



GREEN
CLIMATE
FUND

ASEAN CATALYTIC GREEN FINANCE FACILITY (ACGF)

SOUTHEAST ASIA'S FIRST COVID-19 GREEN RECOVERY PROGRAMME

GOALS

- Mainstream and promote green infrastructure and resilient development in economic stimulus as well as recovery planning post-COVID-19;
- Catalyse capital from commercial, private, and public financing;
- Upscale green recovery initiatives through a large pipeline of transformative and bankable projects

ESTIMATED PROGRAMME LIFESPAN

30 years

FINANCING

TOTAL: USD 3.7b

GCF FINANCING: USD 300m (USD 280m in loans and USD 20m in grants)

GEOGRAPHIC FOCUS

Cambodia, Lao People's Democratic Republic, Philippines, Indonesia, Malaysia

PARTNERS

Asian Development Bank (ADB)

PROJECT LINK

<http://www.greenclimate.fund/project/fp156>

BACKGROUND

Economic growth in developing countries in Southeast Asia must be decoupled from carbon emissions to support the climate transition. In the Philippines, Indonesia, and Malaysia, fossil fuels dominate the power supply, and there is an increasing demand for passenger and freight transport. Deforestation and forest degradation continue to destroy critical carbon sinks across Cambodia, Indonesia, and Lao PDR. Southeast Asia also presents fast-changing climatic vulnerabilities, with average temperature increase of between 0.14°C–0.20°C per decade, rising sea levels and erosions of coastline, and more extreme weather events.

The COVID-19 crisis has slowed the momentum to scale up green infrastructure in the region. Public budgets are being diverted to support the emergency pandemic response, government funds for the implementation of Nationally Determined Contributions (NDCs) have been slashed, and investment in green infrastructure has slowed or stopped completely.

FUND DESCRIPTION

The ASEAN Catalytic Green Finance Facility: Green Recovery Program is a pioneering initiative which aims to rapidly develop and co-finance a large pipeline of climate friendly infrastructure projects to catalyse capital at scale to foster a green, climate resilient recovery from the COVID-19 pandemic.

Designed as the first "Green Recovery" programme for Southeast Asia, this platform for the region provides the means to kick-start low-emission investments to support economic recovery following COVID-19.

ACGF will mobilise large amounts of private capital. Revolving use of USD 300 million of GCF funds will mobilise over USD 3 billion in co-financing, and eventually catalyse USD 4 in private finance for every USD 1 invested by GCF.

The package will influence economic stimulus packages and climate action in the region, reinforcing a shift towards green inclusive growth, whilst significantly strengthening both the climate and underlying socio-economic resilience of affected communities.

It will support key economic sectors, targeting investments that reduce emissions from fossil fuels and forest and land-use activities. It will adopt a programmatic and regional approach, deploying a mix of resources in grants, loans, and targeted technical assistance to de-risk and catalyse climate-positive investments rapidly and at scale.

GCF'S UNIQUE AND INNOVATIVE ROLE

ACGF will pave the way for a green recovery by integrating international standards for climate impact, developing long-term, low-carbon project pipelines, and supporting a paradigm shift in Southeast Asia.

GCF financing will be used in a revolving structure with principal repayments from the first investment phase supporting subsequent investments. Overall, through this revolving structure, USD 635 million of GCF funds (USD 300 million GCF contribution + USD 335 million revolved GCF loans) will leverage over USD 3.3 billion in ADB financing to support approximately 20 low-emission sub-projects with an estimated total cost of USD 4 billion. The revolving structure will: a) facilitate maximising the catalytic effect of GCF financing to support a substantial pipeline over a 30-year lifespan, b) support higher-performing low-emission sub-projects that are commensurate with increasing climate ambition over time, and c) progressively utilise more sophisticated innovative structures.

These investments will mobilise substantial additional global green capital flows, both through projects as well as through further replication of these across the region at scale, by catalyzing a further USD 4 in additional private / commercial finance for every GCF USD 1 spent, through green bonds, hybrid public-private partnerships (PPPs) and other innovative financing models.

The programme will complement existing climate finance in the region, building on existing infrastructure initiatives such as the [Master Plan on ASEAN Connectivity 2025](#), [ASEAN Australia Smart Cities Trust Fund](#) and regional cooperation plans.

GCF targeted intervention to investment criteria and well calibrated eligibility of projects is focused on a long-term engagement with the ASEAN countries; contributing to de-risking and financing of a new generation of green infrastructure projects with a much higher risk profile, that would otherwise not proceed because of public funding gap or COVID-19 induced socio-economic challenges. The Program aims to leverage concessional funding with direct catalysis of private and commercial finance into green infrastructure projects, based on measurable contribution to green impacts (climate change, environmental sustainability) and significantly improved bankability.

EXPECTED RESULTS AND IMPACTS

ACGF investments will support significant progress towards the Sustainable Development Goals (SDGs).

It is designed to target the major sources of emissions in the region, the ACGF will support multiple sectors targeting a) investments that reduce CO₂ emissions from fossil fuels (i.e. at least 800 MW of renewable energy capacity, energy efficiency in industry and buildings, low-carbon transport and green multisector projects), and b) greenhouse gas (GHG) emissions from land-use change (reforestation and sustainable forest management to the tune of at least 80,000 hectares, low-carbon agriculture and fisheries).

Enabling investments in high climate potential infrastructure is expected to directly reduce 119 million tonnes CO₂ (lifetime emissions) and create at least 340,000 'green' jobs, demonstrating the benefits of a green recovery (with co-benefits in terms of gender and social inclusion), thereby supporting implementation of low carbon solutions throughout the economy.

GCF PORTFOLIO

GCF makes investments within 8 Strategic Result Areas, in line with country priorities. As of December 2021, our 190 projects in 127 countries are anticipated to help increase the climate resilience of around 612 million people and avoid the equivalent of 2.0 billion tonnes of CO₂ emissions. For a complete list of GCF projects please visit our website: greenclimate.fund/projects



Buildings, cities, industries and appliances



Ecosystems and ecosystem services



Forests and land use



Energy generation and access



Health, food, and water security



Livelihoods of people and communities



Infrastructure and built environment



Transport