

A light blue world map is centered in the background of the slide, showing the outlines of continents and major landmasses.

# Japan International Cooperation Agency **Private Sector Investment Finance (PSIF)**

---

Pre-TICAD Seminar  
14 February, 2019

Mikio Hataeda  
Director General, Private Sector Partnership and Finance Department

# 1. JICA Overview



## Vision

### Leading the world with trust

JICA, with its partners, will take the lead in forging bonds of trust across the world, aspiring for a free, peaceful and prosperous world where people can hope for a better future and explore their diverse potentials.

## Who We Are

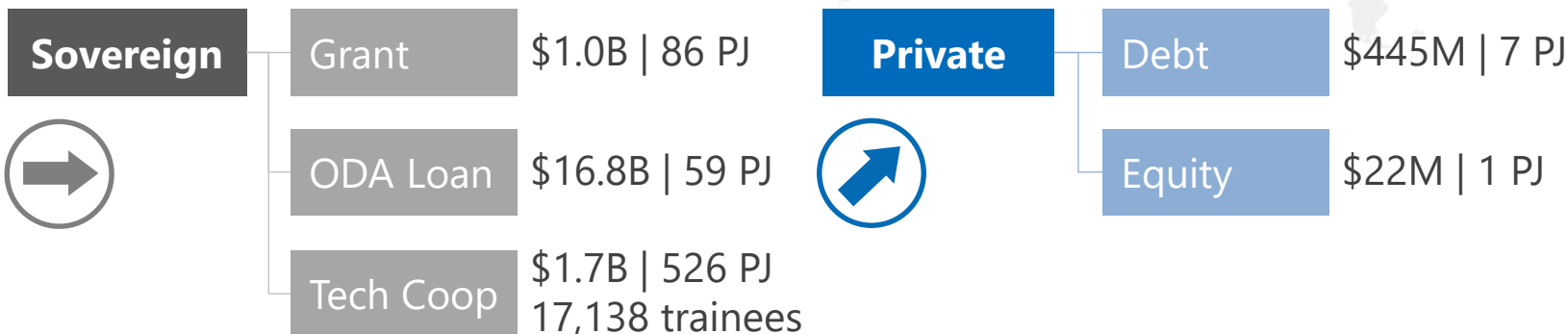
**The world's largest bilateral aid agency** that administers all Official Development Assistance (ODA) programs including (i) technical cooperation, (ii) grand aid, (iii) ODA loans, and (iv) Private Sector Investment Finance in an integrated manner.

## Profile

### Rating: S&P A+ (stable) equivalent to GoJ / JICA bond identified as Social Bond

- Capital: JPY 8,037B (\$71.6B), 100% owned by GoJ (capital ratio at 80%)
- Outstanding Balance: JPY 12,279B (\$109.4B) of ODA Loan & JPY 80B (\$0.7B) of PSIF
- Offices: 96 overseas offices and 14 domestic offices
- Operation: Operating in 146 countries
- Staffs: 1,882 staffs

## Results in 2017



## 2. PSIF Criteria

### Partner (Client)



**“Aim-high” companies** (SDGs-aligned, ESG-centric etc.).  
Both private enterprises and sub-sovereign entities.

### Purpose (Impact)



1. **SDGs** (Sustainable Development Goals)
2. **Climate change**
3. **Quality infrastructure**

### Supple- ment



**Necessity to take more risks** (tenor, price etc.) than commercial banks to supplement bankability/investability of the project

### Japan Nexus



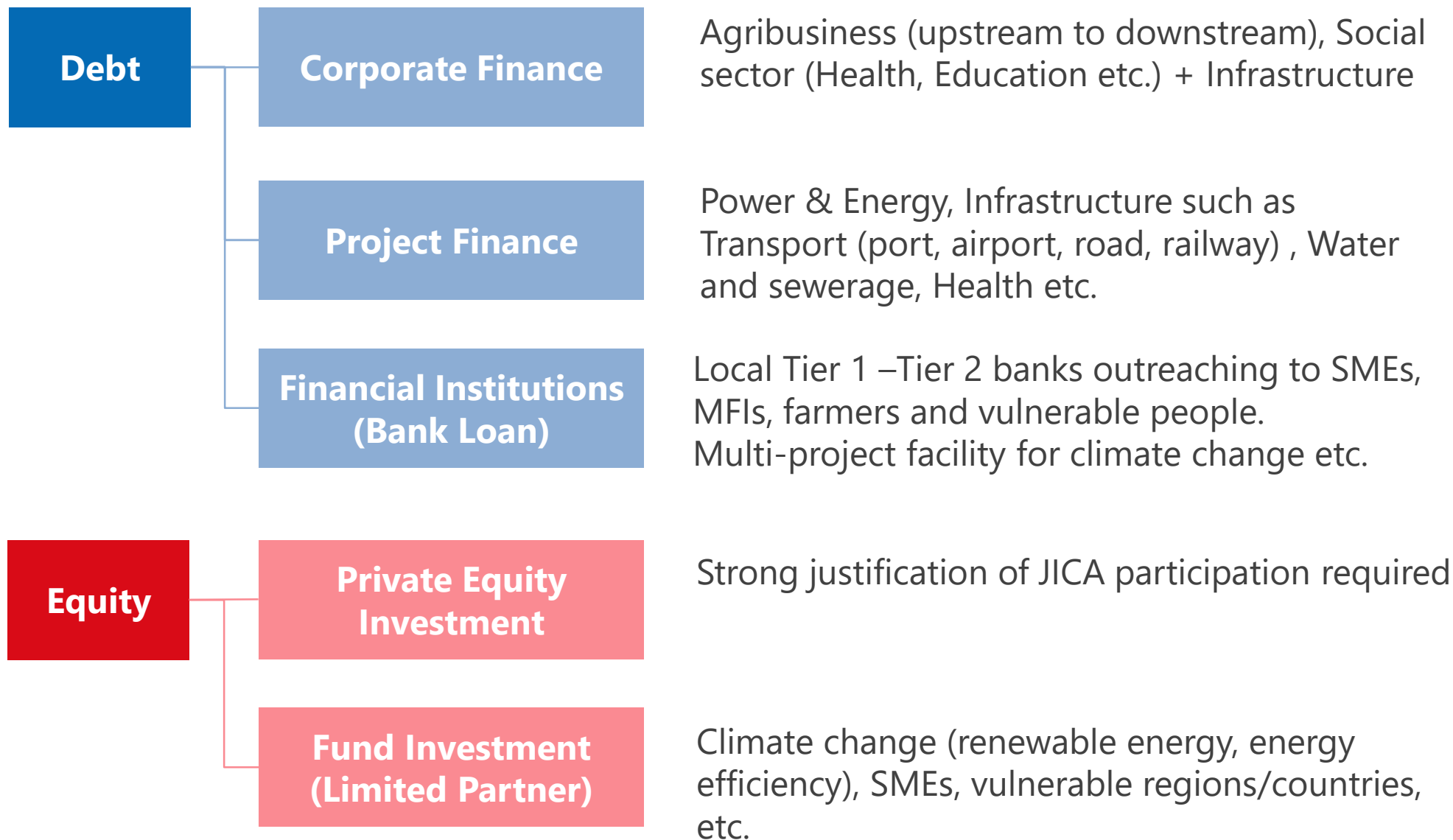
**Certain Japan-nexus preferable but NOT must**  
**Strong development story** is a big plus (or even prevail)

