



## Regional: Strengthening the Capacity of Public Financial Institutions for Low Carbon, Climate Resilient Infrastructure and Technology Investment

Project Name	Strengthening the Capacity of Public Financial Institutions for Low Carbon, Climate Resilient Infrastructure and Technology Investment	
Project Number	47290-001	
Country	Regional	
Project Status	Closed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	<b>TA 8629-REG: Strengthening the Capacity of Public Financial Institutions for Low Carbon, Climate Resilient Infrastructure and Technology Investment</b>	
	Financial Sector Development Partnership Fund	US\$ 200,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development	
Sector / Subsector	<b>Public sector management</b> - Public administration	
Gender Equity and Mainstreaming		
Description	<p>The objective of the proposed technical assistance (TA) is to enhance the understanding and capacity of public financial institutions in Asia-Pacific to design investment strategies for low-carbon, climate resilient infrastructure and technology projects. These projects will ideally mobilize climate finance through new and emerging international financing mechanisms. ADB's Strategy 2020 and development plans of ADB Developing Member Countries (DMCs) identify climate change mitigation and adaptation as a priority issue. Furthermore, ADB's Financial Sector Operational Plan, adopted in 2011 to guide implementation of the financial sector agendas under ADB's Strategy 2020, identified Infrastructure Finance and Access to Capital Markets as one of the two priority areas for ADB operations in the financial sector. The expected impact of the TA is increased investment in low-carbon, climate resilient infrastructure and technology in the Asia and the Pacific region supported by international climate finance. The outcome of the TA is enhanced capacity of public financial institutions in DMCs to devise investment strategies for low-carbon, climate resilient infrastructure and technology that could be supported through international climate finance mechanisms and the private sector.</p> <p>Output 1: Extended information basis on ongoing climate investment by public financial institutions. The TA will design and conduct a web-based survey on how public financial institutions in Asia-Pacific with infrastructure and technology investment portfolios are investing in infrastructure and technology in climate-relevant sectors, including sectors which are greenhouse gas emissions-intensive, such as energy, transport, and the built environment, as well as those sectors which are climate sensitive, such as agriculture and water management.</p> <p>Output 2: Heightened awareness on the challenges, opportunities, and global best practice for public financial institutions seeking to scale up climate finance investment. The TA will develop a set of training materials on climate change-related risks, impacts, and opportunities, existing and future climate policy and finance mechanisms (including multilateral, bilateral, public and private finance mechanisms), climate-related safeguards, monitoring, reporting, and verification, and impact assessment, and will highlight case studies on successful intermediation of climate finance and incorporation of climate risks by public financial institutions. Materials will be designed on the basis of the findings of the survey executed under Output 1 and the articulated needs of surveyed institutions, and will incorporate experiences from both inside the Asia-Pacific region as well as global best practice. Materials will include a manual, a set of PowerPoint presentations, and a curriculum for a two-day training workshop for officials of public financial institutions.</p>	

Project Rationale and Linkage to Country/Regional Strategy

Climate change is imposing large and rising costs on developing countries. Estimates to achieve the agreed target of a 2 degrees Centigrade mean temperature increase over pre-industrial levels require additional energy investment flows to non-OECD countries of around \$200 billion per year in 2020, and \$180-570 billion per year by 2030 . An estimated \$40 billion per year will be needed just for adaptation to climate change in countries in Asia and the Pacific . This investment is additional to an underlying investment need of approximately \$750 billion per year for the Asia-Pacific countries in the 2010-2020 period.

In order to bridge the financing gap, DMCs which need to put in place low carbon, climate resilient infrastructure and technology are seeking concessional finance from a variety of sources, including bilateral, multilateral, and the private sector, as well as from diverse climate finance channels, including the Clean Development Mechanism, Climate Investment Funds, Global Environment Facility, and soon the Green Climate Fund (GCF). Along with other funds and channels, the GCF will be instrumental in delivering the commitment by developed countries to mobilize \$100 billion annually for climate action in developing countries from 2020.

