

# Applying financial expertise to design a resilient future

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Sendai Framework  
for Disaster Risk Reduction  
2015 - 2030



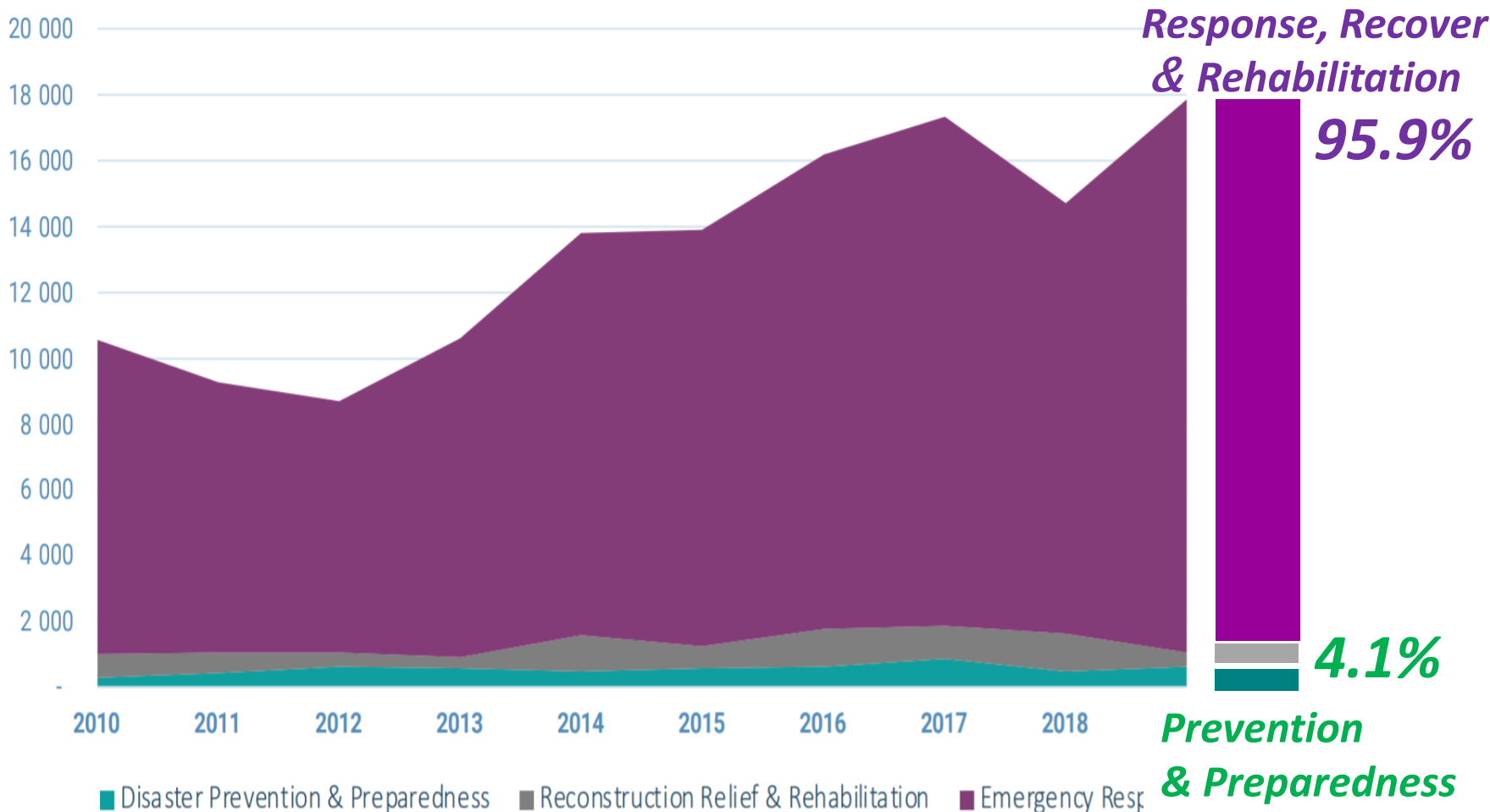
United Nations

**Question;**

Does SFDRR  
require /expect  
**Disaster risk finance**  
or  
**Disaster risk reduction finance?**

