



Regional: Support for Implementation of the Asia-Pacific Climate Finance Fund

Project Name	Support for Implementation of the Asia-Pacific Climate Finance Fund				
Project Number	51163-001				
Country	Regional				
Project Status	Active				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"><tr><td colspan="2">TA: Support for Implementation of the Asia-Pacific Climate Finance Fund</td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 750,000.00</td></tr></table>	TA: Support for Implementation of the Asia-Pacific Climate Finance Fund		Technical Assistance Special Fund	US\$ 750,000.00
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Technical Assistance Special Fund	US\$ 750,000.00				
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration				
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development				
Sector / Subsector	Finance - Finance sector development				
Gender Equity and Mainstreaming	Some gender elements				
Description	<p>The proposed technical assistance (TA) project will support the implementation of the Asia-Pacific Climate Finance Fund (ACliff or the Fund), a multi-donor trust fund that was approved by ADB on 28 April 2017. ACliff will support the assessment, development and provision of financial risk management products that can help unlock financing for climate investments and improve resilience to the impacts of climate change. The TA fulfills part of ADB's commitment to support the implementation of ACliff as reflected in the annual work plan of the Climate Change and Disaster Risk Management Thematic Group.</p> <p>The TA supports activities in line with the strategic priorities identified in the Climate Change Operational Framework 2017-2030 (CCOF2030): Enhanced Actions for Low Greenhouse Gas Emissions and Climate-Resilient Development, approved by the President on 4 July 2017, which aims to facilitate access by ADB's developing member countries (DMCs) to public and private, domestic and international climate finance, and contributes towards meeting ADB's target for increasing climate financing from its own resources to \$6 billion by 2020.</p>				

Project Rationale and Linkage to Country/Regional Strategy

The use of financial risk management products can play a critical role in helping DMCs meet their climate investment, adaptation, and resilience challenges, including those outlined in their nationally determined contributions (NDCs). Such products are particularly important to address risks associated to climate investment in DMCs, which is often held back by real or perceived initial financial risks and transaction costs, reflecting underlying barriers faced by both financiers and end users of finance. Financial risk management products can also help to address climate-related risks, including extreme weather events. These can include unfamiliarity with climate technologies and their performance, quality concerns related to installation and maintenance, regulatory concerns, and other uncertainties, and lead to underinvestment in climate projects.

Financial risk management products such as technology performance guarantees or weather index-based crop insurance are increasingly available in other parts of the world. The utilization and deployment of such risk products in DMCs is, however, still very low. This reflects barriers such as high initial product development costs, data constraints, marketing and distribution channel limitations, uncertainty about market uptake, and low customer awareness and trust. In response, on 28 April 2017 ADB approved the establishment of ACLiFF. The primary role of ACLiFF is to support the assessment, development, and implementation of financial risk management products that can in turn support existing or future climate projects. Financial risk management products to be supported by the Fund will fit at least one of the criteria outlined in para 17 of the paper on the Establishment of the Asia-Pacific Climate Finance Fund, which include financial risk management products (i) to scale adoption of climate technologies, (ii) to mobilize new sources of private sector climate financing, (iii) to support investment in climate-sensitive sectors, and/or (iv) for extreme weather events.

ACLiFF resources will be used to support the development and implementation of financial risk management products through technical assistance, grants, direct charges, and other instruments, which may include loans, mezzanine, or equity financing. The financial risk management products will be deployed either on a stand-alone basis or in conjunction with sovereign and non-sovereign development projects in any of ADB's DMCs. Preference will be given to support for projects with ADB participation. ADB's Climate Change Steering Committee (CCSC) will authorize the approval for the allocation of funds from ACLiFF on the basis of project proposals submitted for its consideration by the ACLiFF Fund Manager, who will also be tasked with day-to-day management of ACLiFF, the development of annual work plans and performance reports.

In order to accelerate the implementation of ACLiFF, there is a need to carry out preparatory activities to enhance its operational readiness upon Fund capitalization. The proposed TA will support (i) identification of more clearly-defined opportunities for the implementation of financial risk management products; (ii) development of financial risk management product concepts; (iii) enhancement of internal and external awareness of the purpose and mechanics of the Fund and its potential applications; and (iv) engagement with external parties who could help ACLiFF to achieve its objective, including potential financing partners and industry experts with relevant technical know-how and experience.

Impact DMC climate investment supported by financial risk management products is increased.

Project Outcome

Description of Outcome Integration of financial risk management products in ADB projects strengthened.

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

1. Gap analysis of supply and demand for financial risk management products in selected sectors and applications undertaken
2. Product concept notes prepared
3. Knowledge products on financial risk management products increased

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services All consultants will be hired through individual consultant selection, either directly or through firms, for a total of 37 person-months for an estimated amount of \$551,100. International consultant(s) composed of a senior climate investment specialist, four risk management specialists, and a knowledge management specialist will form the TA's core technical team and will be engaged for 25 person-months intermittent with output-based, partial lump-sum contracts. They will be supported by an operations coordinator (national consultant) based at ADB headquarters engaged for 12 person-months intermittent with a time-based contract. The consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). The consultants will report to TA Supervising Unit (TASU) officer until the ACliFF Fund Manager has been recruited, after which responsibility for the TA will pass onto the Fund Manager who will in turn report to Director, SDCD. The Fund Manager is planned to be hired as international staff and financed by the Fund. Risk management specialists will be hired to carry out focused analyses once concrete opportunities and preliminary screening of risk products for specific projects has been undertaken.

1. Senior Climate Investment Specialist
2. Risk Management Specialists
3. Knowledge Management and Communication Specialist
4. Project Coordinator

Procurement ADB will be the executing agency for the TA. The Climate Change and Disaster Risk Management Division (SDCD) of the Sustainable Development and Climate Change Department (SDCC) will lead the implementation within ADB. Government concurrence will be sought prior to implementation of any TA activities in DMCs. The TA will also support cross-sector and cross-thematic approaches by working with operations departments and relevant sector and thematic groups (agriculture, rural development and food security, energy, environment, finance, social development, transport, water, and urban development) during implementation.

Responsible ADB Officer	Rattinger, Michael
Responsible ADB Department	SDTC
Responsible ADB Division	SDCD
Executing Agencies	<i>Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines</i>

Timetable

Concept Clearance	20 Sep 2017
Fact Finding	07 Sep 2017 to 04 Apr 2017
MRM	-
Approval	29 Sep 2017
Last Review Mission	-
Last PDS Update	02 Oct 2017

Project Page	https://www.adb.org/projects/51163-001/main
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