

JBIC Today

January 2021



Special Feature

Using Collaborations with Overseas Companies to Drive the Realization of Society 5.0

- ▶ Supporting Japanese Companies along Dual Axes of “Nordic and Baltic Region” and “Investment in Start-ups”
- ▶ Backed by Entrepreneurs with Proven Track Records, Angel Investors, and Governments
How Scandinavia Creates Innovation

Our Global Challenges - Sunrose Co., Ltd.

Transformed from “Local Industry” by Leveraging Planning and Development Capabilities
Established Sewing Factories of Curtains and Other Products in Three Asian Countries

Project Frontline Our People and Their Work

Passion and conviction in the project lead to success in tough negotiations

Africa’s largest project financing, materialized by the mutual trust among the parties



JAPAN BANK FOR
INTERNATIONAL COOPERATION

Using Collaborations with Overseas Companies to Drive the Realization of Society 5.0

Society 5.0 is a concept that will use a variety of innovative technologies to create new value, with the aim of maintaining a human-centered society. An increasingly important factor in making Society 5.0 a reality is for Japanese companies to build their overseas presence, through such initiatives as creating innovation through collaborations with overseas companies and expanding their business into growing overseas markets. This edition's special feature presents part of these efforts through examples of JBIC support and provides an outlook for the society that Society 5.0 aims to create.

**Society 5.0, a world in which all people and things are connected, and information is shared
To make this world a reality, collaboration between companies is essential, regardless of nationality or business size**

Society 5.0 is a concept that was proposed in the 5th Science and Technology Basic Plan released by Japan's Cabinet Office. It is defined as a human-centered society that balances economic advancement with the resolution of social problems by a system that highly integrates cyberspace and physical space.

With the advent of the 20th century, the volume of knowledge and information handled by the human race increased exponentially, but there has not been sufficient development of technology that would connect that information across different sectors. For this reason, depending on age, location, and other factors, there have been limitations in the information and services that can be accessed and constraints on behavior, and responses to social issues such as the declining birthrate, aging population, and depopulation in regional areas have been far from adequate.

Society 5.0 represents a vision in which the challenges we are facing today have been resolved.

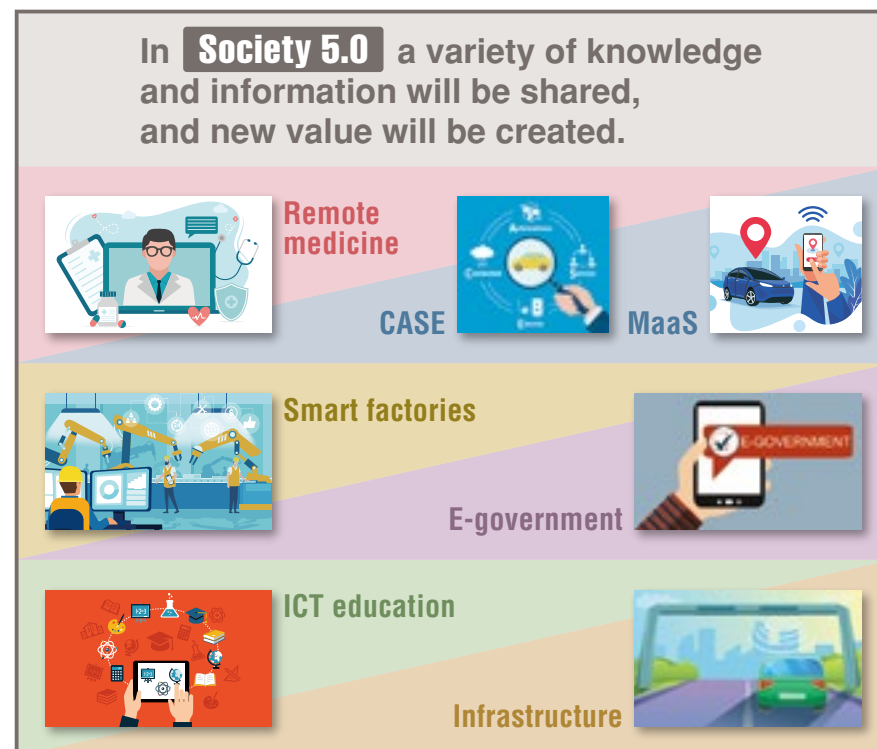
All people and things will be connected and a variety of knowledge and information will be shared with IoT. Sensors installed in the physical space will collect massive volumes of information, and this big data will be analyzed by AI in the cyberspace. The results obtained will be fed back to the physical space and create new value. Advanced technology such as robots and autonomous vehicles will likely contribute to the resolution of regional problems such as the declining birthrate, aging population, and depopulation.

Already, technologies to realize these

things are being implemented in society. In the United States and China, platformers are emerging to provide service infrastructure that has innovative technologies at its core. Tech companies in Silicon Valley and Israel that have their own, unique technologies are the focus of fervent attention from around the world, while M&As and head-hunting are becoming more widespread.

