



Climate Finance: International Business Opportunities

 Canada.ca/TCS-Climate-Finance

The Canadian Trade Commissioner Service has more than 160 offices around the world with dedicated officers available to assist you with international trade activities. Specialized assistance is available for climate finance.

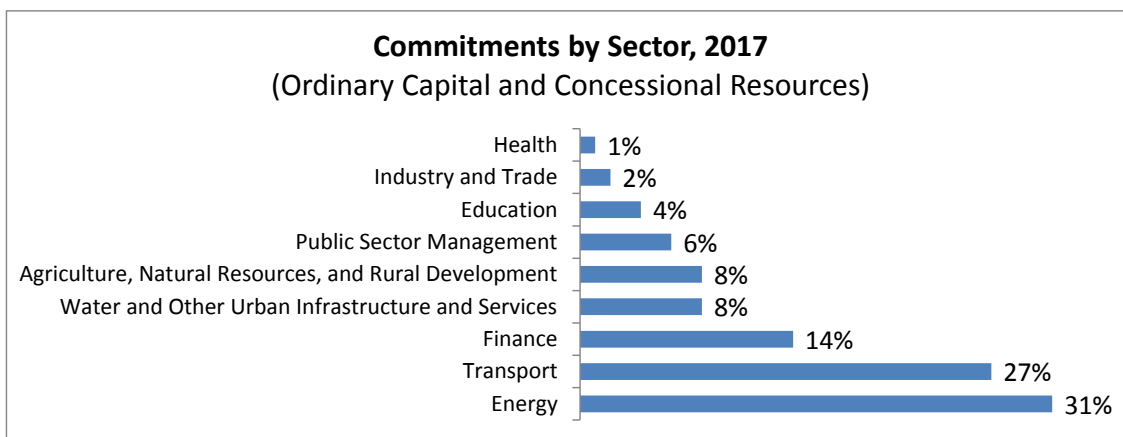
For insights on climate finance in Asia, contact Grimi.Guarico@international.gc.ca.

Asian Development Bank (Manila, Philippines)

The [Asian Development Bank \(ADB\)](#) is a multilateral development bank whose mission is to reduce poverty and promote sustainable economic growth in the Asia-Pacific region. Under its long-term strategic agenda, the ADB works to ensure that growth in each of its developing member countries (DMCs) is more inclusive and environmentally sustainable and also seeks to maintain an emphasis on regional cooperation and integration. The ADB's main instruments for helping its DMCs are policy dialogue, loans, equity investments, guarantees, grants and technical assistance.

Established in 1966, ADB is owned by 67 member countries, including 48 DMCs. In 2017, the ADB's loan, equity, guarantee, technical assistance and co-financing commitments totaled US\$32.2 billion, consisting of US\$17.8 billion in sovereign-guaranteed operations, US\$2.3 billion in non-sovereign-guaranteed* and private sector operations, US\$201 million in technical assistance, and US\$11.9 billion in co-financing.

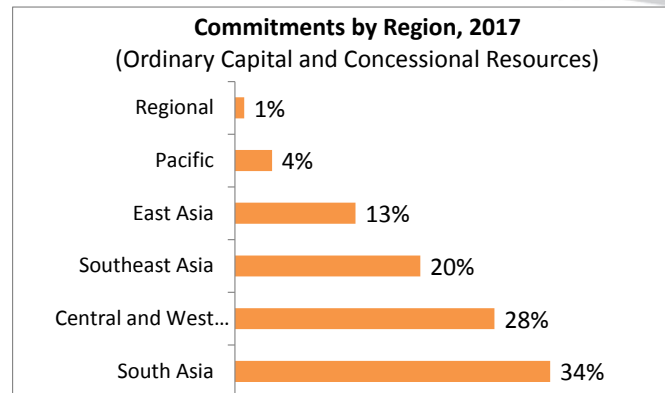
Canada is an ADB member and its seventh largest shareholder.



Source: <https://www.adb.org/documents/adb-annual-report-2017>

* Non-sovereign-guaranteed operations refer to projects undertaken by public clients—such as subnational governments and state-owned enterprises—that do not benefit from a sovereign guarantee, and to projects undertaken by the private sector.





Source: <https://www.adb.org/documents/adb-annual-report-2017>

Procurement Processes

In 2017, the ADB adopted a new [procurement policy](#) and associated [regulations](#) pertaining to [project procurement for consulting services](#), [project procurement for goods, works and related services](#) and [institutional/corporate procurement](#) for procurement managed by DMCs and the ADB, as applicable. The new procurement framework applies to projects with concept notes approved on or after July 1, 2017, and for corporate procurement. For projects and corporate procurement initiated prior to that date, the ADB's previous procurement framework applies. For further details on current opportunities, please refer to the [Consulting Services](#), [Project Tenders](#) and [Institutional Procurement Notices](#) pages on the ADB website. It is important to note that under the ADB's procurement framework, procurement pertaining to non-sovereign operations shall be carried out by project proponents on the basis of acceptable private sector or commercial practices.

