



BUSINESS OPPORTUNITIES FAIR



Asian Development Bank Headquarters, Manila, Philippines

9th ADB Business Opportunities Fair

Thematic Opportunities: Climate Change
and Financing

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Asia-Pacific Climate Change and DRM Challenge

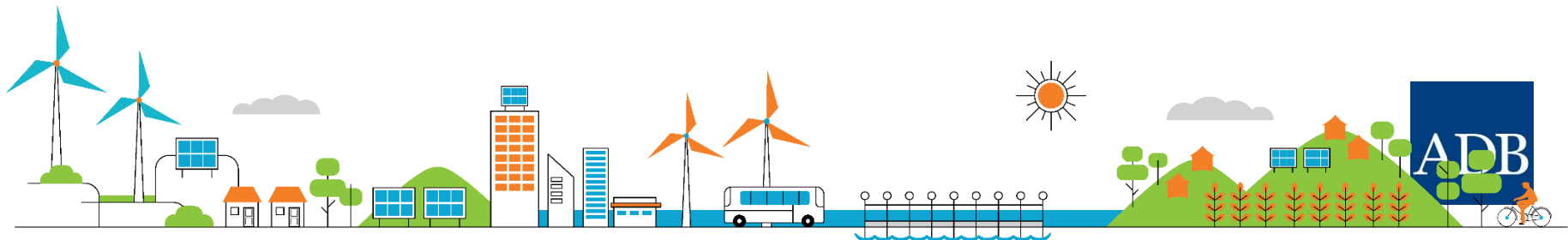
Priorities of ADB on Environment and Climate Change

Climate and DRM Finance

Private Sector Mobilization

Leveraging Knowledge and Partnerships

Climate Change Operational Framework (2017-2030)



ADB Approach to Managing Climate Risks

Project Concept Phase

Preliminary screening
(Rapid Environmental Assessment)

Checklist

No or low risk

Medium or high risk

End

OR

Expert judgment

Detailed screening
(AWARE for Projects or other tool)

Screening Report

No or low risk

Medium or high risk

End

OR

Expert judgment

Climate Risk and
Vulnerability Assessment

CRVA Report

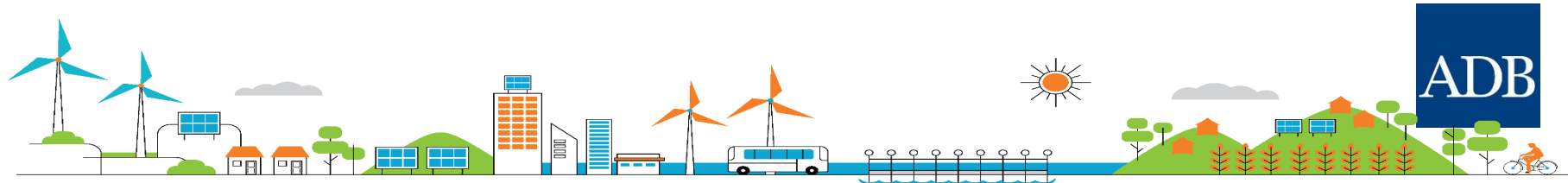
Evaluation of adaptation options;
cofinancing arrangements

Project Preparation Phase

Project Implementation Phase

Integration of climate risk reduction
measures in project design

1. **Climate risk screening** at the concept development stage
2. **Climate risk and vulnerability assessment** in the preparation of projects at risk
3. **Technical and economic evaluation** of adaptation options
4. **Identification of adaptation measures**
5. **Monitoring and reporting** of climate risk ranking and adaptation spending



ADB's Climate Finance Target

ADB

ADB will double its
annual climate financing to

**\$6
billion**

by 2020



ADB's spending on tackling
climate change will rise to
around 30%
of its overall financing by 2020.

