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Public, Private, and Financial Partnerships For Water Infrastructure

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Modality of Finance of JBIC

Lending

- Government
- Corporate
- Local Bank
- Structured Finance

Equity Finance

- Project
- Fund(e.g.. PE Fund)

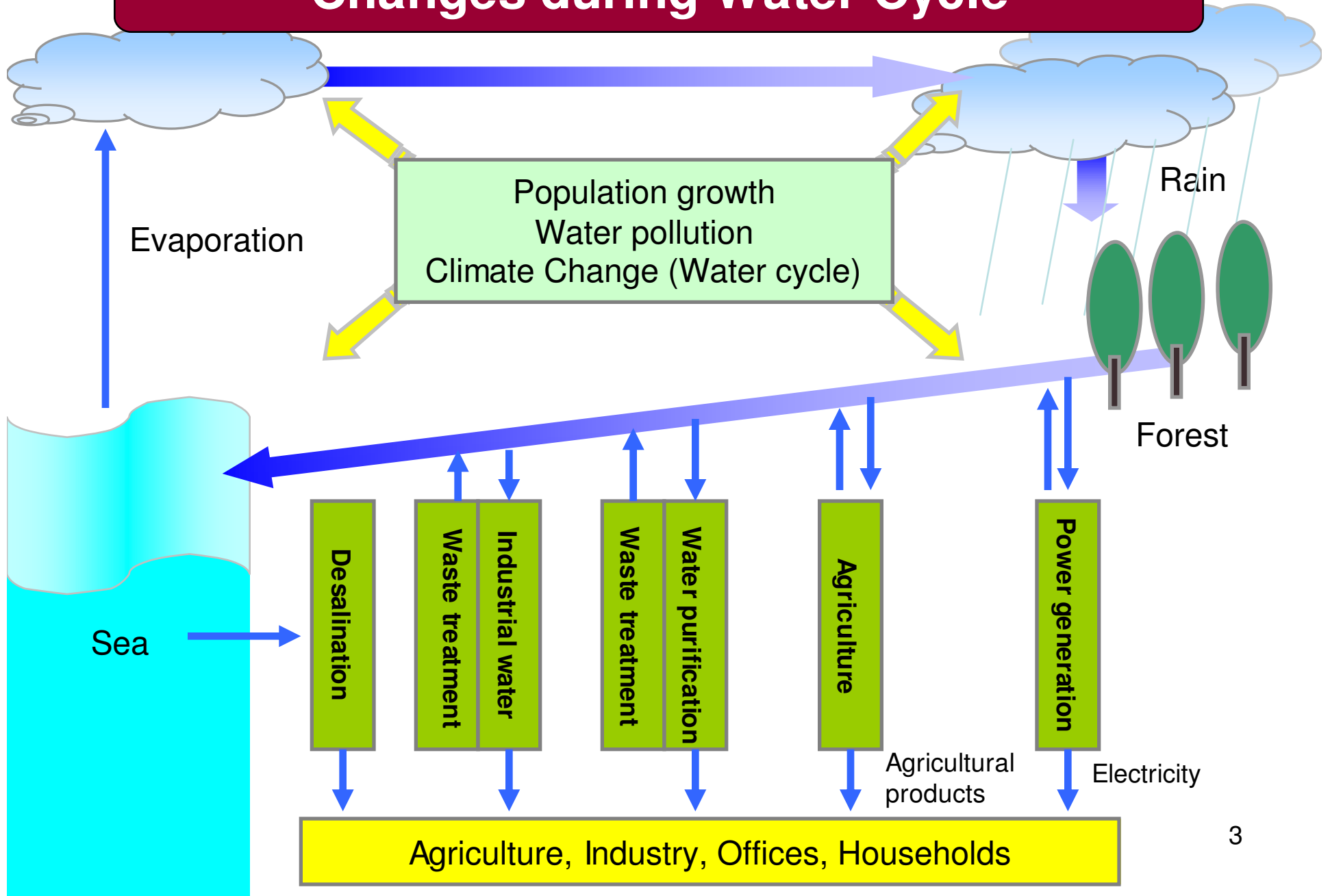
**Carbon Finance
(Additional cash flow)**

