Facility (GEF), which

have a wealth of experiences in supporting developing countries.

4. Contribution to Green Climate Fund(GCF)

- At the High-Level Pledging Conference in Berlin on November 20th, Japan announced its intention to make a contribution of up to \$1.5 billion, or 15% of the total contributions as of the end of COP20, subject to the approval of the Diet.
- Japan expects that the GCF will be utilized in the following two areas:
 - 1) assistance to countries most vulnerable to climate change including the Small Islands Developing States (SIDs) and Least Developed Countries (LDCs); and
 - 2) assistance to adaptation projects particularly disaster risk reduction projects and promotion of utilization of effective and efficient environment technology. Japan considers that the mobilizing of private finance through the Private Sector Facility (PSF) is important.

5. Other issues related to international transport sector

- Since there has been no discussion or consensus within the UNFCCC on which industrial sectors including international transport sector might be identified as sources for long term finance, it would not be appropriate to prejudge an outcome of this matter of the COP.
- There has been significant progress at IMO and ICAO on measures to reduce GHG emissions in the international transport sector, such as the new energy efficiency regulation for international maritime as well as the decision of the global aspirational goals and a global market-based measure for international aviation. Therefore, the issues relevant to the GHG emissions reduction in the international maritime and aviation sectors should be continuously and exclusively considered at each UN specialized body, i.e. IMO and ICAO, which hold expertise of these sectors.