Out of the \$6 billion:

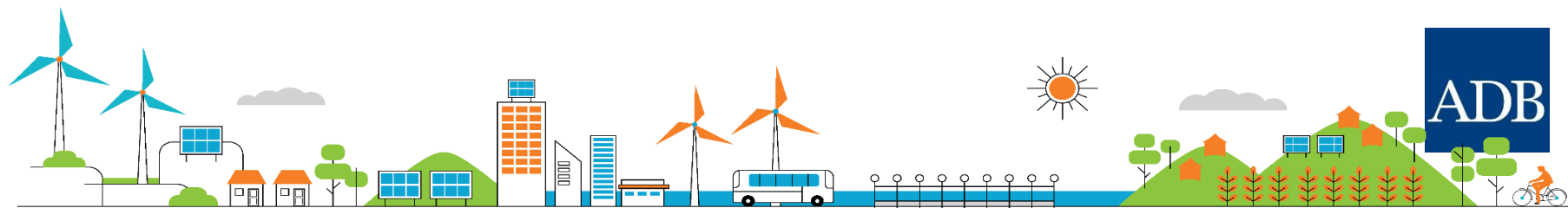
**\$4
billion**

will be dedicated to **mitigation** through
scaling up support for renewable energy,
energy efficiency, sustainable transport,
and building smart cities.



**\$2
billion**

will be for **adaptation** through more
resilient infrastructure, climate-smart
agriculture, and better preparation for
climate-related disasters.



ADB Approaches to Climate Finance Mobilization

Deploying concessional resources

Internally managed resources (ADB donor trust funds and special funds)

- Climate Change Fund (CCF)
- Clean Energy Financing Partnership Facility (CEFPF)
- Urban Climate Change Resilience Trust Fund (UCCRTF)
- **Asia-Pacific Climate Finance Fund (ACliFF)**
- **High Level Technology Fund (HLTF)**
- Others with bilaterals

Multilateral funds

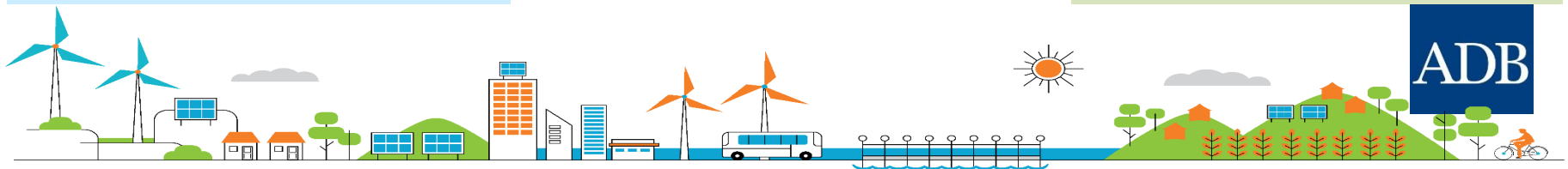
- Climate Investment Funds (CIF)
- Global Environment Facility (GEF)
- Green Climate Fund (GCF)

