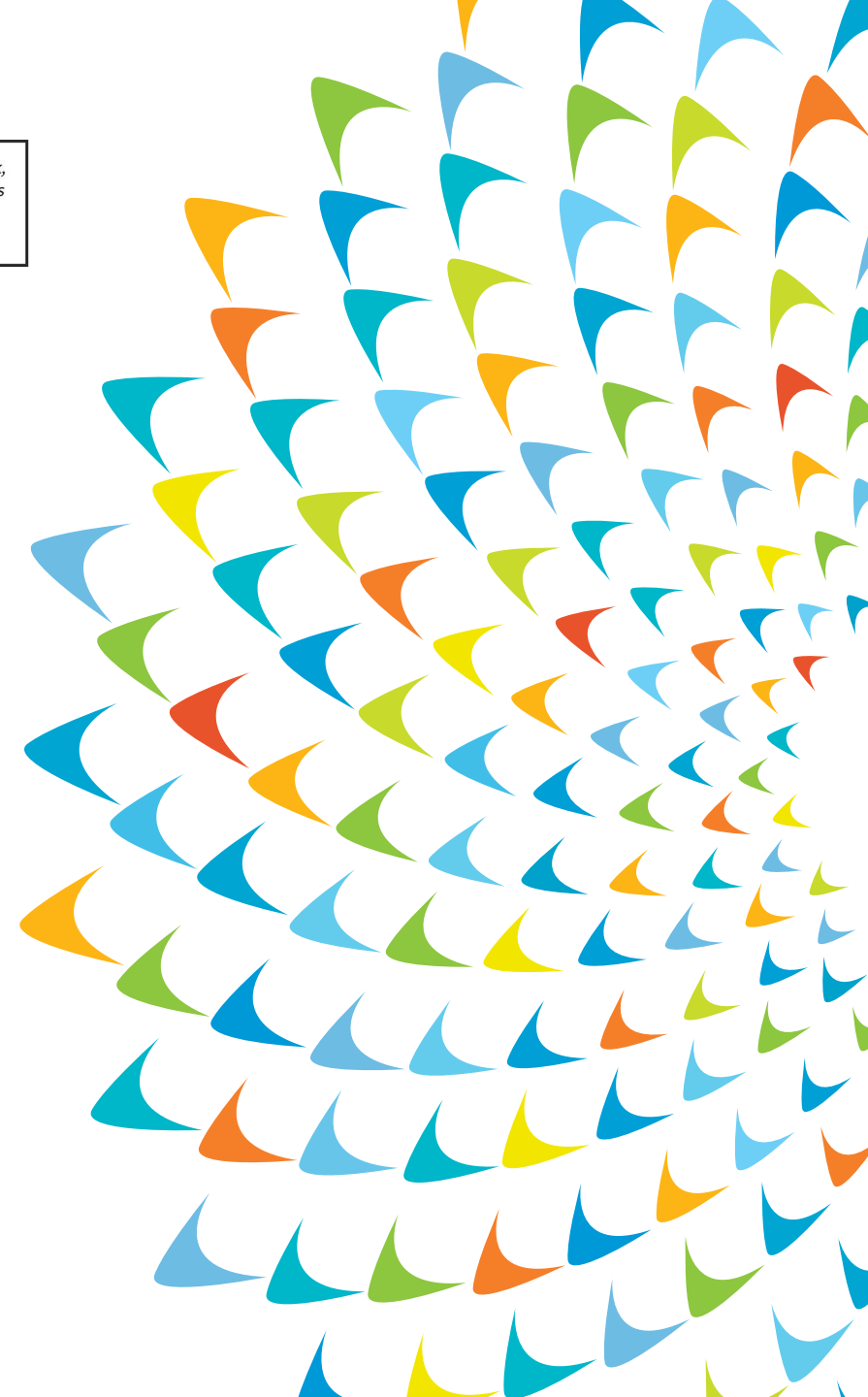


ADB Climate Finance for Financial Institutions

*Levering Technical Support and ADB financing
to support Sustainable Development in Viet
Nam*

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Climate Challenges in Vietnam



