

COP28 AIIB SESSION

Practitioner's Dialogue: How to Successfully Issue Climate Adaptation Bonds?

Time: Dec. 8, 2023, 9:30 - 10:30 a.m. (GMT+4)

Venue: Blue Zone, AIIB Pavilion

Format: Hybrid

Session Context

Bridging the adaptation finance gap, which exceeds USD500 billion, requires mobilizing the private sector through the structuring and promotion of dedicated capital market products. Beyond attracting more capital for resilience, these products raise market awareness and incentivize sponsors to develop and seek financing for adaptation projects, both internationally and domestically. The exponential growth of the green bond market shows that projects with a strong climate impact have a high potential to access capital market financing, appealing to an impact-driven investor base.

In May this year, AIIB launched Asia's first Climate Adaptation Bond, a thematic bond under the AIIB Sustainable Development Bond Framework. This inaugural adaptation bond garnered significant investor interest, showcasing the potential to further tap into capital markets for more funds to support climate resilience actions and establish adaptation as a potential asset class. Yet, the issuance of resilience-themed bonds is still in its early stages, with few precedents for learning and benchmarking. Key challenges include the lack of dedicated investment frameworks, the bankability of adaptation activities, and limited internal capacity for identifying and developing adaptation project pipelines.

Session Objective

This session, featuring a diverse panel of standard setters, investors, MDBs, and practitioners, will focus on exchanging insights and best practices in the issuance of climate adaptation bonds. It aims to address the challenges and investor expectations, promoting global replication to establish these bonds as a recognized asset class. The event will explore the following topics:

- The practical steps necessary for issuing a climate adaptation bond in the capital markets.
- Key considerations from an investor's perspective for investing in a climate adaptation bond.
- Principles and best practices for selecting assets to ensure measurable and verifiable climate impact, and strategies for actively engaging investors in the issuance process of climate-themed bonds.
- Strategies to accelerate the recognition of climate adaptation bonds as a well-established asset class.

Agenda

- **9.30-9.45: AIIB experience in issuance of Adaptation Bond, Darren Stipe**, Head of Funding, Treasury department, AIIB
- **9.45-10.00: Climate adaptation related frameworks and taxonomies, Sean Kidney**, CEO, Climate Bonds Initiative
- **10.00-10.15 Preparing for bond issuance: challenges and opportunities from country perspective, Peter Odhengo**, Senior Policy Advisor on Climate Finance, Ministry of Finance, Kenya
- **10.15-10.30: Q&A Session**