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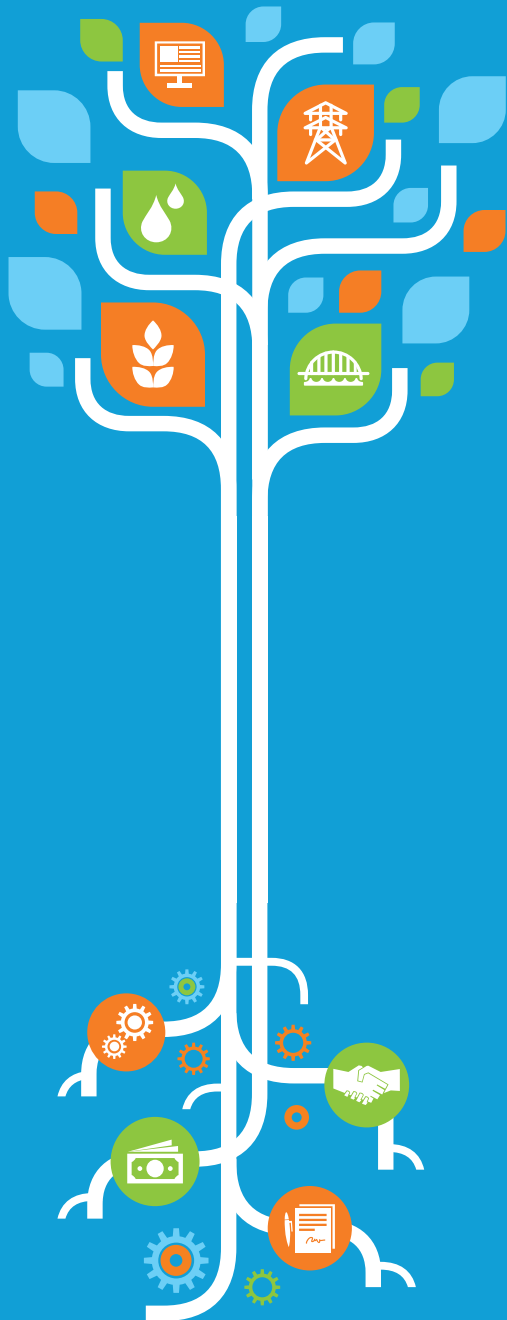
ADB

US-ASEAN Business Council Virtual Business Opportunities Seminar

24 February 2023

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BUSINESS
OPPORTUNITIES

The logo for Business Opportunities, featuring a stylized network of nodes and lines.

ADB

ADB Southeast Asia Innovation Hub

CATALYZING GREEN AND INNOVATIVE FINANCE

ADB

ADB's Innovation Hub applies innovative financing approaches to attract green and sustainable investments for development projects in Southeast Asia.

KEY ACTIVITY PILLARS



TEAM

Core team of in-house experts provides innovative finance structures to develop sustainable infrastructure projects across Southeast Asia



KNOWLEDGE AND CAPACITY

Promote thought leadership and capacity-building initiatives on green and innovative finance



CONCEPTS AND PROJECT DEVELOPMENT

Develop innovative finance ideas and concepts for ADB pipelines



GLOBAL PARTNERSHIPS

Foster synergies and collaboration with development partners



ACGF

Accelerate green infrastructure in ASEAN through a regional green fund

ACHIEVEMENTS 2018-2021

 **25** events, workshops, and trainings

29 enhanced infrastructure concepts 

 **31** knowledge products

ACGF launched **2019**  Permanent Facility **2021**

\$2 billion in cofinancing commitments 

 **2020** First sovereign sustainability bond in Southeast Asia raised more than \$1 billion for post-COVID-19 recovery in Thailand

3 green, social, and sustainability bonds issued 

 **2021** 1st Green Recovery program launched in Southeast Asia

One ADB approach - collaboration with other sectors 



ADB Innovation Hub: Key Initiatives

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ASEAN Catalytic Green Finance Facility

In 2019, the Innovation Hub team developed and launched, with support from all ASEAN member states as well as global partners, the first regional green catalytic fund in Asia, the [ASEAN Catalytic Green Finance Facility](#) (ACGF) under the ASEAN Infrastructure Fund. The ACGF provides ASEAN member states with access to over \$2 billion in loans, plus technical assistance, to help crowd in private sector investments for green infrastructure projects.



