

# Risk Sharing and Financing for PPP Projects

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# ***Outline***

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- 1. Outline of JBIC**
- 2. JBIC's Experience in Infrastructure Development**
- 3. Risk Sharing**
- 4. Host Government Commitment and Support**
- 5. Financing**

# 1. Outline of JBIC (1)

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## 1. Foundation

JBIC is the international wing of Japan Finance Corporation founded in October, 2008. The origin of JBIC is the former Export-Import Bank of Japan established in 1950.

## 2. Operations

(1) JBIC provides export loans, import loans, overseas investment loans, untied loans, guarantees and equities, to Japanese companies, their foreign counterparties, their joint ventures and funds as well as sovereign/sub-sovereign borrowers.

### (2) Loans

- Recourse
- Limited-recourse ( Project finance )
- Mezzanine

### (3) Guarantees

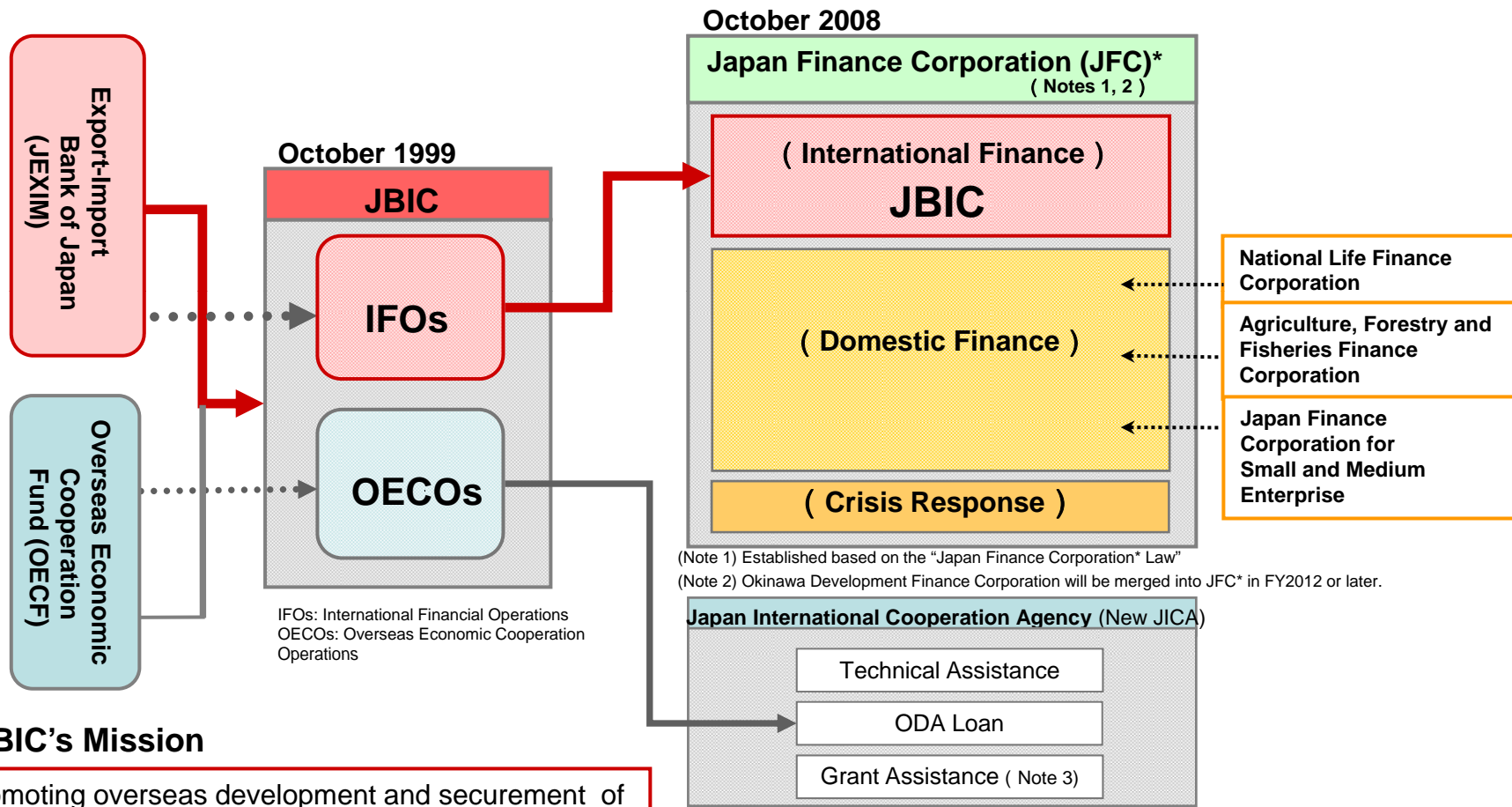
- Political risks
- Commercial risks

## 3. Financial Summary ( FY 2008 )

- Capital : JPY 1,036 billion ( USD 12billion equivalent )
- Loan/Guarantee outstanding : JPY 8,931 billion ( USD 99 billion equivalent )