### Use of Proceeds



**CAPEX** primarily required for development impact.  
**Permanent WC** could be considered together with CAPEX on a case-by-case basis.

### 3. PSIF Product: Debt & Equity



## 4. Cooperation with DFIs



Apr 2015: MCA signing  
May 2017: MOC signing

- Collaboration in origination and structuring
- \$3B co-financing target over next 5 years
- 3 co-financing deals executed (2 BAN, 1 JOR)
- 5 deals under structuring



Mar 2016: LEAP Fund setup  
Mar 2018: First co-financing

- \$1.5B blended finance credit line
- 7 LEAP projects executed (4 loans, 3 equities)
- 1 co-financing deal executed (VIE)
- 2 deals under structuring



Sep 2016: First co-financing

- 1 co-financing deal executed (MON)
- Periodical pipeline exchanges in process



Mar 2018: MOC signing

- Collaboration in origination and structuring
- 2 pipeline projects under discussion



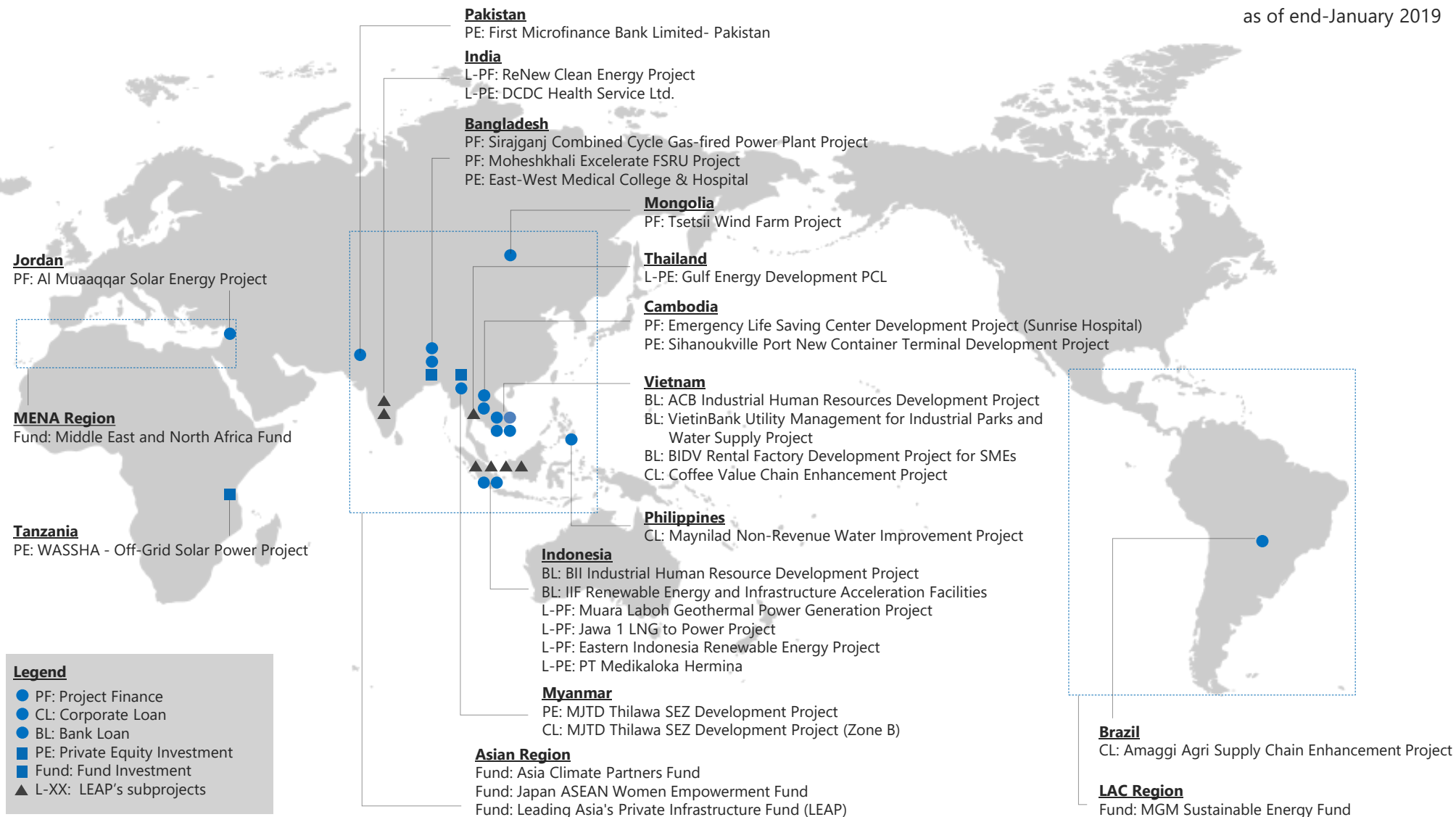
Sep 2018: MOC signing

- Collaboration in sourcing and origination
- OPIC-Citi-JICA collaboration

# 5. PSIF Portfolio

30 Projects (18 Debt & 12 Equity, o/w LEAP 7) in 13 countries / 4 regions

as of end-January 2019

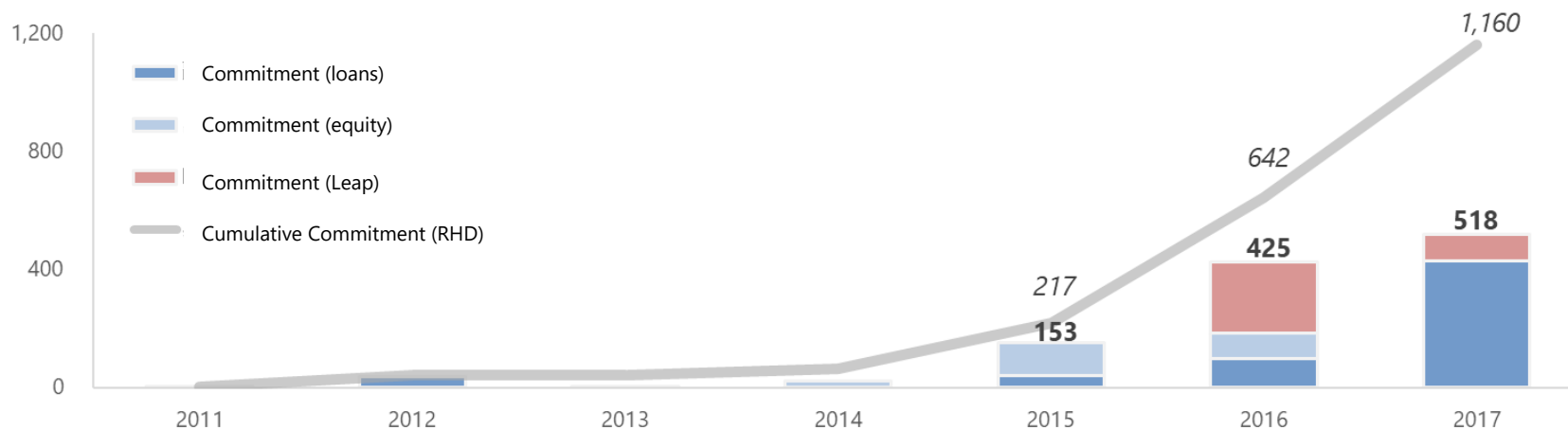


## 6. PSIF Strategy



	Early Stage	Growth Stage	Expansion Stage
Duration	2011-18	2019-21	2022-26
Become a...	Trusted Partner	Proactive Financier	Major Financier
Main targets	Participate in readily bankable & investable transactions to establish track records and networks.	Originate, structure and execute complex transactions by JICA own. Construct a well-balanced portfolio to accelerate financing.	Create challenging transactions and mechanisms to maximize private resource mobilization with All-JICA approach.

Actual Annual Commitment (Billion JPY)