Environment Guideline

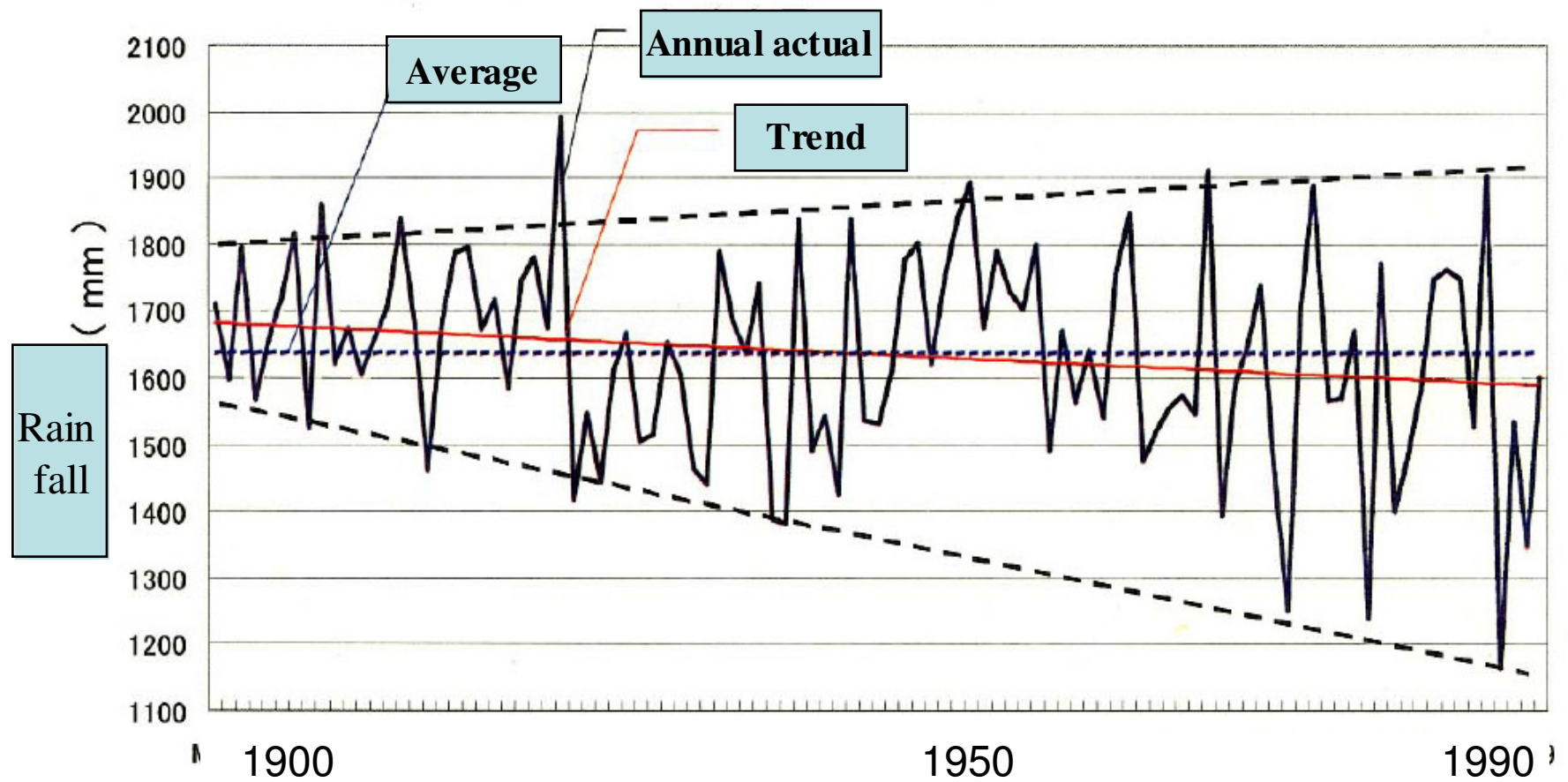
- Pollution Control
- Natural Environment
- Social Environment

