



ADB's proposal to establish an APG Financing Facility

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- ADB and WB now have clear mandate from ASEAN to develop financing solutions for the APG.
- Common financing challenges need to be systematically addressed.
- A robust APG pipeline with better information on projects can help us move from 'long list' of projects to an actionable short list.
- ADB is responding through a proposed end-to-end APG financing facility (APGF).
- 2025 will be a busy year – we and look forward to working with ASEAN institutions, member states and partners to make this a reality!

ADB and WB now have clear mandate from ASEAN to develop financing solutions for the APG



*“...we welcomed initiatives by multilateral financing institutions and partners in **developing financing facilities to support the building of APG’s cross-border interconnection infrastructure**, in collaboration with ASEAN Member States.”*

(Chairman’s statement, ASEAN 44th Leaders Summit, 9 October 2024)

*“The Meeting noted the initiatives by the **Asian Development Bank (ADB) and World Bank in supporting national and regional energy transition programme and facilitating ASEAN’s energy integration**, including a **dedicated financing facility** for the APG.”*

(Joint Ministerial Statement, 42nd ASEAN Ministers of Energy meeting, 26 September 2024)

*“The Meeting further noted the importance of **close coordination between the Multilateral Development Banks (MDBs) partners and AMS** to enable the successful establishment of the **financing facility**.” (Joint Ministerial Statement, 42nd ASEAN Ministers of Energy meeting, 26 September 2024)*

