

## CLIMATE ADAPTATION FINANCE THE ROLE OF A DEVELOPMENT BANK

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### APPROACH



#### Type of projects

- Some commercially viable, majority of investments related to public infrastructure and public counterparts
- Requiring different financing solutions



#### Involvement of private sector key

- Project development is key in connecting climate adaptation to business opportunity
- This results in reducing public financing requirements and cash flow generation as well



#### Financiers

- Governments
- Development Banks
- Commercial Banks
- Pension funds
- Export Credit Agencies



**Government**

- Legal framework & Policy
- Government to Government
- Capacity Development
- Taker of highest risk in financing structure (first loss)
- Support ECA



**Development Banks**

- Intermediate between donors and commercial financiers
- Support project development
- Capacity development & ESG standards
- Catalyzing commercial financiers



**Commercial financiers**

- Banks
  - Large debt amounts
  - Balanced Risk/return
- Pension Funds
  - Low risk at moderate returns

**MYANMAR “ RIVER BEAUTIFICATION” PROJECT**




- River dredged in order to allow larger ships to navigate
- Island fortified against erosion
- Basin created for irrigation, as well as electricity generation I secondary channel
- Eco resort developed on the island, generating majority of income streams



## EXAMPLE FUND STRUCTURE: CLIMATE INVESTOR 1

### Fund Sizes and Investors

The Facility

		
<p><b>US\$ 50 mln</b></p>	<p><b>US\$ 500 mln</b></p>	<p><b>US\$ 500 mln</b></p>
<p><b>DEVELOPMENT FUND</b></p>	<p><b>CONSTRUCTION FUND</b></p>	<p><b>REFINANCING FUND</b></p>
<p><b>\$ 50 million NON PROFIT</b></p>	<p><b>Tier 1 : \$ 100 million JUNIOR EQUITY</b></p> <p><b>Tier 2 : \$ 200 million ORDINARY EQUITY</b></p> <p><b>Tier 3 : \$ 200 million PREFERRED EQUITY</b></p>	<p><b>\$ 500 million FIXED INCOME SENIOR DEBT</b></p>

Endorsed by:



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