



# Leveraging ADB's Climate Finance Resources to Support the Energy Transition in the GMS

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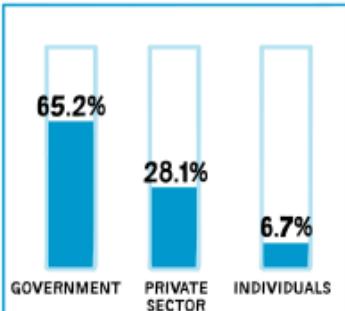
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THIS TIME FEELS DIFFERENT

WE'VE SEEN **NEGATIVE CRUDE PRICES**



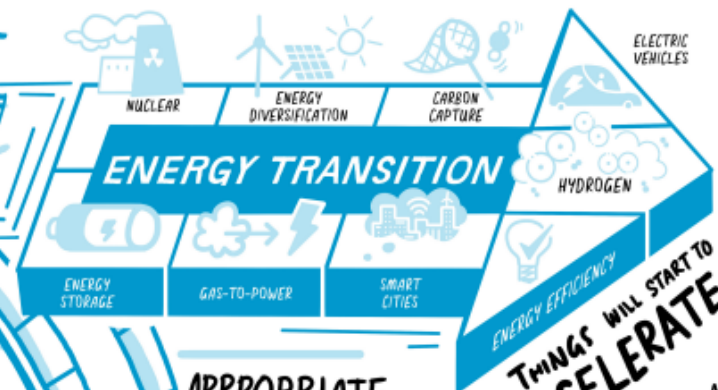
WHO DO YOU THINK HAS PRIMARY RESPONSIBILITY FOR IMPLEMENTING THE ENERGY TRANSITION?

GAS ENABLES TRANSITION

IT'S GREAT! (IF YOU STAY ON TOP OF THE LEAKS)

WHITE & CASE

# AREAS for TRANSITION



# ENERGY TRANSITION: FUNDING NET-ZERO

APPROPRIATE RISK & REWARD

ALL SOURCES OF FINANCE MUST BE AVAILABLE

£12bn more for the SECTOR

OIL + GAS MAJORS CAN HELP NURTURE NEW TECHNOLOGIES

WE NEED CONTINUOUS POLITICAL SUPPORT

GOVERNMENT CAN GET **BANG FOR BUCK**

BY INVESTING IN LESS MATURE INDUSTRIES

EACH TECHNOLOGY NEEDS A MAP



LOOK AT the SPECTRUM of TECHNOLOGY + PARTICIPANTS

THERE ARE OTHER TECHNOLOGIES to GET us to NET ZERO

INDUSTRIALS & TRANSPORT

WE NEED A CARBON PRICE \$\$\$

THE MARKET will LEAD the WAY

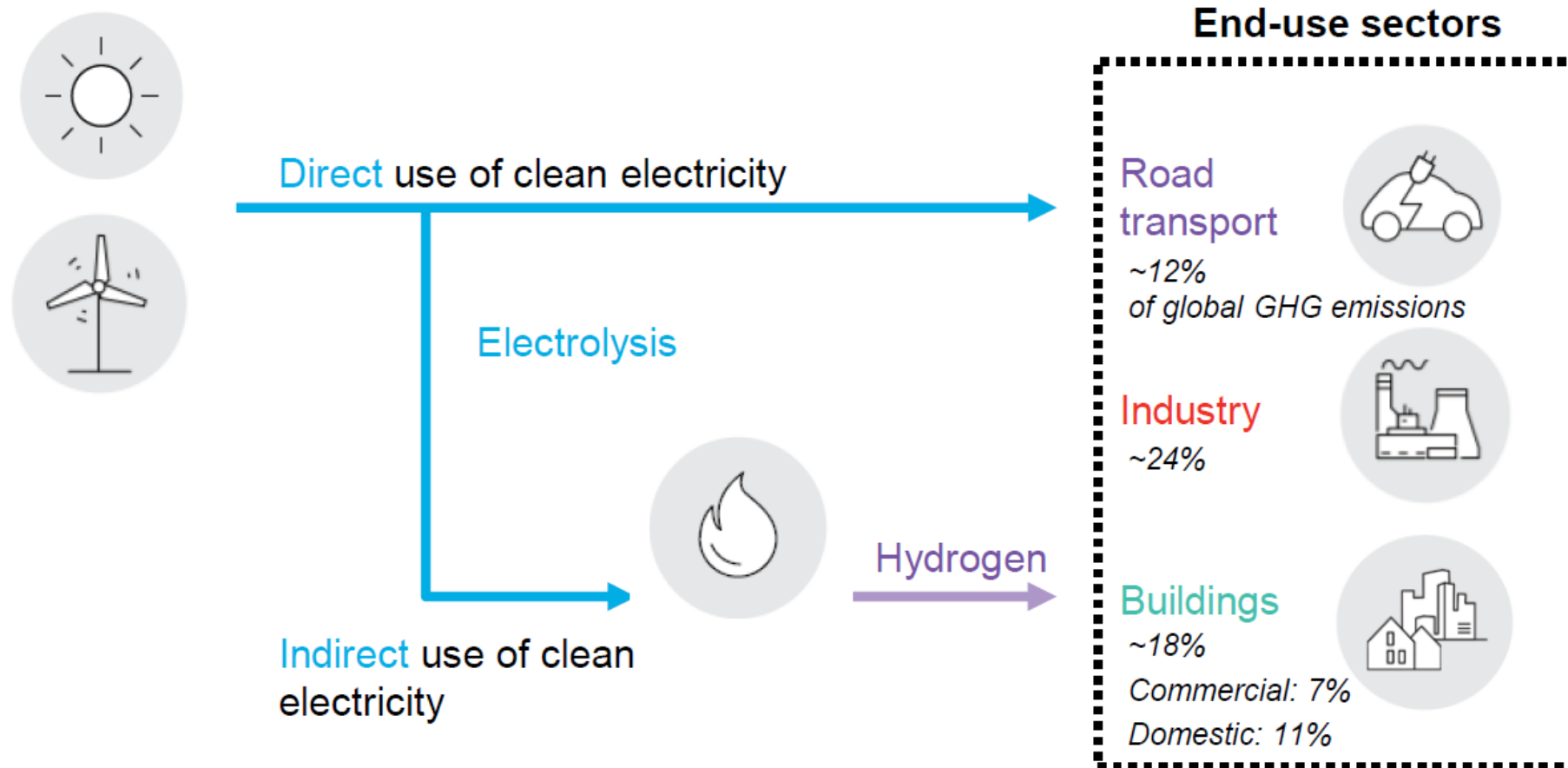
INFRASTRUCTURE FUNDS HAVE AN APPETITE for RENEWABLES