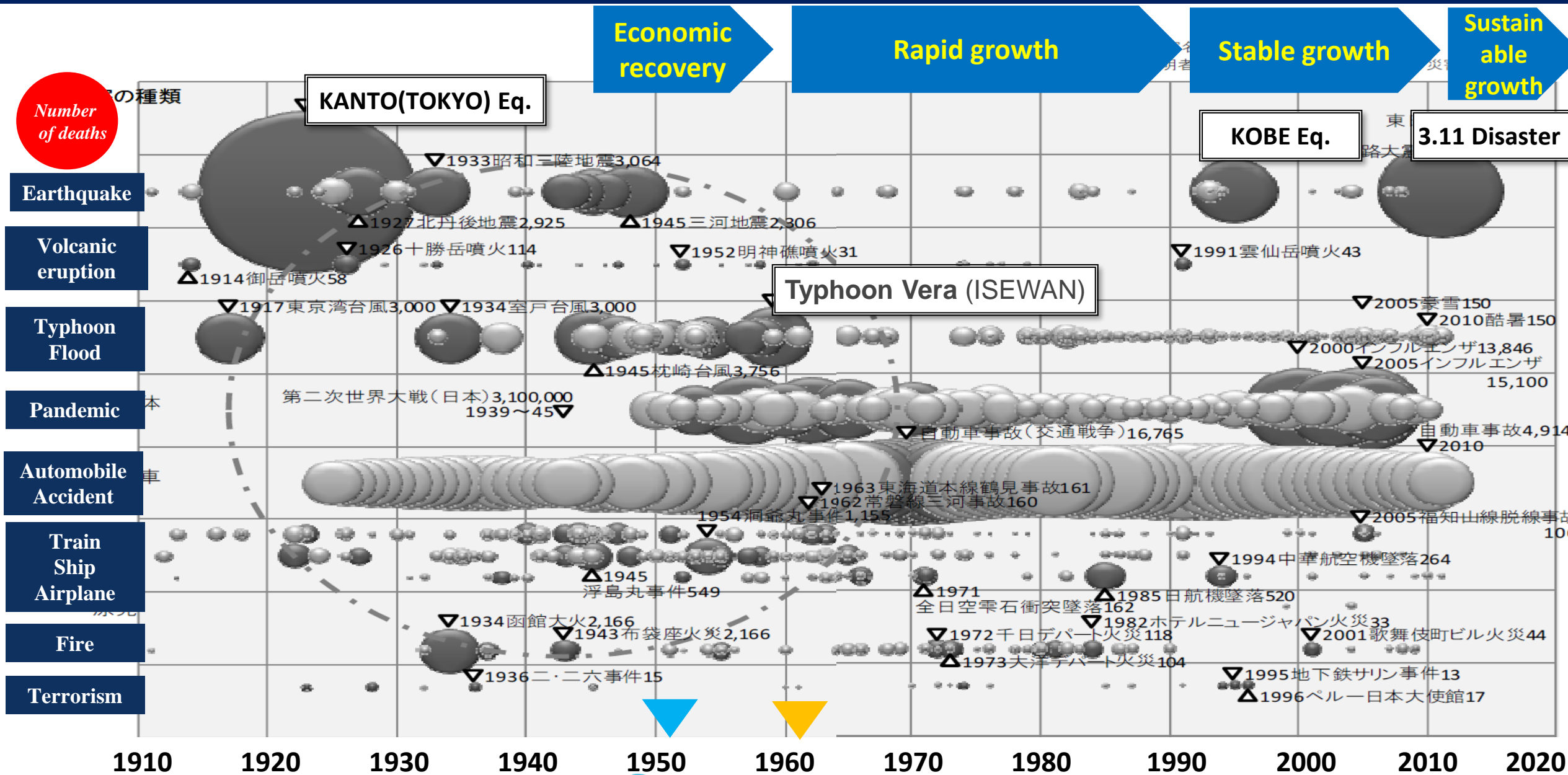
**Priority 3 :**  
**Investing in disaster risk reduction  
for resilience**

**Amount of ODA Financed Disaster Risk Financing (2010-2019)**



Reference ● UNDRR (2021) International Cooperation in Disaster Risk Reduction ● Development Assistance Committee (2010-2019 annual report)

# Japan Disaster and Accident Landscape (1911-2020)



# DBJ's History

Public finance to Infrastructure that contributes to DRR & industrial development



1951

The Japan Development Bank established

National recovery

Reconstruction and self-reliance of the economy

Financing for the foundation of economic and industrial development



1956

The Hokkaido Development Finance Public Corporation established

Reconstruction & Rapid growth

High-growth infrastructure development

Strengthening of international competitiveness

Financing for the energy and transportation capabilities underpinning its industrial infrastructure. Also for chemical fiber, machine tool, automobile and other new industries.



1980~

Most infrastructure companies have been privatized.

Stable growth

Improvements to quality of life

Support for social capital improvement, creative technological development, and industrial transformation

DRR & BCM rating

PPP / PFI

Asset management

ESG etc.

