



# Technical Assistance Report

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**PUBLIC**

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Knowledge and Support Technical Assistance (KSTA)  
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## Accelerating Climate Finance Investments through the Financial Sector in Bangladesh and Nepal

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Asian Development Bank

## ABBREVIATIONS

ADB	–	Asian Development Bank
CO <sub>2</sub>	–	carbon dioxide
COP	–	Conference of the Parties
EE&RE	–	energy efficiency and renewable energy
GHG	–	greenhouse gas
NDC	–	nationally determined contribution
PSFI	–	Private Sector Financial Institutions Division
SCF	–	Strategic Climate Fund
SMEs	–	small and medium-sized enterprises
TAF	–	technical assistance facility

## GLOSSARY

COP26	–	The 26 <sup>th</sup> Conference of the Parties to the United Nations Climate Change Conference, held in Glasgow in 2021.
GHG emissions	–	Greenhouse gases (GHGs) are compound gases that trap heat or longwave radiation in the atmosphere. The Kyoto protocol covers six categories of GHG emissions: carbon dioxide (CO <sub>2</sub> ), methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphurhexafluoride.
NDCs	–	A nationally determined contribution (NDC) is a climate action plan to cut emissions and adapt to climate impacts. Each party to the Paris Agreement is required to establish an NDC and update it every 5 years.
Paris Agreement	–	A legally binding international treaty on climate change adopted by 196 parties during COP21, the 21st United Nations Climate Change Conference held in Paris in 2015.
United Nations Framework Convention on Climate Change (UNFCCC)	–	The UNFCCC is an international environment treaty adopted and implemented by countries in 1994 to address climate change.

## NOTE

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

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## KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 56009-001	
<b>Project Name</b>	Accelerating Climate Finance Investments through the Financial Sector in Bangladesh and Nepal	<b>Department/Division</b>	PSOD/PSFI
<b>Nature of Activity</b>	Capacity Development	<b>Executing Agency</b>	Asian Development Bank
<b>Modality</b>	Regular		
<b>Country</b>	Regional		
<b>2. Sector</b>		<b>Subsector(s)</b>	
		<b>ADB Financing (\$ million)</b>	
		<b>Total</b>	<b>0.000</b>
<b>3. Operational Priorities</b>		<b>Climate Change Information</b>	
	OP2: Accelerating progress in gender equality	GHG Reductions (tons per annum)	0
	OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability	Climate Change impact on the Project	Low
		<b>ADB Financing</b>	
		Adaptation (\$ million)	0.000
		Mitigation (\$ million)	0.000
		<b>Cofinancing</b>	
		Adaptation (\$ million)	0.000
		Mitigation (\$ million)	0.600
<b>Sustainable Development Goals</b>		<b>Gender Equity and Mainstreaming</b>	
SDG 5.1		Gender Equity (GEN)	
SDG 7.3			
SDG 13.a			
		<b>Poverty Targeting</b>	
		Geographic Targeting	
<b>4. Risk Categorization</b> Low			
<b>5. Safeguard Categorization</b> Safeguard Policy Statement does not apply			
<b>6. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>0.000</b>	
None		0.000	
<b>Cofinancing</b>		<b>0.600</b>	
Strategic Climate Fund (Full ADB Administration)		0.600	
<b>Counterpart</b>		<b>0.000</b>	
None		0.000	
<b>Total</b>		<b>0.600</b>	
<b>Currency of Financing:</b> US Dollar			