Although Society 5.0 is a concept originated in Japan, collaborations with companies that have outstanding technologies, regardless of their nationality,

will be an important option for its realization. The "economic advancement with the resolution of social problems" that Society 5.0 advocates have much in common with the United Nations' Sustainable Development Goals (SDGs). By teaming up with overseas companies and start-ups that possess outstanding technologies, Japanese companies, with their strengths in manufacturing, will be able to contribute to the world and extend new businesses out into overseas markets.



Society 5.0

First proposed in the 5th Science and Technology Basic Plan as a future society that Japan should aspire to. It follows the hunting society (Society 1.0), agricultural society (Society 2.0), industrial society (Society 3.0), and information society (Society 4.0).

**Both quantity and quality of healthcare provided in the rapidly expanding Asian market are inadequate
Leading-edge technology is being used to aim for patient-centered healthcare**

What kinds of specific sectors are attracting the most attention? Innovations such as CASE (Connected, Autonomous/Automated, Shared, Electric), which is being pursued primarily by the automotive industry, MaaS (Mobility as a Service), which aims to turn all kinds of mobility into services, and smart factories, in which advanced technologies are used to reform the site of production, are particularly compatible with Japan's manufacturing industries. Further, the themes of remote medicine and ICT education, for example, are directly connected to the creation of a society without inequality, which is one of the 17 goals in the SDGs. There are expectations for worldwide innovations in these kinds of areas.

Mitsui & Co., Ltd. (Mitsui) has invested



IHH, a hospital operator with 80 hospitals across 10 countries mainly in Asia



IHH is focusing its efforts also on the introduction of leading-edge equipment



IHH introduced online medical services in eight countries in response to the COVID-19 pandemic

in IHH Healthcare Berhad (IHH), Asia's largest private-sector hospital group, and is engaged in the transition from the quantitative expansion of healthcare in the region to the improvement of quality. Project leader, NAGAIHIRO Tomo, commented, "The healthcare industry is a conservative one that has fallen behind in digitization, but with the simultaneous pressures of increased volume of data during treatment and the reduction of treatment costs, there is no time to lose in making use of that data."

Since Mitsui made an additional investment in March 2019, becoming IHH's majority shareholder, IHH's business strategy has changed significantly. It had already been expanding the number of hospitals and hospital beds it owned by acquiring and building new hospitals, extending beyond its original area of Singapore and Malaysia out into Turkey, India, and other regions. Now, it is pursuing the merger of businesses under its umbrella and the creation of synergies, and its strategy has changed course toward raising the quality of its medical services to provide patient-centered healthcare. With this revised strategy, it is aiming for further growth.

"Due to the asymmetry of information in the healthcare sector, it tends to be a world that is centered on the medical institutions and doctors. Moreover, unlike Japan, treatment is not covered by health insurance, so there were problems with treatment fees charged differing from doctor to doctor and patients not knowing how much their treatment would cost until they were discharged from hospital. To realize greater fee transparency, we had AI learn the actual costs being charged in Singapore and proposed a predictive hospital bill estimation system that could provide an estimate of inpatient hospital charges. The system's accuracy rate has increased to 80% and has proved popular



NAGAIHIRO Tomo
General Manager, Healthcare Business 1st Dept.
Healthcare Business Division
Healthcare & Service Business Unit
Mitsui & Co., Ltd.

with both patients and hospital staff. It received a commendation from Singapore's Infocomm Media Development Authority as an excellent example of innovation."

The project to develop this predictive hospital bill estimation system was led by staff on temporary assignment from Mitsui. They involved local operations staff and took the lead through the project, from defining the requirements to developing and installing the system.

"Asia's healthcare market is expected to become increasingly competitive. To ensure that we are patients' hospital of choice, we will continue to leverage leading-edge technology and the network we have as a trading firm to engage in resolving problems and realize the transition from hospital-centered to patient-centered healthcare. In future, we hope to bring our overseas experiences home to Japan and achieve even further development."

Financial support for Japanese companies' overseas business expansion

In March 2019, Mitsui & Co., Ltd. (Mitsui) acquired an additional 16% stake in IHH Healthcare Berhad (IHH) from a holding company wholly owned by Khazanah Nasional Berhad (Khazanah) at a cost of approximately MYR8.4 billion (approx. JPY220 billion). Together with Mitsui's existing stake, this acquisition brought its total shareholding to 32.9%, making it IHH's leading shareholder. JBIC signed a loan agreement for up to USD400 million (JBIC portion) with Mitsui to assist with the purchase of the shares in IHH. In doing so, JBIC supported the expansion of Mitsui's business overseas in the healthcare sector.

Supporting Japanese Companies along Dual Axes of “Nordic and Baltic Region” and “Investment in Start-ups”

JBIC has established a venture capital fund in the Nordic and Baltic, a region that is attracting attention as one of the world's major start-up hubs, to create opportunities for Japanese companies to collaborate with start-ups.

Venture capital fund established jointly by the JBIC Group and a local firm Leading Japanese companies also participating as LP investors

As the speed of global business accelerates, financing needs are also diversifying and swift responses are required. In the past, JBIC's support of Japanese companies for their overseas business has primarily been through loans, but JBIC has now enhanced its equity function to provide more flexible, diverse support by taking more in-depth risk. Particularly, in a joint venture with Industrial Growth Platform, Inc., which has an extensive track record as a hands-on consulting firm, JBIC established the investment advisory firm, JBIC IG Partners, in June 2017. The first project for this new firm was the management of an investment fund for projects targeting Russia.

