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The need: Paris Challenge

Massive Need for Climate Resilient Infrastructure

\$3.147 bn (2016-2030, SE Asia)

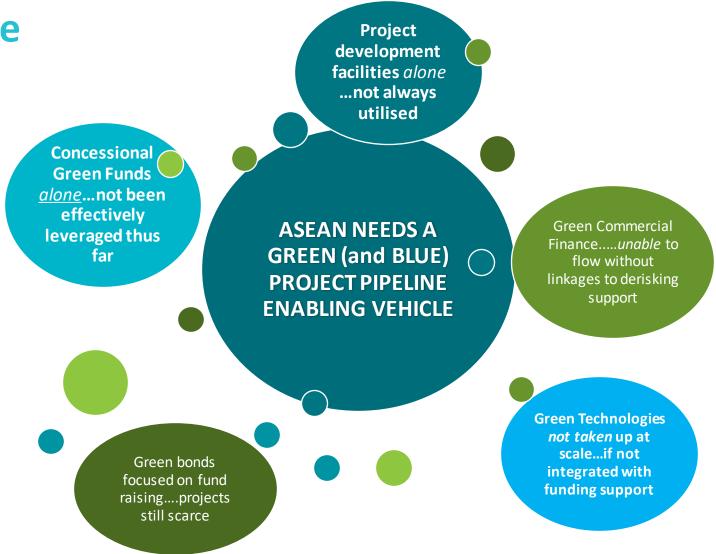
BUT Rising Investment Gap in SE Asia

\$ 102 bn p.a. gap vs \$ 157 p.a. need (Selected SE Asia 2016-20)

\$459 bn p.a. (Asia- Pacific)

Private Sector Critical: 60% Needed Funding









ASEAN Infrastructure Fund (AIF) → **ACGF** & IFF



ACGF

ASEAN CATALYTIC GREEN
FIANCE FACILITY



- Accelerate green infrastructure in ASEAN
- Provide concessional financing from both AIF own resources + green ACGF co-financers
- Support Group A countries inclusive infrastructure :
 - CAM
 - LAO
 - MYA
- Provide limited funds from AIF own resources







AIF's new "Green and Inclusive Infrastructure Window" launched at ASEAN Finance Ministers' Meeting, Chiang Rai, Thailand, 4 April 2019

ADB ASIAN DEVELOPMENT BANK Q 中文 日本語 Careers Contacts Business Center About ADB News & Events Data & Research Publications Countries Projects & Tenders ADB Institute A > News and Events > News Releases > Media Contact New Facility to Mobilize \$1 Billion for ASEAN Nitithanprapas, Roykaew (Duckie) Green Infrastructure Senior External Relations Officer, Thailand Resident Mission (TRM) +662 263 5354 News Release | 4 April 2019 ภาษาไทย ☑ E-mail contact form f 💆 in 🔒 Zhang, Jane Senior Communications Specialist **4** +632 632 5105 □ +63 999 999 5105 Related News: Republic of Korea Pledges \$355 Million to Support ASEAN Green Infrastructure and Ocean Health ADB President Mr. Takehiko Nakao (standing, fifth from left), Thailand Minister of Finance Mr. Apisak Tantivorawong ASEAN Infrastructure Fund (standing, sixth from left), ASEAN Ministers of Finance and senior officials, and representatives from development and private sector partners during the launch of the ASEAN Catalytic Green Finance Facility in Chiang Rai. Thailand is

ASEAN 2030: Toward a Borderless Economic

Launched!

Co-financing partners

ADB

EIB

AFD

KfW

Gov. of Korea

EU

Knowledge partners

OECD

GGGI

Private sector partners

ADM Capital

City of London

BNP Paribas

OPIC







ACGF mission

To accelerate the development of green infrastructure in ASEAN by better utilizing public funds to create bankable projects and catalyze private capital, technologies and management efficiencies.



