



January 29, 2012 (revised)



## Concept Note

### Preparing for Scaled-up Climate Financing: New Business Opportunities for Green Growth

#### *An Asia LEDS Partnership Workshop on Financing for Green Growth*

April 2-4, 2013

Asian Development Bank Headquarters, Manila, Philippines

#### Background

Experts estimate that effectively avoiding climate change will require investment of \$140-175 billion annually in developing countries by 2030.<sup>1</sup> A new international mechanism, the Green Climate Fund (GCF) is being designed to address these financing needs and is expected to begin operations by 2015. In the meantime, there is a need to support efforts to prepare developing countries and enhance “market readiness”.

To help developing and developed countries work more effectively towards strategies that promote low carbon development, the Low Emissions Development Strategies Global Partnership (LEDS GP) has been bringing together governments, donors, technical experts, and financiers to establish a network for exchanging experience and knowledge, and sharing best practices. The topic of financing for LEDS and green growth was identified as a **top priority area** at the Asia Low Emission Development Strategies (LEDS) Forum in Bangkok, Thailand, in September 2012, which was attended by more than 150 participants from 17 Asian governments, international organizations, businesses, and other stakeholders. Participants in the Forum underscored the need for greater coordination and dialogue among governments, development finance institutions (DFIs), and the private sector on ways to **finance LEDS and green growth** across multiple economic sectors including energy, agriculture, forestry, industry, and others. The Asia LEDS Forum concluded with the formal launch of the Asia LEDS Partnership, which works to advance these objectives across Asia.

#### Workshop Objectives

In recognition of the expressed need for assistance on climate financing, collaborating partners supporting the Asia LEDS Partnership will organize a regional workshop on opportunities for financing green growth. The workshop will:

- promote increased understanding by Asian governments of available public-sector and private-sector mechanisms to finance green growth;
- build the capacity of Asian governments to access financing for green growth and low emissions development; and
- enhance the role of private sector banks, financial institutions, investors, and fund managers in financing green growth investments, and strengthen their capacity to expand their portfolios by leveraging donor funding for climate-related projects and businesses.

#### Expected Outcomes

- Better understanding of gaps in green growth financing and market readiness in Asian developing countries;
- Increased awareness of government officials of the strategies and tools (e.g., robust MRV frameworks) necessary to effectively access public and private financing mechanisms for green growth; and
- Increased awareness among private sector financiers of publicly funded mechanisms that can expand and leverage their investments in clean energy infrastructure, forestry, land use, and related sectors where there is a climate benefit.

#### Participants

The workshop will convene participants who have backgrounds and responsibilities on finance and green growth including:

- Asian government officials and experts involved with LEDS and green growth initiatives (specifically from Ministries of Finance and Planning who are working with development finance institutions (DFIs)

---

<sup>1</sup> *World Development Report 2010: Development and Climate Change*. The World Bank, 2010.

- and development organizations to prepare country strategies and financing plans);
- DFIs and development organizations active in Asia, both multilateral and bilateral;
- Private sector banks, investors, fund managers, and sovereign wealth funds.

### Workshop Description

The workshop will bring together multilateral and bilateral DFIs, government officials and agency experts, development organizations, and private sector bankers and investors to understand and discuss green growth finance strategies in their respective sectors, and to explore the opportunities and possibilities for leveraging efforts. ***To make the event focused and practical, investors and businesses that have successfully blended public sector finance with private funds to enhance their projects and make them viable will share best practices and success stories.*** Additionally, specially designed “Open Space” sessions will provide opportunities for participants to meet face-to-face with officials and representatives of developing Asian governments who are responsible for low-carbon, green growth initiatives, and with public- and private-sector finance officials, investors, and fund managers.

### Indicative Agenda Topics

- **LEDS and Green Growth.** Introduction to green growth financing, the LEDS strategic planning process, and the Asia LEDS Partnership.
- **Climate Finance Outlook.** Highlights of climate negotiations in Doha and strategic review of post-2012 directions that are likely to influence carbon markets, the Clean Development Mechanism (CDM), and other financial drivers. This session will also cover updates on the plan, structure, and timing of the Green Climate Fund.
- **Regional Activities.** Regional green growth finance activities, presented by relevant multilateral and bilateral institutions (e.g., ADB, IFC, World Bank, USAID, UNDP, UNEP, JBIC, and KfW), including a focus on opportunities for private sector banks, investors, and fund managers to effectively leverage donor funding.
- **Blending Public and Private Finance.** Presentations by investors and businesses that have successfully blended public sector finance with private funds to enhance the viability of their projects, describing success factors of these initiatives as well as barriers, delivery methods, and the additionality of public-sector “blended” funding.
- **Open Space Sessions.** Open space sessions focused on (a) country showcases; and (b) funds and financing mechanisms, where DFIs and private sector investors present their funds and plans and engage in informal discussions with government officials.
- **Parallel Sessions.** Focused country sessions, in which DFIs present their country strategies to other donors, country representatives, and interested investors, followed by Asian officials presenting case studies and plans on national green growth financing efforts.
- **Training.** A one-day introductory pre-workshop session on LEDS and climate finance is envisioned, providing public and private sector professionals with an orientation of the LEDS and climate finance landscape. It will help them understand such topics as the costs of climate change, how LEDS fits into national development priorities and donor financing, why both public and private sector financing mechanisms are essential to address climate change, and who needs to be involved and why.

### Benefits for Participants

- **Developing country officials** will gain a broader perspective of DFI activities in green growth finance, and will also engage in detailed discussions on the DFI country strategies and available funding. They will learn about the skills and capabilities they need to have in place (e.g., greenhouse gas accounting and inventories) to access green growth financing. They will also benefit from attending a pre-forum training workshop on preparation of effective green growth finance proposals.
- **Multilateral and Bilateral DFIs** will have a chance to present regional and country investment plans and strategies for green growth finance and meet with private sector financiers and country representatives.
- **Private sector fund developers, managers, and investors** will learn about DFI green growth investment plans and strategies and possible ways of leveraging funds dedicated to green growth finance. They will also have a chance to provide input to public sector fund managers and government officials on the factors that affect their investment decisions, and strategies for effectively leveraging financing to address climate change.
- **Donors** will increase their understanding of various aspects of green growth finance, including DFI activities, regional and country strategies, and private sector involvement.