Its next project is JB Nordic Fund I (commonly known as NordicNinja), a venture capital fund targeting the Nordic and Baltic region^(*). Jointly established with a local firm, AS BaltCap, this fund

is worth EUR100 million and primarily targets technology companies in the seed and early stages. In addition to the fund's management through JBIC IG Partners, JBIC participates as an LP investor alongside Omron, Panasonic, and Honda.

There are three reasons for JBIC's focus on the Nordic and Baltic region.

The first is that entrepreneurship in the technology sector is gaining momentum in the region. Its consequent potential has earned the region the moniker of “the Silicon Valley of Europe.” The second is that competition there is not as intense as in Silicon Valley or Israel. Compared with those regions, which have attracted investors from all over the world, causing competition to overheat, it is considered possible to invest in companies at more reasonable valuations. The third reason is that it is a region that has not yet been covered by Japanese companies. While the

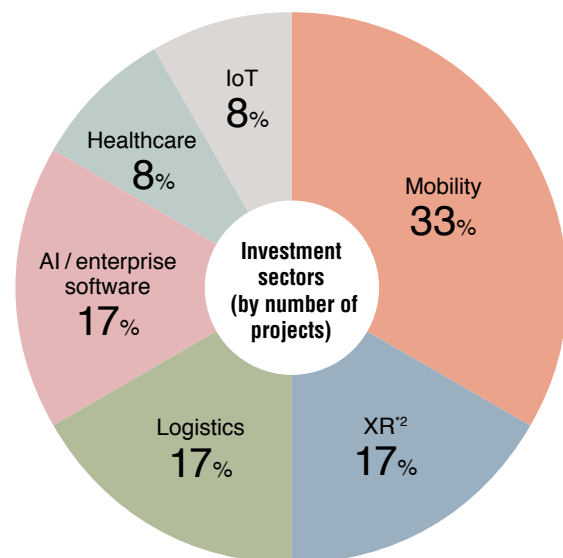
Nordic and Baltic region may be attracting attention, the fact is that Japanese companies have only made limited entry into the region. For this reason, JBIC has initiated to establish a fund first and then attracted Japanese companies in the region. JBIC intends to support the companies' strategic effort through this initiative.

JB Nordic Fund has already invested in 12 local companies (as of October 31, 2020) since it was established in January 2019. The many different areas it has invested in include mobility, XR^(*), logistics, and AI/enterprise software.

The establishment of JB Nordic Fund is the first project in JBIC's efforts to be the first to venture into regions that have major potential but on which Japanese companies have not yet focused their attention. JBIC also intends to extend this initiative into new regions other than the Nordic and Baltic region.

^(*)1: The region comprises eight countries: Finland, Sweden, Denmark, Norway, and Iceland (the Nordic countries); and Estonia, Latvia, and Lithuania (the Baltic countries).

JB Nordic Fund invests in wide-ranging areas, including the mobility sector



^(*)2: XR, or extended reality, is a collective term for technology that fuses the real world and digital information. It includes technologies such as virtual reality (VR), augmented reality (AR), mixed reality (MR), and substitutional reality (SR).

Overview of JBIC IG Partners

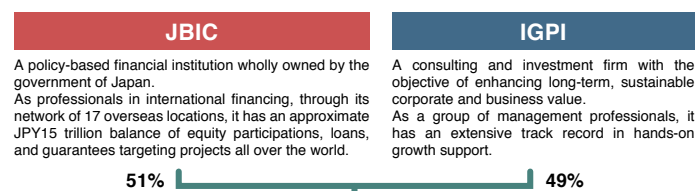
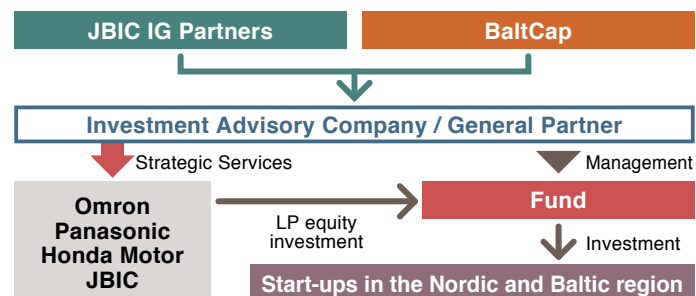


Diagram of JB Nordic Fund Scheme



The target of investment is not the technology, but the problem that the technology aims to resolve

JBIC staff members battling hard in the arena of Nordic investment fund

There are two distinctive projects that NordicNinja has invested in recently.

One of them is Voi Technology in Sweden. Voi Technology operates a sharing service using electric scooters.

In Japan, electric scooters are still classified as motorized bicycles, so are not very well known, but in Europe, they are widely used as a means of traveling short distances. With over six million users, Voi Technology has Europe's top share of the market. With fewer people using public transport due to the COVID-19 pandemic, Voi Technology's service has drawn even more attention as an alternative.

