

Introduction to JBIC Finance in Africa: focusing on ANGOLA

April 2011



JBIC

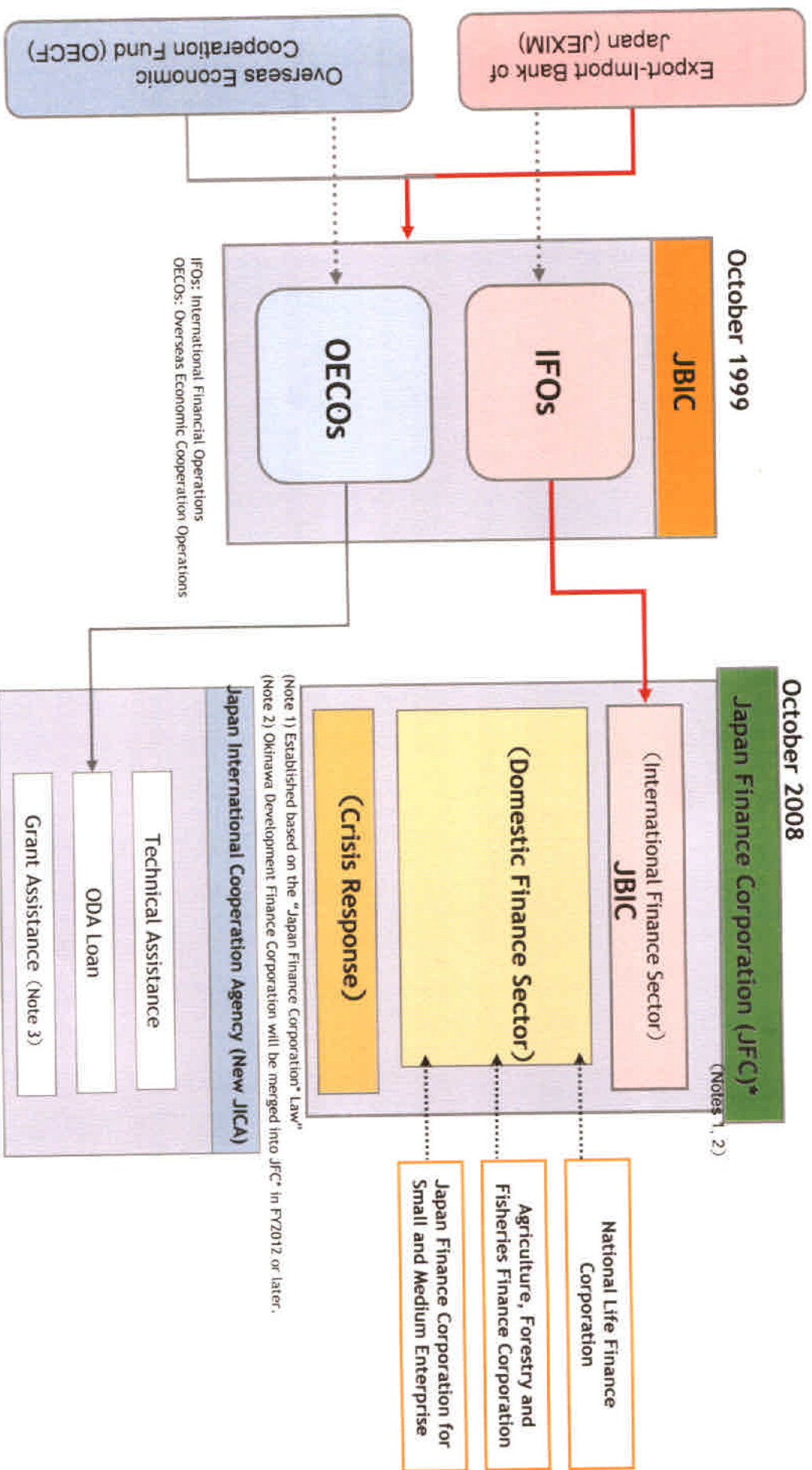
**JAPAN BANK FOR
INTERNATIONAL COOPERATION**

Salient features of JBIC Finance

Japan Bank for International Cooperation (JBIC):

- ▶ is 100% owned by the government of Japan
- ▶ offers finance for the benefit of Japan / the Global community
- ▶ is not part of Official Development Assistance (ODA)
- ▶ is mainly business-oriented and hence can be concluded quickly
- ▶ can contribute to the economic development of Angola together with Japanese companies and Japanese financial institutions through dynamic circulation of private flow of funds

