Statement by Ambassador Chantale Wong, U.S. Executive Director to the Asian Development Bank, on the Launch of the Innovative Finance Facility for Climate in Asia and the Pacific (IF-CAP)

May 2, 2023

As an ADB shareholder, the United States welcomes the establishment of the Innovative Finance Facility for Climate in Asia and the Pacific (IF-CAP), a strong signal of the Asian Development Bank (ADB)’s ambition to support sustainable infrastructure, diversify energy systems, boost investment in adaptation, and strengthen resilience in the Asia-Pacific region. IF-CAP will complement G7 efforts to increase public and private investment in high-quality, sustainable infrastructure in developing countries under the Partnership for Global Infrastructure and Investment (PGII), a G7 initiative.

To maximize our development impact, the United States is actively encouraging all multilateral development banks to develop new, innovative financing mechanisms to mobilize public and private sector financing. We commend the ADB for rising to the challenge. The structure of this innovative financing mechanism is consistent with the recommendations of the G20 Multilateral Development Banks’ Capital Adequacy Frameworks review to increase lending capacity.

The United States is proud to have partnered closely in the design of the IF-CAP with ADB and our fellow prospective donors. During the design process, all founding donors unanimously agreed that IF-CAP newly enabled lending will be targeted to the counties most vulnerable to the effects of climate change and those most in need of development finance. This includes least developed countries, small island developing states, lower-middle income countries, and certain middle-income countries.*

If it meets its financing target of $3 billion in guarantees, IF-CAP is expected to enable $15 billion in new lending for much-needed investments in climate mitigation, adaptation, and resilience across Asia and the Pacific. This represents concrete action to scale up quality investment in the region.
We look forward to continuing to work closely with ADB and other prospective donors on finalizing the design of IF-CAP and then swiftly turning to implementation so that it benefits those communities and countries most in need.

* Middle-income countries below the income threshold that triggers the process of graduating from regular ADB assistance (C2 and below).