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ACCELERATING INVESTMENTS FOR PLASTIC CIRCULARITY

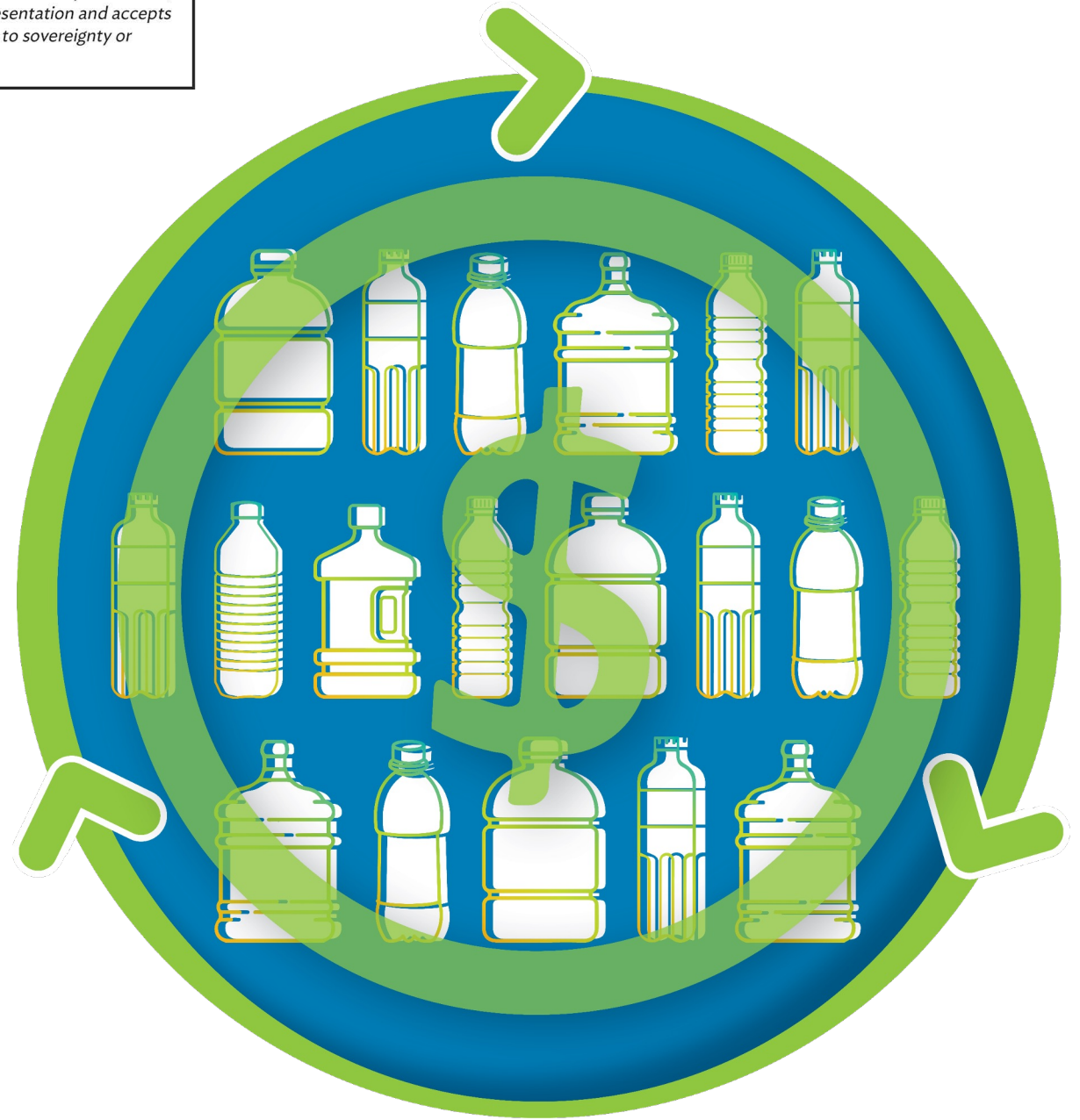
De-risking Plastics Circularity Projects and Needs of the Private Sector