Combines project origination, project structuring and financing for green infrastructure projects



CATALYTIC

Mobilizing resources and building pipelines



GREEN

Promoting environmental sustainability by scaling up green infrastructure



FACILITY

Pooling and leveraging public capital







Climate change mitigation

Be included in the list of eligible categories (based on Joint MDBs-IDFC Common Principles for Climate Mitigation Finance Tracking)

Demonstrate a reduction in greenhouse gas emissions against a baseline scenario.

At least 60% of the total project cost should qualify as climate finance.

Climate change adaptation

Identified following the Joint MDBs-IDFC Common Principles for Adaptation Finance Tracking

Project screening to include an estimate of the number of direct & indirect beneficiaries

At least 60% of the total project cost should qualify as climate finance.

Environmental sustainability

Contribute to: a) Improving air quality; b) Improving water quality; c) Promoting healthy ecosystems and biodiversity; d) Promoting more efficient use of resources.

Project screening to include a quantitative or qualitative assessment, using relevant, project-specific indicators

New, and improvements to existing, fossil-fuel related power generation would be excluded (in line with the ADB GBS and the ASEAN GBS)







Renewable Energy

Electricity Generation

Heat Production / other RE

RE integration into grids

Lower-carbon generation

T&D systems &

retrofit

EE in buildings

Energy

efficiency

EE in utility sector and public services

Vehicle EE fleet retrofit

Energy audits

Agriculture, forestry and land-use

EE in industry in existing Agriculture facilities

> Afforestation & reforestation

Non-energy **GHG** reductions

> Air conditioning & refrigeration

Waste and wastewater

Waste

Wastewater & sanitation

Transport

Urban transport modal change

Transportoriented urban dev.

Inter-urban transport

Eligible climate change mitigation finance activities

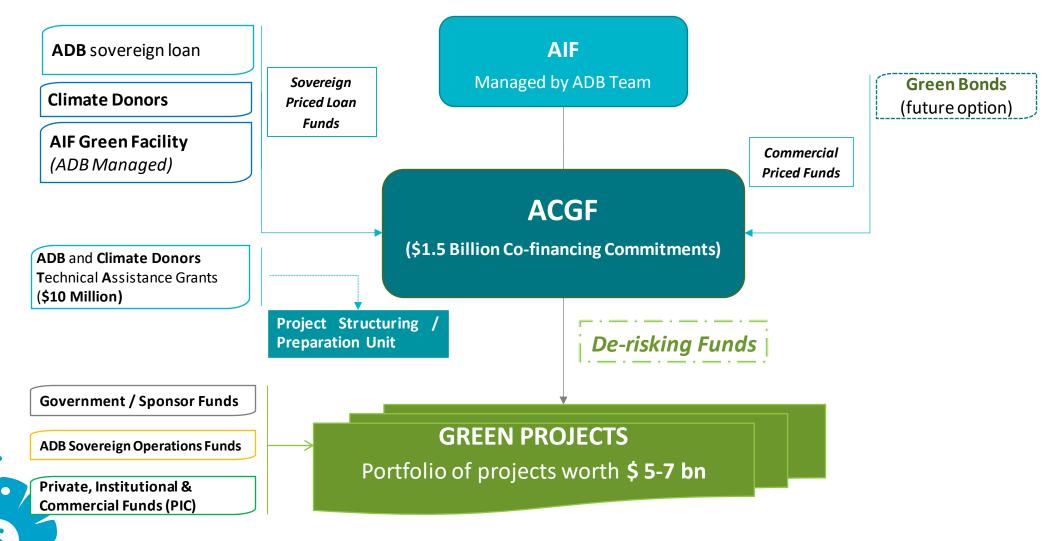






HOW DOES ACGF WORK?





