



U.S. International Development Finance Corporation
(DFC)

*Supporting Climate Smart Infrastructure in
Southeast Asia*

June 16, 2022

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Who We Are: is the U.S. Government's development finance institution. DFC provides private companies with financing and risk mitigation tools for projects in emerging markets and developing countries. *DFC investments adhere to high standards and respect the environment, human rights, and worker rights.*

Our Approach: Development, Foreign Policy, & Returns

Where we work: Support financing of private sector investments in developing countries worldwide. Prioritize low income and lower- middle income countries. **\$36 billion** in total active commitments across the developing world.

Impact Quotient (IQ): Use its performance measuring tool to measure, monitor, & evaluate the developmental impact for every project.

Key Climate Goals:

- Increase Climate Investments: DFC will focus at least 33% of new investments on climate-related projects beginning in fiscal year 2023.
- Net –Zero Emissions: DFC has developed a plan for achieving a portfolio with net-zero emissions by 2040.

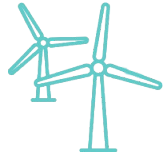
Pillars to Advance DFC's Commitments to Integrate Climate:

- Trailblazing Adaptation Investments
- Building a Cutting-Edge Climate Portfolio
- Mobilizing Climate Capital

Priority Actions:

1. Drive DFC Investment toward Adaptation and Resilient Climate Objectives
2. Mobilize Additional Private Climate Finance Capital
3. Enhance Portfolio Diversity to Reduce Risk
4. Integrate Climate Risk Analysis When Developing Deals
5. Embed Climate Lens into Transactions and Impact Measurement

DFC's Investment Priorities



Climate

Help developing countries respond to climate change and expand access to clean and affordable energy, critical green infrastructure, renewable power generation/transmission/distribution and enabling technologies; climate mitigation, as well as adaptation and resilience.



Global Health

Strengthen healthcare supply chains and infrastructure through investments in water, sanitation and hygiene (WASH), food security, and digital health. Provide access to healthcare services and respond to the COVID-19 pandemic by supporting vaccine manufacturing and distribution and COVID mitigation strategies.



Food Security & Agribusiness

Promote food security, nutrition, and robust agriculture value chains, especially through innovations in agro-processing; storage; cold storage, and industrialization.



Internet, Connectivity, and Technology (ICT)

Expand internet access to underserved communities while investing in infrastructure to make internet more reliable and affordable, and supporting innovations such as telemedicine, fintech, and online learning



Inclusive Growth

Support projects that reduce extreme poverty and address income inequality while targeting investments to benefit people and communities most in need

DFC Investment Tools to Support Climate Smart Investments



Debt Financing

Direct loans and guarantees of up to \$1 billion for tenors as long as 25 years, with specific programs targeting small and medium U.S. businesses



Political Risk Insurance

Coverage of up to \$1 billion against losses due to currency inconvertibility, government interference, and political violence including terrorism. DFC also offers reinsurance to increase underwriting capacity.



Equity Financing

Direct equity and support for investment funds to provide critical support to companies or emerging market private equity funds committed to development impact



Technical Development

Technical assistance to *accelerate* project development and execution for *investments already seeking* DFC financing support.

Improving availability of secure telecommunications across the Indo-Pacific

Trans Pacific Networks (TPN)

- DFC's \$190 million loan to TPN supports the world's longest subsea telecommunications cable. TPN is using the proceeds of DFC's loan to support the branches to serve Palau.
- This investment advances cooperative efforts by DFC, Australia's Department of Foreign Affairs and Trade (DFAT), Export Finance Australia (EFA), and the Japanese Bank for International Cooperation (JBIC) to promote enhanced collaboration and climate smart infrastructure in the region.
- 5G-enabling digital infrastructure will improve the availability of secure international bandwidth capacity. By improving the availability, quality, and cost effectiveness of internet and communications technology, the cable will serve as a powerful driver of economic development and quality of life improvement in Southeast Asia and the Pacific.

Expanding Access to Off-Grid Renewable Energy

Energy Access Relief Fund

- DFC financing provides low-cost loans to viable off-grid energy providers that serve low-income communities across 50 countries in Asia and Africa that have faced liquidity challenges due to COVID.
- This fund is a collaboration of development institutions and impact investors including Dutch development agency, FMO, the UK, development agency BII (formerly CDC Group), the International Finance Corporation, Rockefeller Foundation, and Shell Foundation.
- Deploy up to \$100 million of financing to small and medium businesses providing a variety of off-grid energy solutions including solar home systems, clean cookstoves, and solar-powered irrigation.

Recycling Ocean Waste By Recycling Plastic

Circulate Capital and Tridi Oasis

- Rapidly growing volumes of plastic waste cause significant damage to the environment and the economy. There are currently 150 million tons of plastic in the world's oceans and that mount increases by eight million tons every year.
- A DFC credit guaranty to impact investor Circulate Capital provides financing to small businesses working to prevent ocean plastic pollution.
- DFC's credit guaranty is helping Circulate Capital to mobilize \$100 million to reduce plastic waste in oceans in Southeast Asia and build value chains that convert waste into usable products, while also creating jobs.
- The investment in Tridi Oasis, which was founded and is owned and managed by two female entrepreneurs, also advance DFC's 2X Women's Initiative to advance women's economic empowerment.

Project Eligibility – Preliminary Screening Questions

If the answer to these key questions is “yes” then it likely merits a discussion with DFC.

Is the target project or company in a country where DFC programs are available?

- To review the list of countries and areas in which DFC programs are available, please visit [Where We Work](#).

Is the proposed project or investment commercially viable?

