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Fast out of the Gate

How Developing Asian Countries Can Prepare to Access International Climate Finance

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Presented at:
Regional Workshop on Options for an Innovative Climate Finance Regime in South Asia
New Delhi, India

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Agenda

- Report Background and Objectives
- Climate Financing Overview
- Findings

Report Targets the 11 LEAD Focus Countries

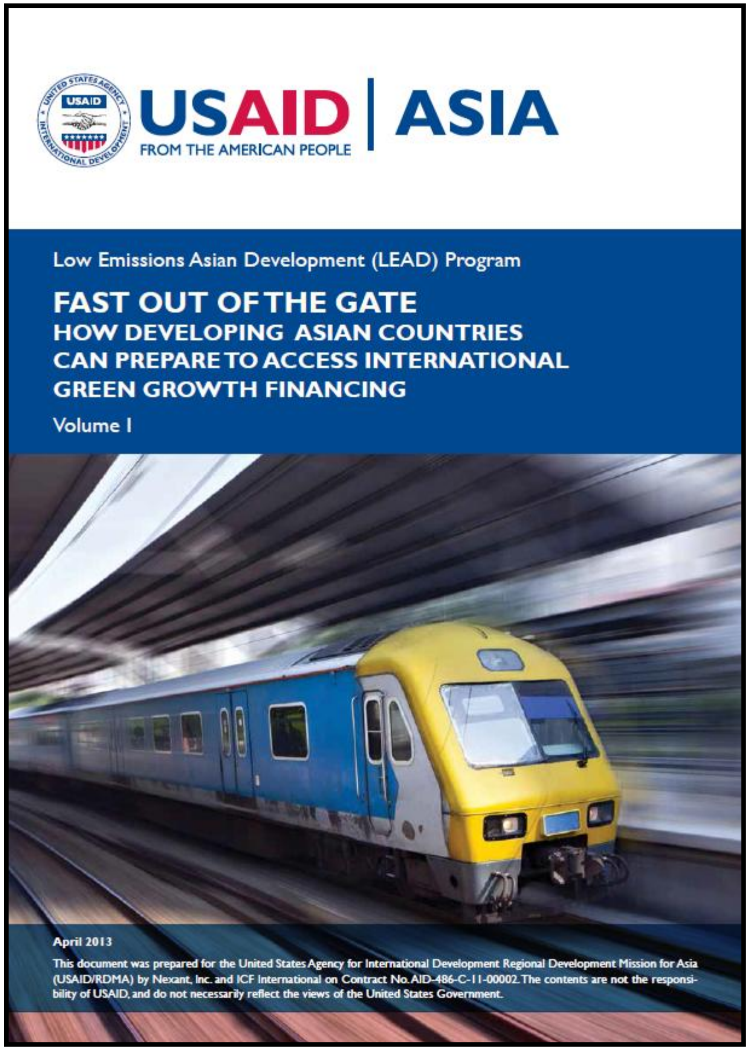
- **Bangladesh**
- Cambodia
- **India**
- Indonesia
- Laos
- Malaysia
- **Nepal**
- Papua New Guinea
- Philippines
- Thailand
- Vietnam

- The Low Emissions Asian Development (LEAD) program is a regional program funded by the United States Agency for International Development Regional Development Mission for Asia (USAID/RDMA).

For more information, visit http://LowEmissionsAsia.org.

