Catalyzing Green Finance for S2S Solutions

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Bruce Dunn, Director, Environment and Safeguards, ADB
Asian Infrastructure Demand and Finance Gap (2016-2020)

Estimated Investment Needs

$26 trillion (Climate-adjusted)

$1.7 trillion / yr


Sector

- Power: $14.7 trillion
- Transportation: $8.4 trillion
- Telecommunications: $2.3 trillion
- Water and sanitation: $0.8 trillion

Region

- Central Asia: $0.5 trillion
- East Asia: $6 trillion
- South Asia: $6 trillion
- Southeast Asia: $3 trillion
- The Pacific: $0.04 trillion

Current investment per year

$881 billion

Investment needs per year
ADB Source to Sea Investments 2010 - 2017

Natural resources management $1.6B

River clean up initiatives $2.7B

Wastewater management $2.9B

Solid waste management $344M

$7.5 billion invested
ADB’S EMERGING PLATFORM FOR S2S SOLUTIONS

**IMPACT**
- REDUCED  Marine pollution and litter
- RESTORED  Health of rivers and marine ecosystems

**OUTCOMES**
Enhanced commitment & action to address marine and fresh water pollution
Increased investments in Source to Sea solutions

**KNOWLEDGE**
- Sharing Asia best practices
- Support to high level commitments and regional coordination efforts
- Business leaders forum on circular economy
- IEC and behavior change
- Partnerships

**ENABLING ENVIRONMENTS**
- Action plans
- Policy and regulatory support
- Institutional strengthening for S2S
- Capacity building
- Economic and financial analysis
- Pre-feasibility studies

**PROJECT INVESTMENTS**
- Basin investment programs
- Solid waste management systems (including 3R / circular economy). Solid waste management systems (3R / collection services / new or rehabilitated infrastructure / circular economy)
- ADB Ventures Facility
- Green Financing Catalyzing Facilities
- Blue Bonds
Bankability?
The case for Green Investments

Addressing Financing Gaps: Key Financing Modalities

- Green Bonds
- Blended Finance
- Catalyzing Green Finance
- Credit Guarantees
Catalyzing Green Finance

Innovative financing + Resource leveraging + Knowledge collaboration = Green Finance Catalyzing Facility (GFCF)
Asian Green Finance Catalyzing Facility (Proposed)

- Concessional Resources
- Other Bilateral Donors
- Green / Climate Funds
- Sovereign Funds
- Private, Institutional, commercial Funds & Commitments
- Sovereign Funds
- ADB Debt Funds

AGfCF
$200-500 m Pilot Facility

ASEAN + ADB Shareholders

Green / Blue Bonds (future)

Project Screening, technical support and structuring
Green Bonds

Initial issue
2007

Amounting to $155.5 billion
2017

Criteria established under the Green Bond Principles

Expected to issue amounting to $1 trillion
2020
**Challenge:** Local governments, utilities or SOEs – difficult to attract financing from the private and commercial finance sources

**Option:** Help local governments or utilities issue blue bonds, to finance water and WWTP infrastructure

- Institutional reform (e.g. corporatization, financial management or SPVs to increase credit ratings)
- Capacity building on target setting and monitoring of water body clean up programs

**Finance package:**

- Restructuring of existing debt
- Provide initial liquidity or low-cost financing for capex programs
- Provide guarantees or first loss for bond issuance
- Shadow revenue accounts