Maximizing market mechanisms

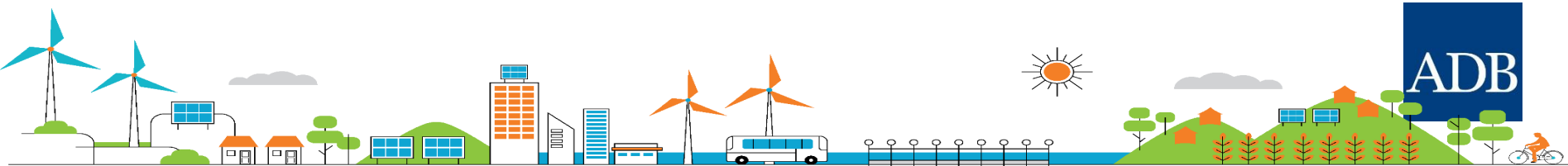
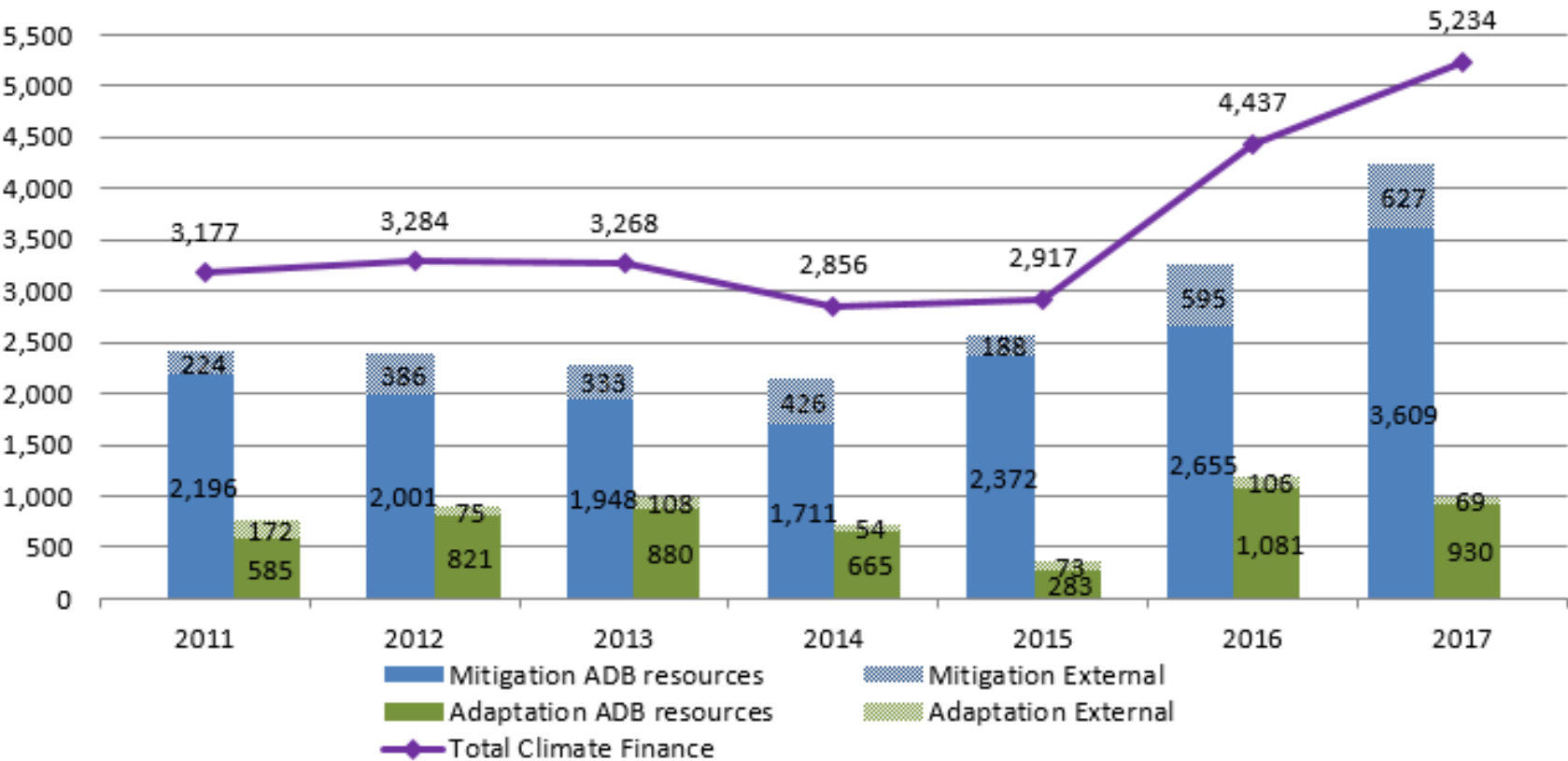
- **Upfront carbon finance**
 - ✓ Asia Pacific Carbon Fund
 - ✓ Future Carbon Fund
- **Carbon Market Technical Support Facility**
 - ✓ CDM support
 - ✓ domestic emissions trading
- **Japan Fund for the Joint Crediting Mechanism**
- **Green and Climate Bonds**
- Supporting **other market mechanisms** (e.g. renewable energy credits; feed-in tariffs)