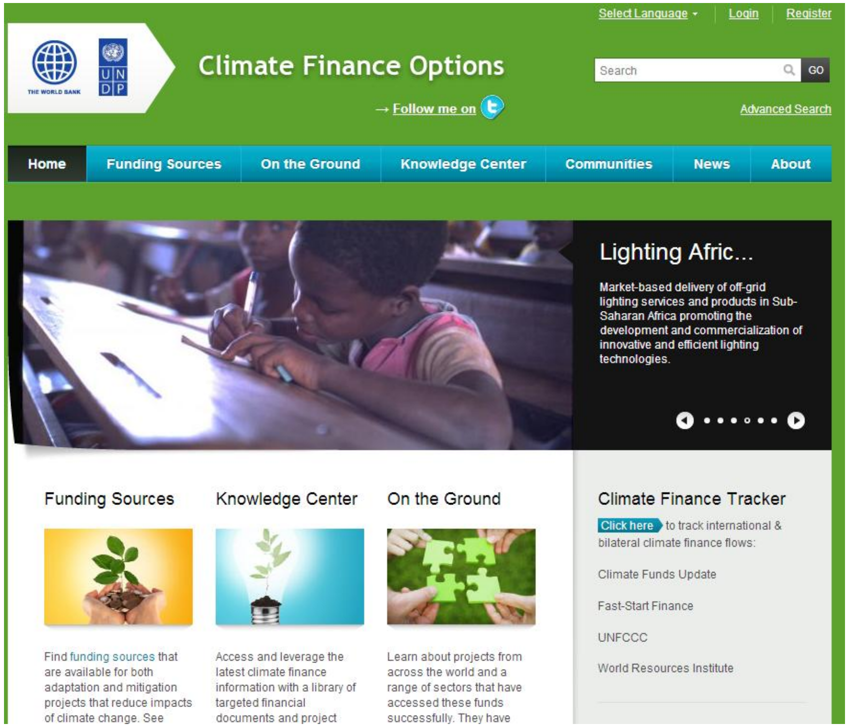
Fast out of the Gate Report

- Aims to help developing Asian countries prepare to access climate financing
- Reviews >200 sources of public and private sector climate finance for projects, businesses, and infrastructure for low emissions development
- Intended Audiences:
    - Asian governments and policymakers
    - Public and private fund managers
    - Project developers and proponents
    - Local communities



Database for Asia

- Highlights climate funds and financing sources for Asia
- Climate finance sources: public and private
- Highlights eligibility, access, and MRV requirements
- Builds on existing databases such as:
  - Climate Funds Update, Henrich Böll Stiftung and ODI: www.climatefundsupdate.org
  - Climate Finance Options, The World Bank and UNDP: www.climatefinanceoptions.org



Comparison of LEAD Focus Countries

LEAD Country	2010 GHG Emissions (excluding LULUCF)** (million tCO2e)***	Emissions Growth Rate 2000-2010 (excluding LULUCF) (average annual percent)	2010 Population (millions)	2011 Nominal GDP (USD billions)
India	2,326.2	3.9%	1,210	1,843
Indonesia	823.4	3.2%	237	834
Thailand	381.9	4.1%	66	339
Malaysia	260.1	4.5%	28	247
Vietnam	197.4	6.3%	88	121
Bangladesh*	130.3	4.1%	142	115
Philippines	148.9	1.8%	94	216
Nepal*	36.7	1.3%	26	18
Cambodia*	26.0	4.6%	13	13
Laos*	21.4	3.9%	7	8
Papua New Guinea	10.9	-0.2%	7	11