STAKEHOLDERS GOVT

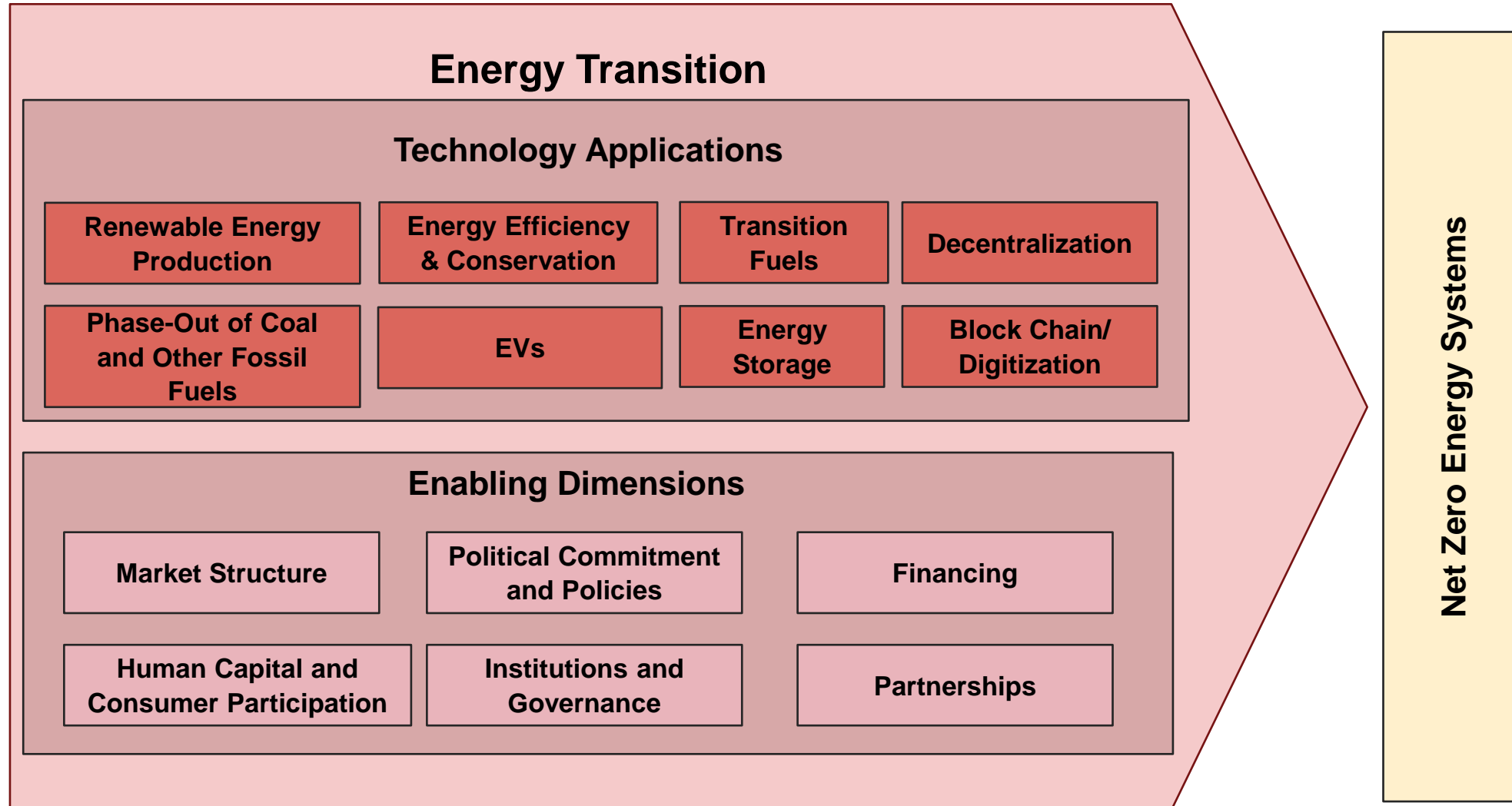
REGULATORS



# The transition needs to start with the power sector...



... which should drive decarbonization of other sectors with the view of achieving net-zero emission by mid-century



# ASIAN DEVELOPMENT BANK AT A GLANCE

ADB is a multilateral development institution with 68 member countries, focused on eliminating poverty in Asia and the Pacific. Our operations are guided by 7 operational priorities and 3 approaches



Addressing remaining poverty and reducing inequalities



Accelerating progress in gender equality



Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability



Making cities more livable



Promoting rural development and food security



Strengthening governance and institutional capacity



Fostering regional cooperation and integration



At least 75% of number of ADB committed operations by 2030



At least 75% of number of ADB committed operations by 2030, total of \$80 billion from ADB's own resources from 2019 to 2030