Overview of organizational restructuring



JBIC finance is not ODA but semi-commercial financing, complementing the function of private finance sector

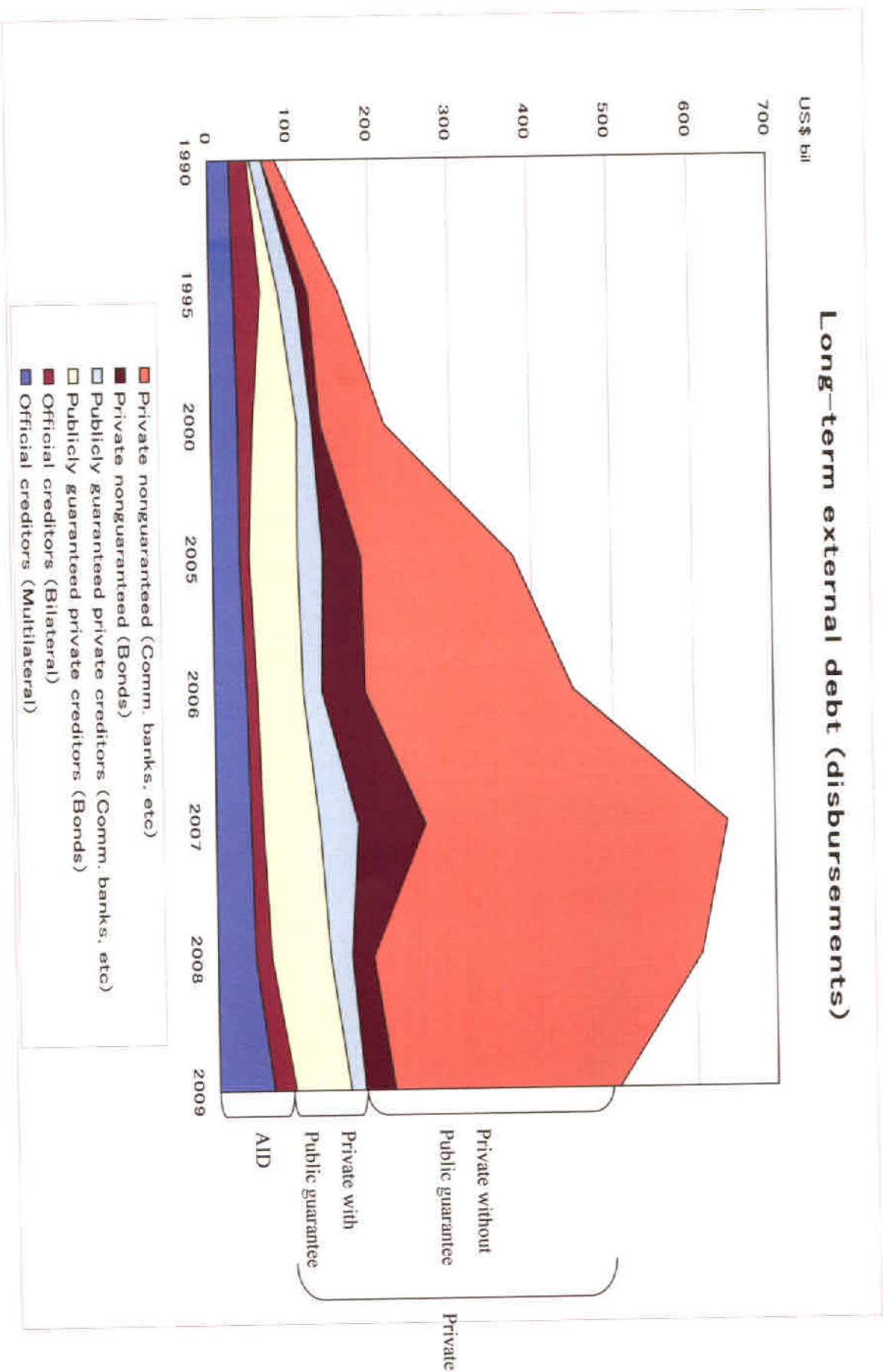
▶ **“Not ODA”**

- Interest rate: Fixed and Floating rate, depending on commercial markets conditions
- Currency: Not only Japanese Yen, but also USD, EUR, and other currencies
- Borrower: Not only governments, but also private companies