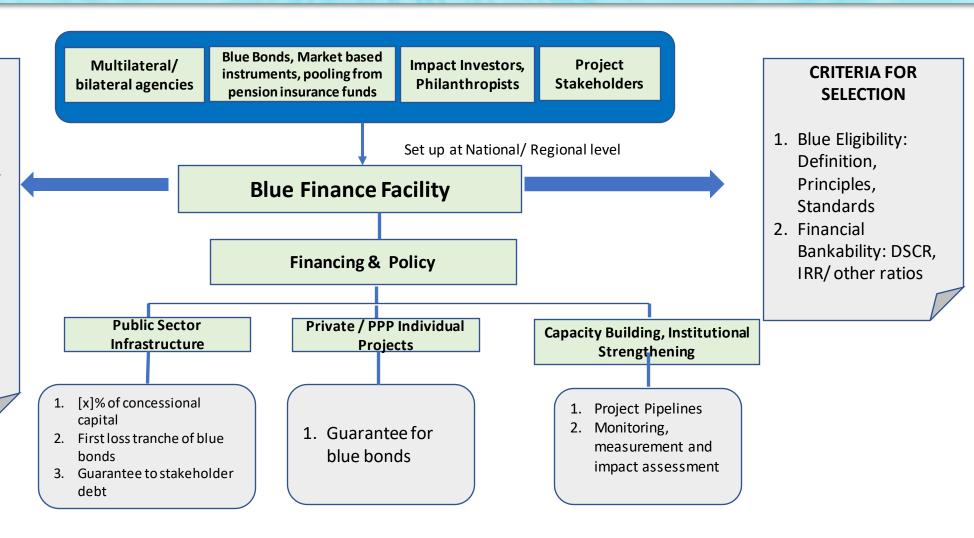


BLUE FINANCE FACILITY - ILLUSTRATIVE CONCEPT



INVESTMENT INSTRUMENTS

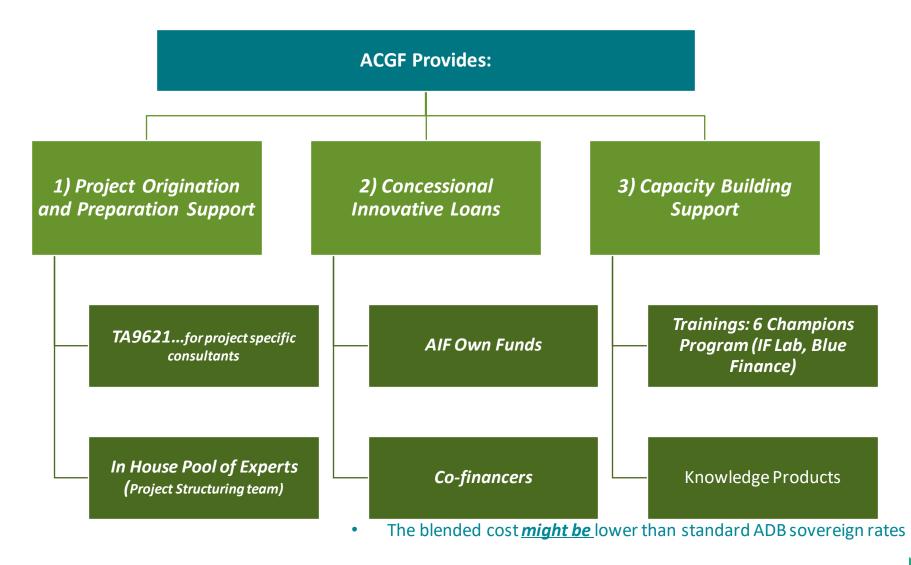
- Guarantee for bonds
- First Loss Tranche issuance of Blue Bonds
- Concessional
 Finance early
 stage financing for
 improving
 bankability
- Guarantee for shortfall in avoided costs cashflows