Catalyzing private capital

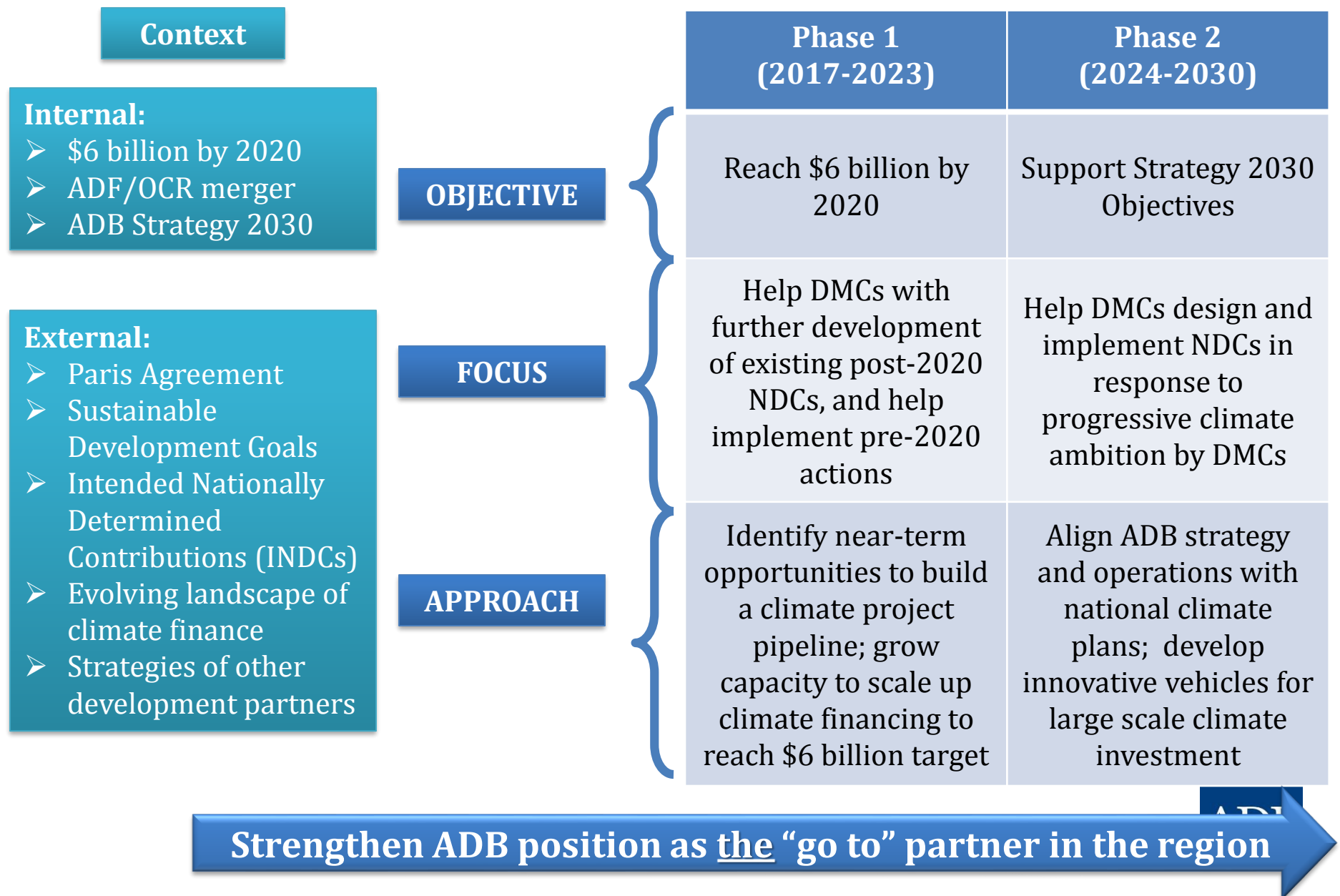
- **Direct project finance** (lending, guarantees, syndications), and equity investment
- **Public private partnerships:** (PPPs) working with client DMCs across stages of PPPs