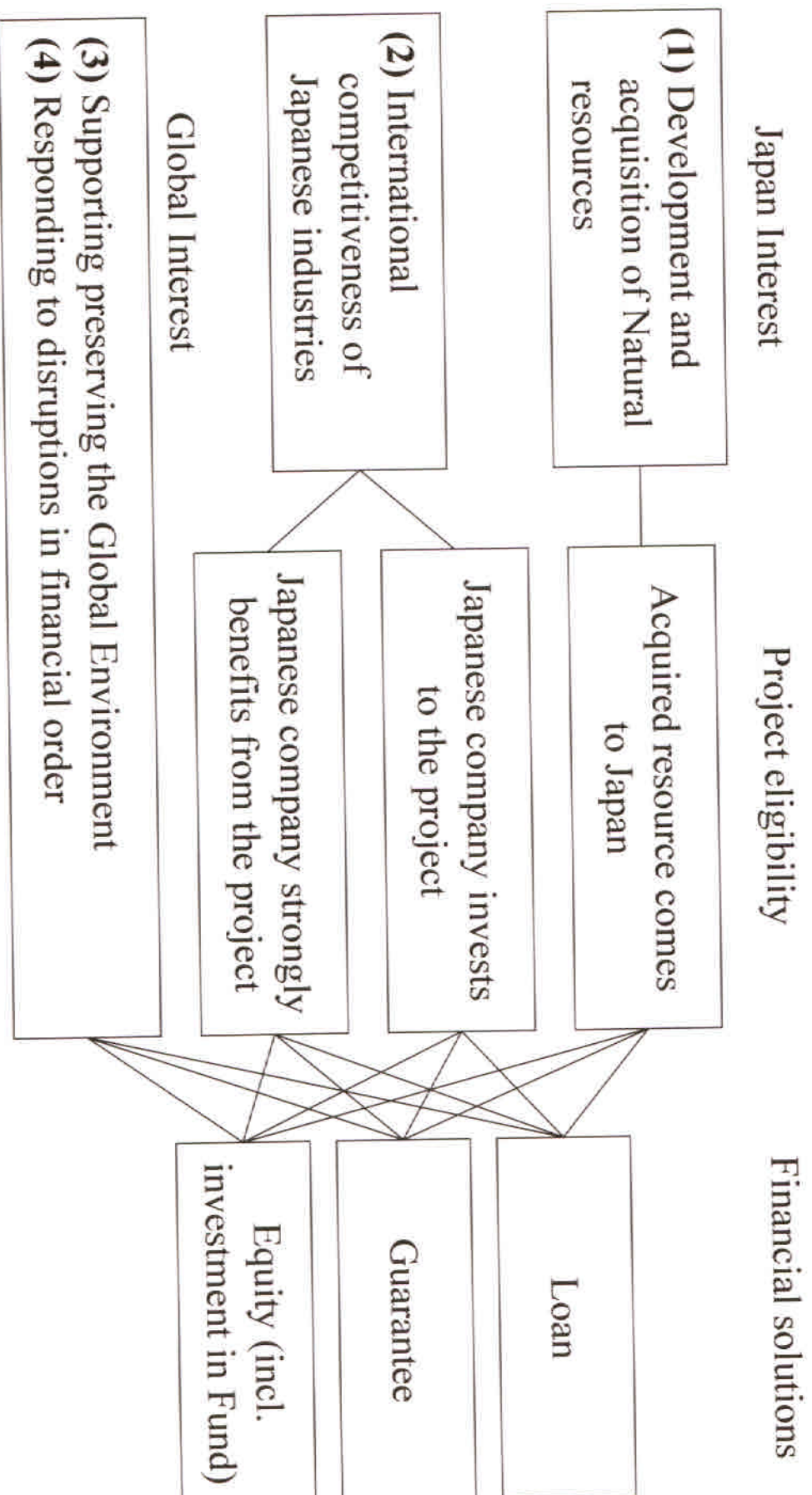
▶ **“Supplementing private finance sector”**

- Country: Mainly developing countries
- Period: Long term is considerable, depending on project cash flow and securities
- Amount: Large amount is considerable, depending on project cash flow and securities

Flow of Funds into Developing Economies



Japan / Global interests and Financial solutions



JBIC as a government vehicle for promoting investments from Japan to Africa

- ▶ As one of Japan's initiatives in TICAD IV, 2.5 billion USD financial support from JBIC in 5 years from 2008 was pledged by the Japanese government.
- ▶ Since then through, JBIC has made an overall commitment equivalent to about 2.1 billion USD of financial commitments for infrastructure development and natural resource related projects that would support Japanese business activities and economic growth in African countries.