# 7. Contacts

## JICA Private Sector Investment Finance Division

**Director Takashi Baba 馬場 隆**

+81-3-5226-6963 | Baba.Takashi@jica.go.jp

**Deputy Director Yasumura Kota 安村幸太**

+81-3-5226-3598 | Yasumura.Kota@jica.go.jp

**Deputy Director Yuichiro Sano 佐野 悠一郎**

+81-3-5226-8994 | Sano.Yuichiro@jica.go.jp

### SE Asia & Pacific + Central Asia

**Yushi Nagano 長野 悠志**

+81-3-5226-6459 | Nagano.Yushi@jica.go.jp

**Yosuke Sato 佐藤 陽介**

+81-3-5226-8597 | Sato.Yosuke@jica.go.jp

**Yuichi Hasegawa 長谷川 雄一**

+81-3-5226-6967 | Hasegawa.Yuichi@jica.go.jp

**Eiichi Murashima 村嶋 英一**

+81-3-5226-3334 | Murashima.Eiichi@jica.go.jp

**Mayumi Fujita 藤田 真由美**

+81-3-5226-9342 | Fujita.Mayumi@jica.go.jp

**Toshiaki Ano 阿野 敏明**

+81-3-5226-8978 | Ano.Toshiaki@jica.go.jp

**Michiko Kogure 小暮 倫子**

+81-3-5226-9341 | Kogure.Michiko@jica.go.jp

### Central Asia

**Kei Owada 大和田 慶**

+81-3-5226-8598 | Owada.Kei@jica.go.jp

**Yohei Yagyu 柳生 陽平**

+81-3-5226-8681 | Yagyu.Yohei@jica.go.jp

### South Asia

**Yosuke Sato 佐藤 陽介**

+81-3-5226-8597 | Sato.Yosuke@jica.go.jp

**Yushi Nagano 長野 悠志**

+81-3-5226-6459 | Nagano.Yushi@jica.go.jp

**Kunro Hino 日野 薫郎**

+81-3-5226-6966 | Hino.Kunro@jica.go.jp

**Michiko Kogure 小暮 倫子**

+81-3-5226-9341 | Kogure.Michiko@jica.go.jp

**Toshiaki Ano 阿野 敏明**

+81-3-5226-8978 | Ano.Toshiaki@jica.go.jp

### Latin America & Caribbean

**Yushi Nagano 長野 悠志**

+81-3-5226-6459 | Nagano.Yushi@jica.go.jp

**Michiko Kogure 小暮 倫子**

+81-3-5226-9341 | Kogure.Michiko@jica.go.jp

**Yohei Yagyu 柳生 陽平**

+81-3-5226-8681 | Yagyu.Yohei@jica.go.jp

### Sub Sahara Africa

**Kei Owada 大和田 慶**

+81-3-5226-8598 | Owada.Kei@jica.go.jp

**Yohei Yagyu 柳生 陽平**

+81-3-5226-8681 | Yagyu.Yohei@jica.go.jp

**Daiki Tajima 田島 大基**

+81-3-5226-3337 | Tajima.Daiki@jica.go.jp

**Shunichi Mizugaki 水垣 舜一**

+81-3-5226-3336 | Mizugaki.Shunichi@jica.go.jp

**Toshiaki Ano 阿野 敏明**

+81-3-5226-8978 | Ano.Toshiaki@jica.go.jp

### MENA & Eastern Europe

**Kei Owada 大和田 慶**

+81-3-5226-8598 | Owada.Kei@jica.go.jp

**Yohei Yagyu 柳生 陽平**

+81-3-5226-8681 | Yagyu.Yohei@jica.go.jp

**Daiki Tajima 田島 大基**

+81-3-5226-3337 | Tajima.Daiki@jica.go.jp

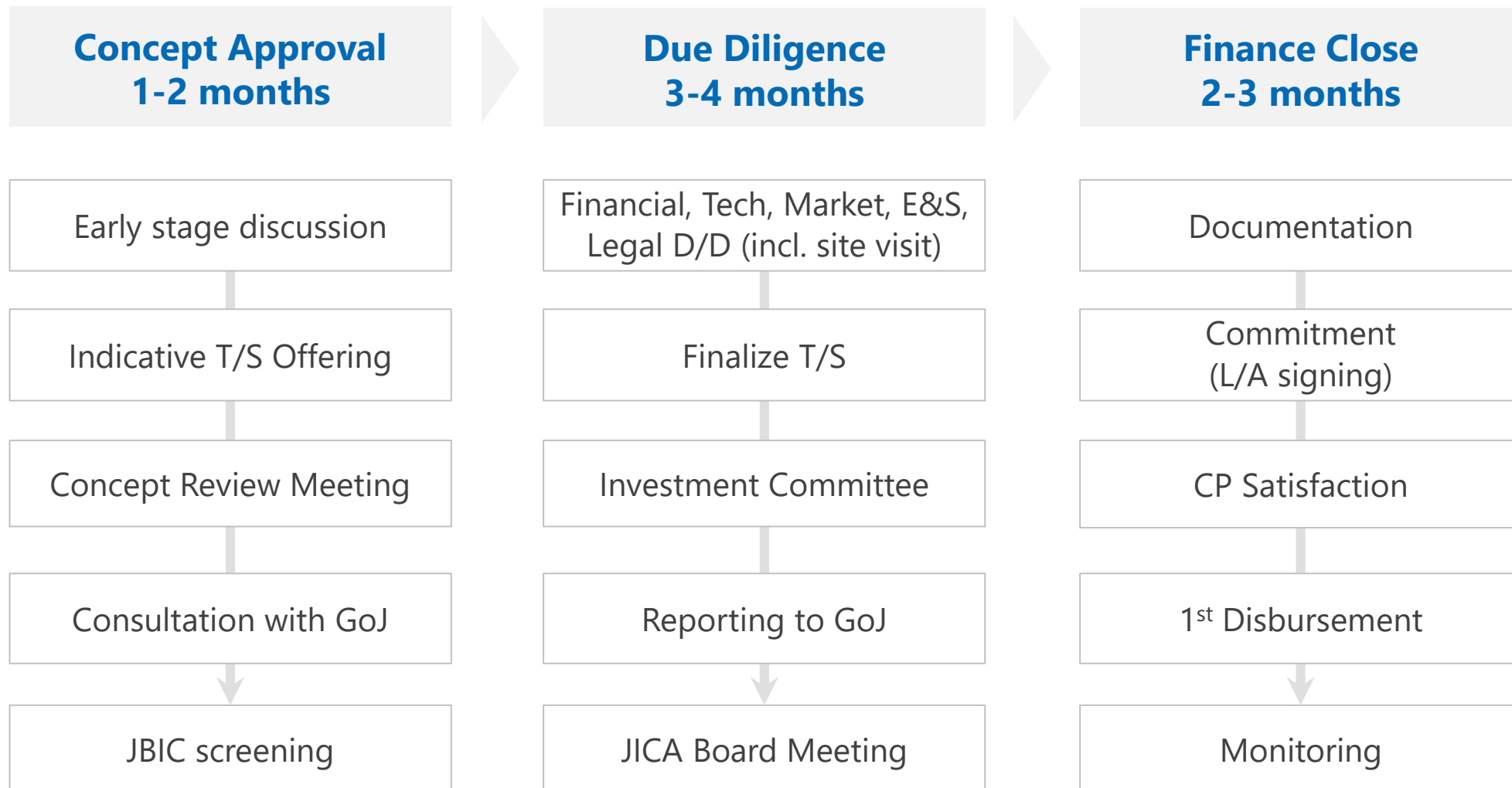


A light blue, stylized world map is centered in the background of the slide. The map shows the outlines of the continents in a simplified, geometric style.

# Appendices

---