Common financing challenges need to be systematically addressed

Financing Challenges

Evolving policy/political preferences

Institutional and Functional Gaps

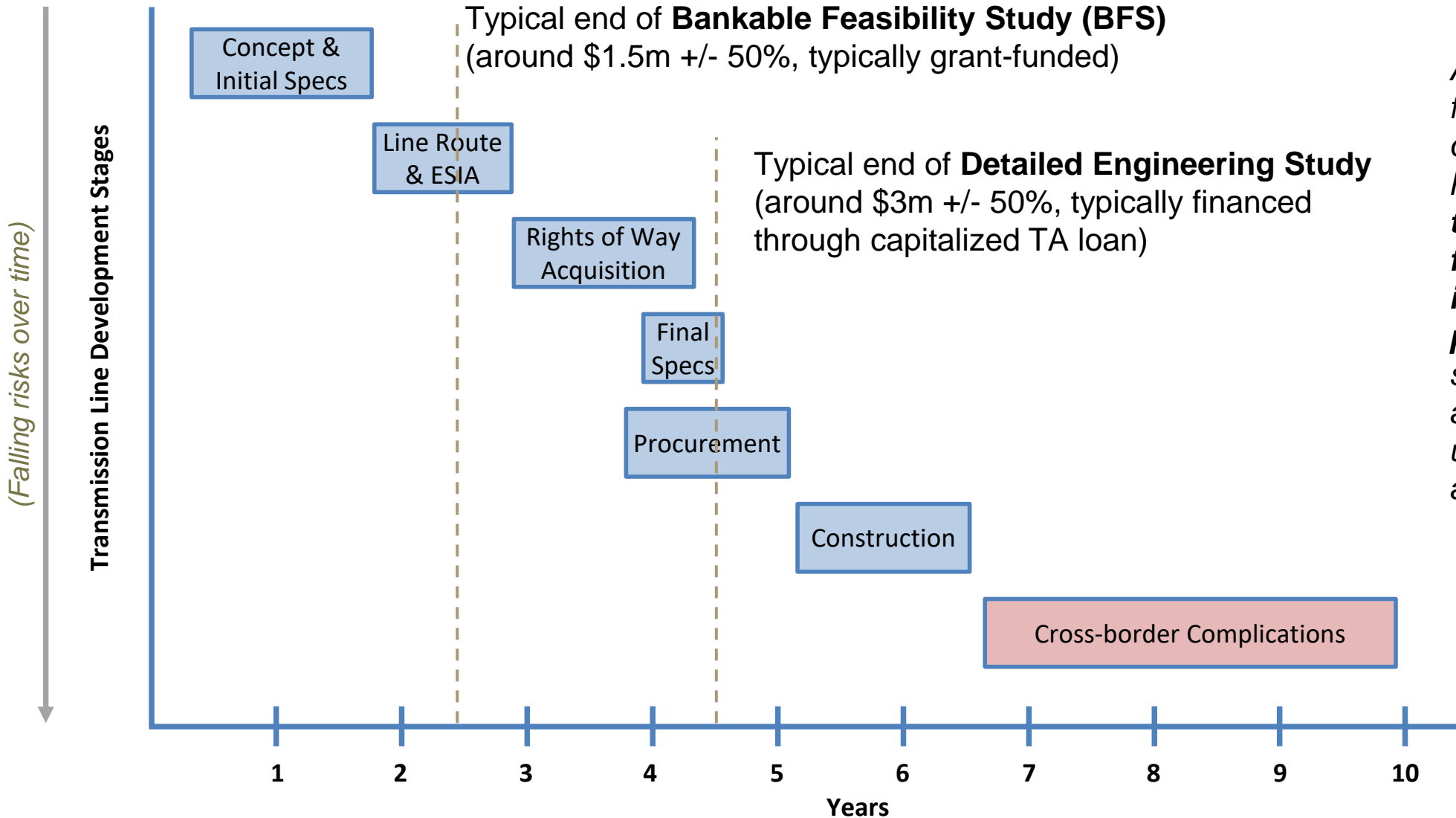
Technical & Regulatory Challenges

Need for Market / Trading Frameworks

Address non-financing challenges through coordinated TA grants combined with AMS political and institutional support

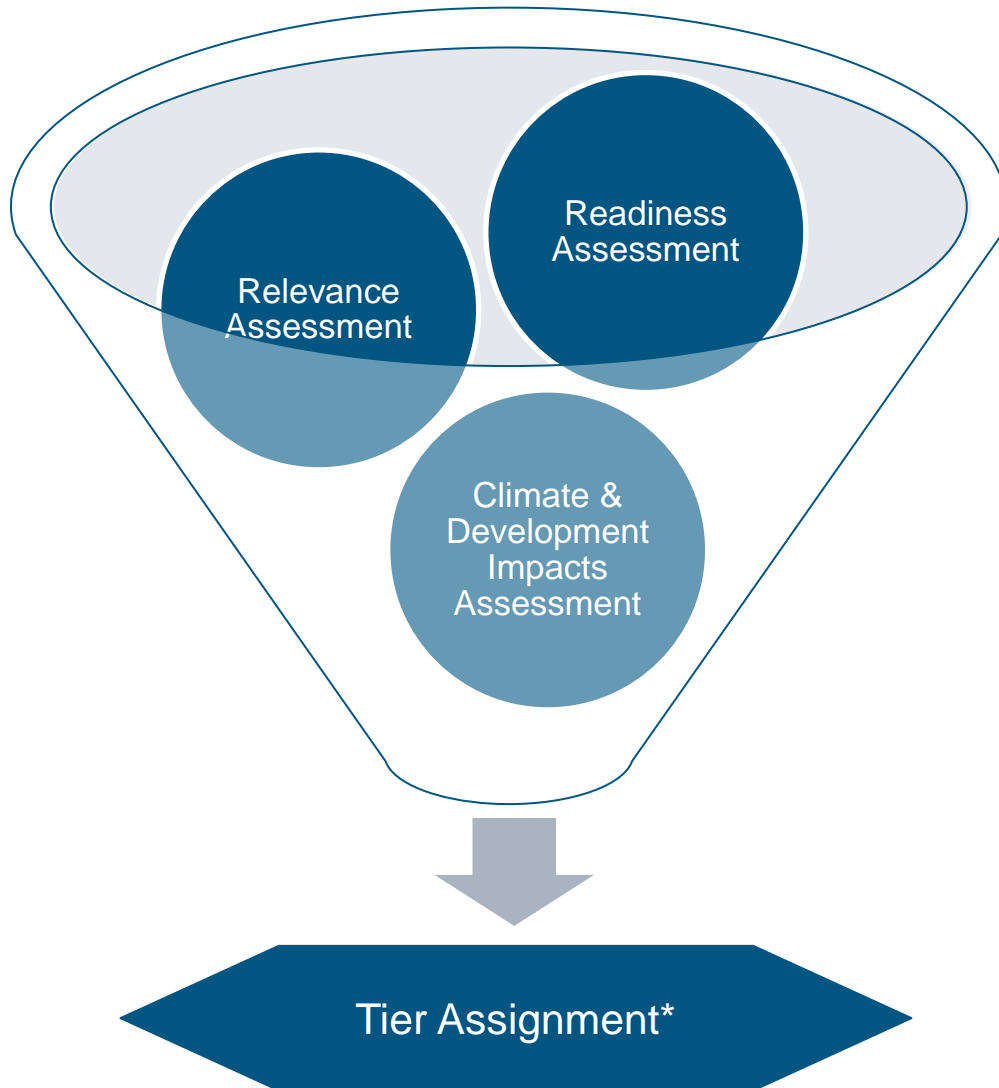
- Complexity and high cost of bilateral cross-border projects
- High front-end project costs
- Utilities tend to focus on domestic priorities
- Very difficult for utilities to agree on and fund studies themselves
- Need for political backing
- Constrained utility balance sheets
- Unfavourable “green taxonomies”
- Potential need for inter-state dispute resolution framework
- Lack of donor/lender coordination on which projects to prioritize, which studies to fund, who funds which studies, and how to leverage MDB (concessional) lending with private investment

