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ACCELERATING INVESTMENTS FOR PLASTIC CIRCULARITY

# De-risking Plastics Circularity Projects and Needs of the Private Sector

26–27 June 2024 • Jakarta, Indonesia

WITH SUPPORT FROM



IN CONSORTIUM  
WITH



# Policy actions and recommendations for sustainable finance

## Diversifying Flows of Inward Capital

- GSS taxonomies & regulations aligned with global standards
- Environment and Social Disclosure on firms and FIs
- Remove Forex repatriation and foreign ownership restrictions
- Ensure MDB interventions complement government's existing policies
- Enable further concessional flows from philanthropies
- Focus on underserved, underfunded sectors, or where new technology risks & proof of concept/viability gap requires funds

## Deepening Capital markets

- Issue sovereign bonds with different tenors for yield curve.
- Promote carbon markets as source of funding as well as price discovery
- Permit domestic institutional investors (insurers and pension) to invest in broad range of risk profiles
- MDBs to drive climate KPIs with focus on mobilization
- Develop regulations to support innovative finance, e.g., securitization rules and temporary “sandbox” relaxations
- Remove domestic regulatory barriers, e.g., tax regimes penalizing non-profit and philanthropic participation
- Provide subsidies and incentives (or disincentives) to align priority sectors, price signals and deepen markets

## Investible Deal Pipeline for BF

- Green/domestic development banks & national platforms to provide anchor investment & expertise
- Use public funding to support concessional/first loss capital to lever private
- Invest in both systematic and transaction level development
- Knowledge platforms to share success stories
- Replace bespoke with templated BF transactions with guidance
- Clarify roles of private/public players in terms of risk/return

## Correcting Risk Perceptions about Developing Economies

- Support efforts to ease capital adequacy barriers to investment from Basel III (and Insolvency Directive for insurers) to ease lending in EMDE
- Encourage credit risk assessment providers to adopt more nuanced views on EMDE risks
- Work with global institutional investors to identify other barriers
- Work with the investment community to correct misapprehensions about risks of EMDE investment

# LANDSCAPE OF CLIMATE FINANCE IN 2019/2020

Global climate finance flows along their life cycle in 2019 and 2020. Values are average of two years' data, in USD billions.

**653** BN USD ANNUAL AVERAGE

*Government funds to other public sources are not estimated*



CLIMATE POLICY INITIATIVE

## SOURCES AND INTERMEDIARIES

Which type of organizations are sources or intermediaries of capital for climate finance?

**PUBLIC** **PRIVATE**

## INSTRUMENTS

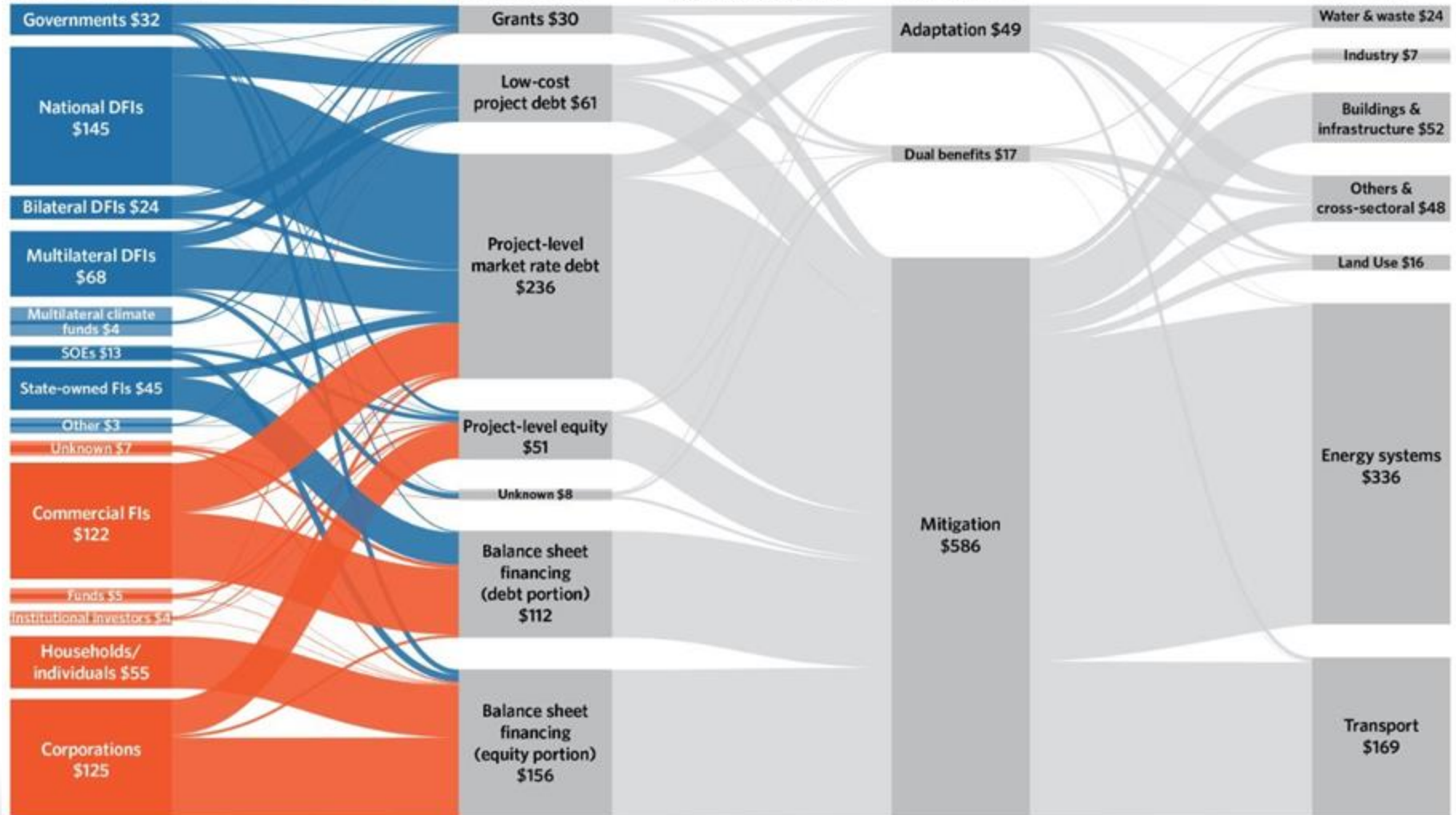
What mix of financial instruments are used?