# Appendix 1. PSIF D/D Cycle



# Appendix 2-1. PSIF Major Terms (Debt)



## Amount

**\$10M - \$150M** as typical ticket size. Maximum amount of JICA loan should be equal to the lead co-financier (or, sometimes 70% of total project cost)

## Currency

JPY, USD, EUR, and Local Currencies (through cross-currency swap operation)

## Interest Rate

JPY: FILP Rate\* + Margin (Fixed)  
USD: 6 month LIBOR + Margin (Floating)  
LCY: Swap rate equivalent to JPY Interest Rate (Fixed/Floating)  
*Country risk premium is not included in the Margin*

## Tenor

**Up to 20 years** (door to door: with grace period of up to 5 years depending on project cash flow)  
*Generally longer than commercial loan especially for Corporate and FI Loan*

## Repayment

**Semi-annual repayments**

## Fees

Same rate of front end fee and any other fees applicable with co-financiers.

## Security

Standard and customary security package including financial covenants

## Safeguards

Compliance with JICA's Environmental and Social Guidelines

\* FILP (Fiscal Investment and Loan Program) Rate is long term low interest funding by the Japanese government to achieve policy objectives and utilized by Japanese official agencies such as JICA. Currently FILP rate for 10 years is 0.01% p.a.

# Appendix 2-2. PSIF Major Terms (Equity)



## Amount

**Max. 25%** of total capital (PE) / fund size as a **Minority Investor**  
**\$5M - \$20M** as typical size for private equity investment  
**\$10M - \$50M** as typical size for fund LP investment

## Currency

**No currency limitation** in principle

## EIRR

To be determined by evaluating the level of risk.

## Exit Strategy

**Exit Strategy is MUST** and agreed among shareholders  
**5-7 years** as typical investment period with various Exit Strategy  
*e.g. strategic sale (put option), trade sale (M&A), market sale (IPO), etc.*

## Necessity

**Strong reason for JICA participation** in case of private equity investment  
*e.g. sovereign hook, business model that requires patient capital, etc.*

## Safeguards

Compliance with JICA's Environmental and Social Guidelines

# 3-1. PF: Mongolia Tsetsii Wind Farm

## Outline

The Project aims to help supply Mongolia's power demand with clean, eco-efficient electricity by harnessing the country's vast and inexhaustible wind resources through construction and operation of 50MW wind at Tsogttsetsii soum, Umnugobi aimag, Mongolia by Clean Energy Asia, thereby contributing to sustainable economic development and mitigation of climate change impact in Mongolia.

