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Establishment of Asia-Pacific Climate Finance Fund

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ABBREVIATIONS

ADB	–	Asian Development Bank
CCSC	–	Climate Change Steering Committee
DMC	–	developing member country
NDC	–	nationally determined contribution
OCO	–	Office of Cofinancing Operations
SDCC	–	Sustainable Development and Climate Change Department
TA	–	technical assistance
US	–	United States

NOTE

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

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I. INTRODUCTION

1. This paper recommends that the Asian Development Bank (ADB) (i) establish and administer the multidonor Asia-Pacific Climate Finance Fund to support the development and implementation of financial risk management products that can help unlock capital for climate investments and improve resilience to the impact of climate change; and (ii) accept and administer contributions to the fund by bilateral, multilateral, and other sources substantially in accordance with the terms and conditions set out in this paper.

II. BACKGROUND

2. Action on climate change mitigation and adaptation is crucial for sustainable development, economic growth, and poverty reduction in Asia and the Pacific. ADB's developing member countries (DMCs) are affected by slow-onset events such as sea level rise, shifting seasonal precipitation patterns, and increasing salinity intrusion, and increasing frequency and intensity of extreme weather events caused by climate change.¹ Related costs to mitigate such events will add significantly to the region's infrastructure financing requirements. ADB DMCs will need about \$22.6 trillion in infrastructure investment in the energy, transport, water, and information and communication technology sectors from 2016 to 2030, according to a recent ADB report.² If the cost of mitigating and adapting to climate change in these sectors is factored in, however, the total infrastructure financing requirements increase to about \$26 trillion, or \$1.7 trillion per year to 2030. Despite the significant additional cost, key studies on the economics of climate change conclude that the long-term benefits of strong, early climate action considerably outweigh the costs.³ Measures such as increased penetration of insurance are also needed to enhance the financial management of residual disaster risk, since disaster risk cannot be entirely and cost-effectively eliminated through disaster risk reduction. ADB DMCs already face increasing losses from extreme weather events, totaling \$322 billion from 2006 to 2015 and affecting about 1.3 billion people,⁴ but most of these losses are uninsured.⁵ According to recent estimates, only about 100 million people in developing countries and emerging economies worldwide have access to climate risk insurance.⁶

3. Asia and the Pacific is scaling up action on climate change while pursuing national

¹ For example, R.C. Asuncion and M. Lee. ADB. 2017. Impacts of sea level rise on economic growth in developing Asia. *ADB Economics Working Paper Series*. No. 507. Manila: ADB; Y.Y. Yoo, L. Billa, and A. Singh. 2015. Effect of climate change on seasonal monsoon in Asia and its impact on the variability of monsoon rainfall in Southeast Asia. *Geoscience Frontiers*. 6 (6). pp. 817–823; and Intergovernmental Panel on Climate Change. 2014. *Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*. Geneva.

² ADB. 2017. *Meeting Asia's Infrastructure Needs*. Manila.

³ For example, N. Stern. 2007. *The Economics of Climate Change: The Stern Review*. Cambridge, United Kingdom: Cambridge University Press; and The Global Commission on the Economy and Climate. 2014. *Better Growth Better Climate: The New Climate Economy Report*. Washington, DC: New Climate Economy.

⁴ EM-DAT. The International Disaster Database. Centre for Research on the Epidemiology of Disasters. www.emdat.be.

⁵ For example, hailstorms and flash floods caused severe damage to agriculture across northern India in March 2015, causing over \$900 million in total damage, of which only \$106 million was insured. In October 2015, Typhoon Mujigae caused extensive flooding of cropland in the People's Republic of China and the Philippines, causing \$516 million worth of damage, of which only \$78 million was insured. Source: Swiss Re. 2016. *Natural catastrophes and man-made disasters in 2015: Asia suffers substantial losses*. http://reliefweb.int/sites/reliefweb.int/files/resources/sigma1_2016_en.pdf.