Voi Technology's strength lies in its algorithms for scooter deployment, as well as its hardware, specifically the scooters' replaceable inbuilt batteries. Voi Technology's electric scooters do not have to be returned to where they were originally picked up, but if they are left just anywhere for long, it could lead to the problems of batteries running out and the uneven distribution of scooters across the city. It could also make the cityscape look

untidy. To counter these problems, Voi Technology employs central management of the vehicles in real time. It decides on the optimal deployment of scooters based on the condition of their batteries and other hardware and on data, including demand forecasting. By recalling defective scooters immediately and actively working to mitigate uneven distribution, it has been able to resolve a variety of problems. Voi Technology is not merely an operator; it is also a tech company that owns technology that fuses the virtual and the real worlds.

NordicNinja's other recent investment was in Veriff, an Estonian company that provides online ID verification solutions.

Estonia is well known for its pioneering policies, such as the introduction of e-Residency, the world's first online residency status. The key to this system was the ID verification technology. Japan had also seen a growth in opportunities to register a facial photograph for ID confirmation purposes, but the processing of the verification was still performed manually by humans, making it a time-consuming process. However, Veriff has succeeded in automating the ID verification process with the use of machine learning. After the necessary information is registered, the process takes only 20 to 30 seconds and also guarantees a high degree of accuracy.

Financial institutions were the first to focus their attention on this ID verification solution, but demand has since increased in educational settings as well. With schools shutting down due to the COVID-19 pandemic, this solution is being considered for use in situations such as online exams. Also, with the expansion of remote work, employees have more occasion to access their companies' in-house systems from home, so general businesses are also focusing their attention on it as an application for their own employees.

As described, both Voi Technology and Veriff boast high levels of technological strength. However, when we decide where to invest, we do not look at the technologies and products alone. We look at what kind of problems they are seeking to resolve with those technologies and what kind of society they will be able to create. That is because companies that adhere stubbornly to their own technologies alone can find it hard to keep up in markets that are changing at a bewildering pace, whereas companies that focus on resolving the problems facing society will be



Innovative solution for ID verification developed by Veriff



Voi Technology's sharing service, used by more than six million people across Europe

able to continue to grow by responding to the change. Both Voi Technology and Veriff have just started to expand into Japan in earnest, so you may see them somewhere close to you one of these days.

We are still very much a newcomer to this industry, so it is a process of trial and error day by day as we work out how to get people to realize Japan's appeal and NordicNinja's strengths. One thing I have noticed is that, in states with a high degree of social security where trust in the government is high, the input of capital from JBIC, which is a policy-based financial institution wholly owned by the Japanese government, leads to a sense of trust. This does seem to be a major advantage.

Venture capital may look like a glamorous job. I, too, thought like that in the beginning. However, start-up owners have staked their whole lives on their business, and there are times when they feel under pressure and whine. How we support them at such times becomes the issue, and while “hands-on” might sound good, it is important that we simply listen to their grumbles. This job is actually much more down-to-earth and human than you might think.

In closing, on a personal note, I find myself more and more often imagining what society will look like for my three children when they grow up. The job we are doing now will create the future, so as I go about my work every day, I think about what I want society to be like in the future and how I can help realize that using the strengths of Japanese companies.



SOHARA Tomosaku
Investment Director, JBIC IG Partners and Managing Partner, JB Nordic Ventures Oy (NordicNinja VC)



Panel discussion with Veriff CEO, Kaarel Kotkas at FinanceEstonia Forum 2019

Backed by Entrepreneurs with Proven Track Records, Angel Investors, and Governments How Scandinavia Creates Innovation

Society 5.0 is a concept of a society built on various innovative technologies—IoT, big data, AI, robots, drones, and so on. What kinds of future maps are envisioned for the Nordic and Baltic region—centers of innovation in Europe—and are companies there looking to do business with Japan? We spoke with Marek Kiisa (MK) and Rainer Sternfeld (RS), the leaders of JB Nordic Fund.

An ecosystem supported through private and government collaborations in which successful entrepreneurs nurture the next generation of entrepreneurs

— How will society in the future change with new technologies such as AI and IoT?

MK First, I think the role of governments will shift to become service providers for their citizens. Citizens will be able to obtain useful information and receive helpful services provided by government agencies and so on through apps provided by the government that utilize AI. In addition, with

the popularization of 5G, autonomous electric vehicles will replace logistics trucks, and carbon-neutral vehicles and services such as electric bike sharing services will become widespread in urban areas.

— How are entrepreneurs and investors working together to support innovation in the Nordic and Baltic region?

MK Many entrepreneurs have been successful in the region's start-up ecosystems, and these successful entrepreneurs help advise and fund the next generation of entrepreneurs. We cannot overlook the fact that these successful entrepreneurs not only provide funding but also visit schools and help with robotics and coding lectures, which in turn inspire students to start new businesses. The role of government is also important. Governments, along with the European Investment Fund, are offering numerous programs to help launch start-ups as well as investing in regional venture capital funds.

— What approach should Japanese companies take if they are interested in open innovation and collaborating with companies in the Nordic and Baltic region?

