ASEAN Catalytic Green Finance Facility (ACGF)

An initiative of the ASEAN Infrastructure Fund

20 April 2021

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Mission

Regional, country-owned $1.7 billion facility under ASEAN Infrastructure Fund

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.

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ACGF is an ASEAN-led initiative, managed by ADB

CATALYTIC
Mobilizing resources and building pipelines

GREEN
Promoting environmental sustainability by scaling up green infrastructure

FACILITY
Pooling and leveraging public capital

- A pilot facility under the **ASEAN Infrastructure Fund, owned by ASEAN members** and ADB, and **administered by ADB**
- Launched in April 2019 by ASEAN Finance Ministers
- Provides loans funded from the ASEAN Infrastructure Fund's equity + development partners
- Pledges / MOUs co-financing ACGF projects agreed with **ADB, AFD, EIB, EU, GCF, KfW & Gov. of Korea**
- Knowledge partners: OECD, GGGI, Infrastructure Asia, others.

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Key activities and outputs

Integrated approach to building green pipelines

Innovative de-risking funds for green projects

- 2-step loan
- Blended climate-linked co-financing from development partners

Project structuring and pipeline development

- Early-stage support (Rapid Assessment Studies)
- Late-stage project support for climate baselines, integrate high-impact technologies

Policy, knowledge and capacity support on green finance

- Scale-up of green bonds
- Enabling green finance champions & training on innovative finance
- Investor roundtables

Criteria / conditionality for support

- Green (climate + environment)
- Transition to bankability
- Catalyzing Commercial Capital
- Sovereign / PPP / SOE Projects

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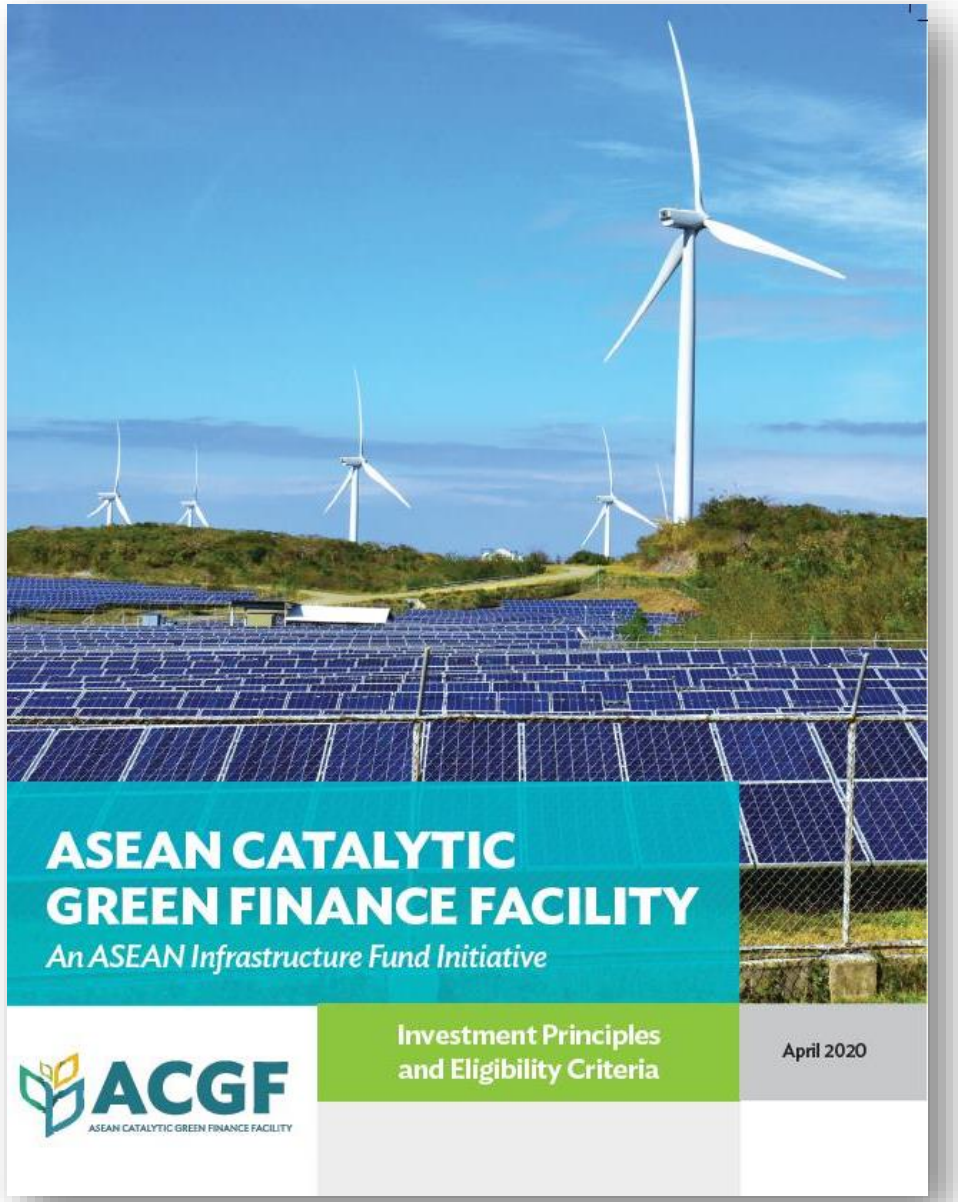

