

An aerial photograph of a large solar farm. The solar panels are arranged in neat rows, with some sections appearing to be made of monocrystalline silicon (dark blue) and others of polycrystalline silicon (lighter blue). The panels are set against a backdrop of green grass.

Session II: from Concept to Finance

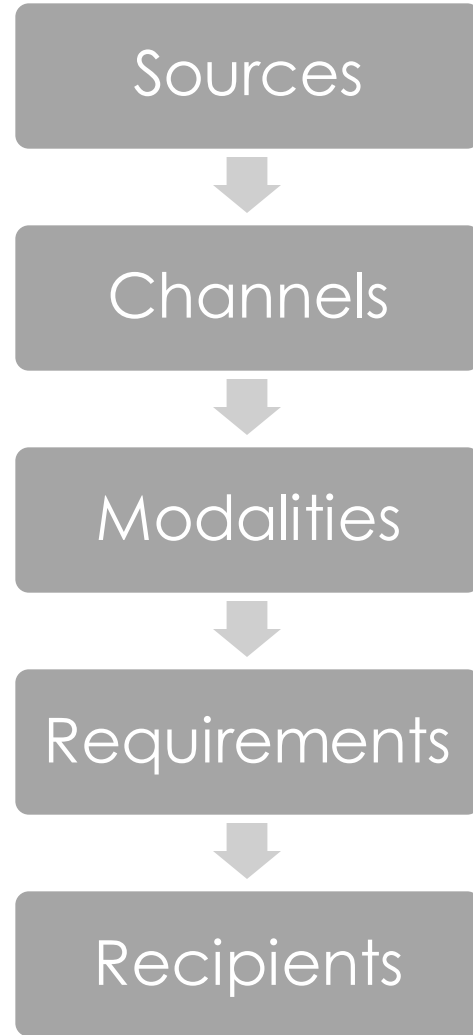
Overcoming barriers to access finance and identify investment opportunities

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Asian Development Bank

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Climate Finance Flows



Enabling Environment for Climate Investments

National Context	Policy Environment	Institutional Environment	Financial System
<ul style="list-style-type: none">• Climate change profile• Economic sectors• Demographics• Political context• Development plans	<ul style="list-style-type: none">• Climate change policies – NDCs, LTS, NAPs• Green growth/industrial policies• Sector policies• Cross border issues• Timeframes	<ul style="list-style-type: none">• Cross ministerial coordination• Subnational• Policy coherence• Business environment• Regulatory system• Capacity	<ul style="list-style-type: none">• Banking system• Domestic markets• Green finance• Green taxonomy• Financial inclusion

Just Transition Financing



- Needs different considerations
- Early interventions to create opportunities
- Different flows of just transition finance
- Not only climate finance
- Shared responsibility
- Just transition and fiscal risk
- Complex and multi-dimensional
- Needs wide range of expertise and institutional actors

Climate Finance Plan

Targets by Sectors



Investments per sector (technical assessment)



Sector enabling framework / Constraints for investments (demand-side)



Financial sector constraints to investments (supply-side)



Financial structures to address demand- and supply- side constraints

ADB's Climate Targets and Ambition

ADB High
Level Climate
Change
Commitments

1

Cumulative climate finance targets

\$80 billion by 2030, with \$100 billion ambition

2

Cumulative climate finance for adaptation and resilience

\$34 billion by 2030

3

Private sector climate finance

\$12 billion and crowding in of \$18-30 billion by 2030

4

Projects supporting climate action

75% of operations will support climate action by 2030

5

Paris Agreement alignment

New sovereign operations: 100% alignment by 1 July 2023

New nonsovereign operations: At least 85% by 1 July 2023, 100% alignment by 1 July 2025

Paris Alignment at ADB

An operation is considered aligned if it aligns with both the mitigation, an adaptation building blocks of the Joint MDBs Alignment Approach to the Objectives of the Paris Agreement:

- **Alignment with mitigation goals.** An operation is consistent with the countries' low-emissions development pathways and compatible with the overall climate change mitigation objectives of the Paris Agreement.
- **Alignment with climate adaptation and resilience goals.** An operation is consistent with countries' climate-resilient development pathways, and compatible with the adaptation and resilience goals of the Paris Agreement.

Commitments on Just Transition

ADB joined with other MDBs to commit to **5 High Level Principles for Just Transition** in 2022.

ADB's **2021 Energy Policy** commits ADB to working with DMCs to support a just energy transition.

ADB has established a **just transition working group** and is developing an operational approach to mainstream just transition in ADB's operations, based on internal and external consultations and dialogues.