## USES

What types of activities are financed?

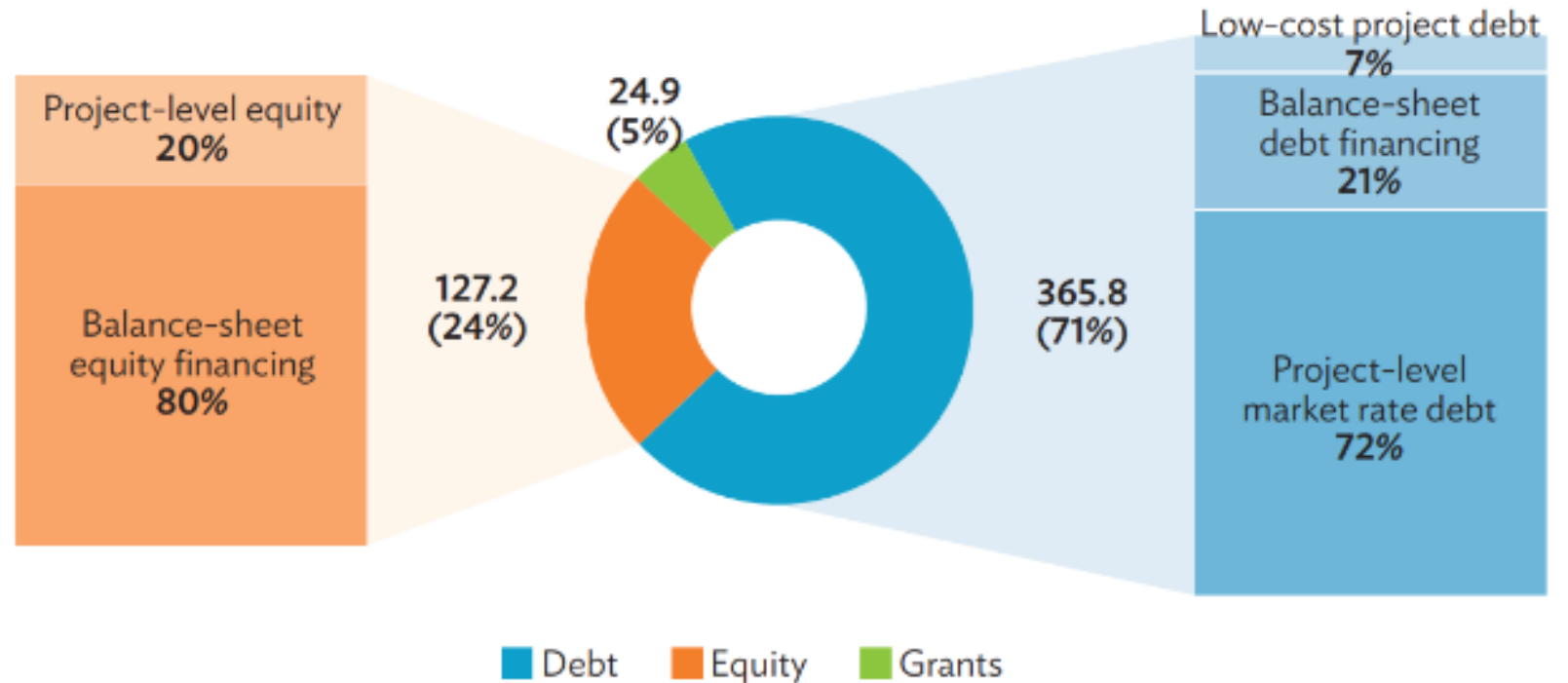
## SECTORS

What is the finance used for?