## I. INTRODUCTION

1. The technical assistance (TA) project will support upstream market development work to diagnose measures that can better enable corporate firms and small and medium-sized enterprises (SMEs) in Bangladesh and Nepal to invest in energy efficiency and non-utility scale renewable energy<sup>1</sup> technologies through financial institutions. In line with proposal selected for support by the Strategic Climate Fund,<sup>2</sup> the TA activities for each country include: (i) diagnosing an existing baseline of investments made to date in the energy efficiency and renewable energy (EE&RE) sectors by corporate firms and SMEs; (ii) identifying technical, financial or other barriers that hinder further investment in EE&RE technologies by corporate firms and SMEs; (iii) identifying key aspects of regulatory frameworks that act as policy barriers, and/or potential policy incentives that could be developed to drive further firm investment; and (iv) assessing existing or recommended financing and related products to support financial institutions' ability to catalyze increased firm investment in low carbon technologies, including potential for risk-reducing mechanisms, certification, and blended finance instruments. The assessment will seek to deliberately include a focus on the market for women-owned or women-led firms that are users of low carbon technologies, as well as understand the potential for equipment and service vendors to partner with financial institutions. Following completion of the activities, the Asian Development Bank (ADB) will seek to provide financing to financial institutions in Bangladesh and Nepal in coordination with the findings and activities designed by this TA project.

2. The TA is consistent with ADB's country partnership strategy for Bangladesh 2021–2025, which focuses on sustainable growth, resilience and inclusion through its three pillars to boost competitiveness and private sector development, promote green growth and climate resilience, and strengthen human capital.<sup>3</sup> It is also in line with ADB's country partnership strategy for Nepal 2020–2024, which aims to improve infrastructure and access to devolved services, and promote environmental sustainability and resilience.<sup>4</sup> The TA is also aligned with the terms of the proposal awarded to ADB by the Strategic Climate Fund (SCF) Trust Fund Committee. The proposed approach is consistent with the scope for an ADB knowledge and support TA activity because it involves sector and thematic research and business development in support of potential ADB-financed transactions.

## II. ISSUES

3. Greenhouse gas emissions in Bangladesh and Nepal are growing rapidly. During 2008–2018, they rose by 110% in Bangladesh and 167% in Nepal,<sup>5</sup> driven by gross domestic product growth rates of 6%–8% in 2018,<sup>6</sup> as well as rising demand for power and increased access to electricity. Bangladesh ranked seventh and Nepal tenth on the Global Climate Risk Index 2021 of the countries most affected by climate change during 2000–2019.<sup>7</sup> In the widely used ND-GAIN

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<sup>1</sup> For the purposes of this TA paper, energy efficiency and renewable energy investments will be referred to collectively as low carbon technologies.

<sup>2</sup> The TA to accelerate climate finance investments through the financial sector in Nepal and Bangladesh was selected by the Strategic Climate Fund (under the Technical Assistance Facility) in October 2021, with a funding allocation of \$600,000 granted to ADB for administration.

<sup>3</sup> ADB 2021. [Country Partnership Strategy: Bangladesh, 2021-2025: Sustain Growth, Building Resilience, and Foster Inclusion](#). Manila.

<sup>4</sup> ADB 2019. [Country Partnership Strategy: Nepal, 2020–2024: Promoting Connectivity, Devolved Services and Resilience](#). Manila.

<sup>5</sup> [Global Carbon Atlas 2021](#), (accessed 04 April 2022).

<sup>6</sup> The World Bank. Data. [GDP Growth \(annual %\) – Nepal, Bangladesh](#) (accessed 4 April 2022).

<sup>7</sup> D. Eckstein, V. Künzel and L. Schäfer. 2021. [Global Climate Risk Index 2021](#). Bonn: Germanwatch e.V.

Index (2019), Bangladesh ranked 163rd and Nepal 127th out of 182 countries for climate change vulnerability and readiness (i.e., highly vulnerable and not ready).<sup>8</sup>