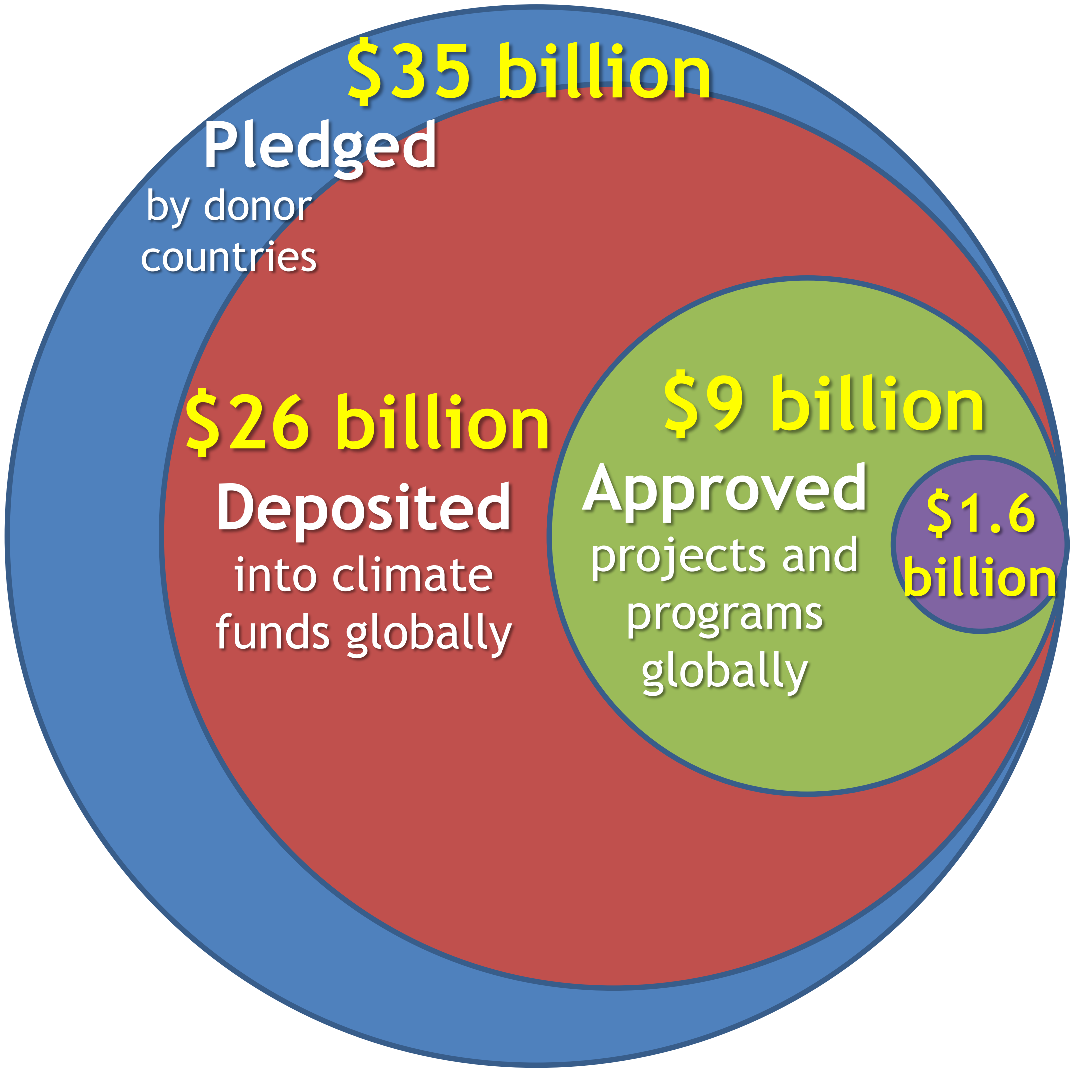
CO_2 emissions from energy use in Asia's developing countries is expected to increase from **33%** of the world total in 2008 to **45%** by 2030. South and Southeast Asia represented ~10% of global CO_2 emissions in 2008

Emissions and emission growth source: WRI Climate Analysis Indicators Tool (CAIT) 2.0; six GHGs; excludes LULUCF. Population sources: Official country census for Bangladesh, Cambodia, India, Indonesia, Malaysia, and Nepal. National statistics office estimates for Laos, the Philippines, Thailand, and Vietnam. UN estimate for Papua New Guinea.
GDP source: CIA World Factbook 2010–2011.
* Classified as an LDC. ** Land Use, Land-use Change and Forestry. *** Tons of CO2 equivalent.