## Impact & Importance

1. Promoting the renewable energy development through Feed-in-Tariff system in Mongolia.
2. "Quality Infrastructure" being promoted by the Japanese government with due consideration on life cycle costs, environmental and social sustainability, and contribution to the local society and economy.
3. First co-financed project between JICA and EBRD. (IJGlobal Award 2016)
4. First USD-denominated project finance debt transaction.

## Project Structure



## 3-2. PF: Bangladesh Sirajganj CCGP

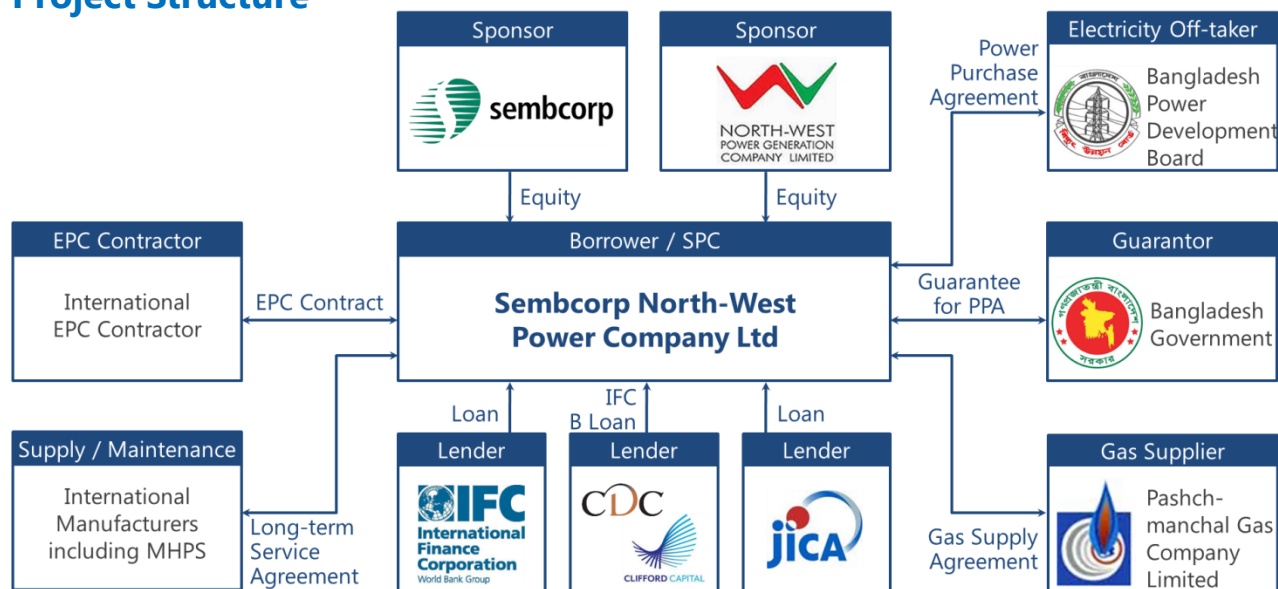
### Outline

The Project aims to meet the huge and acute shortage of electricity supply in Bangladesh through construction and operation of 400MW combined cycle gas power plant in Sirajganj, Bangladesh by Sembcorp North-West Power Company Ltd. , thereby contributing to sustainable economic development in Bangladesh.

### Impact & Importance

1. Helping meet huge demand-supply gap of electricity resulted from the remarkable economic growth in last 15 years.
2. "Quality Infrastructure" with the state-of-art combined cycle gas turbine – this plant to become the most efficient one in Bangladesh.
3. First co-financed project between JICA and IFC under Master Cooperation Agreement (April 2015).

### Project Structure



# 3-3. PF: Bangladesh Excelerate FSRU

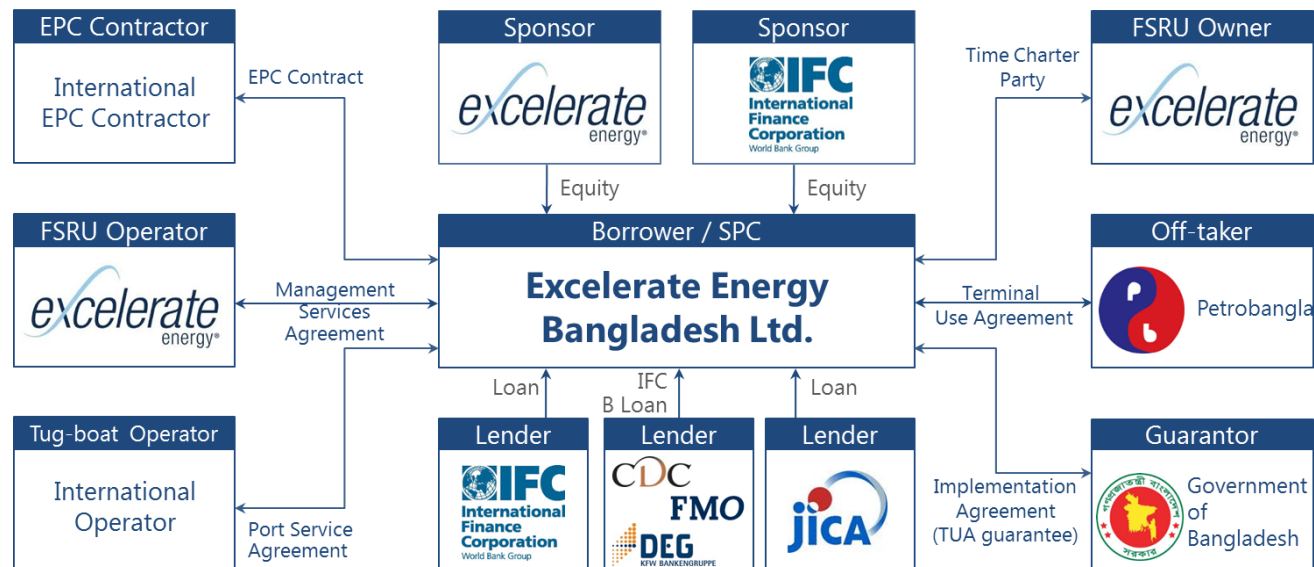
## Outline

The Project aims to expand global clean energy access to Bangladesh through construction and operation of floating liquefied natural gas (LNG) import terminal near Moheshkhali Island, Bangladesh by Excelerate Energy Bangladesh Ltd. , thereby contributing to sustainable economic development and mitigation of climate change impact in Bangladesh.