Total Climate Finance, 2011-2017
(in \$ millions)

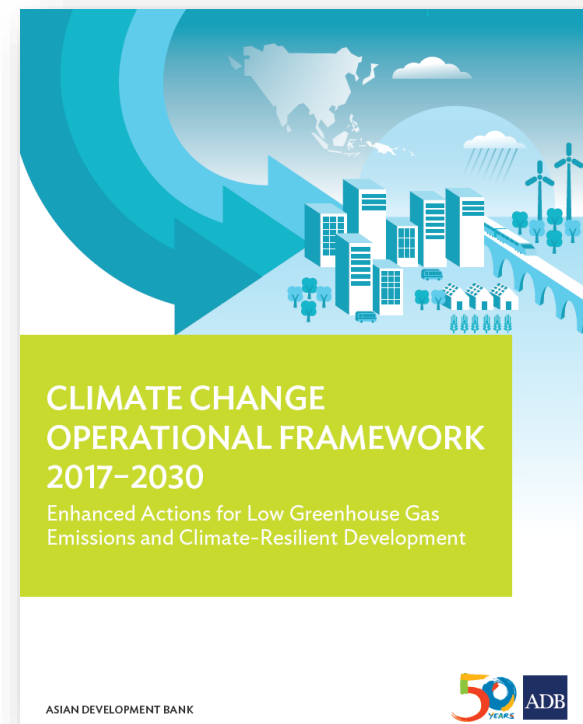


Climate Change Operational Framework (CCOF) 2017-2030



CCOF2030: ADB response to DMCs and global context

Level of Action	CCOF2030 Phase 1		CCOF2030 Phase 2
	2017–2020	2020–2023	2024–2030
DMCs	<p>Incorporate climate mitigation and adaptation in national development objectives</p> <p>Prepare first generation NDCs by 2020</p>	<p>Translate climate plans, including NDCs, into climate investment plans</p> <p>Mobilize domestic climate financing resources</p> <p>Prepare second generation NDCs by 2023</p>	<p>Implement second generation NDCs</p> <p>Scale up domestic climate financing resources</p>
ADB	<p>Provide \$6 billion climate finance by 2020</p> <p>Climate-proof projects in the pipeline</p> <p>Review operational modalities, institutional structures, new financing and TA mechanisms</p> <p>Work with operational departments to provide upstream support aligned with DMC national development and climate objectives</p> <p>Prepare Strategy 2030</p>	<p>Review progress, assess lessons from reaching 2020 targets, and outline delivery plan for more ambitious targets</p> <p>Pilot-test innovative, climate-smart approaches (technology, finance, business models)</p>	<p>Apply lessons from phase 1</p> <p>Reflect DMC expectations in second-generation NDCs and other relevant strategies and plans, including regional approaches</p> <p>Reassess operational modalities, institutional structures, new financing (e.g., investment bank, impact investing) and TA mechanisms</p> <p>Revisit analytical and other actions to help DMCs confirm opportunities for climate action in support of national development objectives</p>
Global	<p>Sustainable Development Goals (SDGs)</p> <p>Paris Agreement, 2°C warming limit (aspiration: 1.5°C)</p> <p>Sendai Framework for Disaster Risk Reduction</p> <p>Reach \$100 billion annually in global climate finance by 2020</p>	<p>Conduct global stock taking of NDCs</p> <p>Monitor progress toward achievement of SDGs and Sendai Framework for Disaster Risk Reduction</p>	<p>Achieve SDGs by 2030</p> <p>Achieve Sendai Framework for Disaster Risk Reduction by 2030</p> <p>Be on target for keeping global warming at, or below, 2°C</p>



