

Transcript season 2 Episode 2, USAID finale
Jacqueline Musiitwa, Sr. Climate Finance Advisor, USAID
June 2023

Narrator: Green Invest Asia examines the role of finance and strong environmental, social and governance criteria (or ESG) to unlock land use investments that reduce climate impacts of agricultural and forestry commodities that we rely on for everyday life. We bring you the inside story on sustainable land use investments in Southeast Asia—what’s working, what’s not, and the green areas in between. This podcast is born out of a sustainable land use project by the same name funded by the United States Agency for International Development, or USAID, which works with investors to support agricultural and forestry companies in Southeast Asia reduce their carbon emissions through climate-smart operations.

Intro music, then fade under host’s opening.

Christy 0:17 Hello, I am Christy, Director of USAID Green Invest Asia, and I will be your host for this 12th and final podcast for Green Invest Asia. Last only because we are preparing to close our climate finance and technical assistance facility after six years, and catalyzing nearly half a billion dollars of investments towards sustainable agribusiness and forestry in Southeast Asia. For our final episode, I'm very excited to welcome the United States Agency for International Development's senior climate finance advisor, Jacqueline Musiitwa, who joins us from Washington DC, in order to help us understand the US Government's pledge to unlock \$150 billion in climate finance by 2030. And what that might mean for companies and investors who are sourcing and investing in Southeast Asia's forests and fields. So Jacqueline, thank you so much for joining us today. Perhaps you can start with just an overview of your role and how you will be supporting USAID goals under the [climate strategy](#) to mobilize as \$150 billion to fight climate change.

Jacqueline 1:28 Good morning, Christy. Thank you so much for having me, it's a pleasure to be on the show and have the opportunity to share more about USAID work with your listeners. In 2022, the agency set out a new strategy that goes till 2030 that was really trying to be ambitious in many ways. From a climate finance perspective, the goal is to mobilize \$150 billion of public and private finance, for climate, and that is for mitigation, adaptation, and other climate-related investments. But in addition to the 150 billion pillar, which I lead. there's a team of three of us here in Washington, DC solely working on climate finance, and supporting our USAID missions around the world to mobilize private, and public finance. The strategy also touches upon other very ambitious goals One is supporting the conservation, restoration or management of 100 million hectares of land across the world to partner with countries to support activities that reduce, avoid and sequester 6 billion metric tons of carbon dioxide, as well as supporting 500 million people to be more resilient and adaptive to climate shocks. I think the last that's really important to highlight is that we're focused on a number of critical populations, that includes women, youth, indigenous people. And the idea around this strategy is that it will take all of those pillars, and the much needed finance to get to our respective goals. From the finance pillar in particular, we are really excited to work together with the private sector. And that includes global corporations, but also local corporations in the countries that we work in partnering with philanthropy, industry associations, funds, and different types of financial institutions to really find ways to invest in especially the hardest to invest areas within climate. Natural climate solutions, and adaptation are a top priority on our end.

Christy 4:35 I understand that the bulk of the money, over half of that, I suppose, is expected to come from investments into the renewable energy industry. What's particular about the Southeast Asia region

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is that at least 40% of greenhouse gas emissions come from changes in land use linked to agriculture and forestry, as well as other land uses. Green Invest, Asia's focus on this sector has been to address catalyzing much needed investment, private investment, in particular into the sector, given how little money the sector attracts compared to energy and infrastructure. All investments are risky, but land is seen as even more so. Can you talk a little bit about USAID, its risk appetite when it comes to investing and supporting investments in sustainable land use?

Jacqueline 5:37 Yeah, so I think I'll start with a global perspective and then zero in on particular, land use. USAID is an active member of a number of United States government initiatives, such as the [Glasgow Leaders Declaration on Forests](#) and land use the [Agricultural Innovation Mission for Climate](#), the [President's Plan to Conserve Global Forests](#). And the [President's Emergency Plan for Adaptation and Resilience](#). We are very interested in finding and funding the business case for natural climate solutions. So we do have a high-risk appetite. And our high-risk appetite is based on the premise that 6:31- 6:45 that is where the need is in Southeast Asia, really demonstrating a proof-of- concept to the private sector, to demonstrate that not only are there scalable solutions, but there is money to be made while also really doing good for the environment, and the people living within those countries. The Biden-Harris administration is committed to combating global deforestation as a means to deliver on key COP 26 commitments.

The question that all of us are really asking within government is, how can you use nature to address the climate crisis , and really find more nature-based solutions to reduce emissions as well as uh build resilience? From a risk-appetite perspective, we do have a high risk tolerance. Part of the way in which we demonstrate that is funding organizations, supporting governments that are looking to pilot as well as scale sustainable landscapes. If we are able to help companies really look at the value of Investing in nature based solutions, help them to reduce the reputational risk to avoid greenwashing. But also to manage various risks related to climate change. We see that as a win, we also see the win, as far as really having adaptation and mitigation co-benefits , and really making sure that we are finding sustainable solutions within agriculture, , and natural resource management. And when I look at the countries in Southeast Asia, , that we are invested in so Vietnam Cambodia and others are really looking at the agriculture sector, as an example to other parts of the world of how investing in nature-based solutions, and agriculture. Reducing the amount of land that is degraded as a result of agriculture is really not only a climate solution, but is a development solution. So we're really excited about the work that has been happening is in Asia as a way to demonstrate not only our prioritization of nature-based solutions, but also as a learning for other parts of the world that we work in.