JBIC loans to Africa: Major Projects since 2007

signing date	country	project name	Amount
Feb 9, 2007	—	Export Credit Line for PTA Bank	1,500 mil JPY
Feb 14, 2007	South Africa	Export Credit Line for Eskom	30,000 mil JPY
Jun 6, 2007	South Africa	Untied Loan for DBSA	Loan 120 mil USD / Guarantee 80 mil USD
Jun 7, 2007	South Africa	Untied Loan for Eskom (Power Transmission & Distribution)	Loan 10,200 mil JPY / Guarantee 6,800 mil JPY
Jul 17, 2007	Uganda	Two Step Loan for Uganda Development Bank (Organic Cotton Business)	2.5 mil USD
Aug 22, 2007	Madagascar	Project Finance & Political Risk Guarantee for Ambatovy Nickel Project	Loan 490 mil USD
Jul 9, 2008	South Africa	Untied Loan for Eskom (Power Transmission & Distribution)	Loan 4,500 mil JPY / Guarantee 3,000 mil JPY
Aug 15, 2008	Madagascar	Overseas Investment Loan for Ambatovy Nickel Project	Loan 400 mil USD
Sep 25, 2008	Egypt	Overseas Investment Loan for Natural gas related project	Loan 270 mil USD
Mar 26, 2009	South Africa	Untied Loan for Transnet (Port Expansion)	Loan 21,000 mil JPY / Guarantee 14,000 mil JPY
Oct 5, 2009	South Africa	Untied Loan for Standard Bank	150 mil USD
Aug 9, 2010	Egypt	Buyer's Credit for Energy Refinery Project (Project-Finance Based)	Loan 540 mil USD
Sep 2, 2010	Egypt	Buyer's Credit for the National Authority for Tunnels (Metro Construction)	Loan 7,900 mil JPY
Nov 24, 2010	Angola	Buyer's Credit for the Government of Angola (Textile Plant Rehabilitation)	Loan 11,600 mil JPY

JBIC lead a Business mission of Japanese companies to Angola

- **Purpose:**

Aimed to support Japanese companies to succeed in their businesses in manufacturing and infrastructure sectors by exchanging information with VIP's of Angolan government.