ADB = Asian Development Bank, CCOF2030 = Climate Change Operational Framework 2017–2030, DMC = developing member country, NDC = nationally determined contribution, TA = technical assistance.

Figure 3: The Sustainable Development Goals and the Triple Bottom Line



Source: Independent Evaluation at the Asian Development Bank.

ADB Environment Operational Directions (2013-2020)



Promoting a
shift to
sustainable
infrastructure



Investing in
natural capital



Strengthening
environmental
governance
and
management
capacity

Climate change (mitigation and adaptation)

Sustainable Infrastructure

Clean Energy Program aims to invest for renewable energy and energy efficiency systems

- Energy efficiency
- Renewable (solar, wind, hydro)

Sustainable Transport Initiative aims to invest for clean, safe and affordable transport systems

- Public transport infrastructure
- Rail infrastructure
- Road safety

Water Financing Program aims to invest for safe water and sanitation

- Water efficiency
- Climate-resilient water resource management
- Energy-water-food nexus

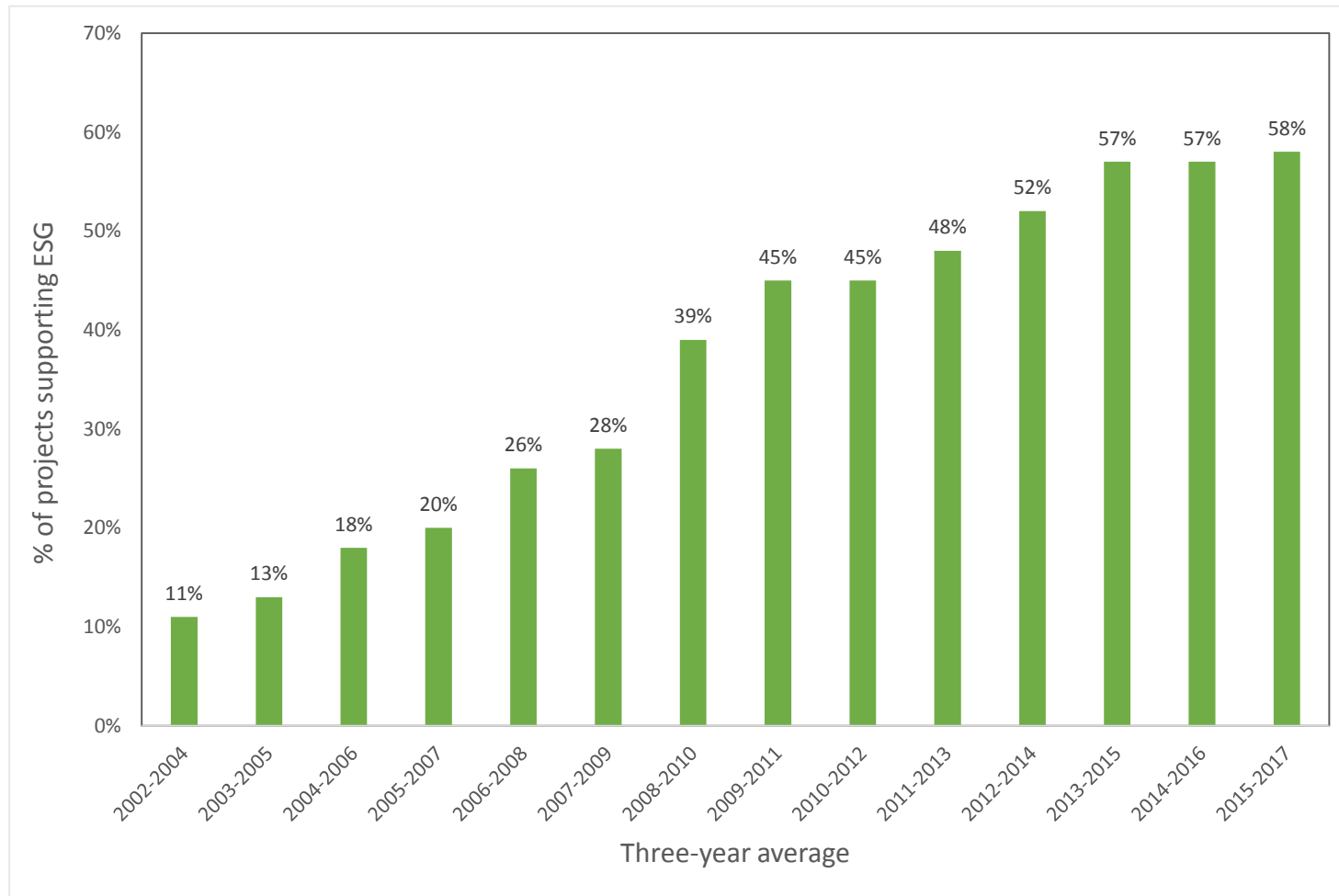
Urban Operations Program aims to invest for improved environmental infrastructure