CCPI
Climate Change
Performance Index

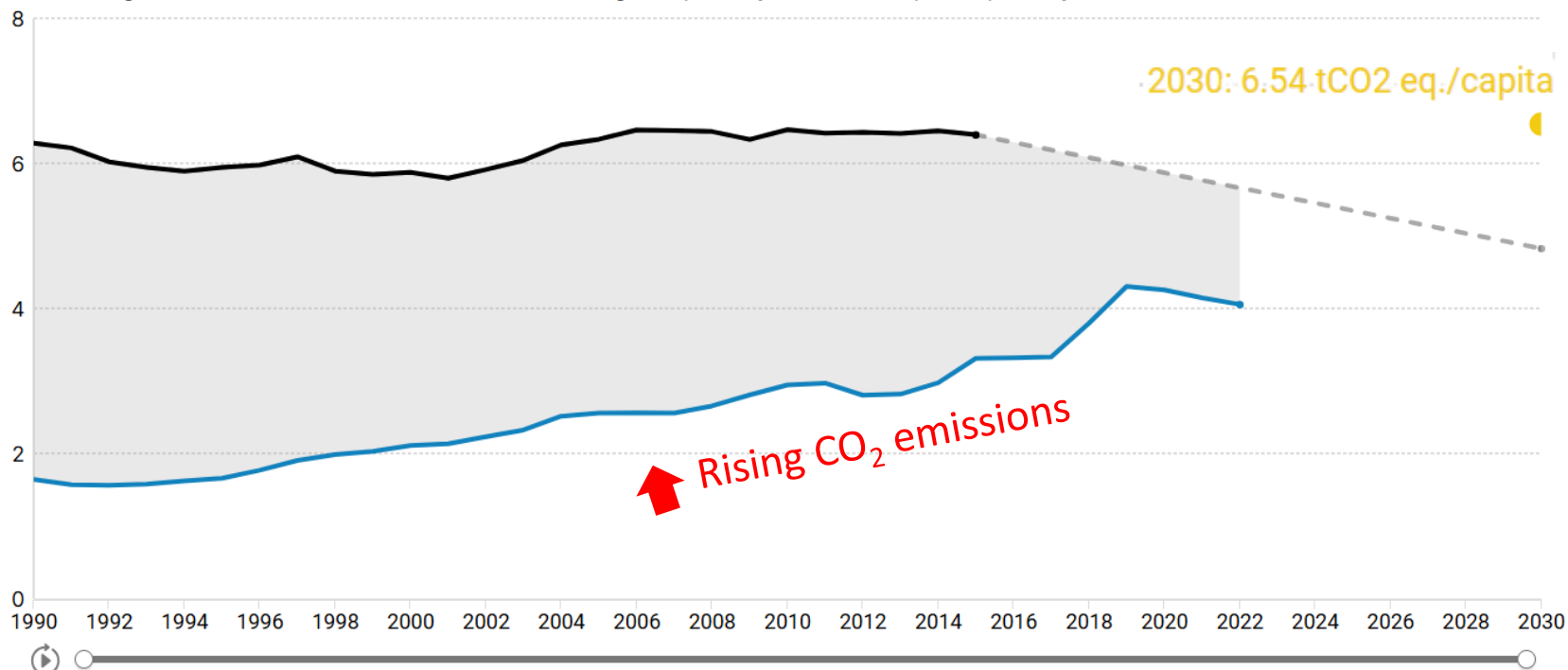
CCPI Rank		
Country	CCPI 2023	CCPI 2024
▲ Viet Nam	40	↑ 27

Climate Change Performance Index:
A **medium-performing country**: mixed ratings, with a low in the GHG Emissions and Energy Use categories, but medium in Renewable Energy and Climate Policy

Paris compatible pathway and 2030 target compared with current development

Choose category: GHG emissions per capita (t CO2 eq., incl. LULUCF) ▾

— 2030 Target GHG Emissions — Emissions — Global average (no pathway) — Paris compatible pathway GHG Emissions

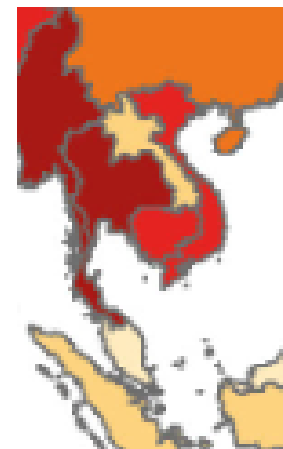


0.96%

Share of global GHG emissions ⓘ

#128

Climate Vulnerability Index ranking ⓘ



The 2021 Global Climate Risk Index: Vietnam **ranked 13th** among the countries most affected by extreme weather events between 2000 and 2019 as a result of climate change.