Blue Sea Finance Hub

In support of ADB's [Action Plan for Healthy Oceans and Sustainable Blue Economies](#), and in line with ADB's [Oceans Financing Initiative](#), the [Blue SEA Finance Hub](#) was established in November 2021 as an interdepartmental initiative between ADB's Sustainable Development and Climate Change Department, the ACGF, and the Indonesia Resident Mission.



Project Spotlight: SDG Indonesia One Green Finance Facility

ADB approved \$150 million for a financial intermediation sovereign loan to the Republic of Indonesia for the [SDG Indonesia One Green Finance Facility](#) (SIO-GFF) in 2022 to be implemented by Indonesia's PT Sarana Multi Infrastruktur. As the first green recovery fund in Asia, SIO-GFF will support Indonesia's commitments to both climate change (at least 70% of the funds) and the Sustainable Development Goals (SDGs) (up to 30% of the funds). With a catalytic financial mechanism, the facility has the potential to leverage up to 8 times the \$150 million funds.



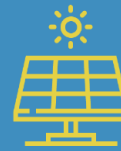
ASEAN Catalytic Green Finance Facility (ACGF)

The ACGF is an ASEAN Infrastructure Fund initiative supporting governments in Southeast Asia to prepare and finance infrastructure projects that promote environmental sustainability and contribute to climate change goals. The ACGF is owned by ASEAN governments and ADB and managed by ADB.



Catalytic

De-risking projects and mobilizing commercial finance



Green

Supporting projects with clear green targets



Facility

Pooling public development capital

How ACGF Works

Project origination

- Identifies and screens infrastructure projects
- Creates a project pipeline
- Develops project financing models

Project funding

- Utilizes AIF funds to de-risk projects
- Mobilizes co-financing from development partners
- Catalyzes private sector investment

Policy and knowledge support

- Trains government officials in green finance
- Hosts investor roundtable events
- Delivers policy advice and creates knowledge resources

Blue SEA Hub (SERD)

Blue SEA Finance Hub

OBJECTIVE

Accelerate the development of a **pipeline of blue projects** that improve sustainability and conservation of the region's oceans, waterbodies and marine ecosystems.

Catalyze a **significant flow of capital** from both public and private sources into sound and bankable designed blue projects.

Target: Create bankable blue projects worth **\$300 million** by 2024.

2022 PROGRESS

2 projects to be supported for potential inclusion in ADB INO pipeline in 2023/2024 and processed in 2023.

Capacity Building to GOI
Support to nascent Blue initiatives

Coordination

Dedicated Core Team (IRM/ GFH)
Hosted at ADB Indonesia office

ONGOING, TO DATE

PROJECTS

1. Integrated Fishing Ports and International Fish Markets Phase II

SEER/ SERD Green Finance Hub
PRF + ensuing loan 230 MUSD – PRF processed 2023.

2. Marine Debris PBL co-financiers: KfW, AFD.

IRM SERD Green Finance Hub
SP1 300 MUSD, loan processing 2023

INITIATIVES

Potential support to
➤ **Indonesian Investment Fund:** ADB Window for Blue ecosystem conservation

➤ **BAPPENAS:** Indonesia Blue Carbon Strategy Framework (Blue carbon credit and Voluntary Carbon Market)

TA

- To be associated to project preparation of 2023 loans
- Potential other INO projects (decarb. plans SOEs)

CAPACITY BUILDING

- **Blue Finance Roadmap** BAPPENAS /MOF: preparation support to lead to pre-issuance of FIRST Blue Sukuk

- **Blue Finance Accelerator** (UNDP, CMMIA) : training government officials on preparation and implementation of blue projects