4. Bangladesh and Nepal are committed to ambitious targets under their respective Nationally Determined Contributions (NDCs) under the Paris Agreement, although both struggle to mobilize sufficient investment in carbon abatement and climate risk-reducing technologies. Bangladesh has committed to actions that achieve a minimum increase of 10% energy efficiency in industry subsectors, with up to a 20% conditional target. Bangladesh is also pursuing a 6.73% reduction in greenhouse gas (GHG) emissions by 2030 (15.12% conditional reduction in GHG emissions with support from the international community) versus the business-as-usual case under its NDCs.<sup>9</sup> Additionally, Bangladesh announced in 2021, during the 26th Conference of the Parties to the United Nations Climate Change Conference (COP26), that it would target 40% of total energy to be from renewable energy by 2041. Nepal has committed to ensuring that 15% of total energy demand is supplied from clean energy sources and to both reduce dependence on fossil fuels and lower carbon dioxide (CO<sub>2</sub>) emissions by 28% by 2030.<sup>10</sup> Nepal is also targeting to emit no net carbon from 2022 to 2045 and to become carbon negative thereafter, which it announced at COP26.<sup>11</sup> Both countries have gaps between their NDC targets and current achievements. The climate finance potential is estimated at \$171.8 billion for Bangladesh and \$46.1 billion for Nepal during 2018–2030.<sup>12</sup>

5. Energy is a significant cost driver for corporate firms and SMEs. In addition to direct energy costs, corporate firms and SMEs are also often exposed to electricity shortages that result in additional costs or missed sales, and emissions associated with the use of diesel-powered backup supply. More than 27% of firms in Bangladesh and 25% of firms in Nepal identify electricity as the biggest constraint to doing business.<sup>13</sup> Investments by firms in EE&RE can improve energy intensity, significantly reduce energy costs, and reduce CO<sub>2</sub> and GHG emissions. SMEs constitute 99% of registered firms in both Bangladesh and Nepal, and their adoption of measures to reduce CO<sub>2</sub> and GHGs is critical for these countries to reach their NDCs.<sup>14</sup>

6. Despite the need for more rapid progress in reaching NDC goals, adoption of energy efficiency technologies is at a low level, with slow progress in developing renewable energy in both Bangladesh and Nepal due to low awareness, a lack of suitable financing options, distribution bottlenecks, and land acquisition hurdles.<sup>15</sup> Bank financing is critical for infrastructure projects that are too small to be project-financed on a direct basis, or for small-size investments in low-carbon and low-emission technologies. Given that South Asian financial markets are considered bank-dominant,<sup>16</sup> local financial institutions have a key role to play in facilitating the financing solutions for firm investments in EE&RE.

7. The role of financial intermediaries in promoting climate risk reducing investments by corporate firms and SMEs is just beginning in the target markets, and few financial institutions

<sup>8</sup> Notre Dame Global Adaptation Initiative. [ND-GAIN Country Rankings 2019](#).

<sup>9</sup> Government of Bangladesh, Ministry of Environment, Forestry and Climate Change. 2021. [Nationally Determined Contributions \(NDCs\) 2021, Bangladesh \(Updated\)](#). Dhaka.

<sup>10</sup> Government of Nepal. 2020. [Second Nationally Determined Contribution \(NDC\)](#). Kathmandu

<sup>11</sup> A. Ghimire. 2021. [COP26 and Nepal's climate commitments](#). *The Kathmandu Post*. November 12.

<sup>12</sup> International Finance Corporation. 2017. [Climate Investment Opportunities in South Asia](#). Washington, DC.

<sup>13</sup> The World Bank. [Enterprise Surveys](#). The most recent survey data for Bangladesh and Nepal is for 2013.

<sup>14</sup> ADB. 2021. [Asia Small and Medium-Sized Enterprise Monitor 2021](#). Manila.

<sup>15</sup> ADB. 2020. [People's Republic of Bangladesh: Sustainable and Resilient Energy Sector Facility in Bangladesh](#). Manila; ADB 2017. [Nepal Energy Sector, Assessment, Strategy, and Road Map](#). Manila.