# 1. Outline of JBIC (2)

## ~ Reorganization in 2008 ~



### ■ JBIC's Mission

- ① Promoting overseas development and securement of strategically important natural resources to Japan
- ② Maintaining and improving the international competitiveness of Japanese industries
- ③ Responding to disruptions in financial order in the international economy

(Note 1) Established based on the "Japan Finance Corporation" Law  
 (Note 2) Okinawa Development Finance Corporation will be merged into JFC\* in FY2012 or later.

(Note 3) This excludes grant assistance which the Ministry of Foreign Affairs will continue to directly implement for the necessity of diplomatic policy.

## ***2. Major Infrastructure Projects [ Loan and Guarantee since 2000 ]***

<b>Project</b>	<b>Country</b>	<b>Commitment</b>
Ilijan Power Plant	Philippines	November, 2000
Altamira II Power Plant	Mexico	September, 2002
Phu My 2 Phase 2 Power Plant	Viet Nam	October, 2002
Tuxpan III&IV Power Plant	Mexico	March, 2003
Phu My 3 Power Plant	Viet Nam	June, 2003
Mindanao Power Plant	Philippines	December, 2003
BTC Pipeline	Azerbaijan, Gergia, Turkey	February, 2004
BLCP Power Plant	Thailand	March, 2004
Tuxpan V Power Plant	Mexico	July, 2004
Valladolid III Power Plant	Mexico	December, 2004
CBK Power Acquisition	Philippines	March, 2005
Taweelah Power & Desalination	UAE / Abu Dhabi	March, 2005

## ***[ Loan and Guarantee since 2000 ]***

<b>Project</b>	<b>Country</b>	<b>Commitment</b>
Ratchaburi Power	Thailand	December, 2005
Paiton I Power Acquisition	Indonesia	March, 2006
Al Hidd IWPP	Bahrain	April, 2006
Kaliakra Wind Power	Bulgaria	March, 2007
Amman East IPP	Jordan	March, 2007
Mesaieed A IPP	Qatar	April, 2007
Mirant Philippines Asset Acquisition	Philippines	June, 2007
Fujairah F2 Power & Desalination	UAE / Fujairah	December, 2007
Ras Laffan C Power & Desalination	Qatar	August, 2008
Tanjung Jati B Power Plant	Indonesia	December, 2008
Shuweihat 2 Power & Desalination	UAE/ Abu Dhabi	October, 2009
Sao Paulo Ringroad (Rodoanel)	Brazil	December, 2009

## ***[ Equity Participation in FY 2009 ]***

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- **Fund : Efficient Energy and the Environment Sector in Asia  
(October, 2009)**
- **Fund : Infrastructure in Asian Emerging Countries  
(December, 2009)**
- **Fund : Climate Change Investment Universe  
(January, 2010)**

# ***3. Risk Sharing***

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- **Economically feasible and financially viable (Bankable)**
- **Project structure with appropriate and reasonable risk sharing among the parties (including host government)**
- **Risk should be allocated to the party best suited to manage that risk**
- **For any risk sharing, host government commitment and support is essential**

## ***4. Host Government Commitment and Support***

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- **Strong commitment and stable policy toward the sector concerned**
- **Legal and regulatory framework with stable and transparent implementation and application**
- **Permits**
- **Environment and social consideration**
- **Government actions / events : change in law, expropriation, nationalization, etc**
- **Free convertibility of local currency and foreign remittance**

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- **Transparent and consistent tendering process**
  - **Land Acquisition and right of ways**
  - **Supporting infrastructure and shared facilities**
  - **Volume projection**
  - **Exchange rate movement**
  - **Termination**

# ***5. Financing***

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- **Financing market**
- **Limited - recourse loan**
- **Cashflow projection**
- **Mismatch between local currency and foreign currency**
- **Mini-perm loan and take - out risk**
- **Capital market**

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**Thank you for your attention.**