SDG Indonesia One

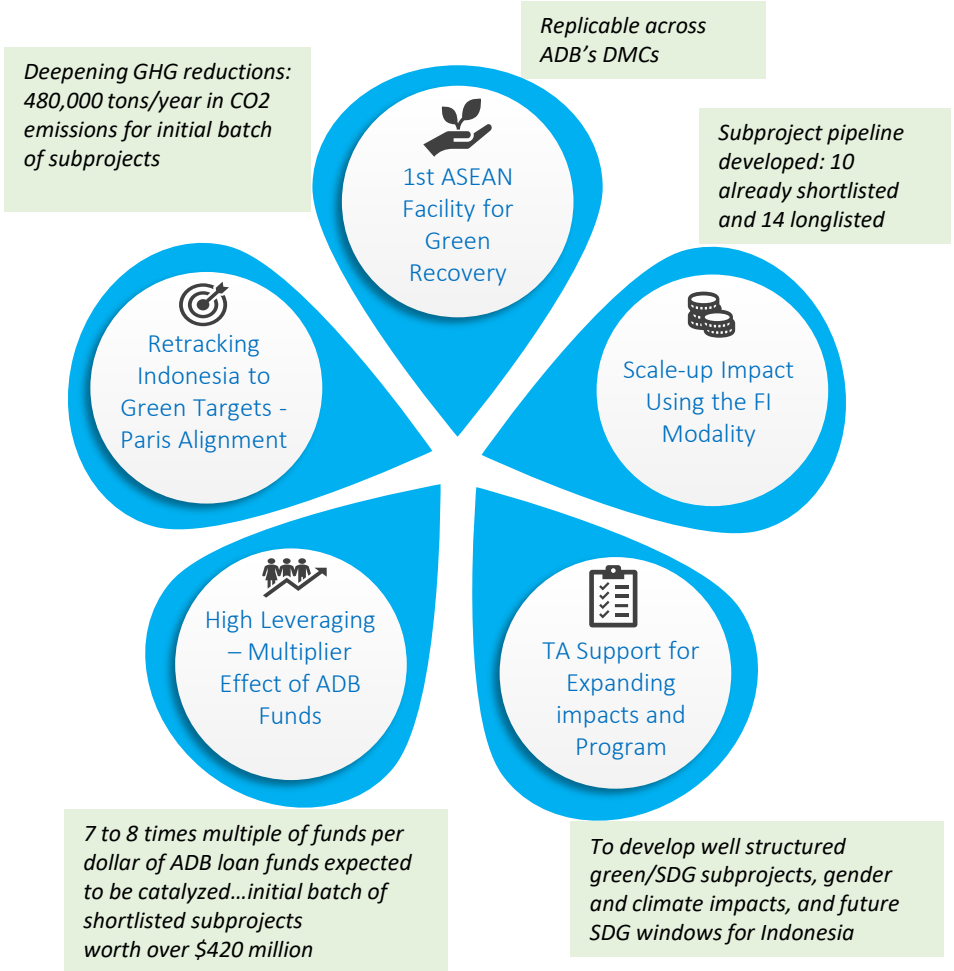


SDG Indonesia One– Green Finance Facility
\$150 million ADB FI Loan

Innovative and Integrated Design for Accelerating Green Recovery in Indonesia



Long-term Replicable Impact Expected



Indonesia: Sustainable Development Goals Indonesia One – Green Finance Facility (SIO-GFF)

Technical assistance will support the potential recruitment of international experts in the following areas:

- Project Origination and Financial Structuring
- Green and SDG Frameworks Implementation
- Environmental and Social Management System Implementation
 - Environmental safeguards
 - Social safeguards
- Climate Change Adaptation and Risk Screening
- Monitoring, Evaluation and Reporting

Indonesia: Promoting Innovative Financial Inclusion Program (PIFIP): Program Design

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Reform Areas

1: Tools and infrastructure for financial inclusion

- Improved data, analytics, strategies, action plans, and monitoring systems
- Enhanced digital infrastructure

2: Access to finance by MSMEs and marginalized groups including women and youth

- Enhanced systems and private sector collaboration to facilitate MSMEs financing
- Focused efforts to expand access to finance for marginalized groups (women, youth, and climate vulnerable)

3: Supervision and consumer protection measures for responsible financial inclusion