⁶ United Nations Framework Convention on Climate Change. 2017. *G7 Climate Risk Insurance Initiative: Stepping up protection for the most vulnerable*. <http://newsroom.unfccc.int/lpaa/resilience/g7-climate-risk-insurance-initiative-stepping-up-protection-for-the-most-vulnerable/>.

development objectives, in line with efforts on the Sustainable Development Goals,⁷ the Sendai Framework for Disaster Risk Reduction,⁸ and the Paris Agreement on Climate Change (Paris Agreement).⁹ The Paris Agreement aims to prevent dangerous climate change by keeping the global mean temperature increase to well below 2.0°C, while aspiring to 1.5°C. A cornerstone of the Paris Agreement, which entered into force in October 2016, are the nationally determined contributions (NDCs) made by all signatory countries to show their commitment to take action to reduce their greenhouse gas emissions as well as to invest in climate change adaptation. NDCs describe country priorities, key actions, and targets on climate; and outline national efforts as well as required financing, technical, and capacity building support. Taken collectively, NDCs in their current form are not sufficient to achieve the 2.0°C target. Under the Paris Agreement, all countries, including ADB DMCs, are required to submit progressively more ambitious NDCs over time. This is expected to create an increasing need for climate-related support, including from ADB. DMCs also have other climate and development plans, notably the national adaptation plans, which set out further priority actions that require assistance for their implementation.

4. The use of financial risk management products can play a critical role in helping DMCs to close the climate investment gap and mitigate the impacts of climate change. Such climate-relevant products are particularly important to:

- (i) Support climate investment in high-priority, underserved sectors and markets. Climate investment in Asia has increased, but further growth is often held back by high initial financial risks and transaction costs.¹⁰ This reflects underlying barriers for both adopters and financiers, such as unfamiliarity with climate technologies, quality concerns related to installation and maintenance, and other performance-related uncertainties. Financial risk management products to address these challenges can include energy efficiency savings insurance, performance guarantees for solar rooftop photovoltaic systems and energy storage technologies, and risk sharing facilities such as “first-loss” cover.¹¹
- (ii) Strengthen resilience to extreme weather events in the face of increasing frequency and intensity as a consequence of climate change. This may have a significant adverse impact on vulnerable populations, critical infrastructure, food security, and national development. Financial risk management products to address these challenges can include index-based flood and drought crop or livestock insurance, disaster risk insurance for microfinance institutions, flood risk insurance for low-income housing, and emergency liquidity facilities.

5. While these types of financial risk management products are increasingly available in other parts of the world, the penetration of such products in ADB DMCs is still very limited, particularly for application in smaller projects. Financial risk management product providers (e.g., insurance and reinsurance companies, guarantee companies, and financial institutions) face several initial market barriers in developing and providing these products in DMCs. These include high initial product development and marketing costs, gaps in risk data, lack of marketing and

⁷ United Nations. 2015. *Transforming our world: the 2030 Agenda for Sustainable Development*. New York.

⁸ United Nations. 2015. *Sendai Framework for Disaster Risk Reduction, 2015–2030*. New York.

⁹ United Nations. 2015. *The Paris Agreement*. Bonn.

¹⁰ Annual clean energy investment in Asia and the Pacific reached an estimated \$135 billion in 2016, according to Bloomberg New Energy Finance. However, while it increased more than four times from 2006 to 2016, it declined 26% from 2015 to 2016. In addition, of the total low-carbon investment in 2016, more than two-thirds was for financing of utility-scale solar photovoltaic and wind energy generation in the People’s Republic of China and India. More investment urgently needs to be attracted to other types of climate technologies and other markets. Source: Bloomberg New Energy Finance. 2017. *Global trends in clean energy investment*. New York.

¹¹ First-loss cover is a form of partial insurance that covers the insured up to a certain predefined limit.

distribution channels, uncertainty about market uptake, inadequate legislative and regulatory frameworks, weak customer awareness and trust, lack of affordability (in part as other market barriers force premium costs up), and other issues.

6. In response to these challenges, it is proposed that ADB establish a multi-donor trust fund, the Asia-Pacific Climate Finance Fund. The fund will support key ADB strategic initiatives, plans, and priorities on climate change:

- (i) Strategy 2020, which aims to help DMCs respond to climate change by moving onto low greenhouse gas emissions growth paths and adapting to the unavoidable impacts of climate change, including through support for insurance and other risk-transfer instruments and disaster risk management;¹²
- (ii) Addressing Climate Change in Asia and the Pacific: Priorities for Action, which emphasizes the channeling of public concessional funds to DMCs to facilitate the increased flow of private capital into low-carbon and climate-resilient investments;¹³
- (iii) the Operational Plan for Integrated Disaster Risk Management, 2014–2020, which aims to help mobilize additional public and private partnerships and resources for integrated disaster risk management and to support the development of disaster risk financing instruments;¹⁴
- (iv) the Review of the 2011 Financial Sector Operational Plan, which calls for building capabilities in emerging and innovative finance areas such as disaster risk financing and green finance, and replicating success in other countries to support economic growth and reduce poverty;¹⁵
- (v) ADB's target for increasing climate financing from its own resources to \$6 billion by 2020; and
- (vi) internal ADB directives to promote the use of high-level technology in projects.¹⁶