- DFC looks to support projects that are commercially and financially sustainable and do not rely solely on concessional or grant financing for successful implementation and developmental impacts. Is there a commercially viable business plan?

Is the party looking for a product that DFC offers?

- DFC’s products and services include: debt financing; political risk insurance; equity financing (direct or via funds); and technical development.
- DFC does not offer equipment or trade finance, pure debt refinancing, or financing for startup companies with no track record or initial project concept or feasibility studies. Please visit [Our Products](#) for more information.

Will the investment have a positive development impact on the country and local economy?

- DFC adopts a holistic view of development impact across sectors, evaluating factors such as economic growth, inclusivity (including gender equality), job creation, and innovation. Transactions that alleviate a known development challenge are evaluated positively by DFC.

Do the project developers/sponsors have a positive track record in this business in this region?

- DFC works with counterparties with experience related to the investment under consideration. Useful background information includes relevant country/region and sector experience, and key investors/management.

Has the target company or project attempted and/or been unable to attract support from private sector sources?

- DFC support is available only when DFC is “additional”, i.e. where DFC (or other development finance institution) support is necessary to catalyze the investment. Potential clients should describe their attempts to raise commercial funding or insurance and/or explain why it is not available or suitable.

Vietnam DFC Eligibility Project Example

Australis Aquaculture (Vietnam)

- Vietnam's first open water fish farm in Van Phong Bay, sustainably raising barramundi
- DFC financed an \$11 million loan to expand an open water fish farm
- Australis introduced open aquaculture in Vietnam and has adopted techniques that reduce food waste and methane emissions

Project Eligibility – Preliminary Screening Questions:

• Is the target project or company in a country where DFC programs are available?

- Yes, Vietnam.

• Is the proposed project or investment commercially viable?

- Yes, Australis provided a commercially viable business plan .

• Is the party looking for a product that DFC offers?

- Yes, Australis was seeking an \$11 million long-term loan to support the construction of a fish processing facility and expansion of existing aquaculture operations in Vietnam

• Will the investment have a positive development impact on the country and local economy?

- Introducing open aquaculture to Vietnam, enabling fish to swim freely in offshore net pens, the company has adopted fishing techniques that reduce food waste and methane emissions. Australis also worked with a nearby veterinary research institute to manufacture fish vaccines locally.

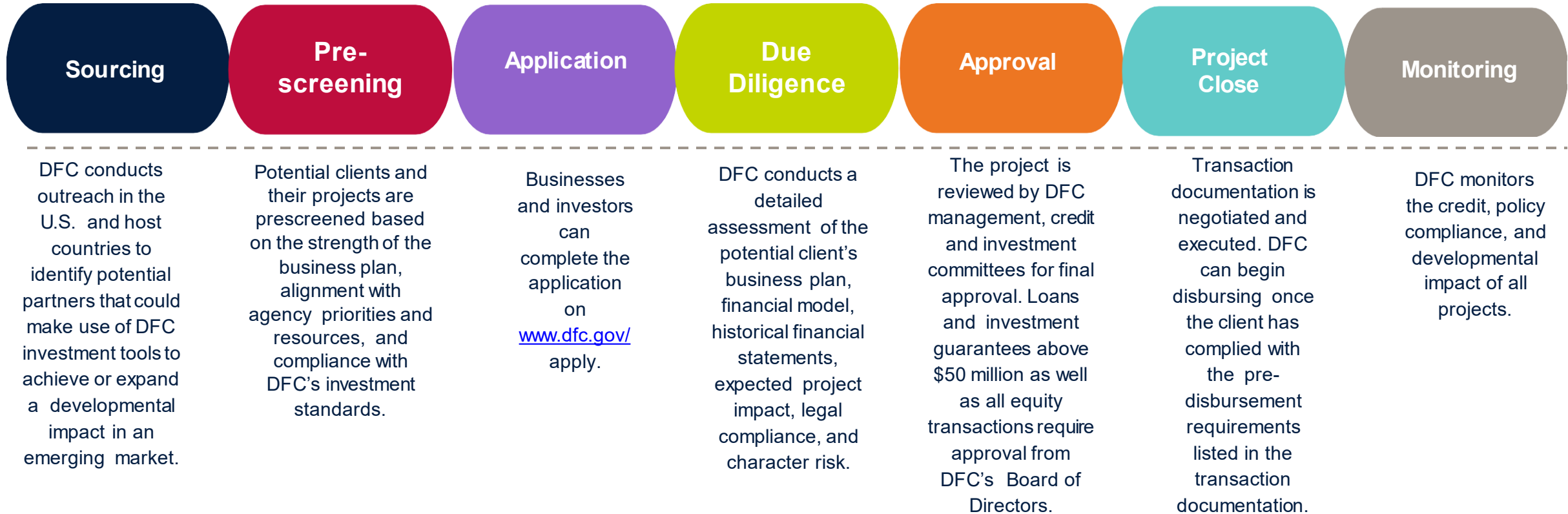
• Do the project developers/sponsors have a positive track record in this business in this region?

- Australis has a management team highly experienced in aquaculture and in raising barramundi. The company has been operating in Vietnam since 2006.

• Has the target company or project attempted and/or been unable to attract support from private sector sources?

- The transaction qualifies as additional based on confirmation from DFC's borrower (Australis Aquaculture) that financing is not available locally on terms viable for the project and the needs of the seafood industry. Traditionally lenders in Vietnam have not exhibited an appetite to lend to this sector and those that have done so on terms that are unviable.

Project Life Cycle – Investment Process



Contacts & Resources

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