- **Participants:**

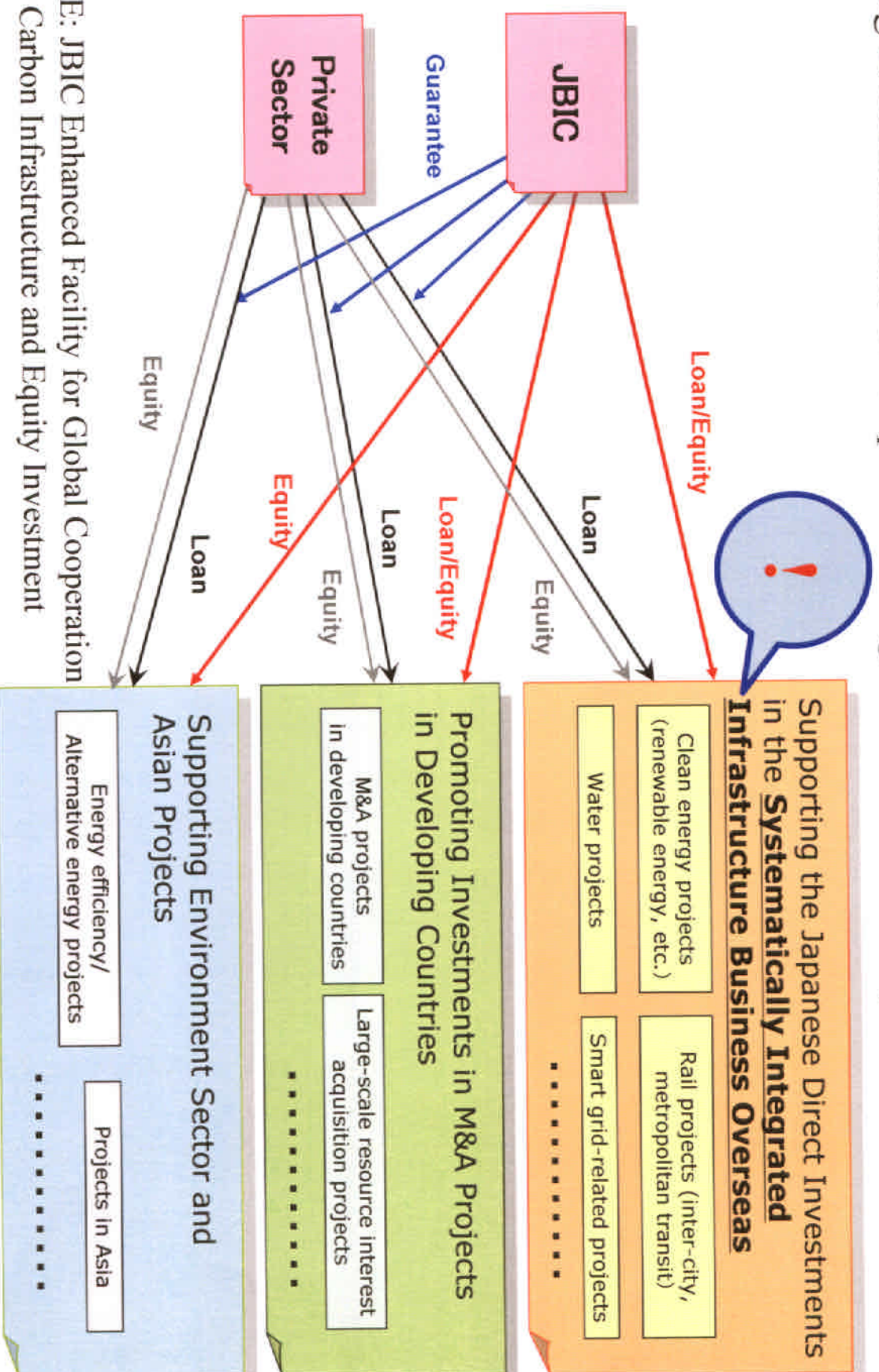
(Head) Mr. Hoshi, Executive Director of JBIC
JBIC, Itochu corp., Sumitomo corp., Sojitz,
Toyo-Engineering corp., Toyota Tsusho corp.,
Marubeni corp., Mitsubishi corp.

- **Had discussions with:**

State Minister Feijo,
Chairman of ANIP,
Minister of Geology, Mines and Industry,
Minister of Finance, Minister of Petroleum etc.



Aiming at infrastructure development through “E-FACE” Facility



Cooperating with international organizations

Memorandum of Understanding with **International Finance Corporation**

(IFC), a member of World Bank group

- On May 27, 2008.
- aims to strengthen cooperation between the two institutions in financing and mobilizing private sector investments in Africa.

Memorandum of Understanding with **African Development Bank (AfDB)**

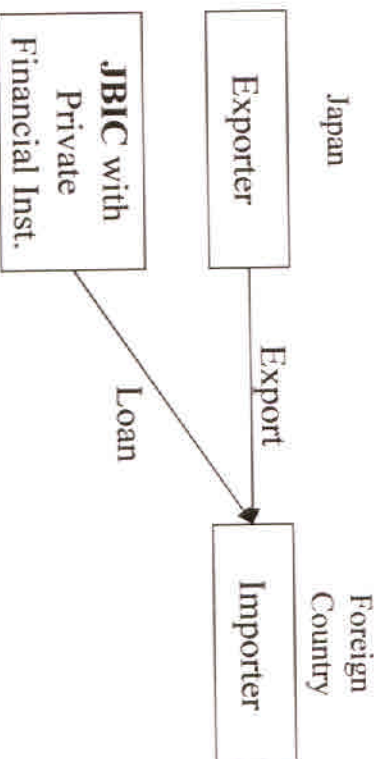
- On May 14, 2009, during the Annual Meeting of AfDB held in Dakar, Senegal.
- aims to strengthen cooperation between the two banks in supporting economic development in Africa.