III. OBJECTIVE AND SCOPE

A. Objective and Outcomes

7. The impact of the fund will be a reduction in greenhouse gas emissions and increased climate and disaster resilience in ADB's DMCs. The expected outcome will be greater investment in climate change mitigation and climate and disaster resilience, enabled by the deployment and mainstreaming of financial risk management products. The objective of the fund is to support the development and implementation of financial risk management product instruments to help mitigate and manage a range of risks present in climate change actions. These products can be deployed in support of sovereign and nonsovereign investments wholly or partially focused on climate change mitigation, adaptation, and/or disaster risk management.

¹² ADB. 2008. *Strategy 2020: Working for an Asia and the Pacific Free of Poverty*. Manila. This aim was also confirmed by ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

¹³ ADB. 2010. *Addressing Climate Change in Asia and the Pacific: Priorities for Action*. Manila.

¹⁴ ADB. 2014. *Operational Plan for Integrated Disaster Risk Management, 2014–2020*. Manila.

¹⁵ ADB. 2017. *Review of the 2011 Financial Sector Operational Plan*. Manila.

¹⁶ ADB. 2016. *Use of High-Level Technology in Projects*. Memorandum. 21 April (internal); and ADB. 2017. *Planning Directions for 2017 and Preparation of Work Program and Budget Framework, 2018–2020*. Memorandum. 27 February (internal).

B. Scope and Activities

8. The fund resources will be used to finance sovereign and nonsovereign products including technical assistance (TA), grants, direct charges, other ADB business products and instruments, and any other activities on which the fund contributors and ADB agree.

9. **Technical assistance.** The fund will support TA¹⁷ for the identification, assessment, preparation, capacity development, knowledge sharing, and research and policy advice to support the development and implementation of financial risk management products. It will finance the cost of expert services and related facilities required for TA.

10. **Grants.** The fund will finance grants covering consulting and legal services, equipment, acquisition and development of data, marketing and underwriting costs, and other expenses related to the development and implementation of financial risk management products.

11. Grants may also be used to support (i) risk-transfer and risk-sharing arrangements, including first-loss protection¹⁸ and risk cover provision; (ii) buy-down of guarantee fees or insurance premiums, other financing fees, costs, and expenses; and (iii) provision of performance-based or other incentive financing.

12. **Direct charges.** The fund will also be used for direct charges to finance experts and consultants, and activities such as workshops and knowledge transfer, which are directly related to the operation of the fund and not covered under other TA projects or grants. Direct charges do not include ADB's administration costs as provided under paras. 29 and 40–41 of this document.

13. **Other instruments.** The fund may, on a selective basis, support other instruments, e.g., loans, mezzanine, or equity financing.

14. Details on the use of funds will be set out in the implementation guidelines, which will be developed after the fund is established. SDCC, in consultation with the Climate Change and Disaster Risk Management Thematic Group, operations departments, relevant sector and thematic groups, and other supporting units (including the Office of the General Counsel, Controller's Department, Office of Cofinancing Operations [OCO], and the Operations Services and Financial Management Department), will prepare the implementation guidelines.

15. ADB will process separate knowledge and support TA after the fund is established to support the fund's activities and contribute to its objective.

IV. ELIGIBILITY CRITERIA

16. All DMCs will be eligible for the fund.

17. The proposed fund will support the development and implementation of financial risk management products as part of existing and future climate-related projects that would benefit from the provision of such products. Emphasis will be on financial risk management products that have been proven elsewhere, but are not yet widely commercially available in DMCs. Financial risk management products to be supported by the fund will satisfy at least one of the following

¹⁷ TA refers to both transaction TA and/or knowledge and support TA.