<sup>16</sup> N Yoshino and F. Taghizadeh-Hesary. 2018. [The Role of SMEs in Asia and their Difficulties in Accessing Finance](#) *ADB Working Paper Series, No. 911*. Tokyo: Asian Development Bank Institute.

have articulated strategies for these sectors. Feedback from market scoping discussions with prospective financial institution partners suggests that the minimum preconditions to effectively increasing the level of firm investment in EE&RE technologies are (i) targeted product marketing strategies, (ii) partnerships with technology firms, and (iii) the availability of tailored financial products from financial institutions. The TA will seek to increase understanding of (i) the remaining regulatory, technical and financial barriers that serve to impede firm contributions to NDC commitments; and (ii) how financial institutions can play a role in bridging the gap in NDC commitments to increase firm-level investment in low carbon technologies, including through the design of possible policy incentives and the financing of product strategies. The TA project is aligned with Sustainable Development Goals 5, 7 and 13 that target appropriate climate action through regulatory change, and building a conducive financing environment for the development of gender inclusive sustainable and resilient industries through increased adoption of energy efficiency and clean energy investments.

### **III. THE TECHNICAL ASSISTANCE**

#### **A. Impact and Outcome**

8. The TA is aligned with the following impact(s): achieving the objectives to counter climate change and move toward a climate resilient economy under the NDCs proposed by respective nations to the United Nations Framework Convention on Climate Change.<sup>17</sup> The TA will have the following outcome: energy-focused policy and regulatory framework for gender-inclusive private investments in EE&RE enhanced, and financial sector and investment regulation made more conducive for clean energy investment.<sup>18</sup> In line with the outcome statement, the expected outcome will be measured through: (i) at least one energy and/or financial sector policy, law, or regulation recommended, updated, or changed to support increased gender-inclusive private sector investments in EE&RE, and (ii) \$20 million volume of financing mobilized with local financial institutions as a result of adoption of new business models and instruments developed to de-risk or fund investments in EE&RE technologies, including for women-owned and led firms.

#### **B. Outputs, Methods, and Activities**

9. **Output 1 and Output 2:** Gender-inclusive financing available to EE&RE investments increased, and capacity of financial institutions to finance EE&RE investments developed and gender equality enhanced. The TA consists of two key activities that will provide ADB and potential financial institution clients with market research on target firm segments and relevant EE&RE technologies that are key to designing strategies for financing products. These activities will be implemented in two phases, the first focusing on market analysis and stakeholder engagement.

10. In phase 1, the TA program activities will map energy consumption and emissions by corporate firms and SMEs in various sectors across Bangladesh and Nepal, and will seek insights into high-potential EE&RE technologies and their financial, regulatory, and practical viability for firm investment to identify promising niches for lending programs. The analysis will include a review of historical data, as well as regional and global best practices, and include consultations with regulatory bodies and/or market participants to identify gaps in market needs. It will also

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<sup>17</sup> Nepal's NDC (footnote 10) states it is formulating a long-term low GHG emission development strategy and aims to achieve net-zero GHG emissions by 2050. Bangladesh will reduce GHG emissions by 5% by 2030, plus a 10% conditional reduction in GHG emission with support from the international community (footnote 9).

<sup>18</sup> The design and monitoring framework is in Appendix 1.



identify ways to address barriers that prevent firms from investing in relevant technologies, including (i) identification of any existing policy incentives; and (ii) recommendations for (a) new regulatory incentives, financing products, and de-risking instruments; and (b) opportunities for deployment of relevant energy efficiency or carbon-reducing certification programs to track clear outcomes. To the extent possible, the activities will also highlight the share and profile of women-owned or women-led businesses in segments where energy efficiency or renewable energy technologies are most relevant and will identify constraints faced in accessing technologies or managing the supplier dynamics that differentiate them from businesses led by men. The TA-supported activities also aim to develop a practical monitoring tool that can be used by the financial institutions to: (i) measure the cost–benefit of proposed investments and (ii) measure reductions in CO<sub>2</sub> and GHG emissions from the proposed investments at the firm level.

