A VULNERABLE REGION
The unprecedented growth rate of Southeast Asia’s economy over the last decade has accelerated pollution, depletion of natural resources, and climate change impacts on one of the world’s longest regional coastlines. The region requires urgent technical, financial, and institutional solutions to these challenges, and the added negative impact of the coronavirus disease (COVID-19) pandemic on regional economies and individual livelihoods makes the need for sustainable finance and a climate resilient recovery an imperative for the region.

BRIDGING THE GAP
From 2016 to 2030, Southeast Asia needs an estimated $210 billion annually for investments in climate resilient infrastructure. Public finance alone cannot meet this need, and the gap is estimated at $102 billion per year in selected countries. Private, institutional, and commercial financing sources and innovative finance mechanisms are critical to help the region meet its Paris Agreement commitments and the Sustainable Development Goals (SDGs).

MISSION
ADB’s Southeast Asia Department established the Innovation Hub in 2018 to provide innovative finance solutions to better leverage each $1 of sovereign finance to attract $5-$6 of green and sustainable capital into projects, by inculcating an innovation focus within ADB’s Southeast Asia operations. The Innovation Hub identifies innovative solutions needed to meet the development challenges of ADB’s developing member countries, particularly the gaps in green finance and private sector investments, and helps convert these into potential ADB projects with innovative financing approaches.

KEY ACTIVITY PILLARS

TEAM
Core team of in-house experts provides innovative finance structures to develop sustainable infrastructure projects across Southeast Asia

GLOBAL PARTNERSHIPS
Foster synergies and collaboration with development partners

ACGF
Accelerate green infrastructure in ASEAN through a regional green fund

KNOWLEDGE AND CAPACITY
Promote thought leadership and capacity-building initiatives on green and innovative finance

CONCEPTS AND PROJECT DEVELOPMENT
Develop innovative finance ideas and concepts for ADB pipelines
In 2019, the Innovation Hub team developed and launched, with support from all ASEAN member states as well as global partners, the first regional green catalytic fund in Asia, the ASEAN Catalytic Green Finance Facility (ACGF) under the ASEAN Infrastructure Fund. The ACGF provides ASEAN member states with access to over $2 billion in loans, plus technical assistance, to help crowd in private sector investments for green infrastructure projects.

### ASEAN Catalytic Green Finance Facility

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### Blue Sea Finance Hub

In support of ADB’s Action Plan for Healthy Oceans and Sustainable Blue Economies, and in line with ADB’s Oceans Financing Initiative, the Blue SEA Finance Hub was established in November 2021 as an interdepartmental initiative between ADB’s Sustainable Development and Climate Change Department, the ACGF, and the Indonesia Resident Mission.

### Project Spotlight: SDG Indonesia One Green Finance Facility

ADB approved $150 million for a financial intermediation sovereign loan to the Republic of Indonesia for the SDG Indonesia One Green Finance Facility (SIO-GFF) in 2022 to be implemented by Indonesia’s PT Sarana Multi Infrastruktur. As the first green recovery fund in Asia, SIO-GFF will support Indonesia’s commitments to both climate change (at least 70% of the funds) and the Sustainable Development Goals (SDGs) (up to 30% of the funds). With a catalytic financial mechanism, the facility has the potential to leverage up to 8 times the $150 million funds.

### Cofinancing Partners

- AFD
- cdp
- EDCF
- European Investment Bank
- KfW
- Foreign, Commonwealth & Development Office
- GGGI
- OECD
- SDIP
- UNDP

### Knowledge and Project Development Partners

- Climate Bonds
- EAKPF
- GGGI
- Infrastructure Asia
- OECD
- SDIP
- Sustainable Development Investment Partnership
About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1996, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.