2008

Development Bank of Japan established

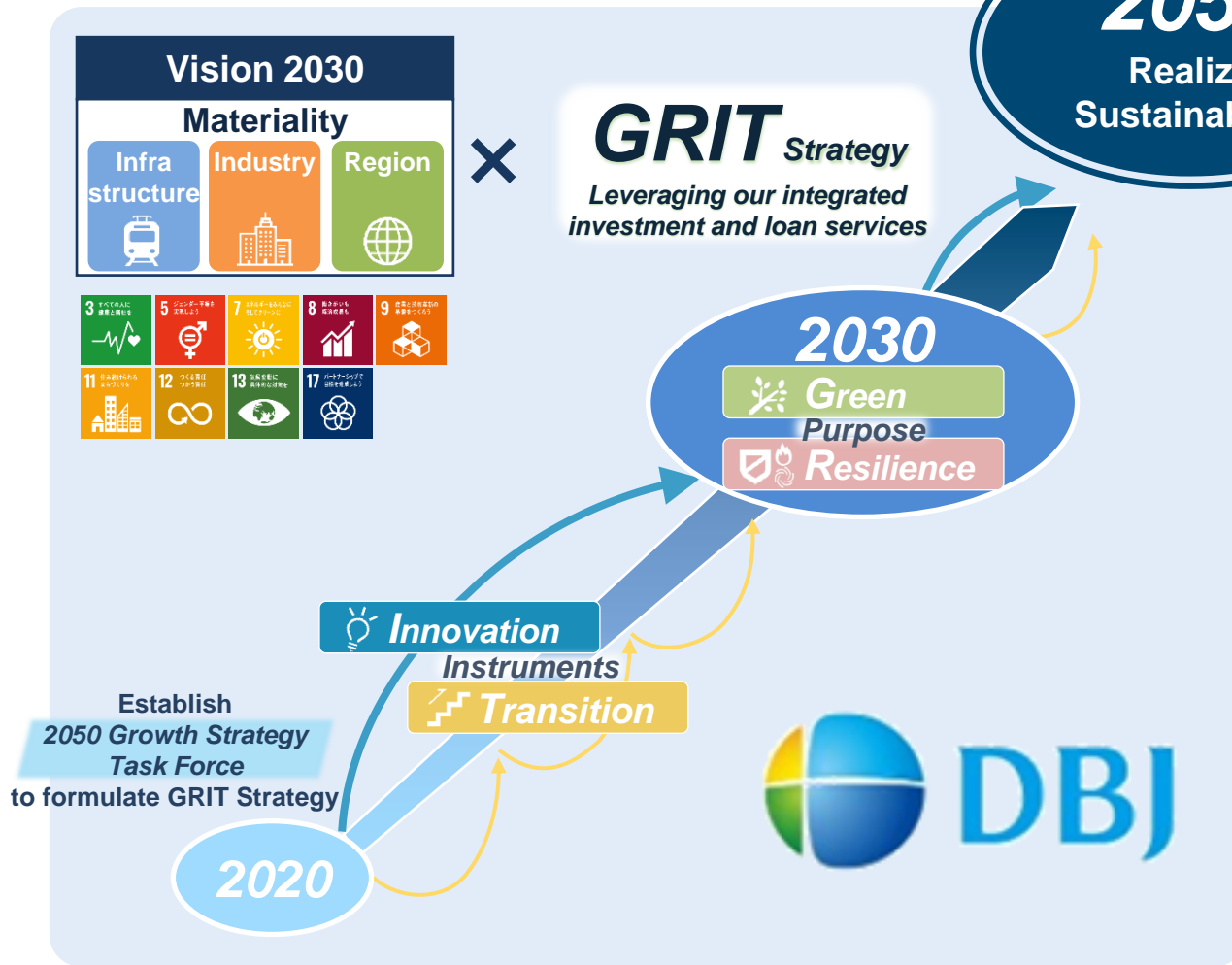
Realizing a sustainable society

Vision 2030

×

GRIT Strategy

# DBJ's GRIT strategy



## Fifth Medium-Term Management Plan

Cumulative investment & loans target

¥ **13** trillion (FY2021-2025)

¥ **5.5** trillion for

**GRIT Strategy**

**Green** **¥0.1trillion**

- Net zero, Renewable energy, Green buildings, etc.

**DRR & Resilience** **¥0.4trillion**

- Resilient infrastructure, Public Health & Healthcare, Regional development, Crisis response, etc.

**Innovation** **¥0.1trillion**

- Society5.0 challenge investment, R&D for innovation, etc.

**Transition/Transformation** **¥0.1trillion**

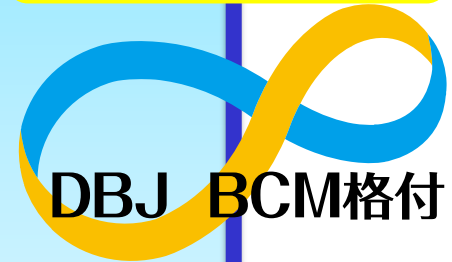
- Transition finance, etc.