11. Phase 2 of the TA focuses on financial institution capacity building and market knowledge sharing. The findings from phase 1 will lead consultants engaged to work more directly with the financial institutions and other key stakeholders to design recommendations that can help increase investments in and financial institution lending volumes for low carbon investments by corporate or SME firms. Specifically, this phase will include consultations to identify existing or recommend possible financial incentives and risk-sharing mechanisms that can drive increased investments in the target technologies. It will also include a detailed plan to assist financial institutions in assessing relevant technologies and identifying potential technology partners, and designing financial products tailored to EE&RE products, including the associated credit and distribution criteria. The assessment will seek to include a focus on the market for financing for firms owned by women, including equipment and service vendors, as part of the effort to design more deliberate and effective technology firm partnerships with financial institutions.

12. **Output 3:** Stakeholders' awareness about sustainable financing and policies to encourage EE&RE investments improved in a gender-inclusive manner. Once the findings are vetted, they will be disseminated to key stakeholders at a gender-inclusive knowledge sharing event to encourage discussion among all parties.<sup>19</sup> Key takeaways from the discussion will be incorporated to finalize the results of the publication for wider dissemination and broader market knowledge sharing; dissemination will occur through a combination of digital and physical publications.

### C. Cost and Financing

13. The TA financing amount is \$600,000 (\$300,000 each for Bangladesh and Nepal), which will be financed on a grant basis by the Strategic Climate Fund<sup>20</sup> and administered by ADB. The TA financing is a result of ADB's successful submission to an April 2021 call for proposals for its *COVID-19 TA Response Initiative* providing TA funding for *Green and Resilient Recovery* activities.<sup>21</sup> The key expenditure items are listed in Appendix 2.

<sup>19</sup> The event will (i) make intentional efforts to encourage female attendance and ensure all attendees can fully participate in and contribute to discussions (e.g., by considering gender-specific access barriers, using inclusive language, and having male and female speakers); and (ii) highlight market findings regarding gender-related gaps in the discussions.

<sup>20</sup> Under the SCF Technical Assistance Facility.

<sup>21</sup> Climate Investment Funds. [CIF Technical Assistance Facility Call for Proposals](#); Climate Investment Funds. [CIF Technical Assistance Facility, Second Call for Proposals](#).

## D. Implementation Arrangements

14. ADB will administer the TA. ADB's PSOD Financial Institutions Division (PSFI) will select, supervise, and evaluate consultants. ADB will disburse the TA funds following ADB's *Technical Assistance Disbursement Handbook* (2020, as amended from time to time). ADB will contract a firm or consultant through quality- and cost-based selection or quality-based selection to conduct the market study and prepare materials for the workshop (phases 1 and 2) through an output-based lump sum contract with a provision for fixed out-of-pocket expenditures.

15. Both phases for Bangladesh and Nepal may be carried out in the same or separate contracts. For phase 1, ADB will work with a consultant or a firm to determine a baseline of investments in EE&RE technologies and engage with stakeholders to identify barriers to investment in and incentives to take up such technologies. In phase 2, the consultant or firm will prepare a detailed market report for both countries, including specific measures and recommendations for policy and regulatory reforms. The market report will also identify opportunities for financial product design or delivery of partnership models to finance technologies that increase uptake, including by women-led or -owned firms. They will also undertake a gender-inclusive knowledge event to discuss and validate findings, and to refine recommendations for the subsequent launch of the publication. ADB staff will supervise and work with the consultants to ensure the work is targeted at finding solutions to accelerate adoption of EE&RE technologies by corporate firms and SMEs in Bangladesh and Nepal.

16. Implementation arrangements are summarized in the table.

Implementation Arrangements			
Aspects	Arrangements		
Indicative implementation period <sup>a</sup>	September 2022–June 2024		
Executing agency	ADB—Private Sector Operations Department		
Consultants	To be selected and engaged by ADB.		
	One or more individual or firm or firms to be recruited through QCBS or QBS	Either national or international individual or firm	\$235,000 per country
Disbursement	Disbursement of TA resources will follow ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		

ADB = Asian Development Bank, FI = financial institution, QBS = quality-based selection, QCBS = quality- and cost-based selection, TA = technical assistance.