Source: Climate Change Performance Index, German Watch, UNDP Climate Promise

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Climate Finance Frameworks in Vietnam = Opportunity for Investment

Nationally Determined Contributions

- UNFCCC Net Zero Emissions by 2050
- Committed to reducing GHG emission by 15.8% compared to BAU by 2030 with domestic resources, and 43.5% with international support
- In order to implement unconditional contribution and reduce GHG emissions by 15.8% by 2030 compared to BAU, Viet Nam's incremental financing needs are \$21.7 billion.

National Adaptation Plan

Financing needs for climate change adaptation (CCA) in 2030 is estimated to be over 3-5% of 2020 GDP.

Only 1.5% of GDP available to date.

National contribution to GHG emission reduction by sectors by 2030

Sector	GHG emission reduction Unconditional Contribution			GHG emission reduction with international support			GHG emission reduction Conditional Contribution		
	Compared to BAU scenario	Reduction amount (Mt CO ₂ eq)	Financial need (millions USD)	Compared to BAU scenario	Reduction amount (Mt CO ₂ eq)	Financial need (millions USD)	Compared to BAU scenario	Reduction amount (Mt CO ₂ eq)	Financial need (millions USD)
Energy	7.0	64.8	14,464.4	17.5	162.2	46,097.0	24.4	227.0	60,561.4
Agriculture	1.3	12.4	2,122.8	4.1	38.5	13,979.4	5.5	50.9	16,102.2
LULUCF*	3.5	32.5	3,927.4	1.5	14.1	1,567.4	5.0	46.6	5,494.9
Waste	1.0	8.7	916.6	2.2	20.7	1,809.5	3.2	29.4	2,726.1
IP	3.0	27.9	310.0	2.4	21.9	1,640.2	5.4	49.8	1,950.1
Total	15.8	146.3	21,741.2	27.7	257.4	65,093.4	43.5	403.7	86,834.7