¹⁸ A first-loss guarantee is a recourse provided by a third party that covers any nonpayment or default on a loan up to a fixed amount or a stated percentage of the loan. Once the first-loss guarantor has paid that fixed amount, additional or future losses are shared pro rata between the lender and/or other guarantors.

criteria:

- (i) **Financial risk management products to scale up the adoption of climate technologies.** These will help to accelerate the uptake and financing of proven climate technologies in new country contexts or markets by transferring initial technology and performance-related risks. The focus will be primarily on small to medium-scale solutions, e.g., energy efficiency, green buildings, distributed renewable energy, and energy storage.
- (ii) **Financial risk management products to mobilize new sources of private sector climate financing.** The focus will be on products that can help manage risks associated with the initial deployment of new innovative climate financing models, e.g., climate project bonds that can help unlock new sources of untapped private capital.
- (iii) **Financial risk management products to support investment in climate-sensitive sectors,** such as agriculture, fisheries, forestry, and water resource management. These products will accelerate investment in climate change adaptation and strengthen resilience in response to slow-onset climate-related risks for crop, fish and livestock farming, and sustainable forestry. They could include, for example, guarantees to ensure that farmers switching to more productive, sustainable, and resilient agricultural inputs and practices receive a livable income during the transition period.
- (iv) **Financial risk management products for extreme weather events.** These will help improve the resilience of vulnerable and low-income populations by enhancing the management of risks related to the impact of climate-related disasters. They will include insurance products that can be delivered through alternative distribution channels, including financial technology providers, to reach many beneficiaries cost-effectively.

18. To ensure strategic allocation of fund resources, eligibility for financial risk management products to be supported by the fund will be based on a pre-established set of criteria including:

- (i) the contribution of supported projects to climate change mitigation or climate and disaster resilience, taking into consideration alignment with national climate strategies, plans, and priorities, including NDCs;
- (ii) extent to which supported projects will benefit the poor;
- (iii) complementarity with international initiatives, such as the G7 Climate Risk Insurance Initiative;¹⁹
- (iv) the degree to which the financial risk management products and their associated projects can attract additional financing from other sources, including private capital;
- (v) feasibility and ease of implementation;
- (vi) scalability, replicability, and sustainability across DMCs;
- (vii) interest from and potential uptake by financial risk management product providers,

¹⁹ The G7 Climate Risk Insurance Initiative aims to increase access to direct or indirect insurance coverage against the impacts of climate change for up to 400 million of the most vulnerable people in developing countries by 2020. The initiative, also known as InsuResilience, was adopted by the G7 in June 2015 and is being implemented in close partnership between the G7 states, developing countries, and emerging economies.

- e.g., the insurance and reinsurance industry, guarantee companies, and financial institutions;
- (viii) the degree of innovation in terms of development and implementation of the financial risk management product;
 - (ix) support and encouragement for the uptake of high-level technologies; or
 - (x) the extent to which the products fill a gap in the market and to which the products do not contribute to market distortions.

V. CONTRIBUTIONS TO THE FUND

19. ADB will accept untied grant contributions from multiple sources. Fund contributors can include bilateral and multilateral agencies, foundations and philanthropic institutions, and the private sector. Integrity due diligence will be conducted for co-financiers other than bilateral and multilateral agencies, in accordance with ADB guidelines on conducting integrity due diligence.²⁰

20. By depositing an instrument of contribution or signing a trust fund contribution agreement substantially in accordance with the terms and conditions set forth in this paper, the contributors will be deemed to have accepted the objectives of the fund as outlined in this paper, and the terms and conditions set forth in this paper.

21. Contributions to the fund, with a minimum required amount of \$5 million, will be made in the form of cash in a freely convertible currency. Contributions will be deposited into a United States (US) dollar account to be specified by ADB under the fund. For contributions received in currencies other than US dollars, ADB will, upon receipt of the funds, convert them into US dollars and transfer them to the fund account.

22. Any fund resources will be held and administered by ADB separately from ADB's other resources, and invested in accordance with the ADB's Board approved strategy and authority and ADB's Management approved guidelines. Pending disbursements, ADB may invest and reinvest any fund resources that are not immediately required to meet the fund's commitments and liabilities. Any income earned from fund resources, and all amounts received in reimbursement of expenditures previously financed from such resources, will be credited to the fund account and will be available for use to meet the fund's commitments and liabilities.

VI. IMPLEMENTATION ARRANGEMENTS

23. The fund will be established as a trust fund of and managed by ADB for and on behalf of the partners contributing to the fund. The fund will be governed by implementation guidelines and other necessary guidelines and documents, prepared following the establishment of the fund (para. 14) and agreed to between ADB and the cofinancing partners.

24. The cofinancing partners will sign instruments of contribution or trust fund contribution agreements with ADB in which they commit their contributions to the fund. ADB will commence fund operations once capital commitments have reached a minimum of \$20 million. As it currently stands, the maximum amount of aggregate contributions envisaged will not exceed \$200 million.