**(21FY: ¥0.7trillion)**

# DBJ's total solution for DRR and resilience

▼ TODAY

DRR&BCM rating  
& linked loan



Reconstruction  
& innovation  
growth fund  
⇒ Build Back Better  
⇒ Create New Normal

- Crisis response  
- Safety net finance

# The solution of DRR · BCM rating

◆ Most of Japan's critical infrastructure is operated by private sector.

◆ Investing in DRR is  
 · Corporate Value  
 · shared value of society (not a cost)

◆ Designed to encourage self-help (not divestment like ESG)

◆ Emphasize with private financial institutions to support clients' DRR investments

### Dynamic change in business environment

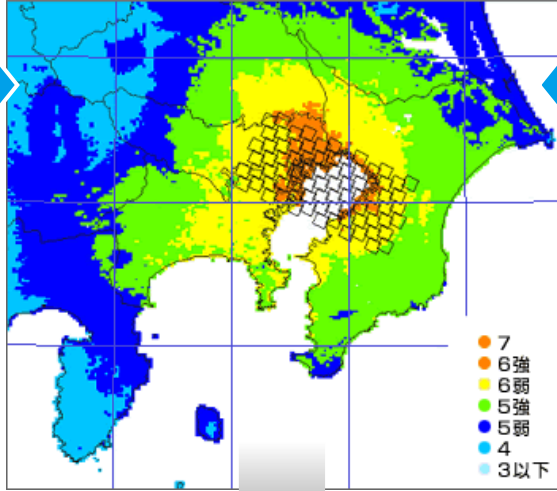
- Diversification of needs
- Innovation for growth
- ESG, Sustainability, TRUST
- DX, Hyperconnected

### Purpose

- Creation of resilient companies
- Creation of market-supporting, proactive investment for social resilience

### Financial market

Tail risks, global risks (natural disasters, terrorism)




### Engage companies

- Earthquake-resistant, decentralized facilities
- IT System backup
- DRR & BC training, etc.

### Enterprise value evaluation

ROA	ROE	DCF
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⇒ Evaluation based on financials and tangibles




+

### Enterprise resilience

- DRR: Preparedness Mitigation
- Business continuity

⇒ Intangibles values



# Truck record of DRR・BCM rated loan

◆500deals & 2trillion yen (2006-2021FY)

◆Significant use by critical infrastructure companies (Construction, gas, logistics, retail, railroads, information and communications, etc.)

◆Many key companies in the global supply chain use it.

 太平洋セメント 様	 四国化工機 様	 ニッポン高度紙工業 様	 ヤオコー 様	 屋久島電工 様	 東洋合成工業 様	 ケーブルメディアワイワイ 様
 ホテル、ニューグランド 様	 越後天然ガス 様	 マイヤ 様	 中部瓦斯 様	 京葉瓦斯 様	 藤崎 様	 博愛会 (菅間記念病院) 様
 白藤蒲鉾店 様	 名工建設 様	 東流社 様	 ミクニ 様	 荏原製作所 様	 ビックカメラ 様	 フジ 様
 苫小牧埠頭株式会社 苫小牧埠頭 様	 日本海ケーブルネットワーク 日本海ケーブルネットワーク 様	 同仁化学研究所 様	 長崎文化放送 様	 東京流通センター 様	 日本自動車ターミナル株式会社 Japan Motor Terminal Co., Ltd. 日本自動車ターミナル 様	 ADインベストメント・マネジメント 様
 山陽マルナカ 様	 日本マイクロニクス 様	 山口合同ガス 様	 TOKAIホールディングス 様	 辰巳化学 様	 三ツ輪運輸 様	 清和綜合建物 様
 三菱UFJリース 様	 マルナカ 様	 東銀リース 様	 グローブシップ 様	 アイシン精機 様	 サンシャインシティ 様	 九州通信ネットワーク 様
 横浜港埠頭株式会社 横浜港埠頭 様	 近鉄グループホールディングス 様	 阪神化成工業 様	 秋田ケーブルテレビ 様	 東京都医療保健協会 様	 ロイヤルホールディングス 様	 いなげや 様



# Case study:

## Critical infrastructure – City gas

# Keiyogas Corporation

Highly credited for;

- ✓ **its numerous hardware-related initiatives** e.g. the implementation of its well-planned earthquake and liquefaction-proof investments based on epicentral earthquake simulation, the relocation of its servers to hazard resistant buildings, enhancing supply capability
- ✓ **Shortening Recovery Time Objective (RTO)** by resolving bottlenecks to relief activities through the establishment of collaborative frameworks with other peer companies in the gas industry and through securing emergency supply etc.
- ✓ **Increasing viability of disaster relief initiatives** through company-wide trainings & drills etc.