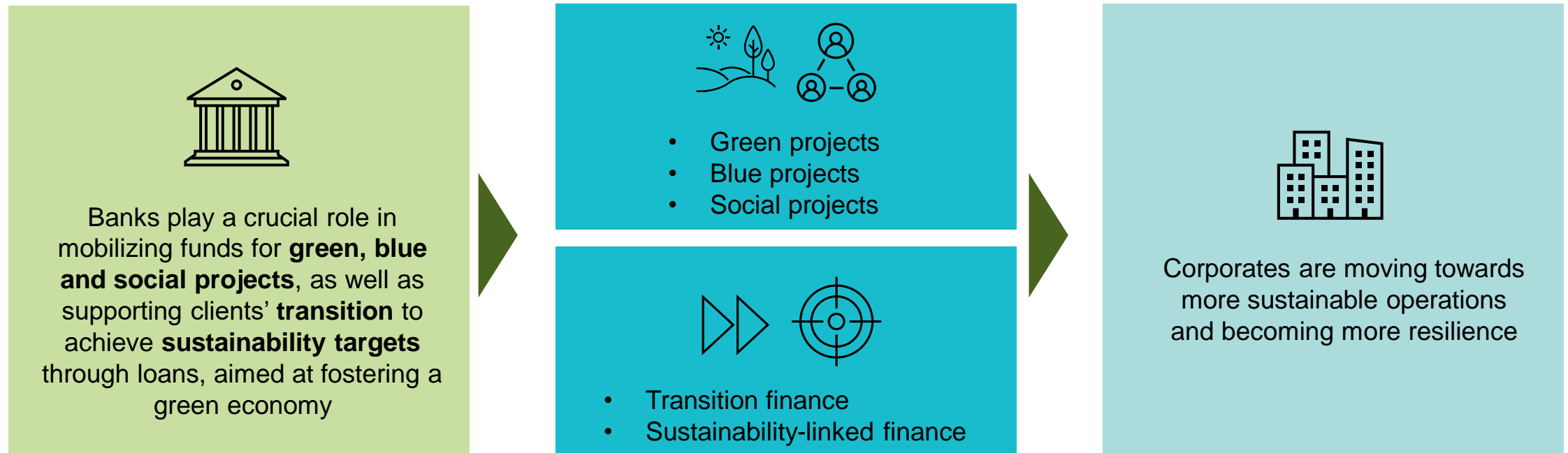
Note (*): increasing GHG removal

National Green Growth Strategy for 2021-2030

- Reduce GHG emissions intensity per unit of GDP
 - Target until 2030: reduces at least by 15% compared to 2014
 - Target until 2050: reduces at least by 30% compared to 2014.
- Reduce the primary energy consumption per unit of GDP
 - By 2030: reduces by 1.0 – 1.5% annually on average, until 2050



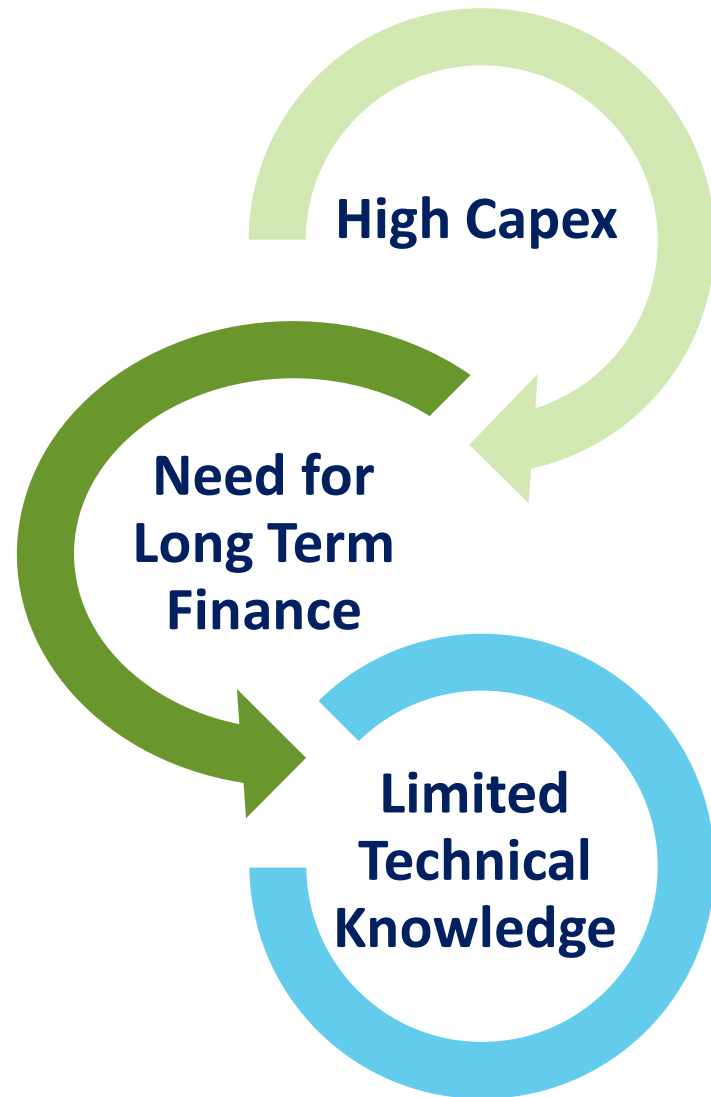
Role of Banks in Mobilizing Sustainable Finance



Financial and climate effects to banks' portfolio



Barriers and ADB Solutions for Climate Finance



- Companies don't have funding for long-tenor investments
- New climate-related technologies require up front investments
- Banks are critical intermediaries to reach MSMEs