Climate Finance Landscape

- Required
  - **USD 10 trillion** required globally between 2010-2020 (HSBC) – equivalent to **USD 1 trillion annually.**
  - India and Southeast Asia alone require **USD 144 billion** annually. India alone represents 7% of the global total (BNEF)
- Currently Available
  - **USD 200-360 billion** per year available globally (Frankfurt School et al., 2012, and CPI, 2011).
    - Of which roughly three-quarters comes from the private sector (CPI)
  - Investments in renewable energy assets totaled **USD 148.6 billion** in 2012 (BNEF).
    - Of this amount **USD 8.2 billion**, or 5.5% of the global total, was invested in the 11 countries in developing Asia, the vast majority of this from private sector sources.
  - Green Climate Fund expected to contribute **USD 100 billion** annually by 2020

Donor Climate Finance



Approved
in the 11 LEAD
focus countries

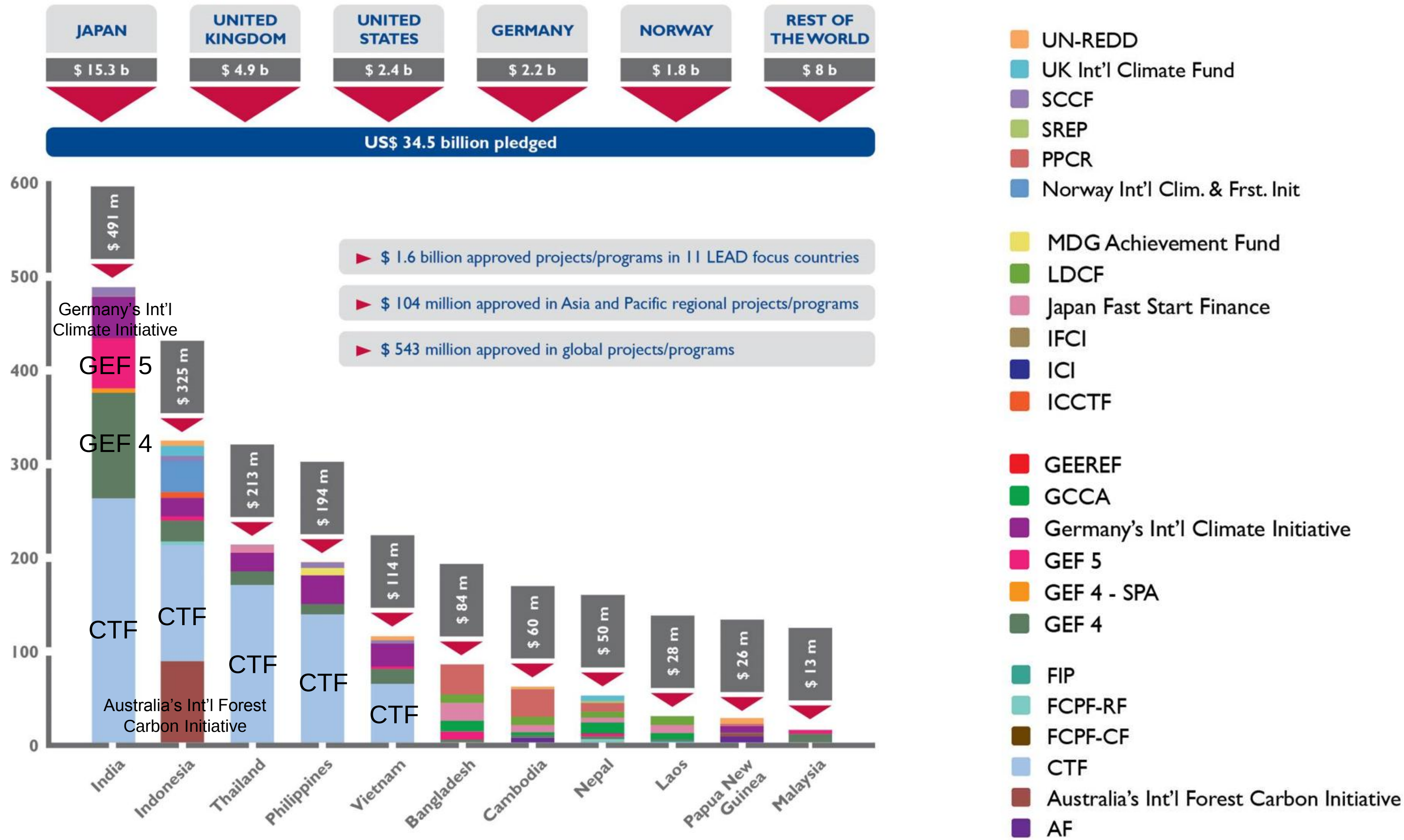
India: USD 490 million
Bangladesh: USD 64 million
Nepal: 45 million