<sup>a</sup> The implementation period starts from the expected month of commitment or signing.

Source: ADB

17. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.<sup>22</sup>

## IV. THE PRESIDENT'S DECISION

18. The President, acting under the authority delegated by the Board, has approved the Asian Development Bank administering technical assistance not exceeding the equivalent of \$600,000 to be financed on a grant basis by the Strategic Climate Fund for Accelerating Climate Finance Investments through the Financial Sector in Bangladesh and Nepal, and hereby reports this action to the Board.

<sup>22</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

## DESIGN AND MONITORING FRAMEWORK

<b>Impact the TA is aligned with</b> Achieving the objectives to counter climate change and move toward a climate resilient economy under the Nationally Determined Contributions (NDC) proposed by respective nations to the United Nations Framework Convention on Climate Change <sup>a</sup>			
<b>Results Chain</b>	<b>Performance Indicators</b>	<b>Data Sources and Reporting</b>	<b>Risks and Critical Assumptions</b>
<b>Outcome</b>  Energy-focused policy and regulatory framework for gender-inclusive private investments in EE&RE enhanced and financial sector and investment regulation made more conducive for clean energy investment.	By 2024  a. At least 1 energy and/or financial sector policy, law, or regulation recommended, updated, or changed to support increased gender-inclusive private sector investments in EE&RE (2021 baseline:0) (OP 3.3.2)  b. \$20 million volume of financing mobilized <sup>b</sup> with local financial institutions as a result of adoption of new business models and instruments developed to de-risk or fund investments in EE&RE technologies, including for women owned and/or led firms (2021 baseline: 0) (OP 3.1.1)	Detailed market report for both countries by Q1 2024, including specific measures and recommendations for policy and regulatory reforms.  Market report to identify other opportunities for financial product design or delivery of partnership models to finance technologies that increase uptake, including by women-led or women-owned firms.	A: Continued efforts and commitment to NDCs by respective nations.  A: Collaboration among stakeholders toward policy development or change is sustained during implementation of key activities.  R: Market studies and engagement do not lead to adoption of policy formulations by the respective governments.  R: Market conditions do not lead to the take-up of financing programs by several financial institutions or by the underlying corporate firms or SMEs.
<b>Outputs</b>  1. Gender-inclusive financing available to EE&RE investments increased	By 2024  1a. At least 2 blended finance climate transactions on EE&RE approved and/or committed by ADB with a target Effective Gender Mainstreaming classification by ADB (2021 baseline: 0)  1b. Total approvals or disbursements reach \$10 million out of the total \$29 million CFFI Program <sup>b</sup> for blended finance to support	Mandate or funding agreement between ADB and financial institutions signed by Q1 2024  Drawdown details  TA progress reports	A: Continued efforts and commitment to NDCs by respective nations.  A: Collaboration among stakeholders toward policy development or change is sustained during implementation of key activities.

Results Chain	Performance Indicators	Data Sources and Reporting	Risks and Critical Assumptions
<p>2. Capacity of financial institutions to finance EE&amp;RE investments developed and gender equality enhanced</p> <p>3. Stakeholders' awareness about sustainable financing and policies to encourage EE&amp;RE investments improved in a gender-inclusive manner</p>	<p>EE&amp;RE investments, with funding leveraged at least on a 1:1 basis with ADB ordinary capital funding (2021 baseline: 0)</p> <p>1c. At least \$10 million of financing provided by corporate or SME firms to EE&amp;RE investments (2021 baseline: 0)<sup>c</sup></p> <p>1d. At least 10% of EE &amp;RE businesses supported are owned or led by women.<sup>d</sup> (2021 baseline: 0) (OP 2.5.2)</p> <p>By 2024</p> <p>2a. 1 new gender-sensitive financial instrument developed and made available to financial institutions to promote increased EE&amp;RE investments in the target countries (2021 baseline: 0) (OP 3.1.5)</p> <p>2b. At least 1 new monitoring tool developed and adopted to improve financial institution capacity to analyze and monitor the cost benefit of proposed investments and measure reductions in CO<sub>2</sub> and GHG emissions from the proposed investments at the firm level. 2021 baseline: 0) (OP 3.1.5)</p> <p>3a. At least 2 knowledge products/ reports developed and released (1 per country) with a dedicated section on women in the EE&amp;RE sector and recommendations on options for policy enhancements and/or new incentive mechanisms that</p>	<p>Separate Report published for Bangladesh and Nepal</p>	<p>R: Market studies and engagement do not lead to either a take-up of financing programs by several financial institutions or by the underlying corporate firms or SMEs .</p> <p>R: Activities contemplated under the SCF TAF grant are delayed or cancelled due to a continued or new pandemic outbreak .</p>