- ADB provides medium to long tenor loans
- Blended Finance tranche longer tenor for climate finance to build market and overcome barriers

- Technical Assistance can help the FI with technology selection for target clients
- Support from ADB in choosing CO2 reduction methods or measuring climate risks for adaptation projects

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ADB Financing Products part of Blended Finance Solution

Debt

Typical Size: \$50M-\$150M

Typical Terms:

- 5 to 8 years maximum tenor
- LIBOR / ADB cost of fund in local currency + credit spread
- Secured or unsecured

When is it relevant?:

- Established company with large balance sheet, strong cash flow
- Possibility to mobilize co-financing under co-loan or risk participation

Blended Finance

Typical Size: \$5M-\$10M

Typical Terms:

- Long term loan or Bond Tranche at concessional interest rate to be “blended” with ADB financing

When is it relevant?

- Green or Blue Bond issuers
- Applicable for climate mitigation and adaptation projects with higher technology cost barriers

Technical Assistance

Typical Size: \$0.25M-\$0.5M

Typical Terms:

- For project preparation TA, reimbursable at closing
- For capacity development TA, non-reimbursable grant

When is it relevant?

- Enhance corporate governance, environmental and social standards, develop green or blue bond framework, gender mainstreaming, etc.
- Develop new strategy and products for underserved and sustainability segments

Social – Eligible Use Of Proceeds

Social Finance Use-of-Proceeds cover projects that generate positive social outcomes, aligning with Sustainable Development Goals (SDG# 1, 2, 3, 4, 5, 8, 10). The use-of-proceeds align to internationally recognize Social Bond Principles

Projects

Social Project categories include, but are not limited to, providing and/or promoting:



Access to Affordable Housing and Basic Infrastructure e.g. clean water, transport, energy



Employment generations and unemployment preventions including through the potential effect of SME financing and microfinance



Access to essential services including healthcare, educations, training, and financial services



Food security and sustainable food systems (resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers)

Target Populations

The target populations include, but not limited to, those are:

- Living below poverty line
- Minorities
- People with disabilities
- Migrants / displaced persons
- Undereducated
- Vulnerable group including as a result of natural disaster
- Unemployed
- Women and sexual / gender minorities
- Aging populations
- Underserved due to lack of access to essential goods and services





Green – Eligible Use Of Proceeds

Green Loans & Bonds have use-of-proceeds that support climate change “mitigation” & “adaptation” targets. ADB’s Green Framework supports the Sustainable Development Goals (SDG #6, 7, 11 & 13) and aligns to internationally recognized Green Loan and Climate Bond principles.



Renewable Energy:

Both greenfield and brownfield such as solar, wind, thermal energy, and hydro*



Green Building

Both commercial and residential buildings that are designed, constructed, and operated to minimise the total environmental impact.



Energy Efficiency:

System and infrastructure that enhance energy efficiency. Greater output/service from same energy input (exclude fossil-fuel related)



Agriculture

Prevent impact on agriculture sector from droughts, flood, temperature rise, etc.; ensuring food security of the populations.



Sustainable Transport:

Transport system that is environmental friendly, accessible, safe, affordable and minimizes emissions, use of land, waste, etc.



Forestry

Project that supports the investment in commercial forestry and/or conservation and restoration of forestry.

*only small hydro powerplant (less than 20MW) and subject to ADB’s guideline) ntial

Blue – Eligible Use Of Proceeds

Blue Bond: bond with use-of-proceeds for ocean-related assets and projects to deliver on the Sustainable Development Goals (align with SDG #6, 13, 14). ADB's Blue Bond investments are aligned with [ADB's Ocean Finance Framework](#)

A. Water Supply:

Investment in R&D and implementation of efficient and clean water supply



Ex. New water treatment facilities with advanced water saving technologies

B. Water Sanitation:

Investment in R&D and implementation of water treatment solutions



Ex. New / expansion of water treatment infrastructure, Wastewater treatment plants, including industrial, agri-business, commercial, residential, or city level.