Memorandum of Understanding with **Afreximbank**

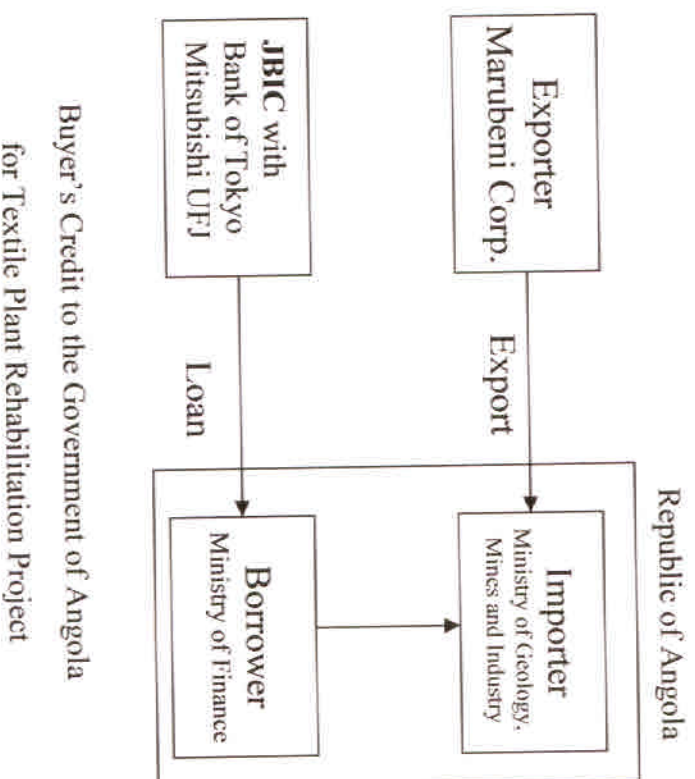
- On May 27, 2010, during the Annual Meeting of the AfDB held in Abidjan, the Republic of Cote d'Ivoire.
- aims to strengthen cooperation between the two banks in financing to promote projects in Africa with involvement by Japanese firms as well as trade between Japan and African countries.

Case Study 1 : Export Loan

Finance Scheme



Example : Buyer's Credit to Angola



Terms and conditions on Export Finance

Key Terms and Conditions on Export Facility

	JPY	Other currencies
Lenders	JBIC and Private Financial Institution(s) ("PFI")	
Financial Coverage	85% of Foreign Portion and up to 30% of Local Cost	
Down Payment	15% of Foreign Portion to be paid before the Starting Point of Credit ^{*1}	
Repayment Period	Up to 10 years (Up to 12 years for power plant)	
Interest Rate	CIRR ^{*2} + Risk Premium ^{*3}	JBIC portion: CIRR ^{*2} + Risk Premium ^{*3} PFI portion: Negotiation base
Environment	JBIC Environmental Guidelines	

^{*1} Starting Point of Credit: Originally scheduled date of the last shipment, the commissioning, the provisional acceptance or equivalent expression as set in the Contract

^{*2} CIRR: Interest rate applied to Officially Supported Export Credit as per OECD Guidelines, which will change on 15th of each month

^{*3} Risk Premium: To be calculated based on repayment terms, CIRR rate etc. according to OECD Guidelines for JBIC portion. (For JPY, the rate in the table above is converted to be applied to total amount of principal)

Case Study 2 : United Loan (without procurement from Japan)