Christy 9:49 Thanks, Jacqueline. One common feedback we have gotten from investors who Green Invest Asia has partnered with is that Green Invest Asia's business advisory and investment-readiness support, environmental impact studies, other types of business support, has helped investors consider business models that they wouldn't necessarily have invested in quite yet. But that Green Invest Asia helped make the case, prove that feasibility. the proof of concept. We've also heard from almost every investor who has been on the podcast, that in order to move the billions needed to address the climate crisis, well-timed investments at key decision points for investors And project development decisions can be catalytic, in terms of unlocking millions toward that billions that are needed. How does USAID see

working with the private sector to achieve USAID climate goals? And what are you hearing from investors about what it takes to get them to the table as investment partners?

Jacqueline 11:27 So we're hearing a lot and I think it depends on where in the world we're working I was recently in Singapore, where we hosted a round table focused on investing in natural climate solutions. Because we want to engage with stakeholders in different parts of the world, really, to understand what it will take for them to invest in natural climate solutions, but also how we the USG [U.S. government] can partner with them. Where do investors get the support to de-risk investments? We're also hearing about the need for more predictable, more streamlined, legal and regulatory reforms. The other is really around proof of business concepts. And that's where I think we have a huge role to play, where sometimes we do understand that the products that businesses are offering do need to be tested. And so we are able to provide grant funding It's really important to understand that we are all on a learning curve. And even though we have our targets as USAID, we do also understand that the private sector has its decarbonization targets, as well as nature targets. And so for us, the question is, how do we work together to achieve those targets? We do not take for granted the fact that we do have a strong global presence and that we are able to learn from different parts of the world. And so we are excited when we do work with partners to bring all of our resources to bear from an institutional perspective. We do have a Private Sector Engagement hub.

Another aspect that we're really excited about as the launch of the [Enterprises for Development, Growth, and Empowerment Fund](#), which our administrator launched at Davos in January, and that is a pool of \$50 million that we are using to invest and catalyze, with partners that are looking to do really ambitious projects within the broader climate space around the world. We are becoming even more flexible in the ways in which we can invest in private sector partners. We are trying to do more, because we understand that it's not only a government's role, it's not only a bilateral donors role, but it will take all of us collectively to find solutions, not only to climate, but equally, making sure that climate and development are achieved.

Christy 16:34 Thanks. And I would agree, and I hear this often, you know, the need for stronger partnerships, and, you know, not working in silos. But we really need to be able to work together. Certainly, it sounds like USAID is really pivoting, if you will, certainly from my experience working with USAID over the years, to become more accessible with the private sector to address this challenge. And I guess that kind of turns me to the next question I have, which is about challenges. Certainly strong ESG continues to be a priority for investors, both for themselves, as well as the projects they invest in. And you did mention some challenges also around, regulations and an enabling environment. But perhaps you can drill down into this a little bit more. What do you see as the challenges for investing in sustainable landscapes, and how USAID can help investors overcome those obstacles in this kind of partnership model?

Jacqueline 17:41 So I'll start with, I think exciting news from our end, which is that since 2016, USAID has mobilized more than \$900 million of private investment in sustainable landscapes program. We are very ambitious in the work that we do, despite the challenges that, , we face within the space. There are numerous challenges, finding the business case, and really making sure that, we are investing in solutions that are commercially viable. I mentioned previously the macro, , legal and regulatory challenges, but with specific reference to sustainable landscapes, some of the challenges that, we're

experiencing, are around carbon measuring, monitoring and reporting. We've heard all of the news around carbon markets and the questions around integrity and transparency, and that is one that we're equally grappling with, and that we're working with our partners to find solutions on. , We do know that, , it is a changing field. But it is one where we do see potential of value, not only to mobilize money, but also for people in different locations to truly benefit from a global capital solution. Because we are an organization that is deeply focused on the local, we do have a localization agenda, which is targeting 25% of our resources to be managed by local entities around the world by 2025. And by 2030. The goal is for 50% of our decision making to really be localized, with local partners in the countries we operate. And from that perspective, , it really is a hurdle navigating partners in different countries, making sure that, , we do place priority on, the critical populations I mentioned before. How do we make sure that indigenous people are part of the design of programming that we're coming up with? How do we make sure that we are able to have women lead, not only on projects, but also with respect to access to resources? So I think a lot of the challenges investors are also seeing and experiencing is really getting these big goals and really localizing them in a way that does promote transparency, that does promote equity, but ultimately, that creates sustainable business solutions. So we're trying, and I'm happy that we are working with partners that are equally ambitious, and risk taking. But I think the caution is that sometimes it does take time, and it does take money. But ultimately, , our goal is that the solutions we find will mean that people in the future will be more able and capable to do this work themselves. And an institution like ours will no longer be needed.