Government Policy

Changes during Water Cycle



Fluctuation of Rain fall in Japan



Trend of Water Infrastructure

**Demand is increasing in South-East and East Asia
by urban population growth**

Huge investment cost and long pay back period

Privatization trend

Mobilization of private financing is needed

Risk and Risk Mitigation

< Risk >

Land acquisition

Construction

Technology

Fee collection

Revision of fee

Performance of
obligation

Water;
quality and quantity

Demand for water

Nationalization

Political and economic
turmoil

Currency fluctuation

< Risk mitigation >

Pre-investment
survey

Cost down of
investment cost

Local network

Technology
innovation

International
alliance

Involvement of
public

Dialogue with
host government

Major Challenge for Financial Institutions

Financial risk of local authority (political risk)

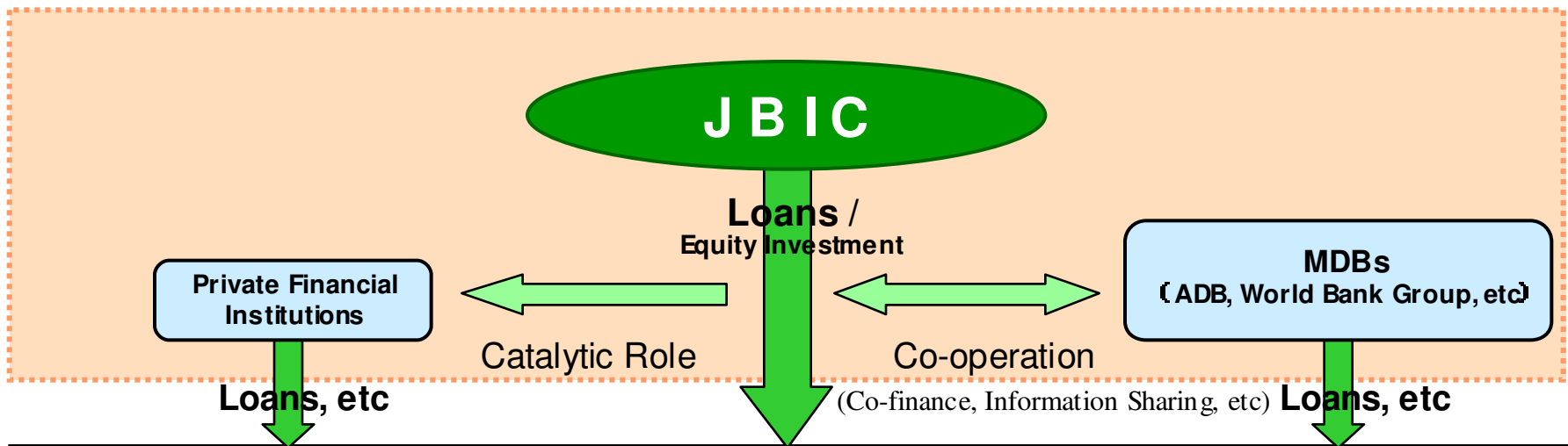
Currency risk

Turbulence of Water Cycle by Climate Change

‘EXIT’ ; IPO(AIM), bilateral, transfer to LA

“LIFE” (Leading Investment to Future Environment) Initiative by JBIC

- The LIFE will ...
 - support both public and private sectors,
 - co-operate with Multilateral Development Banks (MDBs) and mobilize private finances.
- The JBIC’s financial support under the Initiative will be around **5 Billion USD for the next 2 years.**



4 Main targeted sectors of the Initiative are ...

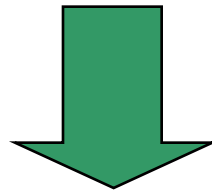
- **Clean Power Generation** (Solar, Geothermal, Wind Power, Clean Coal Power Plant, etc)
- **Energy Efficiency Improvement** (Upgrading of Existing Transmissions and Distributions, Modernization and Heat Recovery of Steel Furnaces and Cement Kilns, ESCO (Energy Service Company), etc.)
- **Water** (Water Purification and Supply, Sewage System, Wastewater Treatment, Desalination and Water Processing, etc)
- **Urban Transportation** (Modal Shift in Densely Populated Areas, etc)

What can JBIC do?