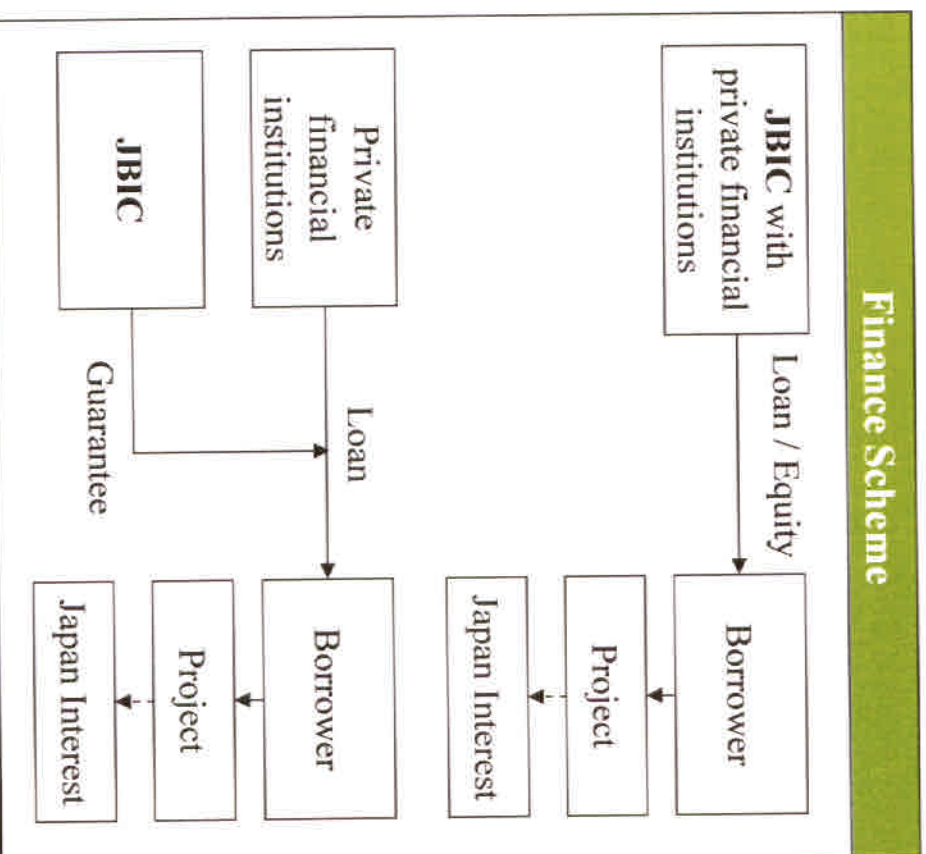
Eligibility

- ▶ Japan will benefit from projects
 - The project can improve infrastructure of Japanese companies' activities
 - The project can improve business environment of Japanese companies
- ▶ The world will benefit from projects
 - The project has the effect of CO2 reduction