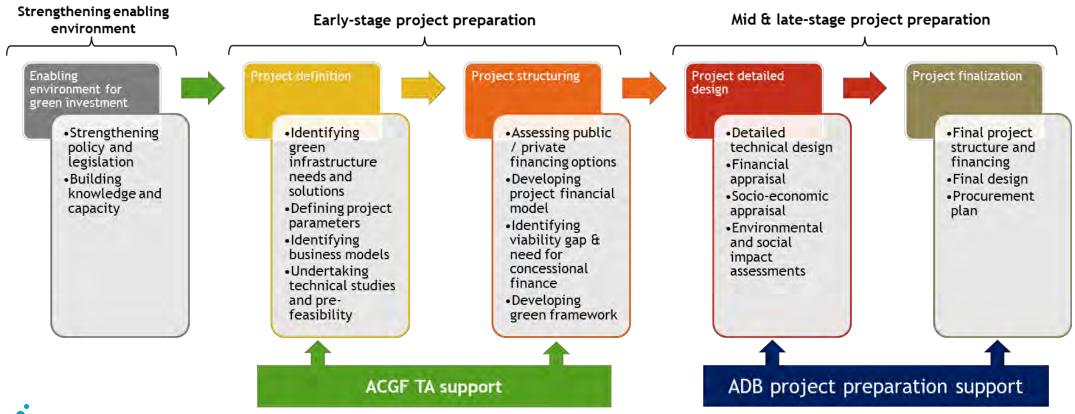








1) ACGF Support.....at Project Level





ACGF project structuring support targets early-stage project preparation, and complements ADB project preparation







Pilot Use of Rapid Assessment Support (RAS) Tool

- Apply new Rapid Assessment Tool (potential ACGF projects)
 - Project structuring support for projects at prefeasibility stage
 - Preparing bankable and financial models and plans
 - Identify potential financing sources
 - 2-3 months, maximum of \$150,000 / per project



Project origination & structuring



Rapid Assessment Study (RAS)

Objective

The ASEAN Catalytic Green Finance Facility (ACGF) is a facility under the ASEAN Infrastructure Fund (AIF) fully administered by ADB. The ACGF provides loans funded from the AIF's equity, and collates this with technical assistance and co-financing from ADB and other development partners, to originate, structure and provide de-risking funds for green infrastructure projects, with the aim of crowding-in private sector investments.

In order to develop a pipeline of green infrastructure projects which need technical structuring support and / or financing, a Rapid Assessment Study (RAS) on grant basis is available to Public Entities and Private Sponsors to create bankable commercial green and blue (oceans health related) investments that will require public finance to de-risk investments and leverage / crowd-in private sources of green finance and investment.

RAS Characteristics, Scope and Value-add

- Project structuring over the project life cycle (bankable financial model & plan) including an assessment o
 potential financing sources from public and private sources
- Potential overview of project technical feasibility
- . Duration of the study is estimated to be 2-3 months
- · Maximum budget per project is up to USD\$150,000 subject to eligibility criteria and prioritization by ACGF Team
- Selection, Contracting & Monitoring of Financing Structuring Experts under ACGF Team

Eligibility

Projects eligible for a Rapid Assessment Study (RAS) must fulfill the following:

- qualify as green or blue infrastructure under the ACGF Investment Principles and Eligibility Criteria (https://www.adb.org/documents/acgf-investment-principles-eligibility-criteria)
- have a clear public sector component, project champion and endorsement from national government
- · have pre-feasibility studies conducted and available data on project CAPEX & OPEX
- present bankability constraints
- . demonstrate potential crowd-in of private sector participation of any form during the first 8 years of the project

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1) ACGF Support.....at Country Level

- 1 Creating Facilities, Funds or SPVs funded by private and public sources
- 2 Financing different subsectors, tailored made to country context
- Flexibility to cross subsidize revenue and & non-revenue generating activities
- 4 Potential for piloting different tools under a single vehicle
 - Developing blue finance expertise, including project preparation expertise







1) ACGF Support.....at Regional Level

1 Creating a pipeline of 'shovel ready' projects in ASEAN

Raising Global Profile to attract MDBs, DFIs, impact Investors, Philanthropies...and Private Capital at SCALE







Pipeline Origination Strategy



ASEAN governments

- Roadshow in countries
- Working through country PPP units
- Regular engagement with sector ministries



ADB country offices and sector teams

- ACGF marketing meetings through country missions
- Focal points in ADB sector teams: Energy, Transport, Urban, Agriculture & Natural Resources, Finance



ACGF partners

- Regular engagement w/ ACGF partners, including in in-country roadshows
- Joint Actions with Co-Financing partners

Three-pronged project origination strategy targeting governments and utilizing ADB + partner links







What next to bring BLUE FINANCE agenda forward in ASEAN?

Exciting news coming, keep tuned!





