

Bioeconomy in Developing World: How the MDBs Could Help?

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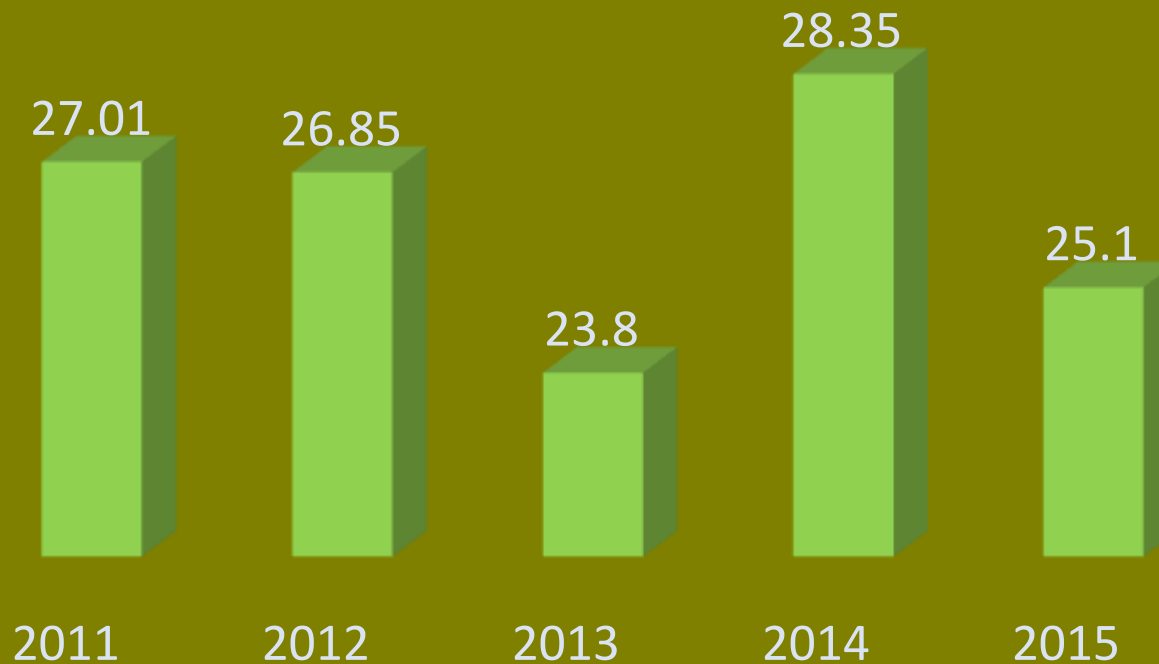
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Multilateral Development Banks

MDBs	Introduction
World Bank (WB or IBRD) -1946	A global, development financing institute, 189 member countries, HQ – Washington
International Financial Corporation (IFC) - 1956	Private sector wing of the World Bank Group
Asian Development Bank (ADB) - 1966	Regional development Bank for Asia and the Pacific, 67 member countries, HQ- Manila
African Development Bank (AfDB) - 1964	Regional development Bank for Africa, 80 member countries, HQ - Tunis
Inter-American Development Bank (IDB) - 1959	Regional development Bank for Latin America and Caribbean, 48 member countries, HQ- Washington
European Bank for Reconstruction & Development (EBRD) - 1991	Regional development Bank for Eastern Europe and Central Asia, 65 member countries, HQ- London
European Investment Bank (EIB) - 1958	International lending organization of EU, HQ-Luxembourg

MDB Climate Finance – Window for Bioeconomy Investment

MDB's Total Climate Finance 2011-2015
(Billion US\$)

