



## Financing Partnerships

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# Establishment of the Climate Innovation and Development Fund

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**Asian Development Bank**

## ABBREVIATION

ADB – Asian Development Bank

## NOTE

In this report, “\$” refers to United States dollars.

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<sup>a</sup> Outposted to the Pacific Liaison and Coordination Office.

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### LINKED DOCUMENT

<https://lnadbg4.adb.org/sec0066p.nsf/vwLkupMC/2022-financing%20partnerships%20%28establishment%20or%20participation%29?OpenDocument>

Establishment Paper: Climate Innovation and Development Fund

## I. INTRODUCTION

1. The Climate Innovation and Development Fund is a \$25 million stand-alone, Asian Development Bank (ADB)-managed, multidonor fund established to support innovative nonsovereign climate change projects in South and Southeast Asia.

## II. BACKGROUND AND FEATURES OF THE FUND

2. On 11 February 2022, ADB launched the fund with \$25 million in grant commitments from the Bloomberg Family Foundation Inc. and the Goldman Sachs Charitable Gift Fund (the sponsors). The sponsors will contribute nonreturnable grants to the Climate Innovation and Development Fund and ADB will deploy these funds as grants into its nonsovereign operations to support innovative and high-impact climate projects in India and Viet Nam.

3. By offering concessional finance to decrease project risks, the fund aims to leverage up to \$500 million in additional financing for private sector innovation in areas such as conventional and nonconventional renewable power generation, sustainable transport, climate-smart urban solutions, grid optimization technology, agriculture and land use, and green manufacturing and construction. ADB will select project types and financing models that are replicable and have a high potential to be scaled up in the broader market once initial successful transactions are demonstrated.

4. ADB will act as the manager of the fund and will provide financing from its own account alongside the fund for all transactions (i.e., on a cofinancing basis). ADB as manager will identify, commit, and report on opportunities to the sponsors. ADB will be the grantor of record for all financing provided by the fund and will receive fees to cover costs associated with managing the fund. Recipients of grant proceeds will satisfy ADB's eligibility requirements for nonsovereign operations. Funds will be used to support nonsovereign project finance and corporate finance transactions.

5. ADB will process transactions through its regular processing steps, and the Private Sector Operations Department will seek endorsement from ADB's Blended Finance Committee for the fund's financing. The sponsors will delegate the fund's investment decisions to ADB, and ADB will maintain sole discretion on and control of investment decisions made on behalf of the fund. ADB will report to the sponsors on an annual basis. The fund's draft grant contribution agreement contains provisions for a 5-year investment period. This may be extended subject to mutual determination by ADB and the sponsors. Furthermore, ADB or the sponsors may terminate the fund's grant contribution agreement as appropriate.

## III. THE PRESIDENT'S DECISION

6. The President, acting under the authority delegated by the Board of Directors, has approved

- (i) the establishment of the Climate Innovation and Development Fund in accordance with the provisions set forth in the establishment paper, and
- (ii) the acceptance and administration by the Asian Development Bank of contributions to the Climate Innovation and Development Fund in accordance with the terms and conditions set forth in the establishment paper,

and hereby reports these actions to the Board of Directors.