Results Chain	Performance Indicators	Data Sources and Reporting	Risks and Critical Assumptions
	<p>could be introduced (2021 baseline: NA)</p> <p>3b. At least 2 knowledge sharing sessions conducted (1 per country) to finalize each country report (with representatives from technology partners, service providers, financial institution executives, and policy makers), 15% of whom are women (2021 baseline: NA)</p>	Gender inclusive knowledge event(s) held to discuss and launch the publication	
<b>Key Activities with Milestones</b> <ol style="list-style-type: none"> <li> <b>Gender-inclusive financing available to EE&amp;RE investments increased</b> <ol style="list-style-type: none"> <li>1.1 Recruit consultant (Q4 2022)</li> <li>1.2 Diagnose existing baseline of investments by corporate and SME firms in EE&amp;RE, including sources of finance utilized to fund and identifying gaps relative to national policy targets (Q1 2023)</li> <li>1.3 Conduct consultations with market participants such as financial institutions, technology providers, regulators/policy makers, corporate and SME firms and other key industry players to understand key challenges (Q2 2023)</li> <li>1.4 Submit interim report on policy reform suggestions, target technologies and key bottlenecks in increasing clean energy investments (Q3 2023)</li> <li>1.5 Validate findings with market participants and incorporate feedback to improve financing structures (Q4 2023)</li> </ol> </li> <li> <b>Capacity of financial institutions to finance EE&amp;RE investments developed and gender equality enhanced</b> <ol style="list-style-type: none"> <li>2.1 Gather feedback from stakeholders on Consultant's recommendations and initial report (Q1 2024)</li> <li>2.2 Design new financial instrument designed and discuss with financial institutions to assess suitability to promote increased investments for EE&amp;RE in the target countries (Q1 2024)</li> <li>2.3 Develop prototype of the new monitoring tool and test to improve financial institution capacity to analyze and monitor the financial costs and climate benefits of investments in EE&amp;RE sectors (Q1 2024)</li> </ol> </li> <li> <b>Stakeholders' awareness about sustainable financing and policies to encourage EE&amp;RE investments improved in a gender-inclusive manner</b> <ol style="list-style-type: none"> <li>3.1 Launch and disseminate knowledge product/market report (Q2 2024)</li> <li>3.2 Conduct gender-inclusive event(s)<sup>e</sup> with market participants (Q2 2024)</li> </ol> </li> </ol>			
<b>Inputs</b> Strategic Climate Fund: \$600,000			

ADB = Asian Development Bank, CFFI = Climate Finance for Financial Institutions, EE&RE = energy efficiency and renewable energy, GHG = greenhouse gas, NDC = nationally determined contribution, Q = quarter, SCF = Strategic Climate Fund, SMEs = small and medium-sized enterprises, TA = technical assistance, TAF = technical assistance facility.