Just transition is central to our **energy transition mechanism** and other key energy transition initiatives

ADB will deepen our support to DMCs on climate action

1 Support DMCs with increased diagnostic and policy engagement work



UPSTREAM

Strategic engagement for an enhanced policy framework, including for private sector engagement



2 Help DMCs develop climate-responsive investments and ambitious NDCs and NAPs



3 Integrate climate policy into budgets and national plans



MIDSTREAM

Mobilize the private sector and embed climate action into core institutions and national systems



4 Developing climate-responsive project pipelines



5 Enhance climate-responsive project design and implementation



DOWNSTREAM

High-quality operations and implementation

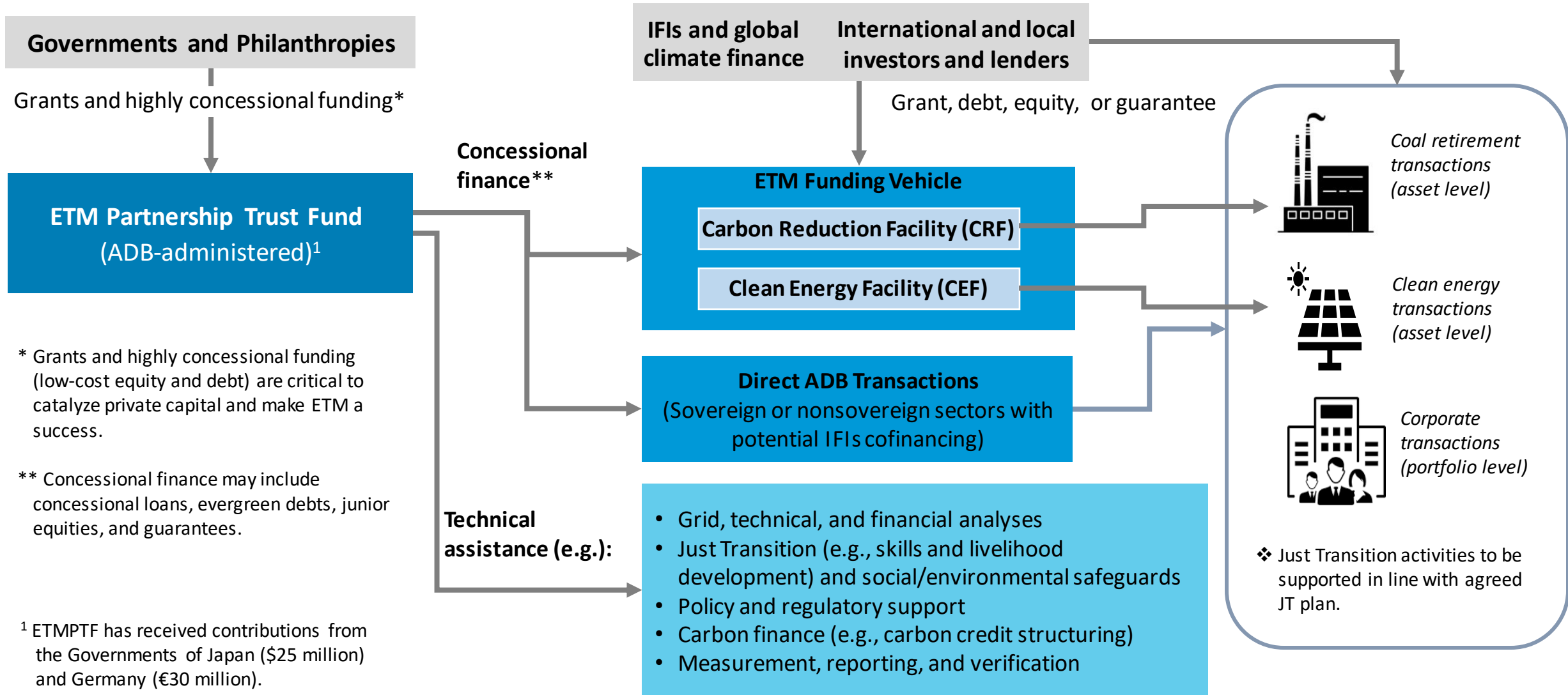


Monitoring and Learning

Upstream Technical Assistance

- Just Transition Support Platform
- NDC Advance Platform
- Accelerating Climate Transitions through Green Finance in SE Asia
- Article 6 Support Facility

Energy Transition Mechanism



* Grants and highly concessional funding (low-cost equity and debt) are critical to catalyze private capital and make ETM a success.