Indicative transmission line development timelines



*After BFS, additional funding is required for detailed studies – helpful to **identify early the sponsors / financiers with a clear intention to advance a project** (e.g. though sharing and aligning around common understanding of project and study pipeline).*

A robust APG pipeline with better information on projects can help us move from 'long list' of projects to an actionable short list



Relevance Assessment

- Exceeds minimum documentation requirement
- Supports APG objectives?
- Political support?
- Development partner support?

Readiness Assessment

- Pre-feasibility study?
- Bankable feasibility study?
- ESIA?
- FEED?
- Formal overall readiness assessment based on all information

Climate & Development Impacts Assessment

- “Green” features?
- Taxonomy review
- Possibly: GGI “Climate Finance Principles” analysis
- Significant development impact?

**If project meets minimum project assessment scores.*

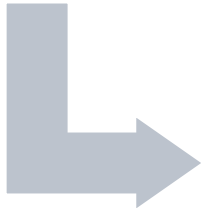
Prioritize Tier 1 projects to aim for financial closure within two years, while enhancing the readiness of Tier 2 and Tier 3 projects

Tier 3
Promising but poorly documented projects

Support examples:

- Pre-feasibility study
- Scoping new studies
- General market / trading TA

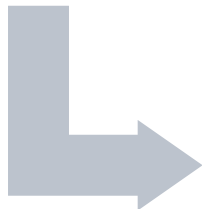
Objective: To identify and source TA / financing to advance projects from concept to groundbreaking



Tier 2
Projects with intermediate level of documentation / political support

Support examples:

- Bankable feasibility study
- Commercial arrangements workshops
- Institutional capacity building
- Regulatory adjustments



Tier 1
Advanced, well-studied projects with political support

Support examples:

- ESIA
- Term-sheet negotiation
- Market sounding
- FEED
- Procurement & structuring
- Financing commitments



APG Financing facility (APGF) – a partnership platform to mobilize financing and support for APG projects

- 1. ASEAN Infrastructure Fund Project Readiness Facility (PRF):** A \$20-30 million initiative (indicative, expandable) proposed under the ASEAN Infrastructure Fund (AIF) to mobilize finance for project preparation of APG and other cross-border infrastructure. Engagement with potential partners ongoing.
- 2. APG Transition Finance Facility (APG TFF):** A \$2 billion (indicative, expandable) facility under the AIF aiming to attract global funders including MDBs, DFIs, commercial banks and philanthropies. Objective to blend concessional resources (grants, loans) with parallel co-financing.
- 3. ADB Financial Commitments:** \$10 billion over 10 years (indicative, expandable) via sovereign/non-sovereign operations, PPPs, and guarantees. Funds will support renewable energy integration, high-voltage grid expansion, and interconnections across Southeast Asia. Green, climate, and sustainability bonds, as well as results-based loans for utilities and private sponsors.



Multi-donor APG financing coordination to convene funders around high-quality pipeline, with sequenced activities.

Promote information sharing, and alignment of TA sources and needs around priority APG projects for to advance a common understanding of (1) priority projects and (2) progress being made.

**APGF
Admin
Unit**



ASEC: APG cross-sectoral coordination (SOME/AMEM/Summit)

ACE: APG project preparation with AMS and ASEAN bodies (APGCC, AERN, HAPUA, etc.)

AMS: Bilateral consultation and country programming



ADB's new technical assistance (\$4.2 million)