Procurement by Developing Member Countries

Goods, works, non-consulting and consulting services: In general, the ADB's procurement regulations recommend that DMCs use open competitive bidding, a process available equally to national and/or international bidders, for procuring goods, works and services. In certain circumstances, other procurement methods (e.g. limited competitive bidding, framework agreements, requests for quotations, reverse auctions and direct contracting) or alternative procurement arrangements (e.g. procurement rules/procedures of another development finance institution or country systems) may be used, as provided for in the regulations. In accordance with stated eligibility criteria, firms and individuals from all ADB member countries are permitted to bid for procurement opportunities.

Procurement by the ADB

Corporate procurement: The ADB procures goods/services to support its institutional requirements through competitive procurement and by considering the reputation of the vendor, promptness of delivery, payment terms and availability of warranty and servicing facilities. The ADB also recruits specialized or expert staff for fixed-length consulting assignments funded by the ADB's administrative budget. These assignments are generally aimed at individuals, but some are destined for commercial consulting firms, international and national organizations, accredited non-governmental organizations, academic and research institutions, and others. Opportunities for consulting can be found by searching the ADB's Consulting Services Recruitment Notices web page.



Consulting firms and individual consultants: Consulting firms and individual consultants must register and maintain profiles in the ADB's [Consultant Management System \(CMS\)](#) in order to be considered for a contract. [Consulting services recruitment notices](#) are also managed through the CMS.

In 2017, Canada's share of procurement contracts for loan, grant and technical assistance projects was US\$27.9 million, nearly all for consulting services; this represents a significant increase over 2016 levels, when US\$10.5 million worth of contract awards.

Private Sector Operations

The ADB's private sector operations catalyze, structure and fund investments in privately owned and state-sponsored companies across a wide range of industry sectors throughout developing Asia. The emphasis is on commercially viable transactions that generate attractive financial returns consistent with the ADB's mission to promote environmentally sustainable and inclusive economic growth. In 2017, ADB commitments for private sector operations increased from US\$1.8 billion in 2016 to US\$2.3 billion in 2017, the highest level to date.

Responding to evolving development challenges in Asia and the Pacific, the ADB's new long-term corporate strategy to 2030—[Strategy 2030](#)—focuses on scaling private sector financing in new and frontier markets through the preparation of bankable projects, commercial co-financing efforts, and increased support for public-private partnerships. Under the strategy, the ADB plans to diversify private sector investments across sectors and geographies, with a particular focus on agribusiness and financial inclusion efforts. The ADB will also seek to work with private sector partners and crowd in larger amounts of corporate and project financing from the market in support of sustainable infrastructure projects in DMCs.

Private Sector Finance

The ADB leverages funds from commercial sources to provide direct financial assistance to private sector projects in DMCs. To be eligible for ADB non-sovereign financing, the recipient must be wholly owned or controlled by one or more private entities, a sovereign undertaking commercial activity, or a local government or other sub-sovereign entity. For consideration, proposed recipients must have clear development impacts and/or demonstration effects that go beyond the project's financial rate of return. To catalyze private investments, the ADB provides a variety of financial products to the private sector, including:

Loans and other debt instruments

- Senior, subordinated and mezzanine debt
 - Fixed- and floating-rate loans
 - Foreign and local currencies
- Syndicated loans

Equity

- Direct investments (in corporates, projects, financial institutions, private equity funds)

Guarantees

- Partial credit and partial political risk coverage

Technical assistance/grants

- Covers capacity development, project preparation, policy and advisory, research and development, small-scale support, and regional assistance

While there is no standard method of applying for ADB private sector financing, applicants should be prepared to provide: (i) an executive summary and project description; (ii) a feasibility study outlining viability of project;



(iii) project ownership structure along with sponsor/shareholder information, including financial history and track record; (iv) implementation arrangements and operations; (v) analyses of the market, environmental and social aspects of the project; (vi) financing plan and financial model, including the amount of proposed ADB financing; and (vii) relevant risk analyses and mitigation efforts.

Climate Finance

In 2017, the ADB invested US\$4.5 billion in climate change funding from its own capital resources and mobilized an additional US\$696 million from external financing, bringing total climate finance to US\$5.2 billion. In addition to directing its own capital toward low-carbon and climate-resilience support for DMCs, the ADB acts as an intermediary for the [Green Climate Fund](#), the [Global Environment Facility](#) and the [Climate Investment Funds](#) as these funds generally do not accept direct applications from the private sector.

In addition, the ADB manages many donor trust funds that support climate change. The [Clean Energy Financing Partnership Facility](#) (CEFPF) was established by the ADB in April 2007 to assist DMCs improve energy security and transit to low-carbon use through cost-effective investments. CEFPF is composed of several funds, including the [Canadian Climate Fund for the Private Sector in Asia](#) (to which Canada has contributed Can\$200 million in Phase 2). The ADB also manages other climate-relevant donor trust funds. Together, these funds contribute to achieving the ADB's pledge to double annual climate financing to US\$6 billion by 2020, with US\$4 billion for climate mitigation and US\$2 billion for climate adaptation. While financial products that the ADB provides from its own capital are subject to market-based terms and conditions, financial products offered through intermediated and donor funds may be offered at concessional (or sub-market) terms and conditions, at just a level of concessionalism needed to facilitate the investment; thus, funding recipients are provided with a blended financing solution.

Accessing private sector and climate finance

Canadian private sector companies can access private sector financing for climate change projects for which they are a sponsor through the ADB's Private Sector Operations Department: [list of contacts](#).