<sup>a</sup> Nepal is in the process of formulating a long-term low GHG emission development strategy and aiming to achieve net-zero GHG emissions by 2050 (Government of Nepal. 2020. [Second Nationally Determined Contribution \(NDC\)](#). Kathmandu). Bangladesh will reduce GHG emission by 5% by 2030, plus 10% conditional reduction in GHG emission

with support from international community (Government of Bangladesh, Ministry of Environment, Forestry and Climate Change. 2021. [Nationally Determined Contributions \(NDCs\) 2021, Bangladesh \(Updated\)](#). Dhaka).

- <sup>b</sup> The CFFI Program (under the Clean Technology Fund Dedicated Private Sector Program III), administered by ADB, seeks to address financing barriers for low-carbon investments in Bangladesh, Nepal, and Thailand by providing up to \$29 million of targeted concessional loans and \$0.5 million in TA to local eligible financial institutions. Financing assumptions for this design and monitoring framework assume a hypothetical project cost of \$50 million consisting of loans of (i) \$10 million in climate finance funded by ADB from the CFFI Program, together with \$10 in million ordinary capital resources lending; (ii) matched \$20 million in counterpart financing from local financial institutions in Bangladesh or Nepal (1:1 matching); and (iii) contributions by SMEs or corporate firms of 20% equity towards investments in energy efficiency or renewable energy technologies (\$10 million).
- <sup>c</sup> As per [The Industrial Enterprises Act, 2076 \(2020\)](#), a small enterprise in Nepal is defined as one with a fixed capital not exceeding NRs150 million, and which cannot be classified as a micro enterprise or a cottage industry. A medium enterprise is one with a fixed capital exceeding NRs150 million but less than NRs500 million. As per Bangladesh Bank. 2019. [Cottage, Micro, Small and Medium Enterprise \(CMSME\) Financing Related Master Circular](#). Dhaka, SMEs refer to firms or business that comply with the following criteria:

Segment	Category	Fixed Assets (without Land and Building)	No. of Employees	Loan Limit (BDT mn)
Cottage	Manufacturing	<1.0 million	Maximum 15	1.5
Micro	Manufacturing	1.0-7.5 million	16-30	10.0
	Service	<1 million	Maximum 15	2.5
Small	Manufacturing	7.5-150.0 million	31-120	200.0
	Service	1.0-20.0 million	16-50	50.0
Medium	Manufacturing	150.0-500.0 million	121-300*	750.0
	Service	20.0-300.0 million	51-120	500.0

\* For labor intensive manufacturing concern or RMG sector, maximum 1,000 employees.

Segment	Category	Fixed Assets (without Land and Building)	No. of Employees	Yearly Turnover	Loan Limit (BDT mn)
Trading	Micro	<1.0 million	Maximum 15	Maximum 20 million	5.0 million
	Small	1.0-20.0 million	16-50	20-200 million	50.0 million

<sup>d</sup> Women-owned or women-led firms businesses are businesses that have: (i) a majority of shares held by a woman or women; or (ii) the senior executive leading the firm is a woman.

<sup>e</sup> The event will (i) make intentional efforts to encourage female attendance and ensure all attendees can fully participate in and contribute to discussions (e.g., by considering gender-specific access barriers, using inclusive language, and having male and female speakers); and (ii) highlight market findings regarding gender-related gaps in the discussions.

Source: Asian Development Bank.

#### Contribution to Strategy 2030 Operational Priorities:

The expected values and methodological details for all OP indicators to which this TA will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 3).

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

<b>Item</b>	<b>Amount</b>
<b>Strategic Climate Fund<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem (International/national consultants)	420,000
b. Out-of-pocket expenditures	50,000
2. Training, seminars, workshops, forum, and conferences	50,000
3. Miscellaneous technical assistance administration costs	28,571
4. Contingencies	51,429
<b>Total</b>	<b>600,000</b>

<sup>a</sup> Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=56009-001-TARreport>

1. Terms of Reference for Consultants
2. Contribution to Strategy 2030 Operational Priorities

**Supplementary Document**

3. Energy Efficiency and Renewable Energy Investment Types Targeted for the Knowledge and Support Technical Assistance Activities