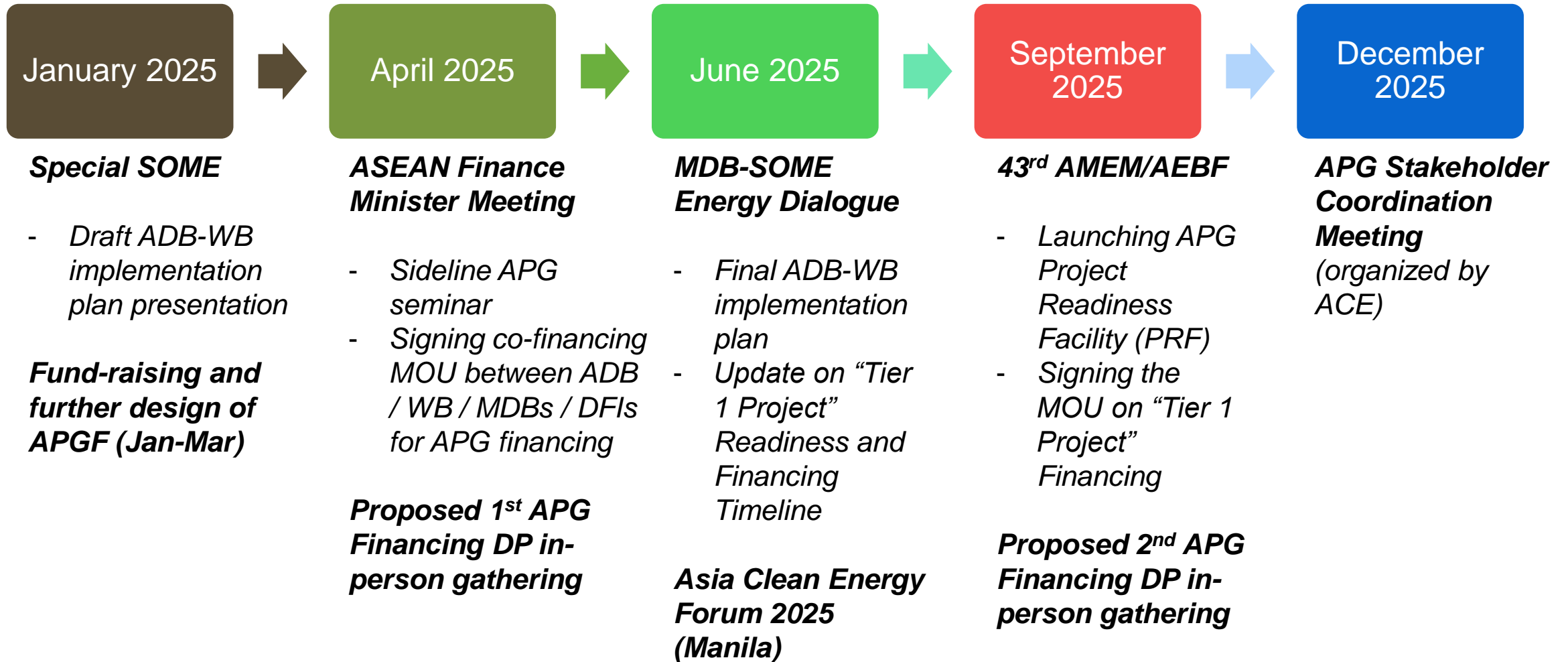


TA-REG Advancing Energy Transition and Regional Power Trade in the Greater Mekong Subregion and Southeast Asia

INDICATIVE IMPLEMENTATION PLAN

| Activity | 2024 | 2025 | | | | 2026 | | | | 2027 | | | | 2028 |
|--|------|------|----|----|----|------|----|----|----|------|----|----|----|------|
| | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| ADB approval of the TA | | | | | | | | | | | | | | |
| Signing of TA agreements | | | | | | | | | | | | | | |
| Output 1: AIMS and APG project pipeline | | | | | | | | | | | | | | |
| AIMS III update/next AIMS | | | | | | | | | | | | | | |
| APG pipeline development | | | | | | | | | | | | | | |
| Outputs 2: APG financing facility and opportunities for interconnection and renewable energy investment | | | | | | | | | | | | | | |
| Partnership development for APG financing facility (APGF) | | | | | | | | | | | | | | |
| Design of APGF | | | | | | | | | | | | | | |
| Launch of APGF | | | | | | | | | | | | | | |
| Implementation of APGF | | | | | | | | | | | | | | |
| Pre-feasibility/feasibility study of projects | | | | | | | | | | | | | | |
| Output 3: Multilateral power trade, regional power market and tracking of green power trade | | | | | | | | | | | | | | |
| Final shadow trading design | | | | | | | | | | | | | | |
| Market design and procurement | | | | | | | | | | | | | | |
| Shadow trade operation | | | | | | | | | | | | | | |
| Evaluation of result, including green trade | | | | | | | | | | | | | | |
| Output 4: Regional cooperation for energy transition | | | | | | | | | | | | | | |
| GMS EITF meetings | | | | | | | | | | | | | | |
| GMS/ASEAN capacity building events | | | | | | | | | | | | | | |
| TA monitoring and reporting | | | | | | | | | | | | | | |
| TA closing | | | | | | | | | | | | | | |

Next steps and opportunities for engagement



Thank you!