## KEY APPROACHES



Expanding private sector operations



1/3 of number of ADB committed operations by 2024



Catalyzing and mobilizing financial resources for development



\$1 in private sector operations financing matched by \$2.50 of cofinancing

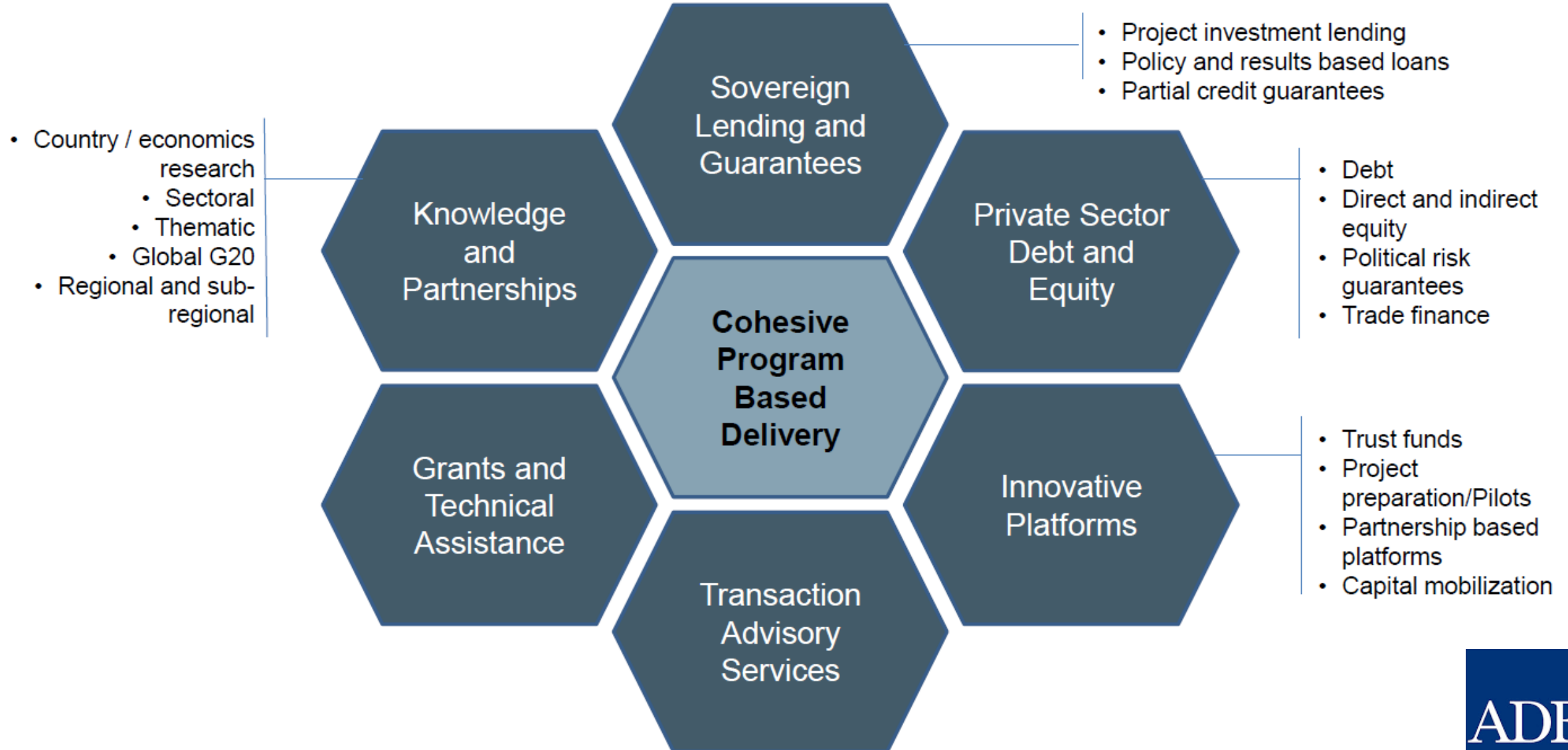


Strengthening knowledge services

ADB

# WHAT WE DO

ADB utilizes a wide range of products and services to affect a comprehensive development mandate



# DELIVERING A WIDE-REACHING DEVELOPMENT MANDATE

ADB has established a deep network and track record across Asia and the