RS If Japanese companies are to collaborate with companies in this region, it will be important to manage their expectations. It is extremely important to clearly communicate what your aim is, what sort of timeline you have, and what your budget is, from the beginning. Sharing your perspectives is also critical.

— Given the intensifying competition for advanced technologies development and market acquisition globally, what strengths do Japanese companies bring? And what do you see as the challenges facing them?

MK I think automation in the transportation and logistics sectors is a great opportunity for Japan to take advantage of, similarly to its success in factory automation. Large, successful companies would be able to gain fresh international perspectives through the acquisition of start-ups or partnerships with such companies.

RS Japan has a wealth of experience in overcoming numerous challenges. I believe that creative talents in Japanese—inventors, engineers, designers,

entrepreneurs, and so on—have the potential to connect businesses and governments and build a new society for the 21st century. In order to create entirely new products and business models, such talents need opportunities to try their own experiments and ideas, just as the engineers who founded large Japanese companies did in the past.

— What do you think is necessary to make global expansion aimed at promoting innovation a success?

Talents with diverse backgrounds come together at JB Nordic Fund Exchanges with Japanese LP investors are also a source of energy for team activities

— How do you feel about your collaboration with JBIC so far through working as a member of JB Nordic Fund?

RS JB Nordic Fund has proved that government-affiliated financial institutions such as JBIC and private companies can successfully work together with private equity partners abroad. One of the keys to success is building a quality team. This team consists of members that bring a diverse range of experiences to the table, including Silicon Valley entrepreneurs, Scandinavian angel investors, and Japanese fund managers. In addition, I am very grateful to be able to actively exchange opinions with our three Japanese LP investors and have frank discussions on both investment returns and technology with them.

MK JB Nordic Fund has become Europe's most valued Japanese venture capital fund thanks to JBIC, our LP investors, a diverse team (as RS also stated), and a reasonable fund size.

I am grateful for the insights gained through JBIC into what Japan is seeking within our rapidly changing world.



Marek Kiisa

Managing Partner of JB Nordic Ventures Oy (NordicNinja VC)
Profile
Born in Estonia. Holds a master's degree in machine design in Sweden. Founder of Estonian Angel Investor Network (EstBAN) and NordicBAN, which bridges national networks. Board member of Estonian Private Equity and Venture Capital Association (EstVCA).

Rainer Sternfeld

Managing Partner of JB Nordic Ventures Oy (NordicNinja VC)
Profile
Born in Estonia. Founded several data-driven businesses and worked in Silicon Valley and Europe. Prior to his current position, Sternfeld was the CEO of Planet OS, a provider of geographic, energy, and IoT data platforms that he founded. Planet OS was acquired by Intertrust in 2017.

What Japan should do for Society 5.0 given its breadth and depth of industry



SAKAI Kouichi

Nikkei ESG Publisher /
General Manager, Consulting Service Bureau,
Nikkei BP Intelligence Group

Japan has four strengths in advancing Society 5.0.

(1) Japan is arguably the only country with the breadth and depth of industry to meet all 17 Global Goals, also known as the Sustainable Development Goals (SDGs).

(2) In finance such as stocks, funds, and private and public institutions, Japan can provide funds in all forms, from investing in projects that produce results in a short period of time such as AI to those that take a long period of time such as infrastructure development.

(3) Unlike Japanese companies of the past, there are an increasing number of cases where companies are actively working to resolve social issues overseas. This is a growing trend in Japan. Instead of one company making a profit for itself in a developing country, improving quality of life indicators and resolving social issues by reducing pollution and increasing school enrollment rates will lead to greater profits for all.

(4) Japanese companies are skilled in a variety of fields, including IT, telemedicine, drug discovery, and e-commerce payment systems, and providing such systems can help resolve problems in various countries.

Public institutions such as JBIC can support long-term projects, unlike private investment funds that emphasize profitability. In addition, having public institutions lead the way will make it easier also for the private sector to participate going forward. I look forward to seeing the know-how and networks gained in past overseas projects put to further use.



Autonomous EV truck developed by Swedish start-up Einride



QR code system for supply chain management developed by Finnish start-up Logmore



Industrial ultra-high resolution VR/XR device platform developed by Finnish start-up Varjo

Transformed from “Local Industry” by Leveraging Planning and Development Capabilities Established Sewing Factories of Curtains and Other Products in Three Asian Countries

Sunrose Co., Ltd.

Sunrose provides curtains with cutting-edge designs from Europe and other regions. It has established sewing factories in China, Indonesia, and Vietnam, and has set its sights on the global market.

Planning staff sent to Europe Quick to incorporate popular patterns and designs

With more and more people re-thinking the way they spend their time at home during the COVID-19 crisis, demand for interior fabrics such as curtains is growing. Sunrose Co., Ltd. delivers curtains with cutting-edge designs and assured quality to its markets. It is now expanding its business globally, having recently established a sewing factory in Vietnam, adding to its existing factories in China and Indonesia.

‘We undertake all aspects of our business, from product planning to production and marketing within our corporate group and practice responsible manufacturing.’ This is how Sunrose



President
SAKAKIBARA Hirotaka

Co., Ltd. President, SAKAKIBARA Hirotaka, explains the company’s policy.