Although these mechanisms on their own will not be able to cover the financing gap, they are instrumental for mobilizing capital from the private sector and from institutional investors that DMCs need in order to finance climate friendly infrastructure and technology and shift towards low-carbon and climate resilient development pathways. However, many DMCs lack the capacity to access and deliver climate finance, which in part is due to the lack of awareness and dedicated capacity in public financial institutions, such as national development banks and public development banks.

Public financial institutions with enhanced knowledge and capacities in climate finance can develop appropriate structures through which to access international climate finance. In this way, international climate finance resources in the form of grants, loans or technical assistance can be leveraged, intermediated and delivered through well-established channels, using defined sets of fiduciary standards, and applying the relevant social and environmental safeguards. Working together with the private sector, public financial institutions can channel funds directly towards investments on the national, sub-national, and local level, mobilizing and blending private capital, climate finance, market capital and their own capital. Through dedicated assessment mechanisms, these institutions can take into account climate and project-related risks at the inception stage and closely monitor the impacts of their investments to ensure that infrastructure and technology are climate resilient and low-carbon.

Leading national and bilateral development banks and public financial institutions are responding to the climate finance challenge and scaling up low-carbon investment. Since 2011, the International Development Finance Club (IDFC) has been implementing a dedicated work program which focuses on building awareness on green investment and on strengthening the role of public financial institutions in climate finance intermediation. Throughout the process of establishment of the GCF, IDFC has been advocating for a stronger role of development finance institutions in channeling climate finance to developing countries. In 2011 and again in 2012, IDFC member institutions committed \$59 billion to new green projects in developing countries, and are well placed to channel additional scaled up finance. These developments can yield important insights and opportunities for public financial institutions in Asia and the Pacific seeking to play a greater part in climate investment.

The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), of which ADB is a founding member, has been promoting knowledge exchange and provided training on approaches to green and climate-friendly investment among its 115 member institutions in over 40 countries in the region. As the regional association of public financial institutions, ADFIAP seems well placed to serve as a catalyst for information sharing and spreading of best practice with regard to climate finance.

This TA presents an important opportunity to promote regional collaboration and knowledge exchange with regard to investment in low-carbon, climate resilient infrastructure and technology. By empowering public financial institutions to be effective intermediaries of climate finance, DMC efforts to respond to climate change and advance national development priorities would be boosted through the development of innovative financing approaches for much needed infrastructure and technology that takes into account climate risks and related investment needs, while catalyzing the private sector.

The TA complements ongoing ADB efforts to support DMC access to existing and new climate finance mechanisms, including RETA 8606 Enhancing Readiness of ADB Developing Member Countries for Scaled Up Climate Finance, which aims to help 2-3 DMCs to identify a pipeline of priority infrastructure and technology projects for financing by international climate finance. ADB is also implementing a cluster TA, CDTA 0008, Establishing a Pilot Center to Facilitate Climate Technology Investments in Asia and the Pacific, which aims to scale up investment in technologies for climate change mitigation and adaptation. This TA will complement the cluster TA by increasing the knowledge and capacity of public financial institutions with regard to climate technology investment, which opens further opportunities to leverage public and private finance.

Impact

Increased willingness on the part of public financial institutions to invest in low-carbon, climate resilient infrastructure and technology in the Asia and the Pacific region supported by international climate finance

**Project Outcome**

Description of Outcome

Enhanced capacity of public financial institutions in DMCs to devise investment strategies for low-carbon, climate resilient infrastructure and technology that could be supported through international climate finance mechanisms and the private sector

Progress Toward Outcome

**Implementation Progress**



0.00	200,000.00	0.00	0.00	0.00	0.00	200,000.00	31 Mar 2014	145,837.50
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Project Page <https://www.adb.org/projects/47290-001/main>

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