March 7, 2016, Keiyogas Press Release

**“First city gas company to be awarded Top DBJ DRR・BCM rating for two consecutive years”**



ほっと、人、あんしん。  
KEYOGAS 京葉ガス *Press Release*  
平成28年3月7日

**都市ガス事業者初・2年連続最高ランク取得  
日本政策投資銀行「DBJ BCM格付」において**

京葉ガスは、防災や事業継続への取り組みを評価する株式会社日本政策投資銀行（DBJ）／本店：東京都千代田区、代表取締役社長：柳正憲)の格付け融資制度「DBJ BCM格付」において、2年連続で最高ランクの評価を取得しました。



当社はガス事業者の社会的使命である「お客さまへの安全・安心の提供」を高いレベルで実現するために、保安の高度化と供給基盤の強靱化を重点課題とし、全社的に防災・事業継続への取り組みを推進しております。今般、この取り組みが評価され、同行の「DBJ BCM(格付) 融資制度において最高ランクの評価を取得しました。これで当社の「DBJ BCM格付」の最高ランク取得は2年連続となり、全国の都市ガス事業者としては初となります。

日本政策投資銀行 廣貴常務(右)より認定証を授与される当社社長・瀬山(左)＝3月3日、京葉ガス本社

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**Establish financial and insurance initiatives that contribute to disaster risk reduction.**

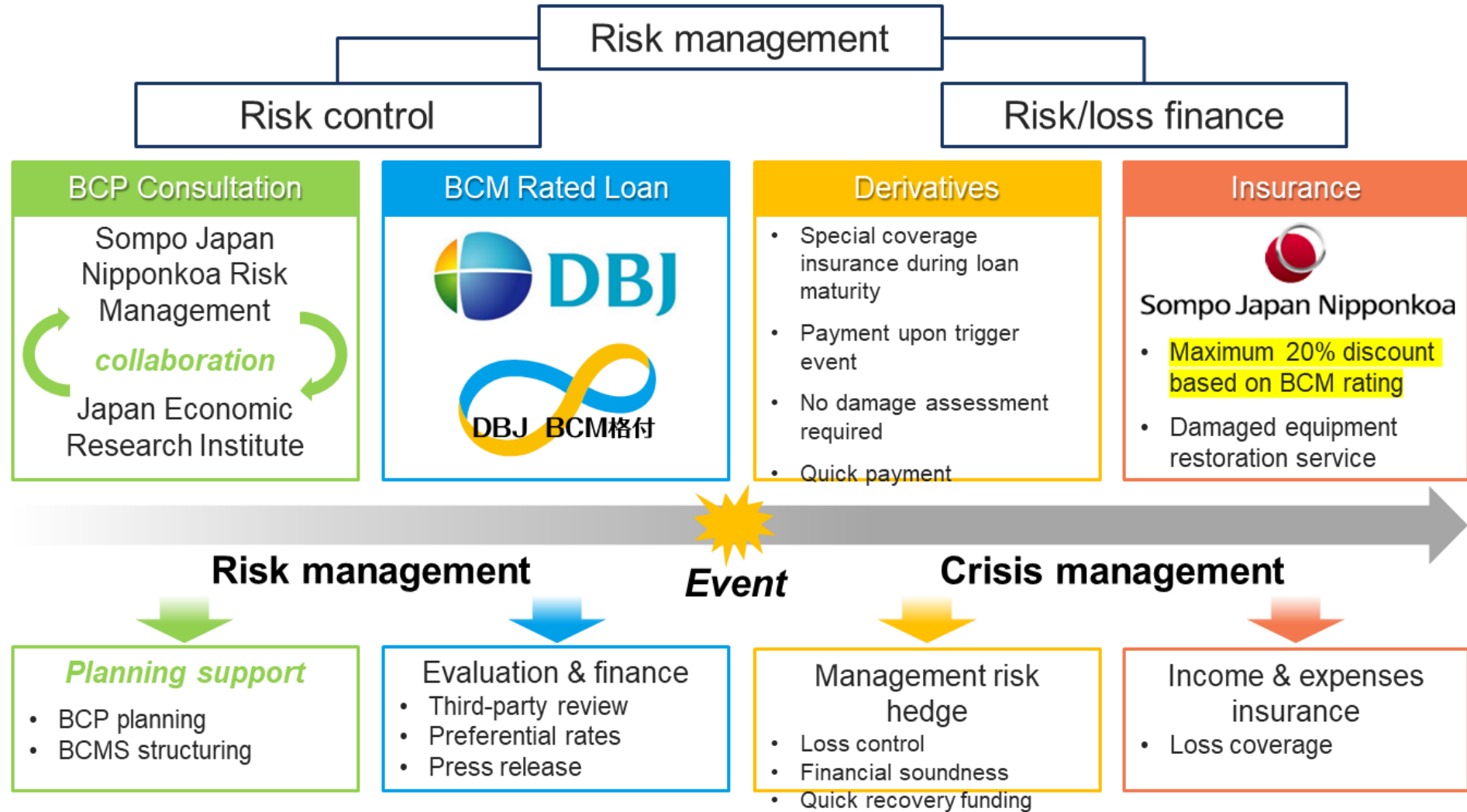
◆win1 @Infrastructure project or business owner can receive ongoing financing

◆wiin2 @Bank The likelihood of repayment increases.

