

(Supplement - 5) Low-interest loan, Bond-floatation,
Rate-of-return regulation, etc.

【Chile】

➤ **CORFO (Corporacion de Fomento De la Produccion) : Industrial Development Affairs**

Production Development Corporation (CORFO) (full name in Spanish: Corporación de Fomento de la Producción de Chile) is a Chilean governmental organization that was founded in 1939 to promote economic growth in Chile. Originally, CORFO was responsible for the creation of basic industries during the Presidential Republic Era, namely oil, power, steel, sugar, transportation among many others.

Recently, the Chilean government also promotes and supports renewable energy and mining related projects based on the national energy strategy.

➤ **Banco BICE : BICE Bank**

Controlled by local Matte family, Chilean Banco BICE offers products and services relating to corporate banking, asset management, treasury, wealth management, investment banking, financial intermediation, and retail banking to corporations, institutional investors, individuals and SMEs. In 2013, it received a US\$75mn loan from International Finance Corporation (IFC) to fund long-term non-conventional renewable energy (NCRE) projects. Banco BICE was founded in 1979 and is based in Santiago.

➤ **KfW (the German Development Bank):**

KfW is an organization based on the KfW (German Reconstruction Finance Corporation) Law.

KfW is owned by the Federal Republic of Germany (80 percent) and the States of Germany (20 percent).

Based on the KfW Law, implementation of subsidized projects such as small and medium enterprises, liberal profession, enterprises, venture capital, housing supply, environmental protection, infrastructure development, technical innovation and government bond development cooperation, loans to local institutions and special purpose associations, financing for measures with educational and social purposes, and financing in the field of investment banks in Europe and the promotion of economic profit of the European Union. Business fields are as follows;

- KfW Medium and small-sized business bank: Support for medium and small-sized enterprises, venture capitals
- KfW Private custom bank: Lending on individual housing and education

- KfW Local Government Bank: Infrastructure development loans for local governments, loans to the State Support Foundation (Landesförderinstitute)
- KfW IPEX Bank: Export Finance and Project Finance
- KfW Development Bank: Public development assistance activities
- DEG: Financing for private sector investment in developing countries
- Capital market activities: financing, securitization etc.

【Japan】

➤ Act on the Promotion of Introducing Electricity into Farming and Fishing Village

(Source) <http://www.houko.com/00/01/S27/358.HTM>

<http://roppou.mark-point.jp/%E6%9D%A1%E6%96%87/農山漁村電気導入促進法.html>

http://www.maff.go.jp/j/denmado/d_tetuduki/c0191.html

[Purpose]

The Act is designed to supply electric power to agricultural, mountainous, or fishery areas where electric power is not supplied sufficiently or at all to utilize undeveloped hydropower potential in such areas so as to increase the production of agriculture, forestry and fisheries and improve the life culture of those people who engage in these industries.

[Target]

- Agricultural, mountainous, or fishery areas where electric power is not supplied at all or insufficiently
- Agricultural, mountainous, or fishery areas where hydropower potential remains undeveloped

[Support scheme]

- The Act is provided for subsidizing or investing for improving or installing power generation, transmission or distribution facilities in order to increase the production of agriculture, forestry and fisheries and improve the life culture of those people who engage in these fields.

➤ Depopulation countermeasure bond

(Source) http://www.soumu.go.jp/main_content/000478828.pdf

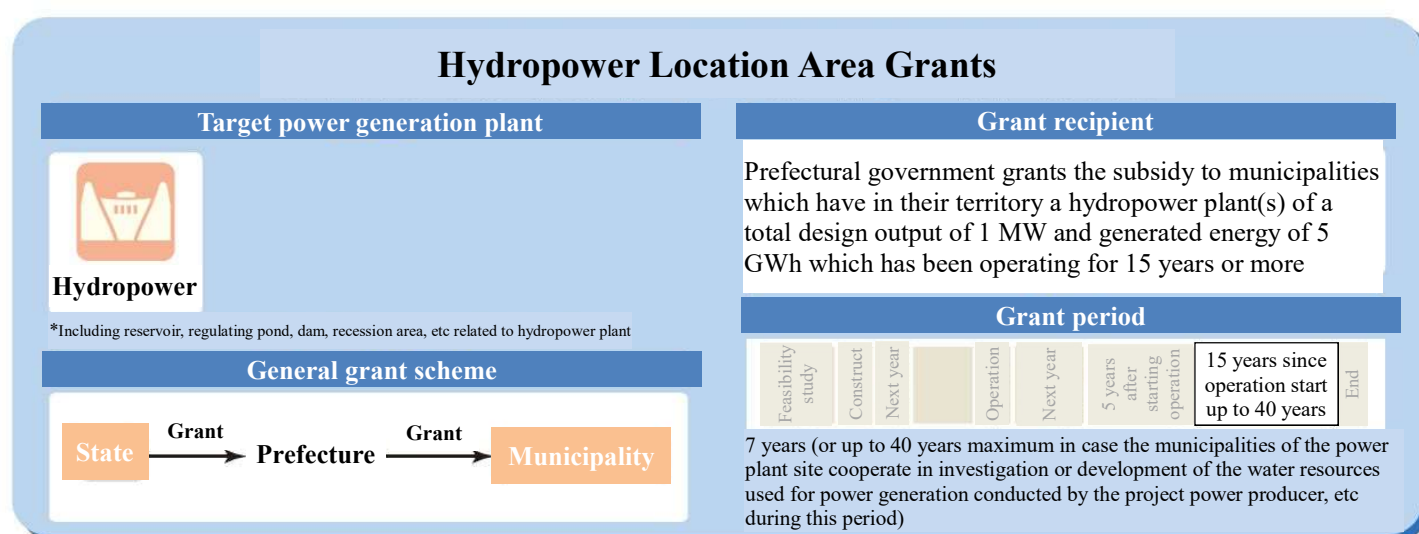
This municipal bond is offered as a financial resource for independence projects launched by the municipalities designated as depopulated areas pursuant to the Act on Special Measures for Promotion for Independence for Underpopulated Areas. The bond appropriation ratio is 100% while the redemption for principal and interest is covered

70% by the local subsidy tax scheme of the national government, and therefore the bod is a precious financial source for the depopulated areas.

➤ **Hydropower location area grant**

(Source) <http://www.enecho.meti.go.jp/about/pamphlet/pdf/dengenrichi.pdf>

The power location area measures grant is offered to prefectural or municipal administrations for projects which promote infrastructure improvement or community welfare in the areas where power generation plants are located so as to enhance the understanding and awareness of the local community.



➤ **Fixed property tax for hydropower facility**

(Source) http://www.enecho.meti.go.jp/category/electricity_and_gas/electric/hydroelectric/support_living/effort003/

The fixed property tax is calculated by multiplying the value of the fixed property of target power generation facilities in a local municipality by the tax rate.

The fixed property tax is imposed on privately owned properties, while hydropower plants developed by the national or local governments are subject to “Act on Grants for Municipalities Where Governmental Assets Are Located” instead of the fixed property tax (pursuant to the local tax law), and thereby the amount corresponding to the fixed property tax is granted to the local municipalities.