Sunrose was established in 1967. It began when Hirotaka’s father, Hideo, established his own business after resigning from the textile company he had been working for and started contract manufacturing of sheets, pillowcases and other bedding products. Around 1970, Hideo expanded the business to include the manufacture and wholesale of ready-made curtains with Jacquard textiles, which was then a thriving industry in his hometown of Gamagori in Aichi Prefecture.

Initially, he sold his products to wholesalers, but he gradually expanded to dealing directly with retailers such as home improvement stores and interior furniture outlets. With this new direction, the company’s product range also expanded into all kinds of interior fabrics, including roman shades, roll screens, *noren* (traditional Japanese door curtains), cafe curtains, and cushion covers. In 1989, Sunrose established two subsidiaries, namely, Sun Régent Co., Ltd., which operates company-owned retail stores, and Sun Rideau Co., Ltd., which sews the products. Sunrose itself specialized in product planning and development.

Sunrose’s strengths lie in the high standard of its planning and development capabilities. President SAKAKIBARA recalls, ‘In order that we can incorporate cutting-edge design, we have always had our own in-house product planners, even when we were only a small company.’ The company currently employs seven planning staff, some of whom are graduates of fine arts universities. These product planners are sent to interior fabric trade shows held in Europe. While being there, they research European trends, seek out the latest designs, and enter into contracts with designers. In recent times, Sunrose has engaged Finnish designers and is focusing on products of Scandinavian design. The product planners make fine adjustments to colors and patterns to better suit the preferences of Japanese consumers. The designs are then applied to fabric made in Japan and turned into products.

Some 80-90% of the curtains sold by Sunrose are the company’s original designs. ‘We deal with retailers nationwide, with NITORI Co., Ltd. being our largest customer. Although our brand does not appear on the products, our designs are very popular and sell very well, to the delight of our customers,’ President SAKAKIBARA says proudly.



Factory in Vietnam, established as the third sewing base in Asia. Manufacturing a variety of decorative interior products with fabrics procured from Japan, China, South Korea, and Turkey.

Sewing factories in China and southeast Asia Sights set on expanding into the global market

In the late 1990s, Sunrose began exploring the idea of moving into overseas markets. ‘Around that time, made-in-China ready-made curtains had started to come into the Japanese market. Because of the large disparity in the cost of sewing labor between Japan and China, our products sewn in Gamagori were no longer competitive on price,’ says President SAKAKIBARA. In 1999, Sunrose established a joint-venture company with a Chinese company and set up a sewing factory in China. In many cases, local companies wanted nothing to do with the meticulousness of orders that were based on Japan’s exacting standards, but Sunrose was able to build a good working relationship with companies that were serious about manufacturing. Two years later, it established a wholly-owned subsidiary, Shanghai Sunrose. Since then, Sun Rideau’s sewing factory in Japan has specialized in the production of custom-made curtains, while Shanghai Sunrose manufactures ready-made curtains.

In 2012, Sunrose established Shanghai Sunrose Trading, which engages in import/export and sales of interior products other than curtains. In the same year, it established PT. Sunrose Indonesia in Indonesia to undertake sewing and other processes in a location other than China, at a time when the talk was all about the wisdom of having a “China + 1” structure due to soaring labor costs and political risks.

As President SAKAKIBARA explains, ‘Indonesians are very good at fine detailed work, so as well as curtains, Sunrose Indonesia has also taken on the sewing of interior products that require that kind of delicate work, such as cushions, cafe curtains, and tote bags. The company is able to handle various requests from Japanese companies in Indonesia, and it has become a significant asset to our business.’

However, due to strict regulations in Indonesia, they occasionally ran into difficulties when they wanted to sew fabrics procured from third countries, so in 2018, Sunrose established SRTI Vietnam Company Limited in Vietnam in a joint venture with Toray International Inc. When it was looking for a third location for a sewing factory after China and Indonesia, Toray International, which was one of its suppliers, proposed establishing a joint venture, which led to the move into Vietnam. A sewing factory was commissioned in September that year and began sewing fabrics procured from Japan, China, South Korea,

and Turkey.

In May 2020, SRTI signed a loan agreement with JBIC. The loan was provided under JBIC’s Growth Investment Facility, which was established in January 2020 with the aim of providing wide-ranging support in assisting Japanese companies with overseas development, and was co-financed with Gamagori Shinkin Bank. ‘Gamagori Shinkin Bank, with whom we had already had dealings, proposed this arrangement to us. We will use the funds obtained through this loan on the factory’s interiors and for machinery and equipment. We look forward to JBIC’s support in the expansion of our business in Vietnam and Indonesia going forward,’ says President SAKAKIBARA.

Sunrose’s overseas operations are currently focused primarily on sewing curtains for the Japanese market, but the company also has its sights on selling the curtains it manufactures overseas in global markets. ‘We have been searching for the right opportunities, including exhibiting at a trade show in Frankfurt, Germany, for the past eight years. Shanghai Sunrose has launched an online-sales website and has started selling directly to consumers. The market for ready-made curtains in southeast Asia is sure to grow more and more going forward. We hope to expand our business in local markets as well,’ says President SAKAKIBARA. Sunrose will continue to embark on its global challenge.