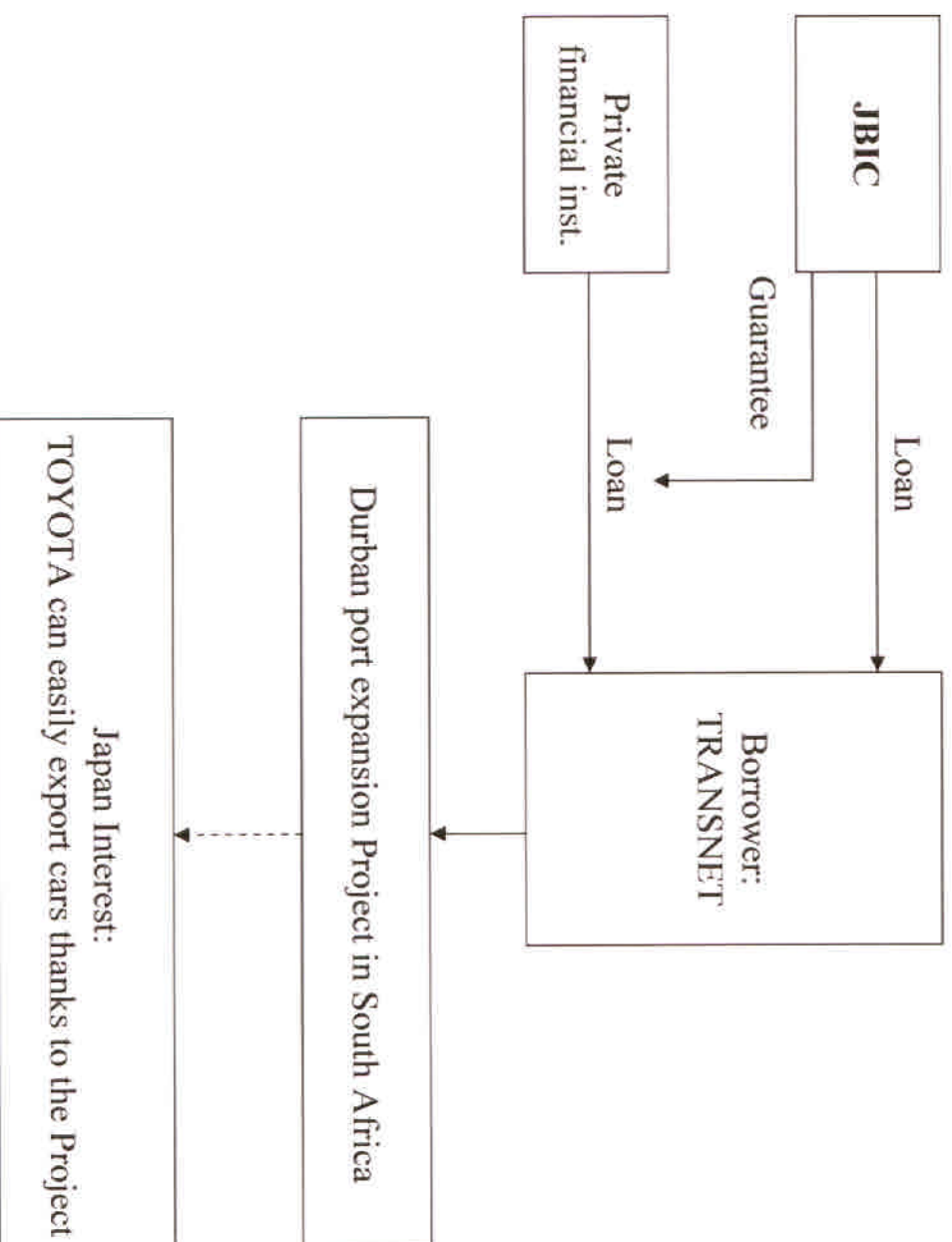
Terms and Conditions

- ▶ Depending on the Borrower's credit
- ▶ JBIC Environmental Guideline

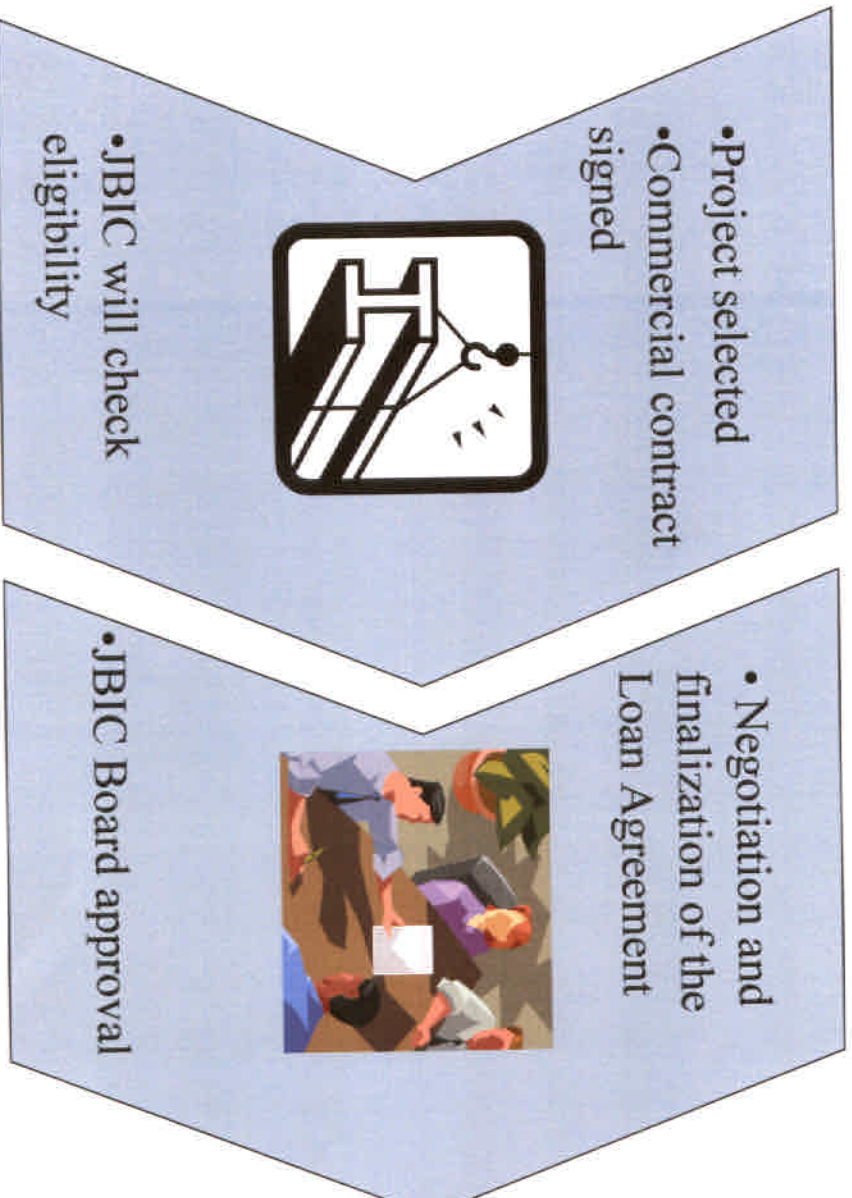
Finance Scheme



Example : United Loan to TRANSNET in South Africa for Port Expansion



How you will proceed to reach and enjoy JBIC finance



Signing the Loan Agreement