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

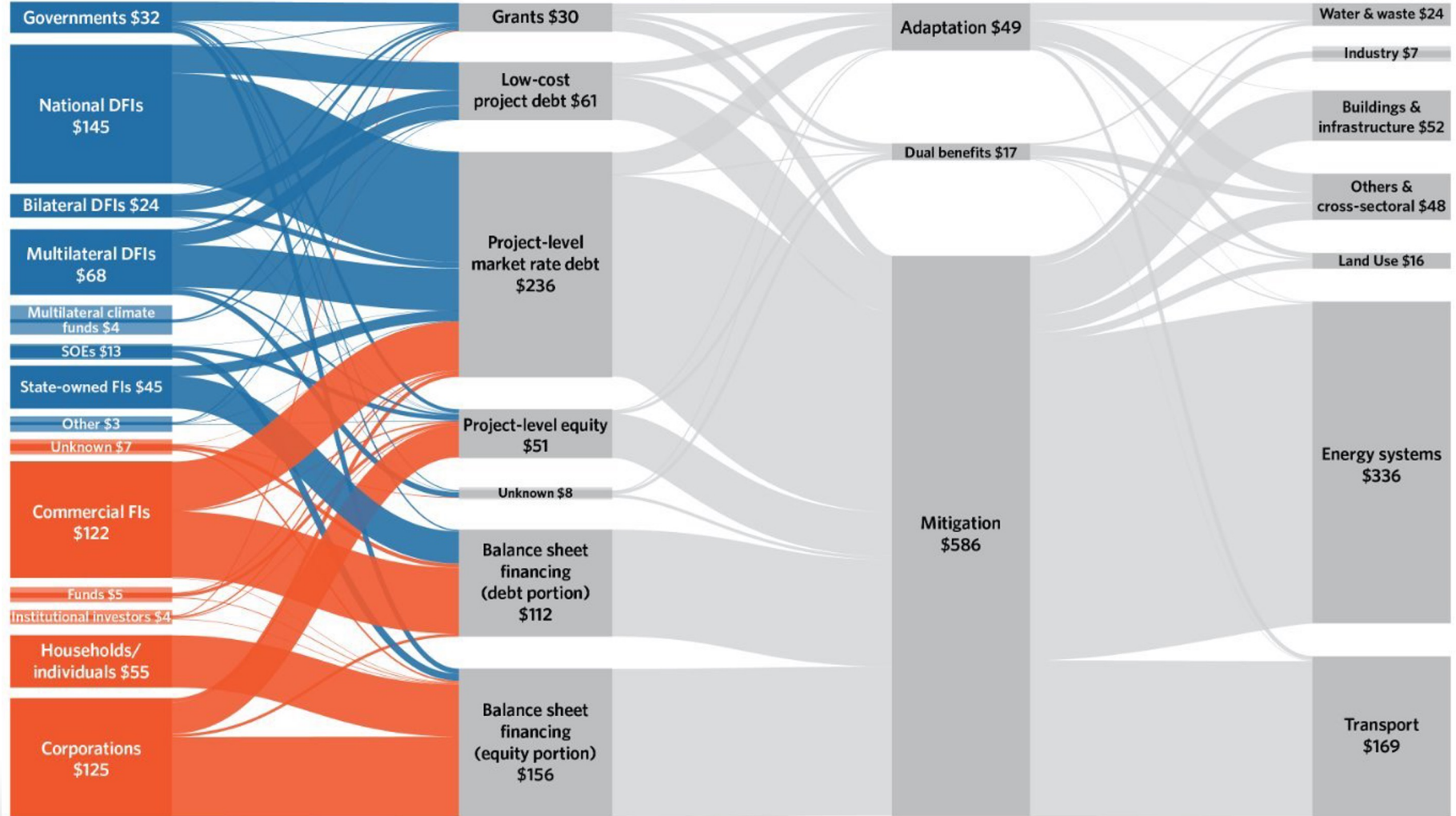
What mix of financial instruments are used?