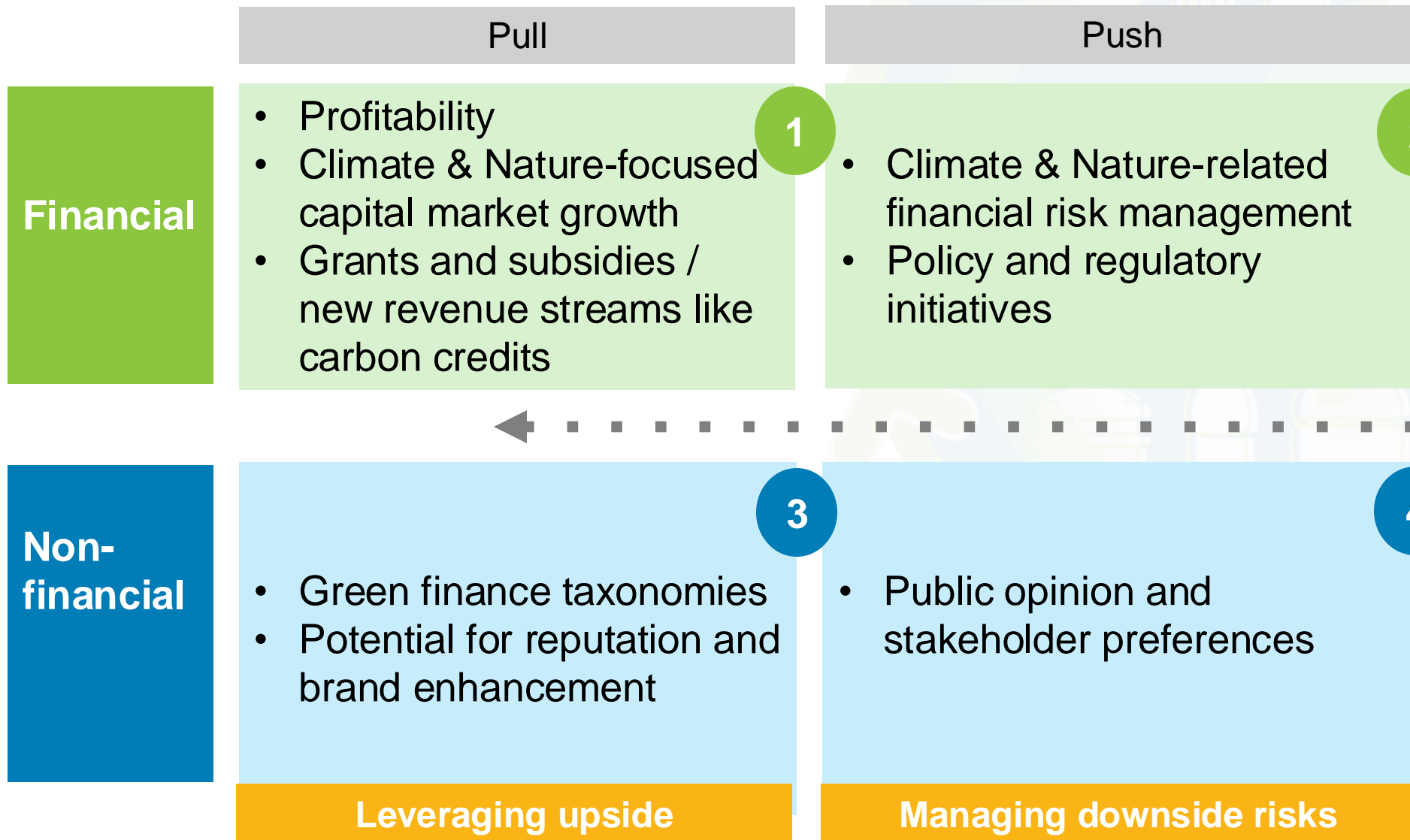
# Shares of Financial Instruments

## Breakdown of Financial Instruments for Climate Finance in Asia and the Pacific, 2018-2019 (\$ billion)



Source: ADB 2023. Climate Finance Landscape of Asia and the Pacific

# Drivers of Private Finance for Circularity





## Blended finance for debt market

Set-up lending windows of public financial institutions for circularity

*(BF: support with TA for product development, taxonomy, interest rate subsidies, risk mitigation)*



## Blended finance for equity market

Structured equity funds for circularity

*(BF: first loss tranche from governments/ donors, TA for fund manager, TA for companies)*



## Private debt market

Debt market for circularity themed bonds



## Targeted public support

Viability Gap Financing, Grants (output/outcome based), Information



## Carbon and plastic credits to improve profitability



# Financing solutions for circularity