## Impact & Importance

1. First energy import project in Bangladesh where domestic gas is a dominant primary energy source since its independence in 1971.
2. Strengthening Bangladesh's natural gas supply capacity of 500 mmscfd (equivalent to 20% of current domestic supply) which support up to 3,000MW electricity generation.
3. First co-financed project between JICA and IFC under Memorandum of Cooperation (May 2017).

## Project Structure





# 3-4. PF: Jordan Baynouna Solar IPP

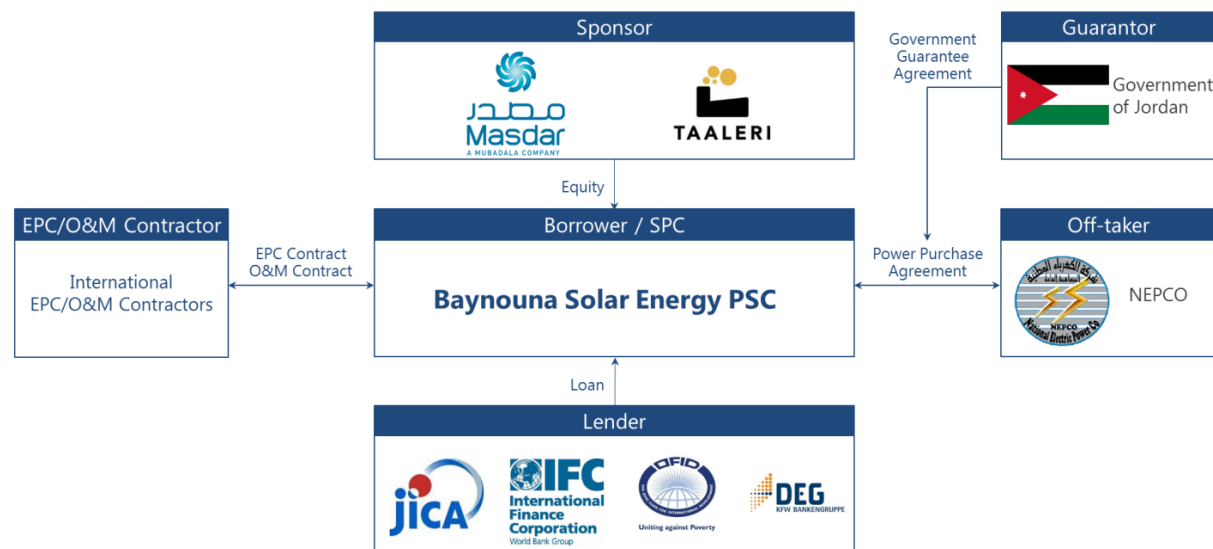
## Outline

The Project aims to increase and diversify the electricity supply through construction and operation of 200MW Baynouna photovoltaic solar power plant to be located at Al-Muwaqqar, Jordan by Baynouna Solar Energy PSC.

## Impact & Importance

1. The largest Solar PV plant in Jordan.
2. Supply power to host communities which accommodate the increasing refugees from nearby countries such as Syria.
3. Co-financed project between JICA and other development finance institutions. Especially, the third co-financing project based on a MOC with IFC.

## Project Structure





# 3-5. CF: Philippines Maynilad Water Service



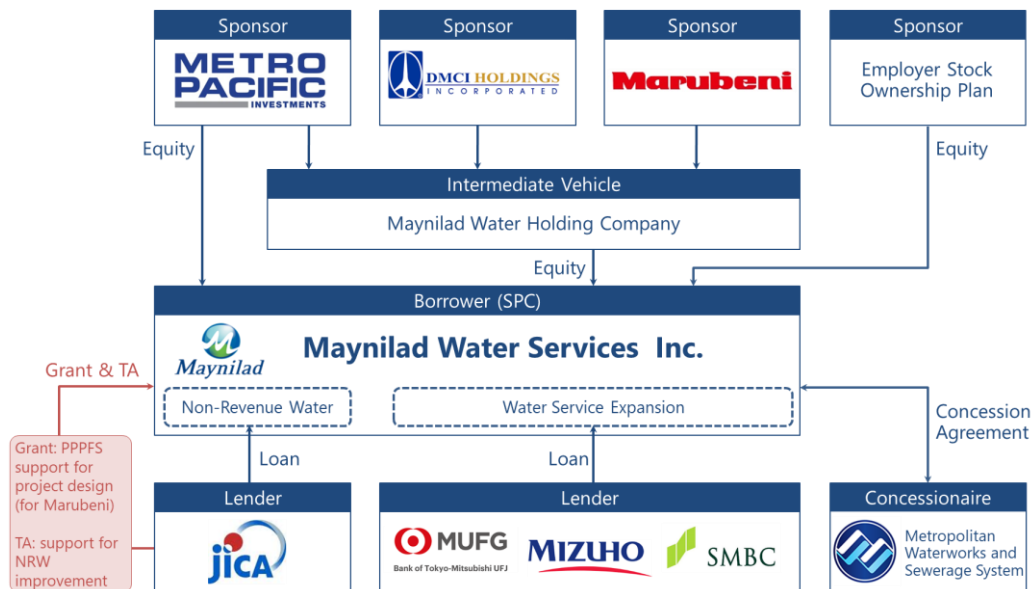
## Outline

The Project aims to achieve an efficient water supply with little water loss by supporting non-revenue water improvement program by Maynilad Water Services, Inc. (Maynilad), the operator of water and wastewater services in the west zone of Metro Manila, thereby enhancing improvement of water services in the area.

## Impact & Importance

1. Supporting from the project design stage through JICA PPP F/S proposed by Marubeni, resulting in the company's equity investment to Maynilad Water Service.
2. Providing TA for Maynilad Water Service for addressing the non-revenue water problem for improvement of operation.
3. First local currency-based loan in Philippine Peso.
4. First co-financed project between JICA and Private Financial Institutions.

## Project Structure



Non-Revenue Water  
updating water distribution pipes, installing water meters, procuring a water distribution control system, etc.



Water Service Expansion  
laying new water distribution pipes, expanding existing water treatment plants, etc.