USES

What types of activities are financed?

SECTORS

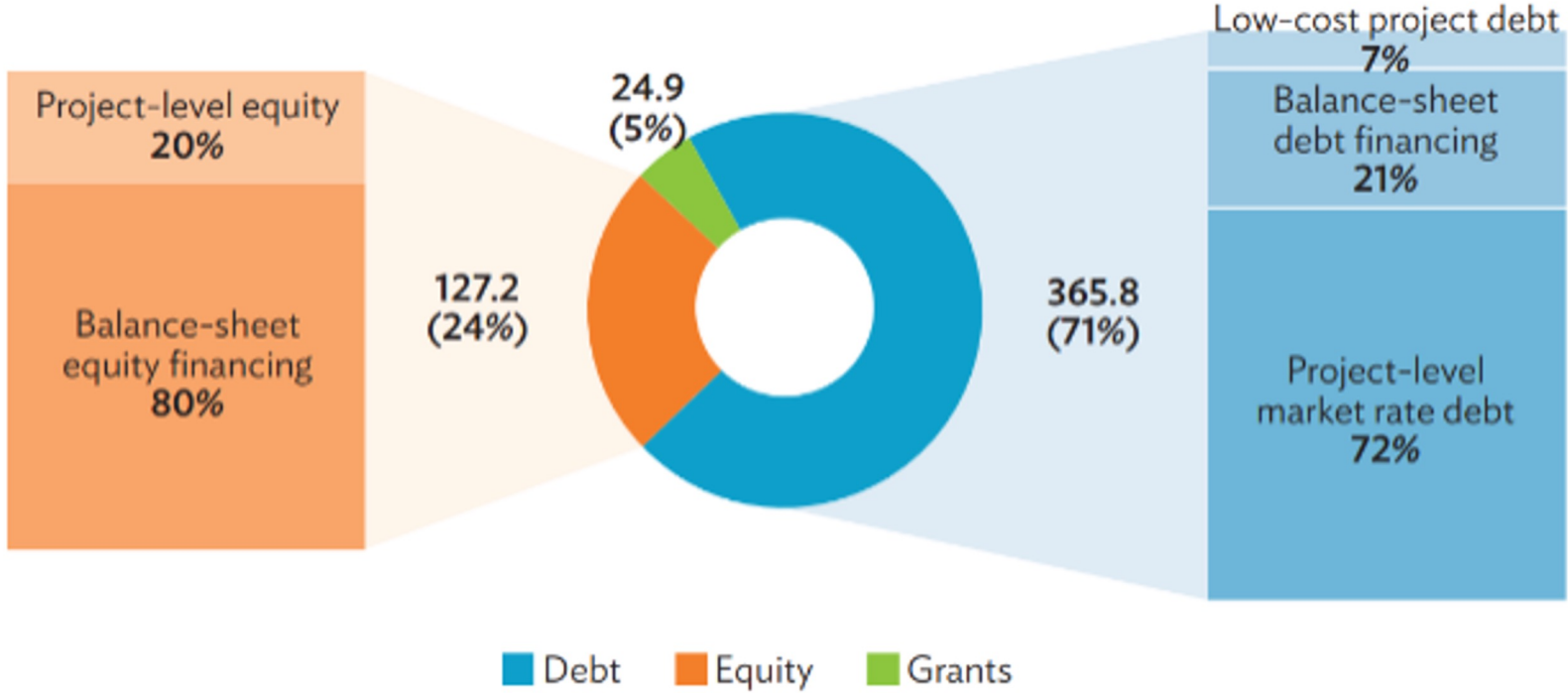
What is the finance used for?