- Strengthened supervision and regulatory framework for fintech
- Enhanced dispute resolution, data privacy and security, and financial literacy

Reform Effect

More inclusive financial services sector. By 2025:

- 65% of overall adult population owns formal bank accounts
- Use of digital payments by overall adult population reaches 75%
- 92% of all adults use financial product & services offered by a formal financial institution

Indonesia's
Overarching
Development
Objective

Realization of
equitable
development
(Indonesia
Vision 2045)

Indonesia: Promoting Innovative Financial Inclusion Program (PIFIP)

Technical assistance will support the potential recruitment of international experts in the implementation of the following:

- Digital Finance Innovation Roadmap and Action Plan 2020-2024
- Regtech and Suptech Framework
- Eastern Indonesia Financial Innovation Lab (EIFIL)

Philippines: Inclusive Finance Development Program (IFDP)

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Reform Area 1

Institutional and policy environment for financial inclusion strengthened

- Linkages to financial inclusion and PhilSys established.
- Important legislative actions taken to strengthen agriculture value chain finance, financial consumer protection, and financial consumer literacy.
- Regulatory sandbox for insurance endorsing PPP for agriculture insurance.
- NSFI 2022-2028 launched including a robust M&E framework
- Actions to advance women's financial inclusion and entrepreneurship

Reform Area 2

Infrastructure for financial inclusion strengthened

- Enhanced National Retail Payment System
- SEC established linkages to PhilSys and the Credit Information Corporation
- Land Registration Authority expanded reporting to include fields based on gender to better inform usage of collateral.
- Credit enhancement mechanisms increased state-financed guarantee-backed lending

Reform Area 3

Capacity of Financial Service Providers Increased

- Improve collection of sex-disaggregated data and supervisory examinations of MNGOs
- Continued support of financial technology innovations
- Ongoing promotion of cloud-based core banking technology
- Increased capacity-development activities for rural banks and expansion of Islamic financial services.

Reform Effect:

Increased financial inclusion By 2023:

- Overall accounts 70%
- 70% of men
70% of women
- 65% of youth
- 55% poorest
40% by income 65% rural

Country's Overarching Development Objective supported by IFDP:

Resilient and inclusive finance sector achieved (Philippine Development Plan 2017–2022)

Subprogram 1

(March 2016 – April 2018)

Subprogram 2

(May 2018 – April 2020)

Subprogram 3

(May 2020 – February 2023)



Philippines: Inclusive Finance Development Program (IFDP)

Under Output 1, Project 2: Inclusive Finance Development Program, Subprogram 3 will support the implementation of the co-insurance agreement between Philippine Crop Insurance Corporation (PCIC) and CARD Pioneer Microinsurance Incorporated (CPMI) signed 4 February 2022

Technical assistance will support the potential recruitment of international experts in the implementation of the following agriculture insurance initiative under the program:

- **International Agriculture Insurance Expert**

- Contribute to the successful implementation of the co-insurance agreement.
- Responsible for key inputs to the Agri Insurance Regulations to be issued by the Insurance Commission.

- **International Agri Insurance Regulation Expert**

- Engage with non-life industry to develop relevant and appropriate agri-insurance regulations that encourage private sector participation.
- Support development of relevant rules and regulations for effective implementation of agri-insurance.
- Work with Insurance Commission in ensuring that relevant and appropriate agri-insurance regulations will be developed.
- Build capacity of the officers and staff of the Insurance Commission with regards to agri-insurance regulation.

- **International Non-life Actuarial Consultant**

- Develop actuarial notes with assumptions and methodologies used in pricing the PCIC's insurance product for high value crops with a commentary on the product's viability
- Issue actuarial certificate on impact of the proposed agriculture insurance product on the participating non-life insurance company's solvency
- Provide relevant technical support to PCIC and CPMI in appropriate pricing for products to be offered under co-insurance agreement
- Build capacity of both PCIC and CPMI on sound actuarial pricing
- Provide relevant inputs to the Agri Insurance Regulatory expert in developing relevant rules and regulation on agri- Insurance

THANK YOU!

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