# 3-6. CF: Brazil Amaggi Agri Supply Chain Project

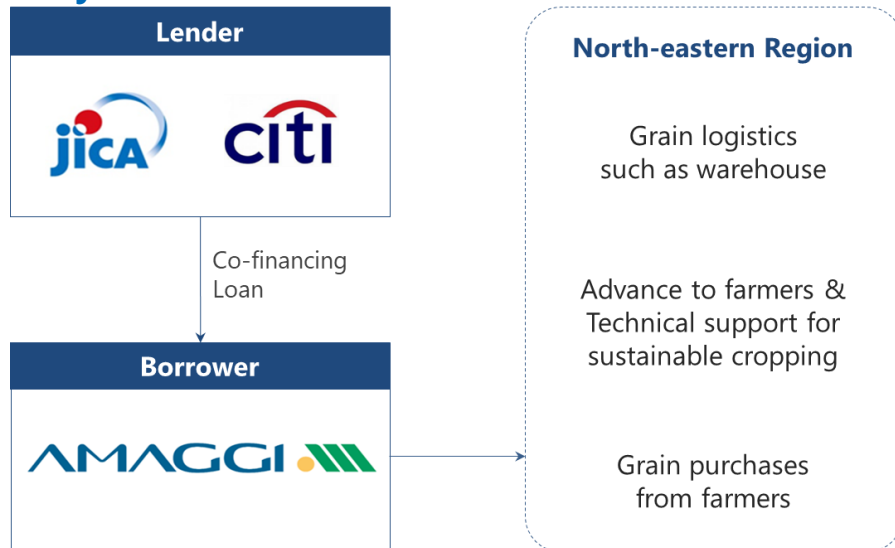
## Outline

The Project aims to strengthen agricultural logistics and improve crop productivity in the northeastern frontier in Brazil by developing infrastructures, providing advances and trainings to farmers, and purchasing grains, thereby contributing to sustainable agribusiness development in the region.

## Impact & Importance

- 1. Sustainable agriculture development:** Amaggi is persistently supporting entrepreneurial farmers in the northeastern frontier for crop cultivation for sustainable agri development through financial and technical services.
- 2. Food security:** As the second largest grain producer/exporter in the world, Brazil will play an important role to cater the increasing global food demand. The Project will serve for Japanese and world food security.
- 3. All-Japan initiative:** Unleashing agribusiness potential in the northeastern frontier has been centered in dialogue between GoB and GoJ, and many Japanese enterprises are involved in grain business from upstream to downstream.

## Project Structure



# 3-7. PE/CF: Myanmar Thilawa SEZ

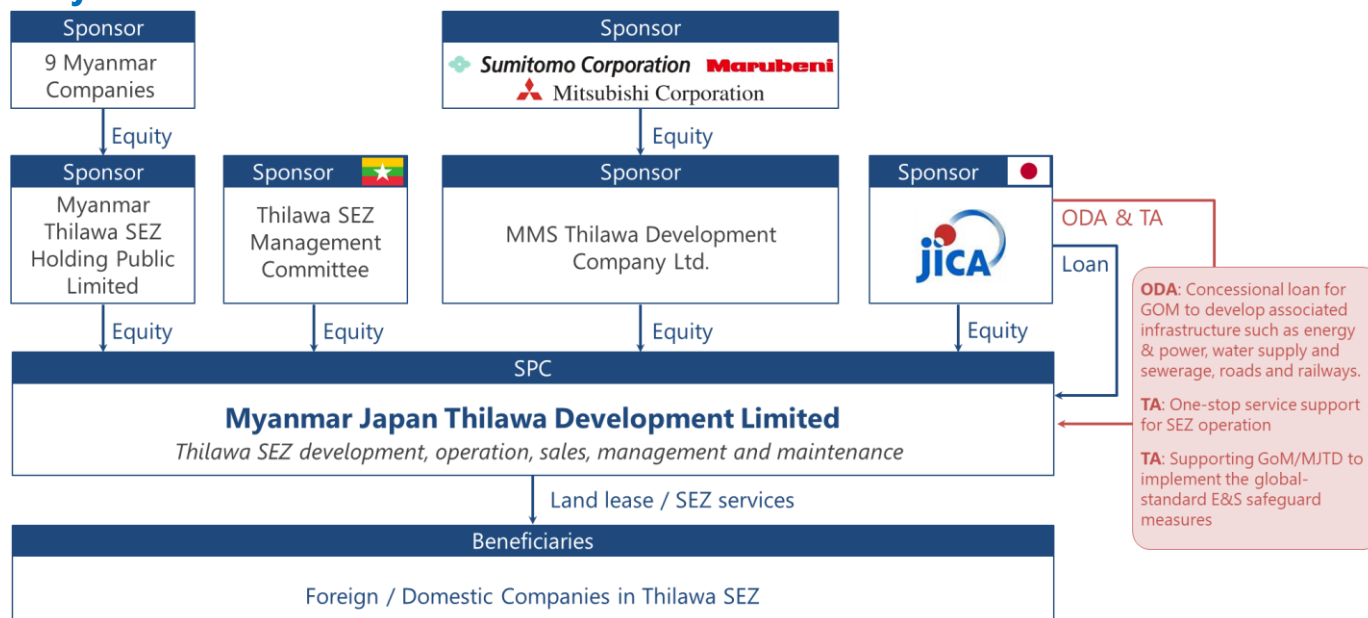
## Outline

The Project aims to promote investment and employment in Myanmar through developing and operating the Thilawa Special Economic Zone (SEZ) for both Zone A and Zone B Phase 1 (in total approx. 500ha) by Myanmar Japan Thilawa Development Ltd., a joint venture established by Myanmar and Japan public-private initiatives, thereby contributing to socioeconomic development in Myanmar.

## Impact & Importance

1. A national flag project for both Myanmar and Japan after Myanmar's democratization and transition to market economy in 2011.
2. Realizing the PPP infrastructure development model through comprehensive Japanese ODA supports to surrounding infrastructure (electricity, water, road etc.), SEZ-related legal structure, One-Stop-Service-Center in Thilawa SEZ, and E&S capacity building.
3. 94 companies from 17 countries have decided to make investment and 48 companies in operation (as of July 2018).