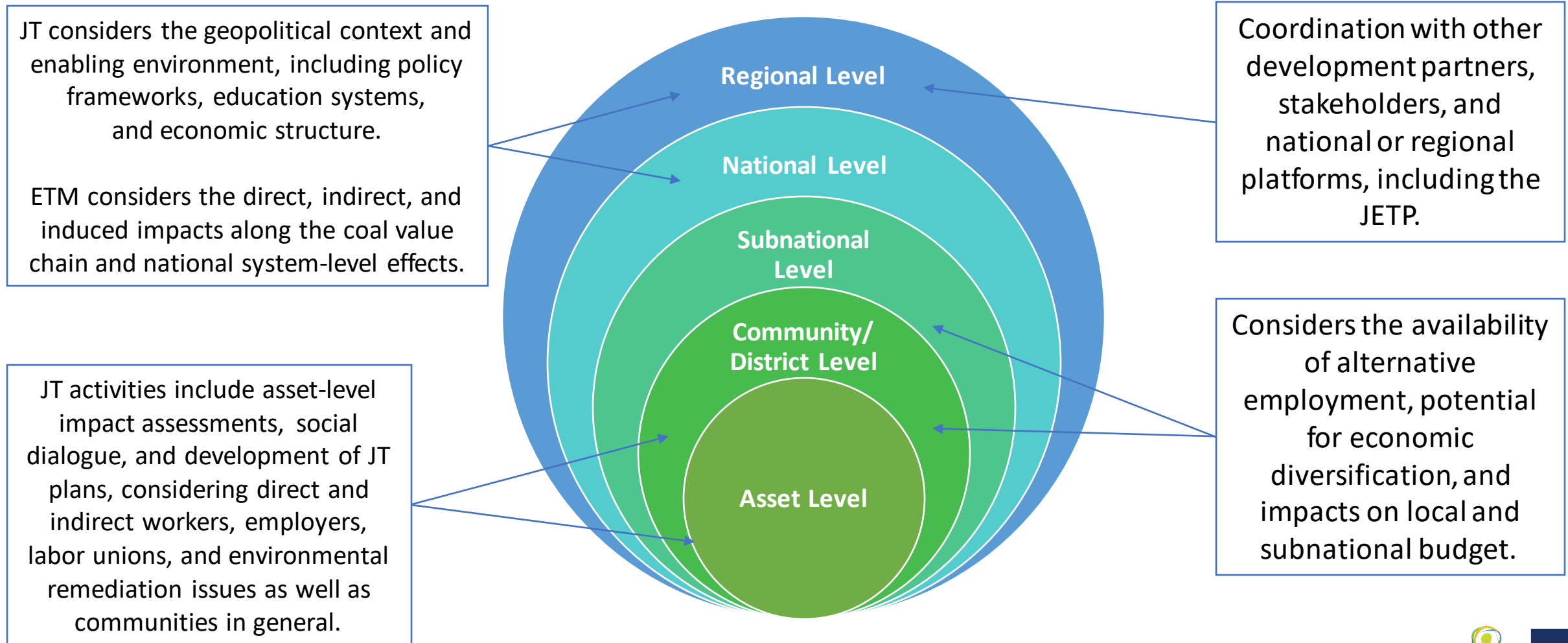
** Concessional finance may include concessional loans, evergreen debts, junior equities, and guarantees.

¹ ETMPTF has received contributions from the Governments of Japan (\$25 million) and Germany (€30 million).

❖ Just Transition activities to be supported in line with agreed JT plan.

Comprehensive Approach to Just Transition under the ETM

Just Transition (JT) activities extend beyond the scope and implementation timeframe of ETM.



ASEAN Catalytic Green Finance Facility

ACGF is an ASEAN-owned **regional green finance** vehicle, managed by ADB. It leverages \$2 billion in support from 9 partners.