Sunrose Co., Ltd.

Head Office
1-15 Yaotomicho, Gamagori, Aichi, 443-0055 Japan
URL
<http://www.sunrose.co.jp/>
Founded
January 1967
Capital
JPY30 million
Sales Volume
Approx. JPY7 billion (Year Ended March 2020)
President
SAKAKIBARA Hirotaka
Employees
60
Business
Manufacture of home furnishings

Passion and conviction in the project lead to success in tough negotiations

Bangladesh has been achieving growth at breakneck speed in recent years. This has led to a sharp rise in demand for electricity, which is expected to increase by about 6.6% on average every year until 2040. On the other hand, the country is suffering from a chronic budget deficit, making it difficult to cover the development of electrical power resources with government spending alone.

For this reason, the government of Bangladesh explored paths for the development and operation of electric power plants with foreign capital by releasing the rights to the electric power business to private companies. Eventually, in September 2019, JERA, which possesses a wealth of expertise in thermal power generation, won the rights to this business.

In this project, a Bangladesh company in which JERA holds an equity stake will build, own, and operate a thermal power plant in the Meghnaghat region, southeast of the capital city, Dhaka. The electricity generated by the new plant will be sold to Bangladesh Power Development Board (BPDB) for 22 years. After JERA obtained the business rights, our team commenced loan negotiations in what would be our first case of project financing in Bangladesh. After due diligence by the syndicate of banks and negotiations with the government of Bangladesh and BPDB, the loan was signed on July 30, 2020.

In our consideration of the loan, we focused on Bangladesh's country risk and how to assess BPDB's and the other government-related organizations' capacity to fulfill the agreement over the long term. There were many issues that needed to be resolved through negotiations with the project sponsors, EPC contractor, and other relevant parties. Moreover, with the COVID-19 pandemic, the government of Bangladesh went into lockdown, so all

progress in the negotiations came to a complete halt. Nevertheless, we held a series of discussions with the sponsors, host-country government and government agencies, and the co-financing banks, which finally led to approval of the loan. This was the result of the passion and effort of everyone involved, but it was also due to the conviction held by all parties in the true need for this project. Due to the pandemic, the people involved were forced to stay at home, but with the use of online meetings and other initiatives, we persisted and were able to achieve progress little by little. This, too, is evidence of that passion and conviction. We believe not only that will this project contribute to improving the international competitiveness of Japanese companies, but that it also fits in with the Japanese government's policy direction of overseas development of infrastructure and energy industries. Furthermore, it will help to realize Bangladesh's Power System Master Plan, lending significance to JBIC's participation in the project.

Moving forward, I hope to work on more of these kinds of meaningful projects that will lead to the growth and prosperity of Japan and the world, with a focus on the infrastructure sector. To realize the kind of high-quality infrastructure projects that the recipient countries hope for, we will work hard to assist to the extent possible from the early stages of the projects' development.



Director, Division 3,
New Energy and Power Finance Department I

MATSUI Daisuke

Project Financing for Meghnaghat Natural Gas-Fired Combined Cycle Power Plant Project in Bangladesh

JBIC signed on July 30, 2020 a loan agreement, in project financing, amounting to up to USD265 million (JBIC portion), with Reliance Bangladesh LNG & Power Limited (RBPL) in the People's Republic of Bangladesh (Bangladesh), in which JERA Co., Inc. holds an equity stake for the Meghnaghat Natural Gas-fired Combined Cycle Power Plant in Bangladesh, under JBIC's Growth Investment Facility. The loan is co-financed with the Asian Development Bank (ADB) and private financial institutions, including Mizuho Bank, Sumitomo Mitsui Banking Corporation, MUFG Bank, and Société Générale. The total co-financing amount is USD642 million. Part of the loan provided by the private financial institutions is insured by Nippon Export and Investment Insurance (NEXI).



Image of the power plant



<https://www.jbic.go.jp/en/information/press/press-2020/0731-013532.html>

Africa's largest project financing, materialized by the mutual trust among the parties

In July 2020, a loan agreement was signed for an LNG project in Mozambique. The project entails developing an offshore gas field off Mozambique's north coast and transporting the feed gas through a pipeline to an onshore liquefaction plant to be constructed, where the liquified natural gas (LNG) will be produced and will be transported by LNG carriers to customers worldwide. It is Mozambique's first onshore liquefaction project.

On the financing side, export credit agencies of seven countries as well as the African Development Bank played a pathfinding role and had had continuous discussion with the sponsor group including a Japanese investor. During the process, the negotiations were impacted by various external factors, ranging from a change in the operatorship, host nation's fiscal problems to a structural change in the natural gas market or the sharp fall in oil price caused by the COVID-19 pandemic. Nevertheless, supported by the solid feasibility and the strong commitment of all the parties involved, the project assembled 21 private financial institutions, ultimately forming Africa's largest ever project financing.