The LEAD focus countries in South and Southeast Asia represented approximately 18% of donor funded climate finance that has been approved.

The three South Asian LEAD countries represent approximately 7% of donor funded climate finance that has been approved.

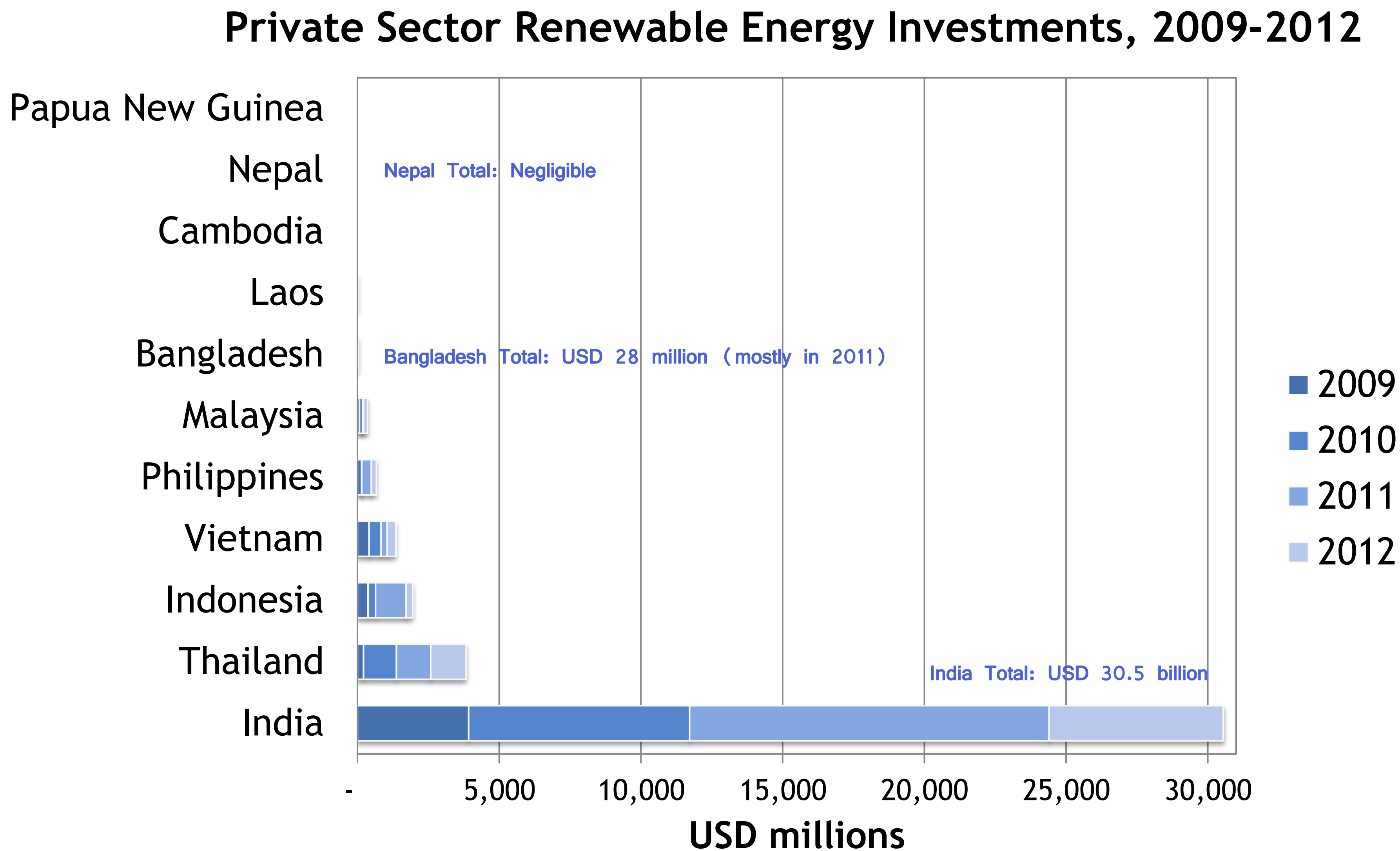
Source: *Climate Funds Update*, and USAID LEAD program research. Numbers include 25 international climate funds

