



# Project Readiness Improvement Trust Fund

Shovel-Ready Projects to Tackle  
Climate Change in Southeast Asia





### Why Southeast Asia?

Climate change is happening here and now. Southeast Asia is projected to be the region most affected by heat extremes with unprecedented high summer temperatures expected to remain at these levels if global warming continues unabated.

The subregion's average temperature has risen between 0.1°C to 0.3°C for each decade of the past 50 years, and from 1990 to 2010, carbon dioxide emissions in Southeast Asia grew more rapidly than in any other subregion in the world.<sup>1</sup>

### If no action is taken in response to climate change, Southeast Asia may lose up to 11% of its GDP by 2100.

To respond to the threat, countries in Southeast Asia and around the world have agreed to intended nationally determined contributions to cut greenhouse gas emissions, which paved the way for the UN Climate Change Conference Agreement in Paris in 2015.<sup>2</sup>

### What is the value of the Project Readiness Improvement Trust Fund?

The Project Readiness Improvement Trust Fund is a multidonor financing facility administered by ADB that supports the preparation of climate change-related infrastructure investment projects.

It complements existing ADB project startup support facilities.

<sup>1</sup> ADB. 2009. *The Economics of Climate Change in Southeast Asia: A Regional Review*. Manila.

ADB. 2016. *Southeast Asia and the Economics of Global Climate Stabilization*. Manila.

ADB. 2017. *A Region at Risk: The Human Dimensions of Climate Change in Asia and the Pacific*. Manila.

<sup>2</sup> Countries that have formally agreed to jointly mobilize \$100 billion per year by 2020, from a variety of sources, to support climate action in developing countries.

### Why is there a need for a fund?

Launching “shovel-ready” projects takes up to 15 months on average from loan approval until start-up.<sup>3</sup>

The fund helps get projects ready for fast rollout through

- feasibility studies,
- surveys,
- engineering designs,
- preparation of bidding documents, and
- procurement plans.

These advance measures can help

- cut up to 7–10 months off the average project start up time,
- reduce the risk of cost overruns due to start-up and implementation delays, and
- ensure on-time and full project benefits for target communities.

### Who is eligible to access the fund and who has contributed so far?

All developing member countries in Southeast Asia are eligible to access the fund.

The Nordic Development Fund is the first contributor with grants amounting to EUR 7 million.

Assistance to date has been tapped to prepare projects across the agriculture, transport, and tourism sectors, and for strengthening climate resilience of urban services.



<sup>3</sup> ADB. 2016. *Development Effectiveness Review*. Manila.

## What benefits do donors get from contributing to the fund?

Donors get value for money, with ADB estimating that a \$1 million contribution to the fund can support the preparation of infrastructure projects worth \$200 million to \$400 million.

Donors with limited resources benefit from being part of a fund able to leverage money from a broad range of sources.

Preparing a pipeline of sound bankable projects helps countries access finance from global climate funds such as the Green Climate Fund and putting them on track to meet their intended nationally determined contributions.

Helping Southeast Asia combat climate threats will have positive payoffs for the global economy.



### 1 Design Readiness

- Early factor-in of climate elements in the project design
- More robust cost estimates



### 2 Procurement Readiness

- Smoother, faster startup and rollout
- Ready-to-implement procurement plans
- Time and cost over-runs avoided



### 3 Benefits

- Leveraged finance
- Value for investment
- Reduced project time and costs
- Stronger outcomes
- More climate-resilient Southeast Asia

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