www.adb.org/acgf

ACGF Eligibility Criteria: funds will be linked to green impact

- First of its kind regional green investment criteria, developed together with governments, major European DFIs and other ACGF partners
- All green projects must show:
  - Contribution to climate change mitigation and / or climate change adaptation

  PLUS
  - Contribution to other environmental objectives (e.g. air quality, resource use efficiency, biodiversity etc.)
- Combines use of climate finance + impact indicators (e.g. GHG reductions / no. of beneficiaries)
- Distinguishes between green projects and priority green projects

Initial results

Strong focus on leveraging and partnerships

Mobilizing green investments in the region

3 projects meeting ACGF criteria included in formal AIF financing pipeline

$1.4 billion in total project costs

$410 million partner resources leveraged

$278 million in private capital to be mobilized for ACGF projects

$40 million AIF funding committed towards ACGF-eligible projects

$823 million in financing from ADB

73,000 tons CO_2 reductions per year expected from ACGF projects

Capitalizing on partnerships

$7.5 million in technical assistance pledged

$1.4 billion pledged in cofinancing from partners

6 cofinancing partnerships established

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New partnerships for a Green Recovery

Major fallout from COVID-19 in the region, greater need for support to ensure recovery is green

- ADB estimates: ASEAN GDP to contract by 3.8% in 2020
- Constrained public budgets & higher perception of risk related to projects
- Green recovery support needed to:
  - Create **green jobs** for economic recovery
  - Support countries **prioritize NDCs** as part of recovery
  - **Avoid lock-in** of carbon intensive infrastructure & strengthen resilience

New ACGF Green Recovery Program approved by Green Climate Fund in March 2021:

Eligible countries: Cambodia, Indonesia, Lao PDR, Malaysia, Philippines

GCF funding: USD 300 million (USD 280 loans + USD 20 million technical assistance grants)

Programmatic approach: $300M to support a total of **$4B** in projects

Technical assistance to develop green COVID Recovery projects & access to capital markets

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Rapid Assessment Study (RAS) – Studies / early-stage project development

RAS Scope and Value-Add:

- Project structuring (bankable financial model & plan) + assessment of potential financing sources
- Potential overview of project technical feasibility
- Duration: 2-3 months
- Maximum budget per project: up to USD$150,000

Eligibility:

- Green infrastructure under the ACGF Investment Principles and Eligibility Criteria*
- Required public sector component, project champion and endorsement from national government
- Available pre-FS and CAPEX & OPEX data on project
- Bankability constraints and potential crowd-in of private sector participation

**https://www.adb.org/documents/acgf-investment-principles-eligibility-criteria*

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