25. The status, immunities, exemptions, and privileges accorded to ADB pursuant to its Charter will apply to the fund property, and to the operations of the fund.²¹

²⁰ ADB. 2014. Financing Partnerships. *Operations Manual*. OM E1/BP. Manila.

²¹ ADB. 1965. *Agreement Establishing the Asian Development Bank (ADB Charter)*. Manila

26. The fund resources will be available for an initial period of allocation to projects until 31 December 2022. At the end of that period, ADB will consult with contributors on the extension of the availability period. Contributors may exit the fund at the end of the availability period and any unallocated fund resources will be returned in proportion to their contribution.

27. It is envisaged that the operations departments will be the primary user units of the activities financed by the fund. The Sustainable Development and Climate Change Department (SDCC) will also use the fund for fund management and knowledge services.

28. Risk mitigation measures to be developed for individual financial risk management products, as relevant, will be discussed in the implementation guidelines.

A. Fund Governance Structure

29. ADB will recruit a fund manager to manage day-to-day fund operations. The fund will support this position. The fund manager will be situated in SDCC. The fund manager will also (i) review and recommend to the fund oversight committee activities to be financed through the fund, (ii) make policy and procedural recommendations to the fund oversight committee regarding the fund's operations and implementation, and (iii) report on the fund.

30. The Climate Change Steering Committee (CCSC) of the Climate Change Fund will serve as the oversight committee for the Asia-Pacific Climate Finance Fund. This committee will comprise heads of departments of ADB's operations departments, the chief economist and director general of ADB's Economic Research and Regional Cooperation Department, and SDCC, as chair. Representatives of OCO and relevant sector and thematic groups will join the committee. The CCSC will (i) authorize the approval of allocation of funds; (ii) approve the implementation guidelines and their subsequent revision from time to time; and (iii) give strategic guidance to the fund, particularly in the development of the annual work plan.

31. The cofinancing partners will (i) provide strategic direction to the fund; (ii) approve the annual work plan; (iii) endorse the implementation guidelines and their subsequent revision from time to time; and (iv) review the fund's portfolio of supported activities, including financial risk management products.

32. ADB and the cofinancing partners will meet at least annually and in other special meetings, as deemed necessary to (i) review the fund operations; (ii) provide general strategic and policy guidance; and (iii) endorse the implementation guidelines and their subsequent revision from time to time.

33. ADB's Board of Directors will be informed semiannually of the acceptance of contributions to the fund and the administration of cofinancing.

B. Procedure

34. The fund manager will identify the use of fund resources to mitigate and manage risk, and will develop financial risk management products together with the operations departments. Preference will be given to support for projects with ADB participation, but the fund manager may also work directly with other entities for the development of financial risk management products

that achieve the fund's objectives. Such projects would have to be compliant with all necessary ADB policies and procedures. Operations departments will be responsible for due diligence, administration, and evaluation of TA projects and project loans and grants as part of their annual work programs; and follow ADB's operational policies, business process, and guidelines.

35. Funding allocation will be in line with the eligibility criteria and implementation guidelines. The fund manager will review and recommend activities and the amount to be financed out of the fund to the CCSC. The CCSC will endorse the allocation of funding for the activities supported by the fund, including TA, grants, other instruments, and direct charges under the fund.

36. Activities to be supported by the fund will be identified, designed, processed, approved, and implemented in accordance with applicable ADB policies, procedures, and guidelines, including consulting services and procurement, disbursements, safeguard policy statement,²² public disclosure, anticorruption and governance, financial management, and reporting.

37. The selection and engagement of consultants under the fund will be carried out in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time), and as specified in the Project Administration Instructions on Preparing for Consultant Recruitment.²³ Procurement of goods, works, and other services under the fund will be carried out in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).²⁴

38. Grant proceeds under sovereign operations will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) as well as detailed arrangements agreed upon between the recipient and ADB. Projects financed by the fund will adhere to ADB's Anticorruption Policy (1998, as amended from time to time),²⁵ and the Integrity Principles and Guidelines (2015, as amended from time to time).²⁶ Funding for TA projects will be disbursed in accordance with the *Technical Assistance Disbursement Handbook* (2010, as amended from time to time)²⁷ and/or other applicable disbursement procedures. Direct charges will be disbursed in accordance with the procedure designated in the implementation guidelines.