◆win3 @Insurance Reduced insurance payouts.

**Building collective Impact for DRR**

Collaborating with a preeminent Japanese insurance company





ASIA-PACIFIC MINISTERIAL CONFERENCE ON  
**Disaster Risk Reduction**  
Brisbane, Queensland, Australia 19–22 September 2022

# Applying financial expertise to design a resilient future

**Now is the Time to theory of change  
Risk Finance practice for resilient future.**



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# Applying financial expertise to design a resilient future



1. Finance is the key driver to infrastructure DRR investment
2. PPP is one method in complementing the financing gap to infrastructure DRR. However, the role of public agency in DRR will be more important in PPP.
3. All financial and insurance expertise should contribute to DRR(=risk control)



## Summary:


### **1. Finance is one of the key driver to infrastructure DRR investment**

- Finance can accelerate DRR investment.
- Finance can encourage pre-investment for DRR stakeholders. (whether corporate or infrastructure project finance)

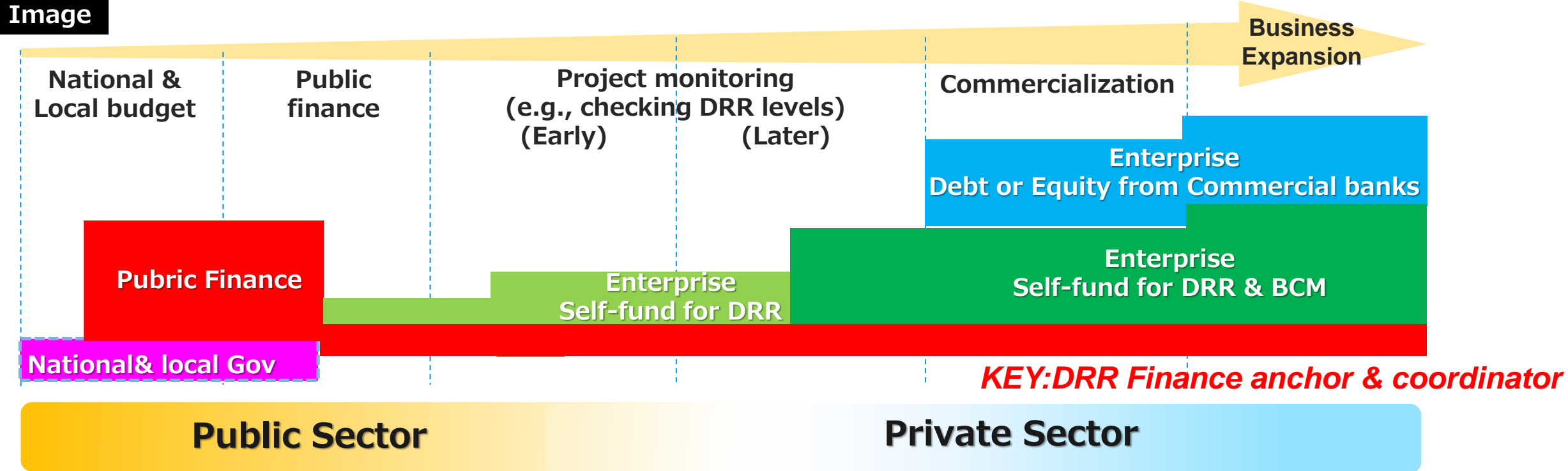
### **2. PPP is one method in complementing the financing gap.**

- Connecting each phase of a long-term infrastructure investment.
- Coordinating multi stakeholders by public agency.
- Taking initiative and responsibility for DRR by public agency (The public agency should not pass/toss the whole DRR initiative to the private sector.)

### **3. All financial and insurance expertise should contribute to DRR**

- Insurance can only manage economic loss and damage control after disaster.
  - Establish financial and insurance initiatives that contribute to disaster risk reduction.
- 

# Public – Private Partnership Finance to Infrastructure for DRR



It is important :

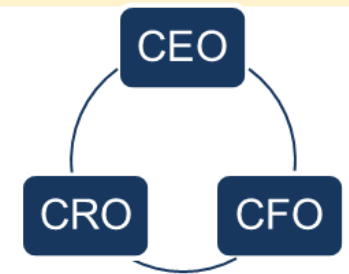
- ◆ to connecting each phase of a long-term infrastructure investment.
- ◆ to coordinating multi stakeholders by public agency.
- ◆ to taking initiative and responsibility for DRR by public agency  
(The public agency should not pass/toss the whole DRR initiative to the private sector.)