## Project Structure



Zone A Inauguration Ceremony



Main Gate of Zone A



# 3-8. BL: Indonesia IIF to Infrastructure Project



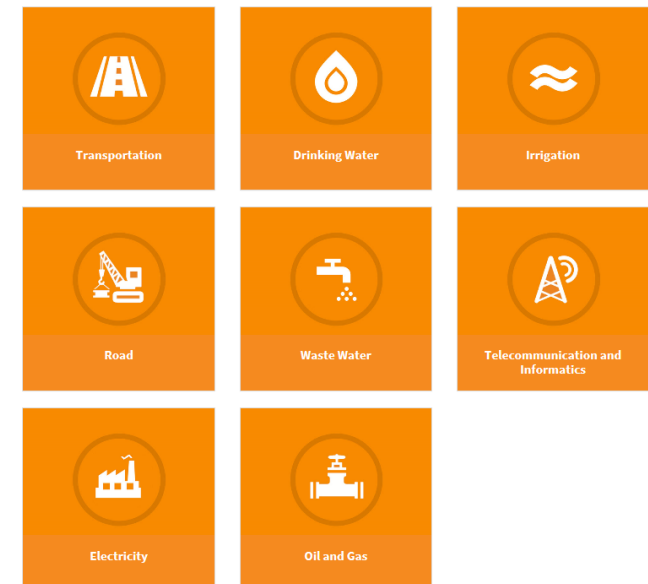
## Outline

The Project aims to mobilize private finance into infrastructure development in Indonesia by investing mainly renewable energy projects in the country through Indonesia Infrastructure Finance (IIF), thereby contributing to business and investment climate improvement.

## Impact & Importance

1. Promoting the mobilization of private funds for infrastructure projects.
2. Providing TA for IIF to enhance the business matching capacity for Indonesian/foreign private investors to potential infra deals.
3. First local currency-based loan in Indonesian Rupia.

## Project Structure





# 3-9. PE: Tanzania WASSHA Inc.

## Outline

The Project aims to extend the electricity accesses in remote areas without power grid electricity through providing LED lamp rental services and mobile phone charging services at the retail shops for the BOP customers carried by WASSHA Inc.in Tanzania and other Sub-Sahara African countries, thereby contributing to poverty alleviation and sustainable socio-economic development.

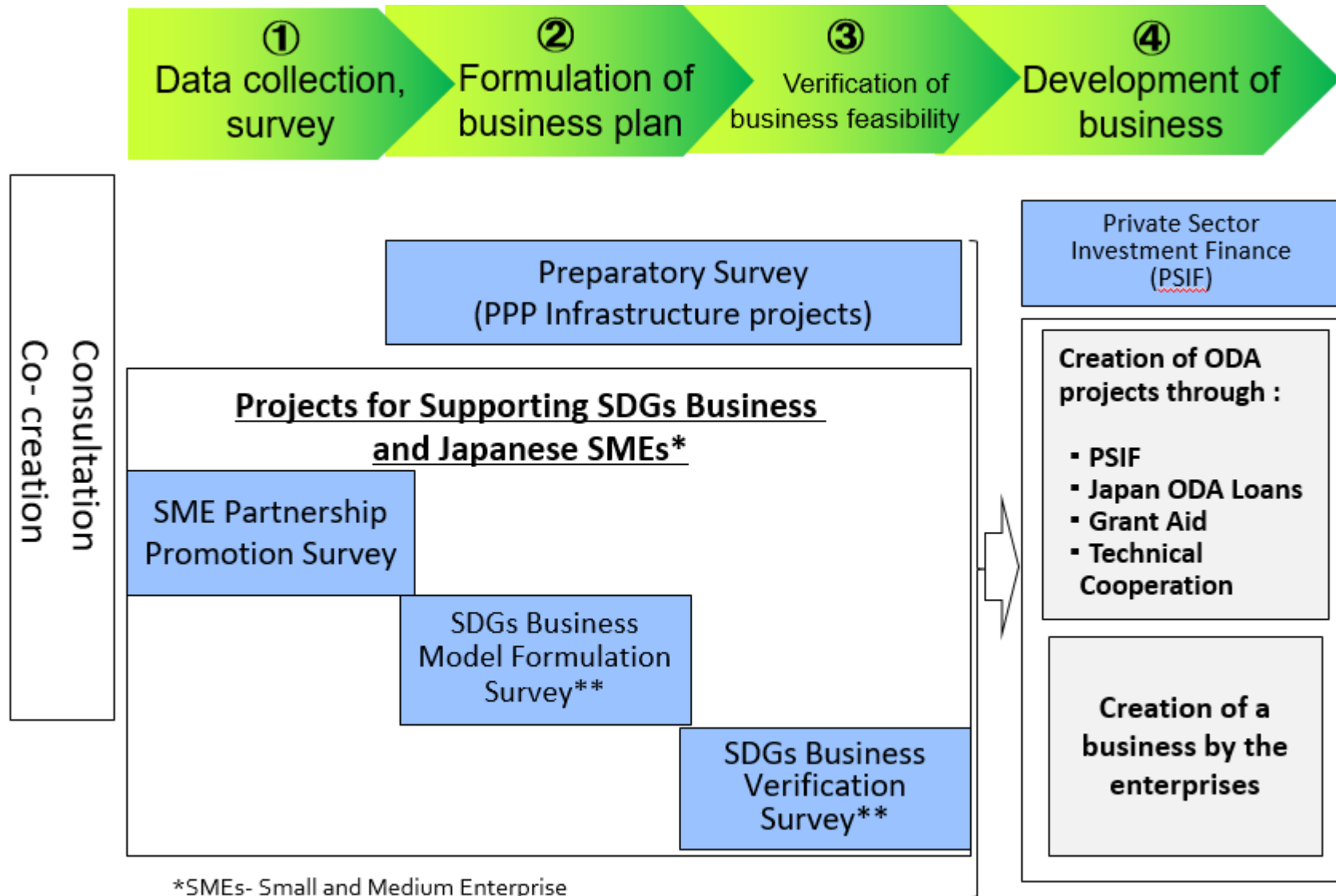
## Impact & Importance

1. Making electricity services more accessible to the BOP/poor in remote area, resulting in better socio-economic situation in various aspects: creating local businesses, increase of children's education opportunity, and improve health condition etc.
2. Adaption of technology innovation from Tokyo University via UTEC Fund
3. Follow up of TICAD VI Nairobi Declaration (August 2016) in innovation and private sector investment promotion

## Project Structure



# 4. JICA's partnership with private sector



\*SMEs- Small and Medium Enterprise

\*\* two categories: for SMEs / non-SMEs