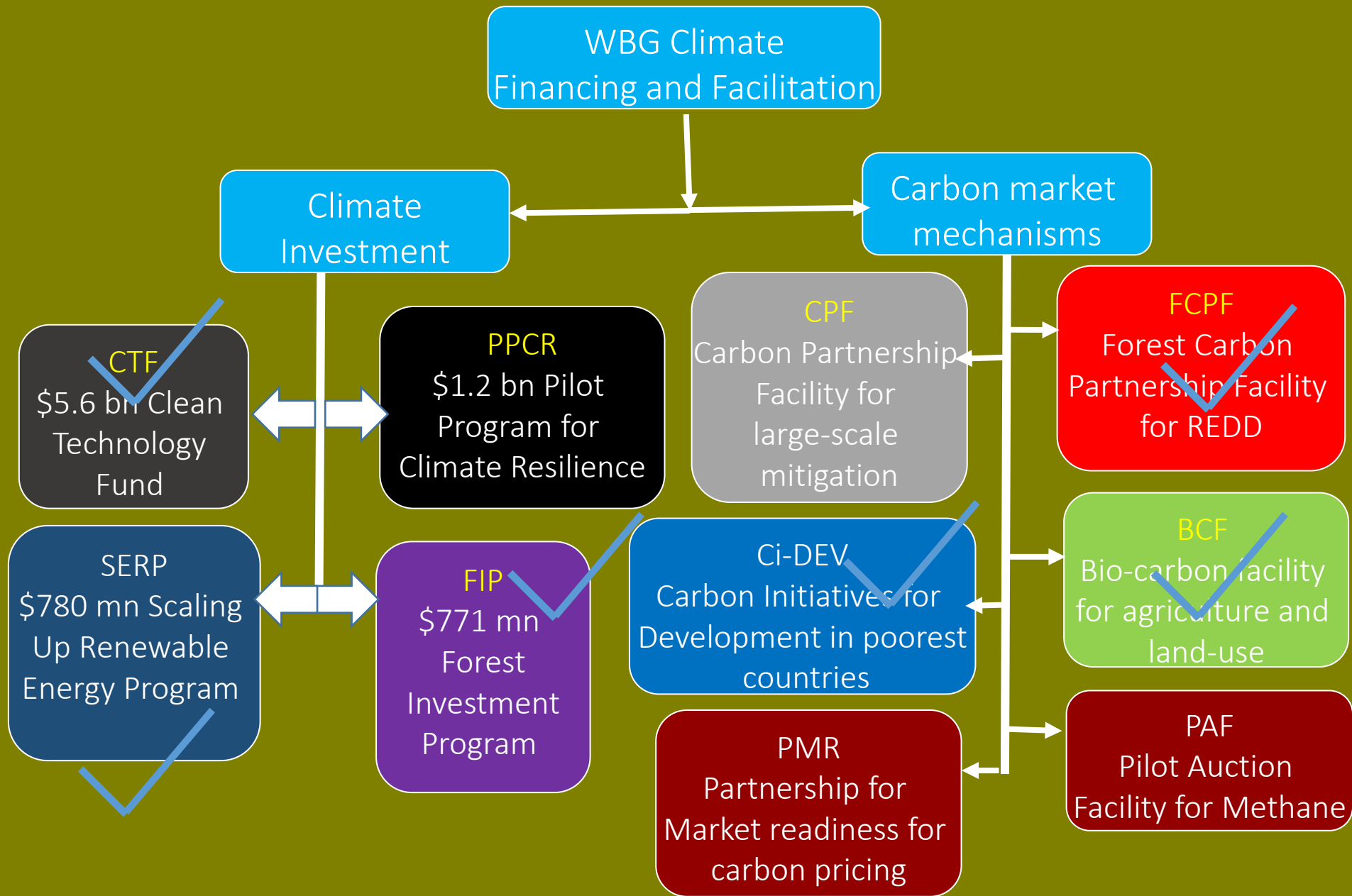


In 2014, for example, MDB allocated more than 20% of their total finance to climate change related portfolios

MDB - Financial Instruments

- ❖ **Grants** – Specially low income country governments. For example the international Development Association (IDA) of the WBG has been investing ~100 Billion in 76 countries in around 11,000 project activities including low carbon project activities (e.g., clean energy, improved cookstoves);
- ❖ **Loans** – Soft loans to low income and middle income country governments (IBRD, RDBs) and their private sectors (IFC); It is the main vehicle for MDB's low carbon finance with more than 80% of share in the total low carbon finance;
- ❖ **Equity** – IFC in private sector financed projects including clean and renewable energy;
- ❖ **Guarantees and insurance** – MIGA (Multilateral Investment Guarantee Association) provides political risk insurances (against currency transfer, war and civil disturbance, and expropriation) covering equity; loans by third party institutions (commercial banks); since inception, it has issued more than \$28 billion in political risk insurance for wide variety of projects in all sectors and regions.

MDB Climate Financing Windows: WBG Example



MDB – Low Carbon Finance Windows (Continue)

- ❖ Green bonds - main vehicles to promote low carbon investment (also other environmental quality) issued by international organizations, governments and corporations; green bonds accounted for \$93.4 billion worth of investment worldwide in 2016;
- ❖ The main buyers of green bonds are pension funds, insurance companies, asset managers, other private companies, foundations, and religious organizations.

Issuer	Issuance Date	Size	Description
African Development Bank	October, 2013	USD500 Million	
European Investment Bank	May 1, 2007	€600 million	
The World Bank (International Bank for Reconstruction and Development)	By June, 2015	USD8.5 billion	Over 100 green bonds in 18 currencies, supporting about 70 climate mitigation and adaptation projects
International Finance Corporation	By June 2015	USD 3.8 Billion	37 green bonds in 8 currencies

Conclusions

- ❖ Climate finance window is the main MDB vehicle to support/promote bioeconomy in developing world;
- ❖ MDBs do not only invest on low carbon economy, but also leverage huge amount of private finance through various instruments, particularly guarantees and insurances and other financial instruments (e.g., carbon finance, clean technology funds, green bonds);
- ❖ Over the last five years MDB's have allocated, in aggregate, more than 20% of their total annual investment on low carbon development activities;
- ❖ MDBs have already leveraged multi-billion dollars private finance over the last decade and the scale of leveraging is increasing;
- ❖ Besides climate finance, energy access portfolio is another window for supporting bioeconomy, especially in low income countries (e.g., improved cookstoves, biogas, advance bioenergy).