Donor Climate Finance in LEAD Countries



Source: *Climate Funds Update*, and LEAD program research. Numbers include 25 international climate funds

Private Sector Climate Finance in LEAD Countries



Source: Bloomberg New Energy Finance 2013

Increasing Private Sector Finance is Key

	Global	LEAD Focus Countries[1]
Public 17.8%	**USD 9 billion** approved over the past decade from international climate funds[2]	**USD 1.6 billion** approved over the past decade from international climate funds[2]
Private 3.5%	**USD 230 billion** invested per year in climate activities[3]	**USD 8.2 billion** invested during 2012 in renewable energy[4]

Current public and private sector climate finance in the LEAD focus countries is less than USD 10 billion annually. Based on estimates by BNEF that climate investment required is USD 144 billion annually, investment volumes need to increase by ~14 X.

In addition to the need for increased climate investment, the geographic allocation of investment from the private sector has also been disproportionate with over 80% being allocated to India and Thailand alone.

[1] Bangladesh, Cambodia, India, Indonesia, Laos, Malaysia, Nepal, Papua New Guinea, Philippines, Thailand, Vietnam
[2] Source: Climate Funds Update and LEAD program research
[3] Source: *The Landscape of Climate Finance 2012*, Climate Policy Initiative
[4] Source: Bloomberg New Energy Finance, 2013.

Increasing Private Sector Finance is Key (cont.)

	Global	India	Bangladesh	Nepal
Public 6.7%	**USD 9 billion** approved over the past decade from international climate funds[2]	**USD 490 million** approved over the past decade from international climate funds[2]	**USD 65 million** approved over the past decade from international climate funds[2]	**USD 45 million** approved over the past decade from international climate funds[2]
Private 2.6%	**USD 230 billion** invested per year in climate activities[3]	**USD 6.1 billion** invested during 2012 in renewable energy[4]	**USD 0 billion** invested during 2012 in renewable energy4	**USD 0 billion** invested during 2012 in renewable energy4

[1] Bangladesh, Cambodia, India, Indonesia, Laos, Malaysia, Nepal, Papua New Guinea, Philippines, Thailand, Vietnam
[2] Source: Climate Funds Update and LEAD program research
[3] Source: *The Landscape of Climate Finance 2012*, Climate Policy Initiative
[4] Source: Bloomberg New Energy Finance, 2013.

Summary of Findings

- Donor climate funds are available to South Asia
  - 25 funds, approved USD 1.6 billion in 11 LEAD countries (USD 600 million in India, Bangladesh and Nepal)
- Private sector dominates
  - Private sector flows dominate climate finance globally and regionally.
- Engagement needed with the private sector investors
  - Mitigate risk for marginal private sector climate investments