Shares of Financial Instruments

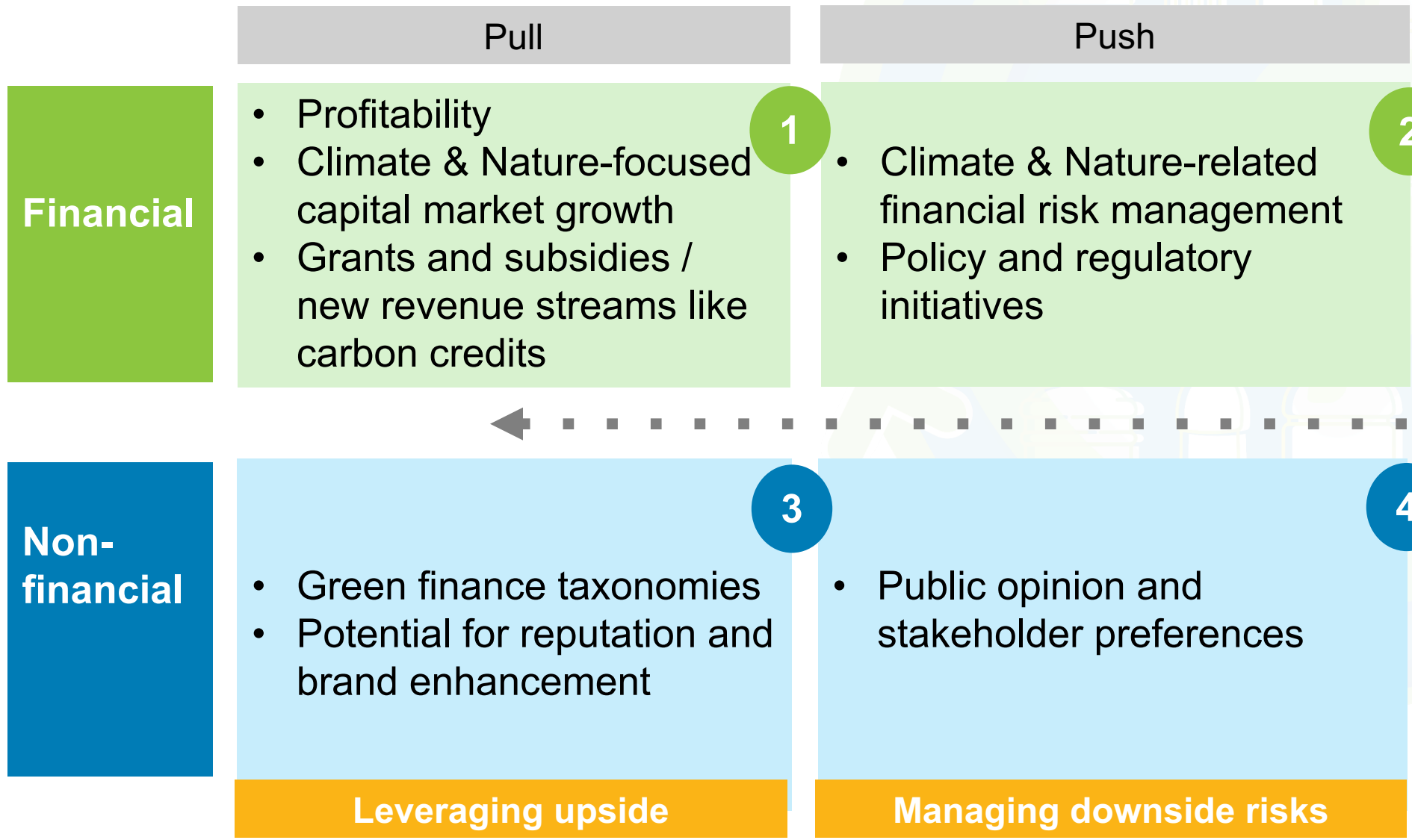
Breakdown of Financial Instruments for Climate Finance in Asia and the Pacific, 2018-2019

(\$ 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