- **Financing for the project**
 - **Lending, Equity finance and guarantee**
Together with private financial institutions
- **Policy talks with host government**
 - **Regulatory framework / commitment by government**
- **Improvement of investment climate**
 - **Funding for surrounding infrastructure**
- **Business matching in water business**
 - **Business network**

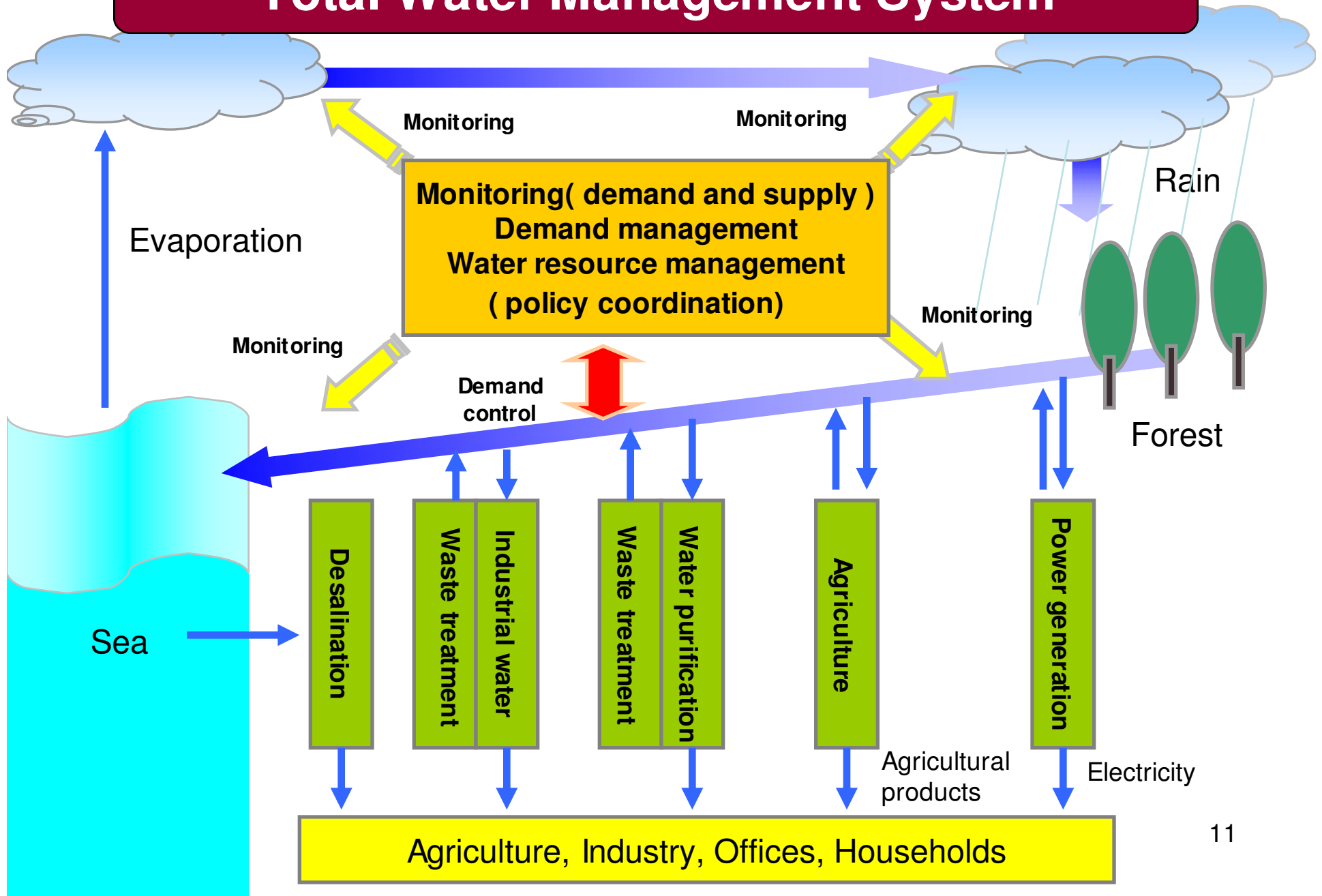
'Water Gap' and 'Water Efficiency'

Global Water Gap is enormous
USD 420 billion is needed for full fill the gap



Decrease Water Demand and Increase Water Supply
'Water Efficiency' and 'Capacity Increase'

Total Water Management System



Public, Private, and Financial Partnership (PFPF)

General trend: Privatization of economy

New Market Mechanism for water Infrastructure with financing