VII. ADMINISTRATIVE ARRANGEMENTS

39. With respect to funds provided by contributors, ADB will exercise the same care in the discharge of its functions as it exercises with its own affairs. The terms of the fund will provide that ADB will have no liability in respect of the contributions (including securing reimbursement) provided that, upon termination of the fund and subsequent liquidation of the account, unless otherwise agreed with the contributors, any available funds (including the investment income of such funds) will be returned to the contributors in proportion to their respective available contributions.

40. As a multi-donor fund, all available funds in the account will be commingled. ADB will make withdrawals from the fund account as necessary to meet the expenditures of supported activities. If other currencies are required for payment to meet eligible expenditures, ADB may purchase the required currencies with the available funds. Any fees and charges relating to such

²² ADB. 2009. Safeguard Policy Statement. Manila. Detailed procedures to ensure compliance with the 2009 Safeguard Policy Statement, including climate finance to baseline projects not financed by ADB, will be fully described in the implementation guidelines.

²³ ADB. 2014. Preparing for Consultant Recruitment. *Project Administration Instructions*. PAI 2.02. Manila.

²⁴ ADB. 2015. Procurement Guidelines. Manila.

²⁵ ADB. 1998. Anticorruption Policy. Manila.

²⁶ ADB. 2015. Integrity Principles and Guidelines. Manila.

²⁷ ADB. 2010. Technical Assistance Disbursement Handbook. Manila.

purchase will be paid out of the fund account. ADB will maintain records and accounts, in accordance with its standard procedures, that identify the contributions made, the commitments to be financed out of the fund, including eligible activities, and administrative expenses. ADB, through the fund manager, will provide contributors with periodic reports on the utilization of the fund, as well as special purpose financial statements on fund records and accounts, audited annually by external auditors, with the cost of these audits to be charged to the fund. In addition to the cost of the fund manager, the fund will also support direct charges including the cost of hiring short-term experts and other related costs.

41. ADB will charge a service fee at (i) 5% of amounts disbursed for TA projects financed under the fund; and (ii) 5% of amounts disbursed for investment projects up to \$5 million, or 2% of amounts disbursed for investment projects above \$5 million with a minimum of \$250,000, whichever is greater, in accordance with its fee policy, as revised from time to time.²⁸ The service fee will be paid from the fund at the time of disbursement.

42. The fund manager will provide the contributors with an annual progress report that analyzes the progress of activities financed by the fund toward the expected results, and the work program for the coming year. The reports will be consolidated and prepared in accordance with ADB's normal reporting standards and annual work programs. OCO will liaise with financing partners on all financial matters related to contributions to the fund.

43. ADB and the cofinancing partners will hold annual consultations to review progress, administrative matters, and the fund's work program and strategic directions. An annual work plan will be developed reflecting planned key activities, including projects and financial risk management products to be supported, potential partnerships to be established, timelines and key milestones, and projected costs managing the fund. The annual work plan may be updated as required, to reflect changes in the planned activities.

44. ADB will promptly inform the contributors of any condition that interferes, or threatens to interfere, with administration of the fund. ADB may adopt additional rules for administering the fund that are substantially based on the terms and conditions in this paper, and will inform all contributors accordingly.

VIII. THE PRESIDENT'S DECISION

45. The President, acting under the authority delegated by the Board of Directors, has approved:

- (i) the establishment of the proposed Asia-Pacific Climate Finance Fund, and
- (ii) the acceptance of contributions from cofinancing partners

in accordance with the provisions set forth in this paper and hereby reports these actions to the Board of Directors.

²⁸ ADB. 2009. *Review of the Asian Development Bank's Service Charges for the Administration of Grant Cofinancing from External Sources*. Manila.

INSTRUMENT OF CONTRIBUTION

[date]

Asian Development Bank
6 ADB Avenue,
Mandaluyong City,
Metro Manila 1550
Philippines

[Name and identity of contributor] (hereinafter referred to as the "Contributor") hereby undertakes to contribute to the Asia-Pacific Climate Finance Fund in an amount of [\$ _____] in accordance with the provisions of the Management Approval Paper entitled "Establishment of Asia-Pacific Climate Finance Fund" (the Paper) and subject to the terms and conditions set forth in the Paper.

The contribution will be paid to the Asian Development Bank in the form of immediately available Funds on or prior to [specify date]/in accordance with the following schedule [insert disbursement schedule]:

The contribution shall be paid into [ADB to specify account details].

Dated this ____ day of _____, 20__.

For and on behalf of

Authorized Representative