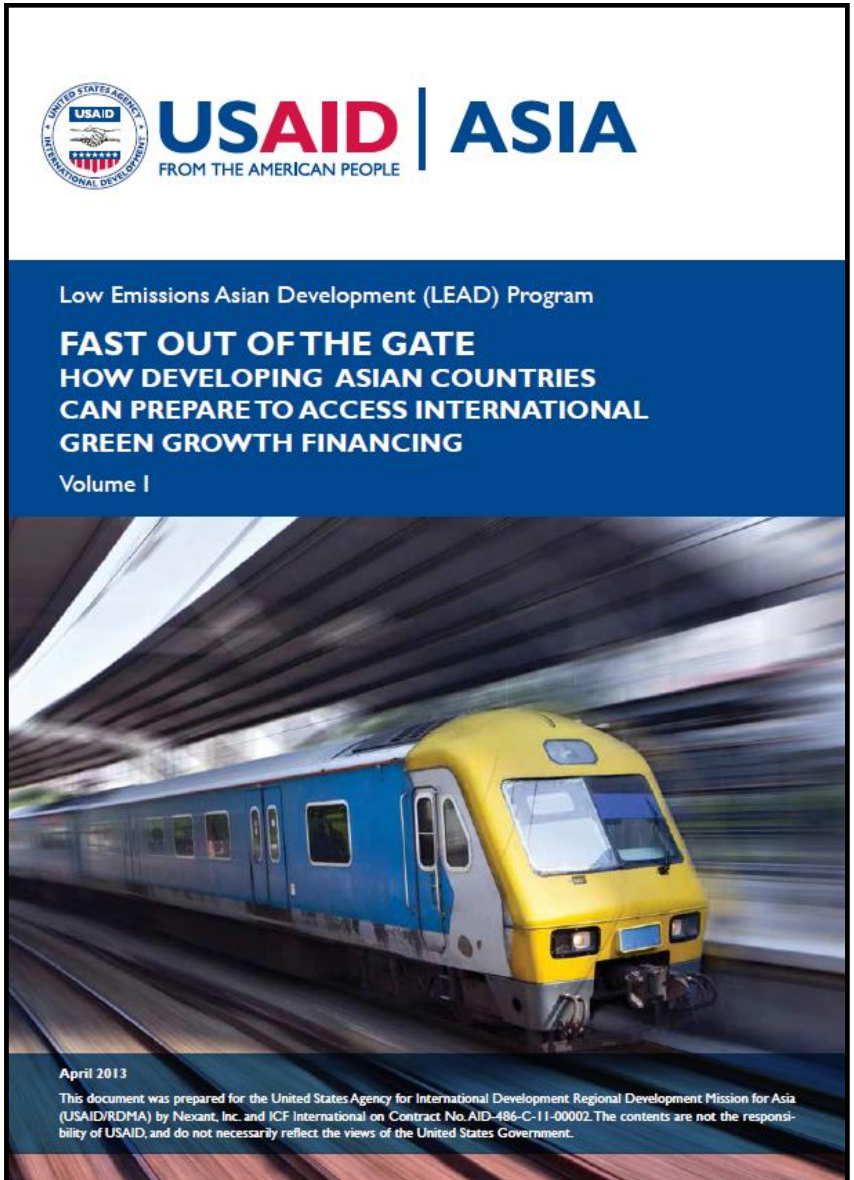
Summary of Findings

- Unique opportunity in alternative assets
  - Alternative asset investments present a new opportunity.
- Importance of carbon markets decreasing, and climate bonds increasing
  - Decreasing role of carbon markets in leveraging investment.
  - Climate bonds are expected to make an increasing contribution.
- Specialized climate banking emerging
  - Commercial banks are establishing specialized climate finance facilities.

Summary of Findings

- MRV systems crucial
  - Monitoring, reporting, and verification frameworks and capacity is critical to access public finance.
  - Donor financing of climate initiatives lacks a common MRV system
  - MDBs are developing an initiative to track GHG emissions and climate finance flows.

How to Get the Report



- The report can be downloaded at http://LowEmissionsAsia.org/resources/

Thank you!

For more information about the
USAID Low Emissions Asian Development (LEAD) Program, visit
http://LowEmissionsAsia.org