- Integrated urban planning
- Green and low carbon cities
- Innovative financing

Strengthening Environmental Governance

- Strengthen key institutions with a role in environmental management, and pursue improved environmental compliance and enforcement
- Implement ADB safeguard policy statement and support country environmental safeguards systems
- Facilitate transparency, disclosure and accountability

Projects Supporting Environmentally Sustainable Growth



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Critical Environmental Challenges



Climate change & natural disasters

- Increasing vulnerability and economic losses
- Food & water insecurity, infrastructure impacts



Deteriorating environmental quality and health

- Air and water quality, waste management
- Rising health and economic costs



Natural capital loss

- Land degradation, ecosystem services, biodiversity loss
- Food, water security, climate impacts



Inefficient resource use and consumption

- Increasing resource use, little improvement in efficiency
- Need to advance sustainable consumption and production agenda (SDG 12)

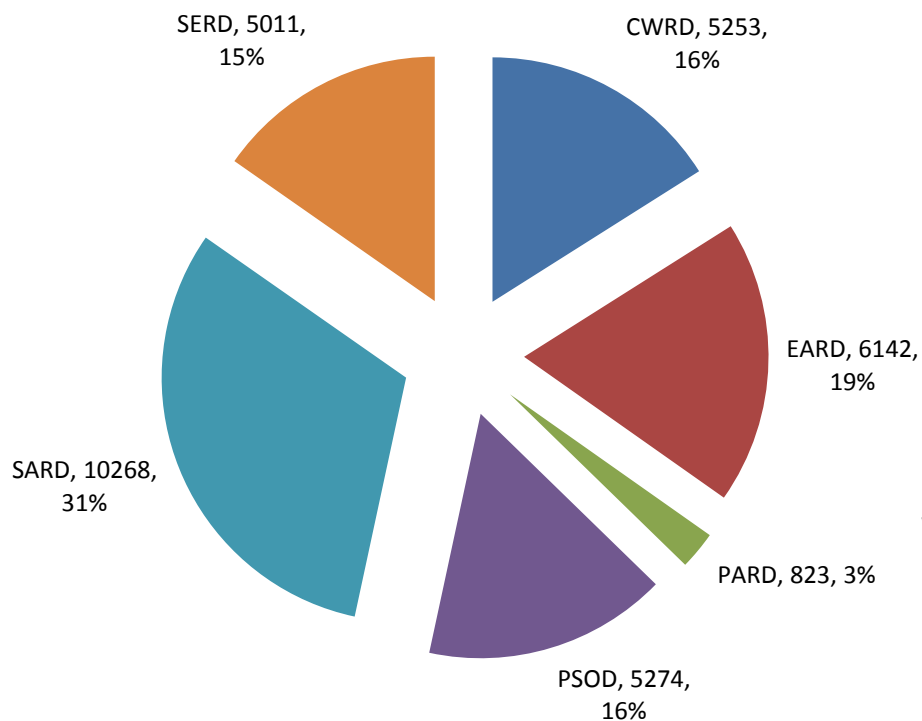


Weak institutional capacity

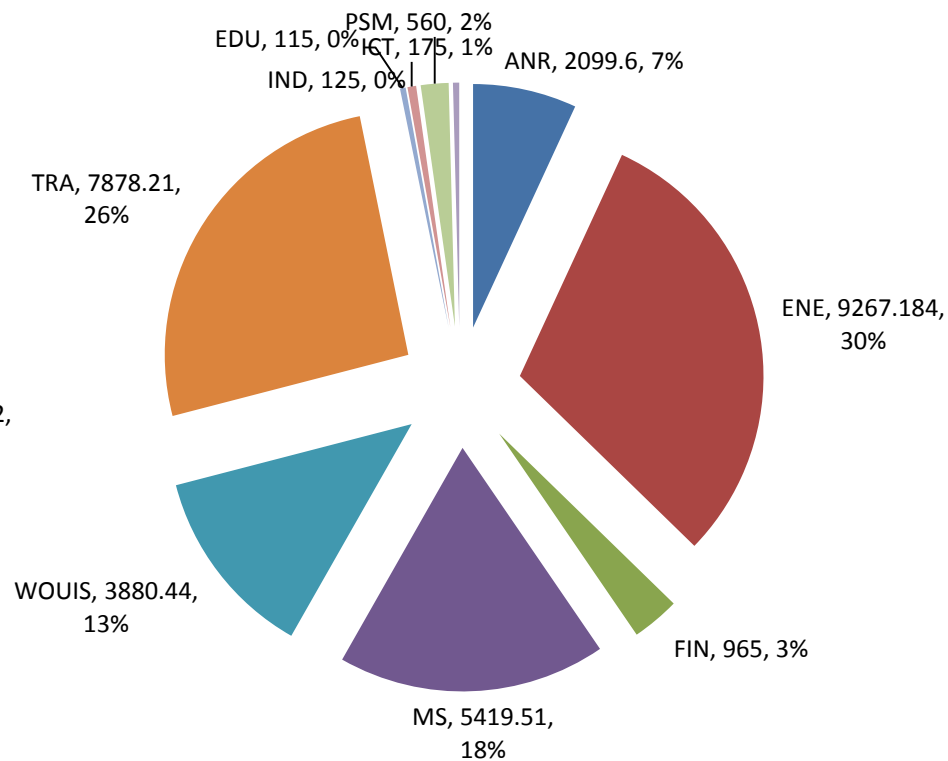
- Ineffective implementation and weak enforcement of environmental laws remain
- Support needed for market-based approaches and private sector engagement

Projects supporting Environmental Sustainability, 2013-2016 (\$million)

2013-2016



2013-2016



PRC: Beijing-Tianjin-Hebei Air Quality Improvement - Hebei Policy Reforms Program

Funding. ADB loan of \$300 million and \$166.7 million from KfW. The estimated government counterpart fund is \$4,131.5 million.

- The first policy-based loan to address air pollution in the Greater Beijing Capital Region
- Will contribute to PRC's commitment of reducing GHG emissions
- Key sectors under this project include:
 - Energy
 - Transport
 - Public sector management (environmental governance)
 - Education/training for employment promotion
- Policy reforms to lay institutional and regulatory framework to address environmental crisis –regional/global benefit