C. Ocean-friendly products:

Investments in the value chain (e.g. production, Packaging, distribution) of environmentally-friendly products that avoid ocean pollution



Ex. Biodegradable packaging / products



D. Waste Treatment:

Investment in projects that reduce waste and pollutions to coastal and river basins

Ex. Waste recycle facilities, infrastructure that prevents run-off of chemicals 9agri-, industrials, etc.



E. Sustainable Water Logistics:

Investment in waste management and pollution reduction of shipping vessels, & ports

Ex. Improvement to oil spill prevention facilities, Bilge water treatment system in ship vessels



F. Fisheries & Seafood Value Chain

investments to improve fisheries and seafood value chain

Ex. Cold chain and storage, Sustainable processing and Production facilities development for fish/seafood, Traceability systems to ensure sustainability of operations,

G. Marine Ecosystem Restorations:

Investments in conserving, improving, and restoring marine and coastal ecosystems



Ex. Investments in system to detect / tract chemical substance in coastal areas, investment into promising new restoration techniques, ecosystems' insurance products

H. Sustainable Tourism:

Supports and services provided to certified sustainable tourism in the marine protected area.



Ex. Visitor centre showcasing the environment and knowledge about lakes, wetlands, reefs, and other aquatic ecosystems

I. Offshore Renewable Energy Facilities:

Investment offshore renewable energy facilities (e.g. off-shore wind farm) that do not harm marine ecosystems.



Ex. Offshore wind turbine generators.

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Possible Use of ADB Loan Proceeds to Commercial Bank

Main ADB Facility Anchor

Green Loans

- Solar (including solar rooftop)
- Wind



Social

- Supporting MSMEs especially WMSMEs
- Affordable Housing Projects



Concessional Finance

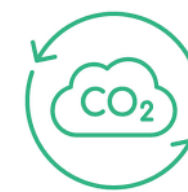
Financing support for high-cost low carbon technologies. Benefits of lower rate passed through to end client.

Green Buildings



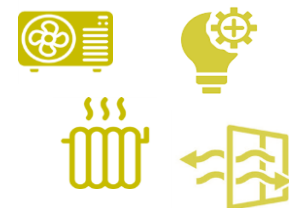
Supporting the development of the projects

Clean Transport



Carbon capture, utilization & storage technology

Energy Efficiency



Improvement / installation of

- Heating, Ventilation, Air Conditioning (HVAC)
- Lighting system
- Smart metering

CASE STUDY: Green Loan, Blended Finance & Technical Assistance

Project: Green Affordable Housing For Women

Client: IIFL Home Finance Limited

ADB Financing: \$58 million loan from ADB's ordinary capital resources (OCR); \$10 million concessional finance from Canadian Climate Fund for the Private Sector in Asia Fund (CFPS); Technical Assistance of \$1 million from the Urban Climate Change Resilience Trust Fund (UCCRTF)

Use of Proceeds: ADB's OCR financing will be used to provide mortgage finance to women borrowers in lower income households, 20% of which will be toward financing mortgages for green-certified homes. The CFPS will be on-lent to developers for the construction of green certified affordable housing units.

Total Project Cost: \$93.7 million

ADB Additionality:

- Provide increased supply of climate-resilient green affordable housing in India.
- Provide access to finance for low-income borrowers to fund the high demand for mortgages in low-income households
- The TA will help overcome key identified obstacles to building the ecosystem for green certified affordable housing in India



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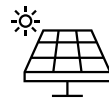
Case Study: Export-Import Bank of Thailand



- First floating-rate green bond by issued under Thai Overnight Repurchase Rate (THOR), issued in September 2022
- THB 5 billion (\$150 million), 3- and 4-years maturity
- In May 2024, eligible blue project categories were incorporated into the EXIM framework, aligning with the Sustainable Blue Economy Practitioner's Guide (ADB, ICMA, IFC, UNEP, UN Global Compact)

Examples of project categories:

GREEN



Renewable energy



Sustainable agriculture



Clean transportation

BLUE (new)



Marine renewable energy



Sustainable fisheries, aquaculture, and marine value chain



Sustainable marine transportation

SOCIAL



Low-interest rate loan program



Loans to SMEs for employment generation



Thank you