Christy 21:36 So Coming back to what you just mentioned in your previous response around carbon markets. In the past three or four years, we have witnessed a significant increase in demand for carbon credits here at Green Invest Asia, primarily through the Voluntary Carbon Market. However, The supply of good projects is currently limited. And there are, as you noted, legitimate questions about how the market works, and how to make investments bring benefits, not just to investors in the West, but also to indigenous peoples and vulnerable populations. So can I ask you to expand a little bit on how you see carbon markets fitting into [USAID's climate strategy](#)? And what do you see as the best areas for USAID to contribute to formalizing and building confidence in this market? How do you see the climate and partnership strategy can help key players identify good projects, and ensure measurable sustainability outcomes?

Jacqueline 23:14 So like many of the institutions within the carbon market space, I think we are taking it day by day in the sense that it is an ever evolving space. We do think it is critical in that it is one of the tools that countries and people can use to mobilize capital. It is one of the tools that we are supporting our partners with. But it's not the only tool. We are also supporting partners, , with the creation of bond markets that might be blue bonds. That might be green bonds. We are also investing in blended finance solutions as well. As we look at our 150 billion goal, we are looking at a number of financial tools to get more climate finance into partner countries that we're working with. The evolution of carbon markets is one where we do see a huge opportunity for an institution like USAID. We are able to support countries with activation plans, which basically helps a country research scope, understand the potential there is to develop a carbon market following. We are able to support with legal and regulatory frameworks. We are able to also support with a wider ecosystem and developing that to become more transparent, to be one with integrity, and to ensure there is equity. I think one model that we have employed that is going well, and, , would like to see replicated around the world is the [Africa Carbon Markets Initiative](#). And it is

a continent-wide initiative that focuses on developing and scaling up carbon markets. It is taking a continental approach. And so countries are able to learn from one another what is working, what's not working. It means that countries are equally able to tap into a number of donor resources to really support the development of domestic carbon markets. Some of the, , players involved there are, , the United Nations, as well as through the United Nations Economic Commission for Africa, Sustainable Energy for All, USAID, and others. That is one model that demonstrates that if everyone is having the same conversation, and everyone is at the table, we will be able to avoid some of the inconsistencies that we've seen come up in the past.

So when we talk to developers, a lot of what is coming out is, , the need for, , project development. And so that's an area where, , we definitely have also over time been involved, whether, , it's projects in Colombia, or in Indonesia. And so we do have many lessons to learn and share, and a lot of which you can find on [USAID Climatelinks page](#). I think the last thing that I'll mention is really just around equity. And for us how important it is, as we look at development of carbon markets to really focus on the people in whose community these carbon credits are being generated. And really making sure that they're able to fully benefit from capitalization of these credits, but also finding ways to fast forward their own development. How do we find solutions, , that allow the money that they earn to be invested in stronger and better social infrastructure? How do we make sure that the money is put towards other social and economic solutions to continue to not only give them the opportunity to grow carbon markets locally, but also to diversify should they wish? We're also really thinking hard about how to start to better understand biodiversity credits and support our partners to equally take advantage of those opportunities, as well. So a lot of very exciting work, even with the controversy, but definitely a strong tool for communities and countries to mobilize more money for their own development.

Christy 28:42 Through some of the controversies, and that's where the lessons come. And that's where we learn. And I hope that's an overall positive as we move forward with this tool, as you note. So I'm afraid it's about time to wrap up our conversation today. We've touched on a lot of important topics. But I wonder, your final word, if you will, if you could highlight one or two key takeaways that you would like our listeners to remember.

Jacqueline 29:18 The first is that USAID is ready to partner with the private sector to support the private sector to achieve higher net zero as well as other climate goals. The second is really around our prioritization of greening value chains and the focus on sustainability. We have provided support through Green Invest Asia and other parts of the world on Environmental, Social and Governance (ESG) targets and to other areas of support to really help countries and companies think through how they are going to make their businesses green and more sustainable. And so it's really for us, we view risk as an opportunity. And I would definitely look forward to partnering with more partners within Southeast Asia to achieve positive climate goals, not only for the region, but ultimately for the whole world. Thank you.

Christy 30:32 Oh, thank you, Jacqueline. I really appreciate your time today in sharing your thoughtful inputs to all my questions. It's greatly appreciated. For those of you who have been listening, we have been talking to USAID's senior climate finance adviser Jacqueline Musiitwa, about how USAID's partnerships with investors and others in the private sector can ramp up climate finance to benefit all of us. And to all of our listeners while Green Invest Asia is signing off, I do hope that you continue to

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partner and co-invest and transform to make this world a better place for all of us. So thank you very much.

[Fade in outro music with closing lines.](#)

Narrator: This podcast is supported by the United States Agency for International Development, or USAID, which partners with the private sector worldwide to unlock capital and drive inclusive growth in emerging economies. Learn more at [usaid.gov](https://www.usaid.gov) and [greeninvestasia.com](https://www.greeninvestasia.com).

[Bring up outro music.](#)