The factors I paid particular attention to in organizing the finance were: (1) to best adjust the loan terms and conditions in line with the prevailing commercial realities; (2) to allow a certain level of flexibility in anticipation of likely changes in the external

environment over the long term; and (3) to structure such that the project's outcomes benefit Mozambique at as early a stage as possible. Facing the macro-economic vulnerability of the host country and given the difficulty in foreseeing the economic outlook due to the pandemic as well as the prevailing low oil price environment, decision-making by financial institutions naturally tends to be conservative. However, by understanding the project's vision and discussing things from the same perspective as the concessionaires, we were able to build up a mutual trust with the parties involved and I believe that this ultimately helped to enhance the stability of the project.

The global energy market is currently on the verge of structural change. Compared with other fossil fuels, natural gas places a smaller burden on the environment, so it is expected to continue to play an important role. Given its high transportability, demand for LNG is expected to grow among new consumer countries, including those in Asia. However, it is also the fact that the international community is exploring further developments as it moves toward the realization of a decarbonized society. In this context, we believe that this project is well positioned to play an appropriate transitional role in that long-term trend.

The business climate remains harsh on a global scale, but I would like to pay my personal respects to those who are involved



Director, Corporate and Operation Planning Division,
Corporate Planning Department
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TATSUMI Tomonori

in the project on the ground with passion and energy. In the years to come, I truly hope that the natural gas produced from this project will support the everyday lives of people around the world, including in Japan and that, at the same time, it will consequently contribute to Mozambique's economic growth and help raise the standard of living of its people.

Project Financing for Mozambique LNG Project (Rovuma Offshore Area 1 Block)

JBIC signed on July 15, 2020 a loan agreement in project financing amounting up to USD3 billion (JBIC portion) with MOZ LNG1 FINANCING COMPANY LTD in Abu Dhabi, United Arab Emirates. The loan is extended under JBIC's Growth Investment Facility. It is co-financed with the African Development Bank (AfDB), the Export-Import Bank of the United States (US-Exim), UK Export Finance (UKEF), the Export-Import Bank of Thailand (Exim Thailand) as well as 21 private financial institutions, bringing the total co-financing amount to USD14.4 billion. The loan is intended to finance mainly the development of a gas field off the coast of Cabo Delgado, Mozambique's northernmost province, and the production of LNG in the project. Part of the co-financing loans provided by the private financial institutions is insured or guaranteed by Nippon Export and Investment Insurance (NEXI), UKEF, SACE S.p.A. (SACE) of Italy, the Export Credit Insurance Corporation of South Africa Soc Ltd (ECIC), as well as Atradius Dutch State Business N.V.



Image of the LNG plant development



<https://www.jbic.go.jp/en/information/press/press-2020/0716-013514.html>

Project Financing for First Large-Scale Solar PV Project in Qatar

Supporting Japanese company's participation in earnestly growing renewable energy business in oil and gas producing country

In July 2020, the Japan Bank for International Cooperation (JBIC) signed a loan agreement with Siraj (1) (SIRAJ1) of Qatar. JBIC provides project financing amounting to up to approximately USD165 million (JBIC portion) for the Al Kharsaa Solar PV Plant, which is to be constructed in Qatar, under JBIC's Growth Investment Facility. The loan is co-financed with Mizuho Bank, Ltd., and the total co-financing amount is approximately USD330 million.

The project is the first large-scale solar PV plant in Qatar. In this project, SIRAJ1 builds, owns, and operates the 800MW solar PV plant in Al Kharsaa, located to the west of Doha, the capital of Qatar. The electricity produced by the plant will be sold to Qatar General Electricity and Water Corporation for 25 years after completion of the plant.

Solar PV projects are booming in the Middle East, utilizing one of its characteristics: plenty of sunshine. In fact, the government of Qatar aims to increase the proportion of renewable energy in the country's total electricity generation to 20% by 2030 in its National Vision 2030. Meanwhile, the government of Japan, in the Export Strategy for Infrastructure System and the Strategic Energy Plan, calls for the strengthening of Japanese companies' international competitiveness and overseas expansion with financial support from policy-based financial institutions. The project conforms with the policies of both governments and is expected to contribute to deepening the relationship with Qatar, one of the world's leading natural gas producing countries and an important LNG exporter to Japan.



Conceptual drawing of Al Kharsaa Solar PV Plant on completion



Doha, the capital of Qatar, is rapidly being modernized against a backdrop of enormous profits from oil and natural gas.

Qatar

Population
Approx. 2.8 million (June 2020/Ministry of Development Planning and Statistics of Qatar)
(including foreign national residents)

Area
11,427 sq. km.

Capital
Doha

Language
Arabic

GDP in 2019
Approx. USD191.9 billion (IMF estimate)

Major traded goods in 2019 (Ministry of Development Planning and Statistics of Qatar)
Exports: LNG, oil, petrochemicals
Imports: Cars, airplane parts, offshore facilities

Major trading partners in 2019 (Ministry of Development Planning and Statistics of Qatar)
Exports: Japan, South Korea, India
Imports: United States, China, UAE, Japan, Germany

Information from Ministry of Foreign Affairs of Japan unless otherwise noted.

Visit the address below for Press Release about this matter

<https://www.jbic.go.jp/en/information/press/press-2020/0727-013556.html>

