

NO to JICA and Bank of Tokyo-Mitsubishi UFJ at GCF

July 2017

We, the undersigned organizations, urge the Green Climate Fund Board not to approve the applications for accreditation of both JICA and the Bank of Tokyo-Mitsubishi UFJ (BTMU). Their accreditation would signify the Board's approval for continued coal fired power expansion and finance for fossil fuels globally, which is in direct conflict with the GCFs' mandate to promote a paradigm shift to low-emission and climate-resilient development.

We urge the Green Climate Fund Board to reject both JICA and BTMU's accreditation applications based on their ongoing financial support for coal mining and coal-fired power and other fossil fuel developments, which are undermining the Paris Agreement goal of keeping global temperature rise well below 2 degrees. Both institutions lack adequate social and environmental protections for energy sector financing.

At a minimum, we urge the GCF Board to require disclosure of JICA and BTMU's exposure to carbon-related assets, their investment policies to manage climate risk in line with the 1.5-2 degree temperature scenario, and metrics and targets for decarbonizing their investment portfolios as recommended by the Task Force on Climate Related Financial Disclosures.

Accreditation of JICA and BTMU given their significant financial support for fossil fuel development represents serious reputational and moral risk to the GCF as an international institution tasked with sparking a paradigm shift towards climate-resilient development.

Rather, requiring disclosure of climate-related financial information and clear targets for reducing carbon asset exposure for any Accredited Entity to the GCF would be a strong step in maintaining the integrity of the Fund.

The extent of JICA and BTMU's support for fossil fuel development internationally is outlined below:

JICA: Promoting "Clean Coal" in Developing Countries

JICA has financed \$USD3.7 billion for coal power plants in India, Vietnam and Bangladesh between 2003-2017¹. In addition, the 1000MW Indramayu coal-fired power project, strongly opposed by local community groups in Indonesia is in the pipeline of JICA financing².

JICA supports so-called "Clean Coal Technology", as a carbon reduction strategy. Given that even the most advanced coal plant technologies emit more carbon per kilowatt hour than any other energy source, JICA must recognize that new coal-fired power development is incompatible with keeping global temperature rise well below 2 degrees.

Rejection of JICA's accreditation would send a clear message that such support for so called "clean coal" is unacceptable for an institution accredited to the GCF.

¹ JACSES, List of Coal Power Plants funded by JBIC, NEXI and JICA (2003-2017)

² see footnote 1

BTMU: Funding Extreme Fossil Fuels Without Sufficient Sector Policies

The Bank of Tokyo Mitsubishi UFJ (BTMU) provided USD\$15.6 billion in loans and underwriting to the top 17 Japanese fossil fuel related companies between 2011-2016³. They have zero ESG policies or restrictions regarding sector investments in fossil fuels, and hence received the lowest rating of F among 37 international banks assessed for their management of climate risk in the [Banking on Climate Change 2017](#) report⁴. BTMU's parent company Mitsubishi UFJ Financial Group (MUFG) provided an estimated USD\$9.57 billion in loans to extreme fossil fuel companies over a 3 year period during 2014-16⁵. This includes loans to the dirtiest fossil fuel companies involved in arctic oil development, tar sands, ultradeep oil, LNG export, coal power and coal mining. MUFG massively increased exposure to coal power even after the conclusion of the Paris Agreement, increasing their loans of USD\$845 million to coal power companies in 2015 to USD\$2.16 billion in 2016, representing a 156% increase in lending to the most carbon-intensive fuel source.

For example, BTMU recently signed financing agreements for several coal fired power plants amidst serious social and environmental concerns. In March 2017, BTMU signed a finance agreement for the expansion of Vinh Tan 4 coal fired power plant in Vietnam, which will likely increase impacts on marine biodiversity and air pollution caused by the existing power plant⁶. In June 2016, BTMU agreed to finance the Batang coal fired power plant and the expansion of Tanjung Jati B coal fired power plant in March 2017 in Indonesia. Both projects are opposed by community groups due to their impacts on local livelihoods, marine ecosystems, human health, and violations of human rights.^{7,8}

BTMU's massive support for extreme fossil fuel development and lack of clear sector policies restricting fossil fuel finance is incompatible with accreditation to the GCF.

Endorsed by :

350.org Japan

Friends of the Earth Japan

Kiko Network

Rainforest Action Network Japan

Greenpeace Japan

Japan Center for a Sustainable Environment and Society (JACSES)

Japan Tropical Forest Action Network (JATAN)

East Asia Environmental Information Center

³ *Energy Finance in Japan: Funding Climate Change and Nuclear Risk* (2016), Available from: http://40w95614sn5m1jd0sb353zli.wpengengine.netdna-cdn.com/ja/files/2016/10/energy_finance_in_japan.pdf

⁴ https://www.ran.org/banking_on_climate_change_2017

⁵ See at 4.

⁶ <http://dtinews.vn/en/news/021/49785/coal-power-plants-could-endanger-marine-protection-areas.html>

⁷ <http://www.foejapan.org/en/aid/160606.html>;

<http://www.jbic.go.jp/en/information/press/press-2016/0603-48595>

⁸ <http://www.foejapan.org/en/aid/170228.html>