ACGF enables access to:

- Technical assistance
- Financing from ADB and development partners
- ~\$500 million in low-interest loans through ADB-administered trust funds with GCF, UK, EU

How ACGF helps

National-level

- ACGF supports policy, knowledge and capacity building (technical assistance)

Example outputs

To date, 30 knowledge products, 25 knowledge events, and 4 trainings organized by ACGF with partners

Pipeline-level

- ACGF supports origination and preparation of green projects, development of PPPs, support for bonds (technical assistance)

To date, 30 pipeline projects or concepts supported with structuring or technical support (20 in 2022)

Project-level

- ACGF provides concessional loan financing for green projects, and leverages partial cofinancing

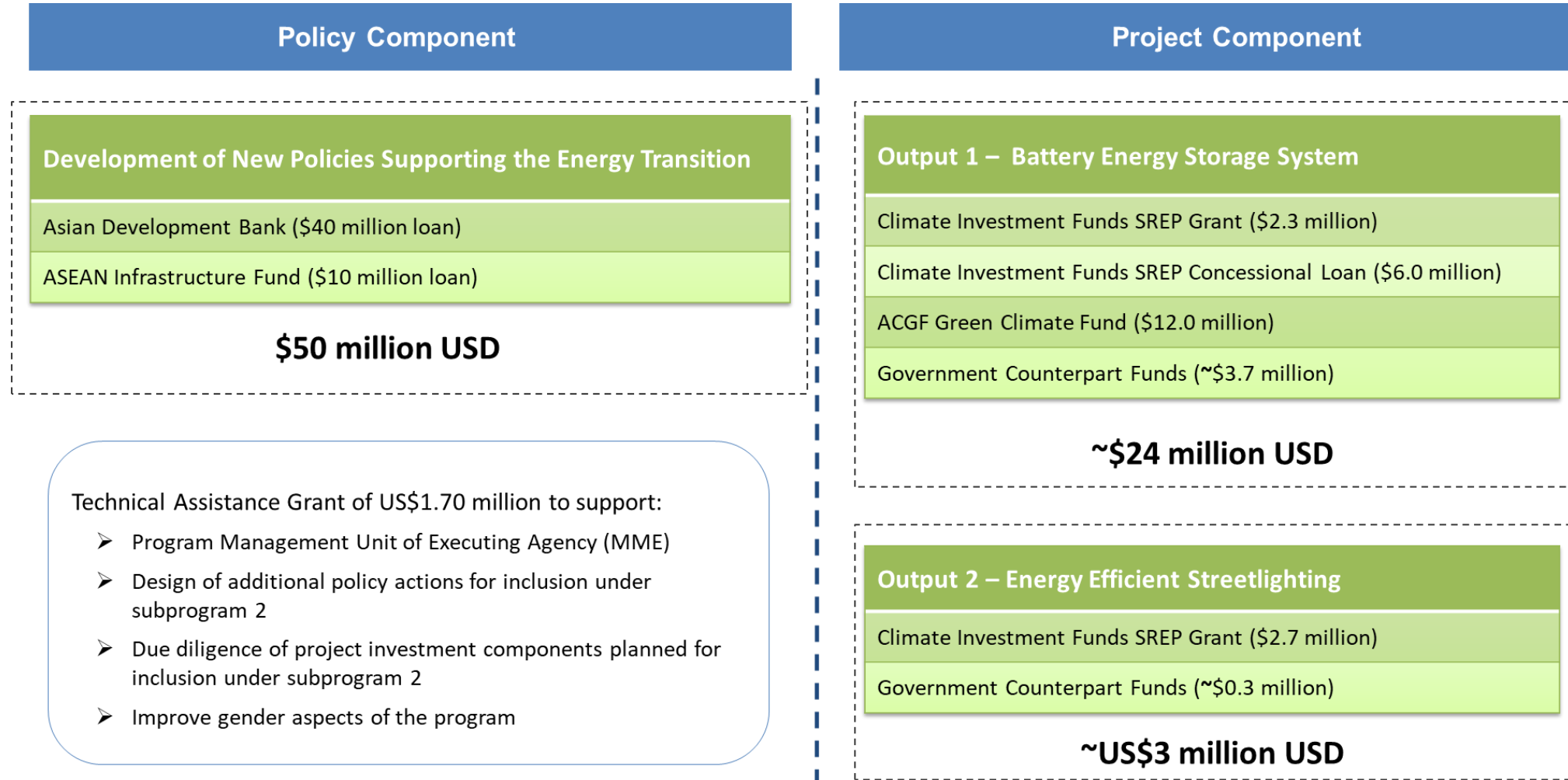
To date, approved \$1.9 billion in ADB project financing, and \$504 million earmarked for cofinancing by 4 ACGF partners

Cofinancing Partners



Energy Transition Sector Development Programme Cambodia

Comprehensive policy reform package for the energy sector in Cambodia, covering both renewable energy and energy efficiency



An aerial photograph of a roof covered in solar panels. The panels are arranged in a grid pattern and are colored in shades of blue and orange. A large white rectangular box is overlaid on the center of the image, containing the text "Thank you!".

Thank you!