## The solution of DRR · BCM rating

- Evaluation of **100 ITEMS** in **2 MAIN SECTORS**; (i) disaster prevention & related sectors and (ii) BCM. **Full score of 100 POINTS.**
- **Reviews & improvements** made to screening items **EVERY YEAR** with **external experts' advisory.**

Sections	Items	Scores
Disaster prevention	A Corporate disaster prevention system	40
	B Life and safety preservation measures	
	C Contribution to community and regional disaster prevention efforts	
	D Disaster drills (emergency response, initial response, etc.)	
	E Outstanding disaster prevention initiatives	
	F Compliance	
BCM	G Preparation of basic policy, business continuity framework	60
	H Business impact analysis (BIA)	
	I Strategic thinking on business continuity	
	J Outstanding components of business continuity plan	
	K Risk management for supply chain and value chain	
	L Business continuity education; training and review	
	M Cooperation on BCM with others in industry	
	N Communication and publicity activity on risk and risk management	
	O Outstanding initiatives in business continuity management	

Disaster prevention measures to secure safety of human lives

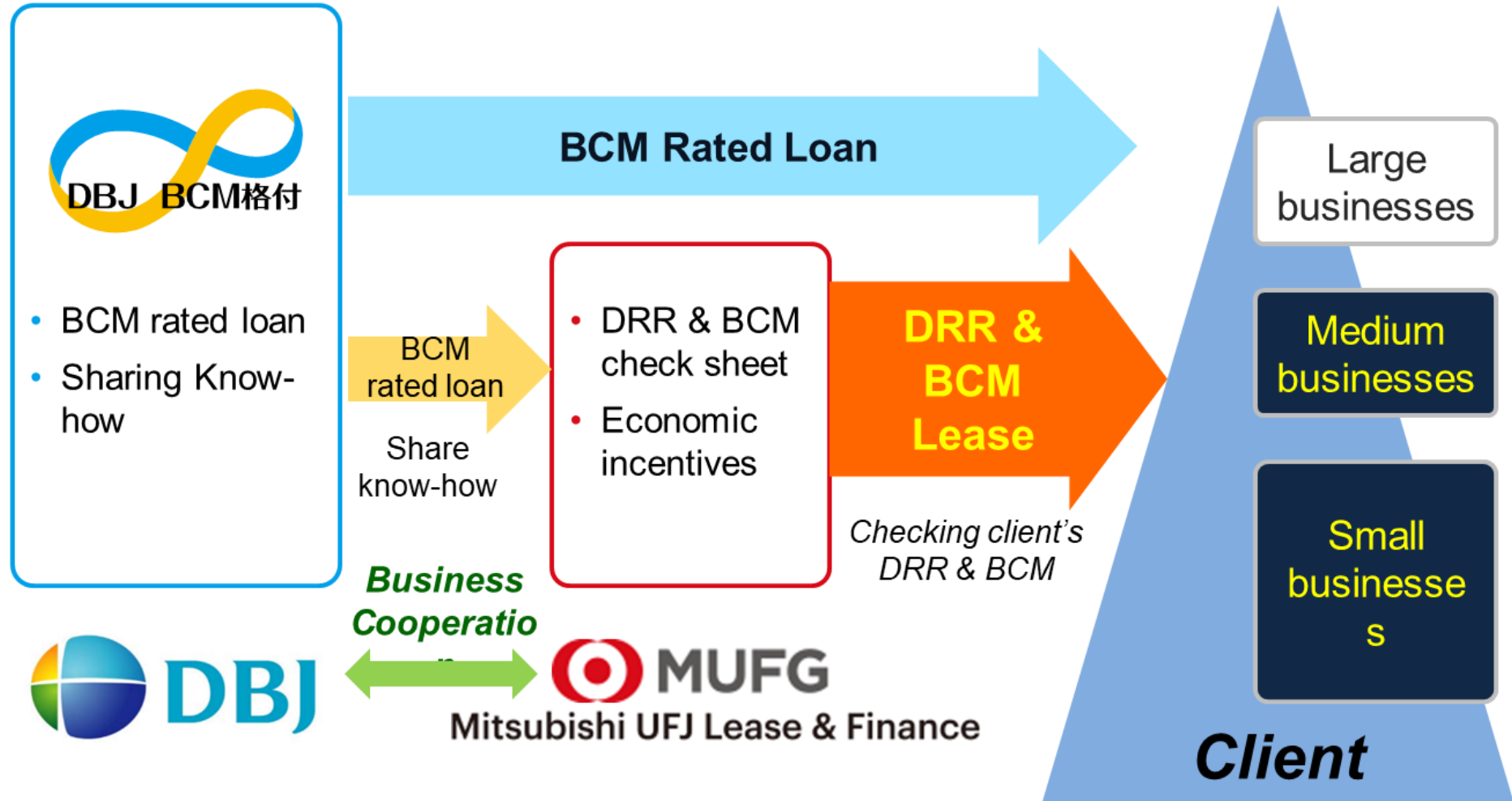


BCM policies & goals, strategies and effectiveness enhancement



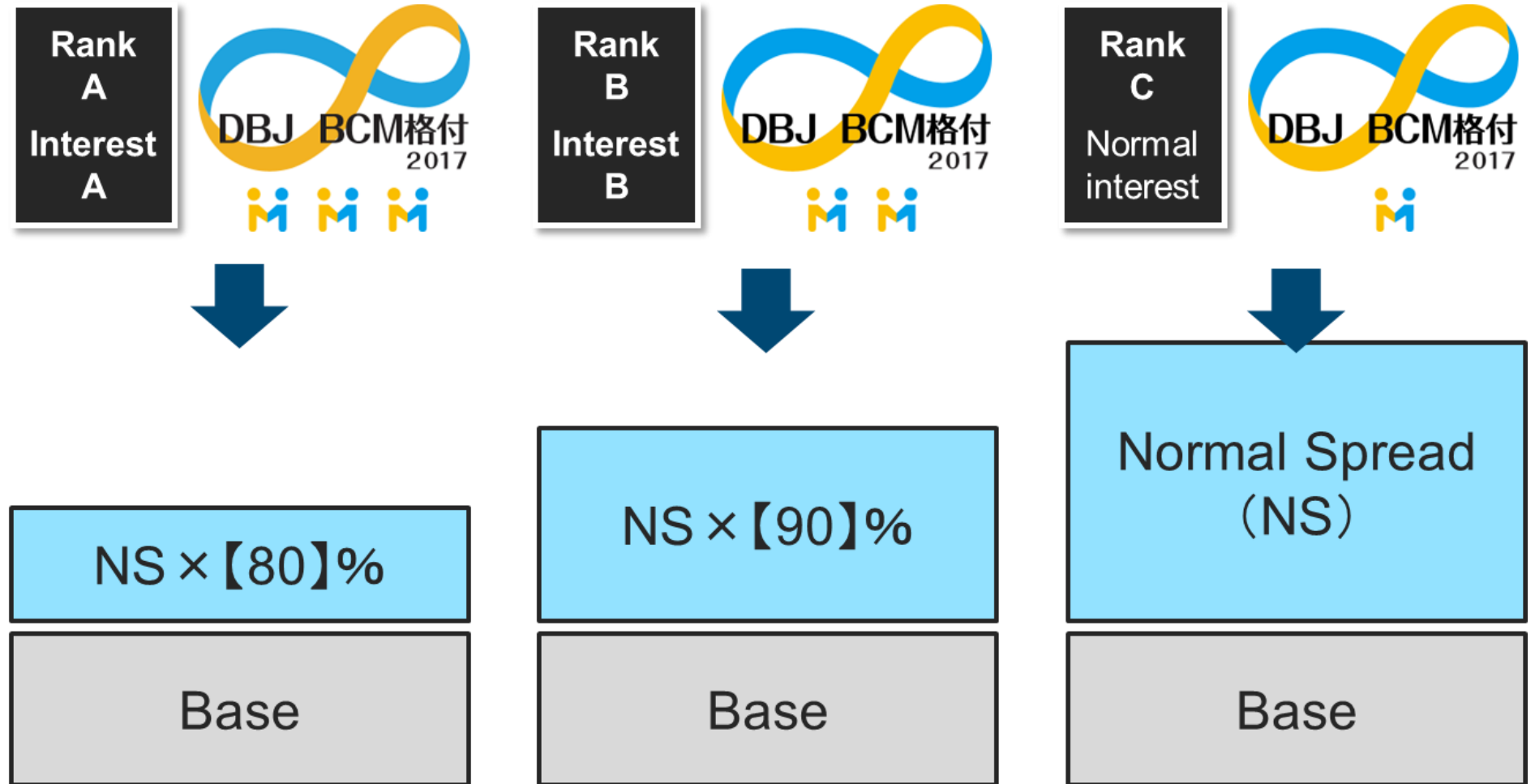
# The solution of DRR · BCM rating

Collaborating with a preeminent Japanese leasing company



The solution of  
DRR · BCM rating

# Loan pricing(image)



# The solution of DRR · BCM rating

**SAMPLE**