Pacific, built on decades of deep engagement, with extensive experience in deploying donor funds, and leveraging impacts through external fund mobilization

**55**

Years of deep engagement across our developing member countries

**38**

Countries with active development operations

**900+**

Dedicated staff resources in the field

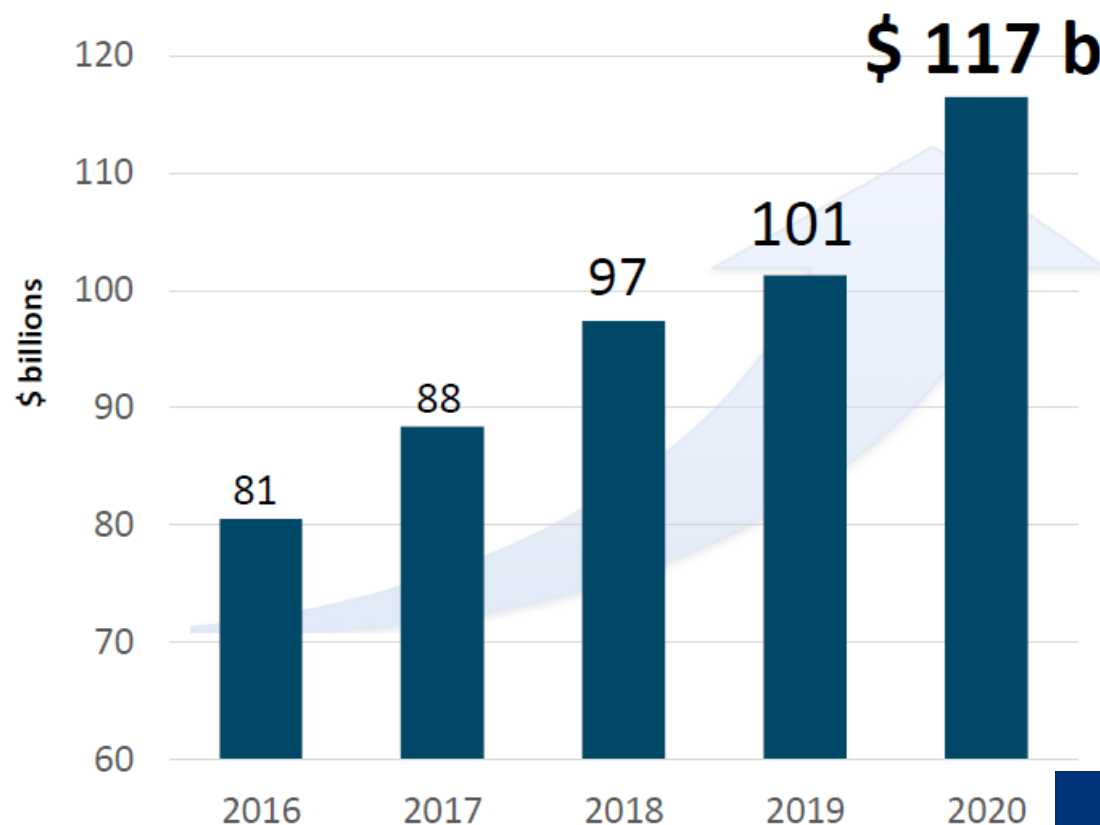
**\$ 5.1 billion**

Total donor funds deployed through ADB trust funds

**\$ 742 million**

External funds mobilized in 2021 as cofinance in support of ADB's own climate lending

ADB's Growing Lending Portfolio

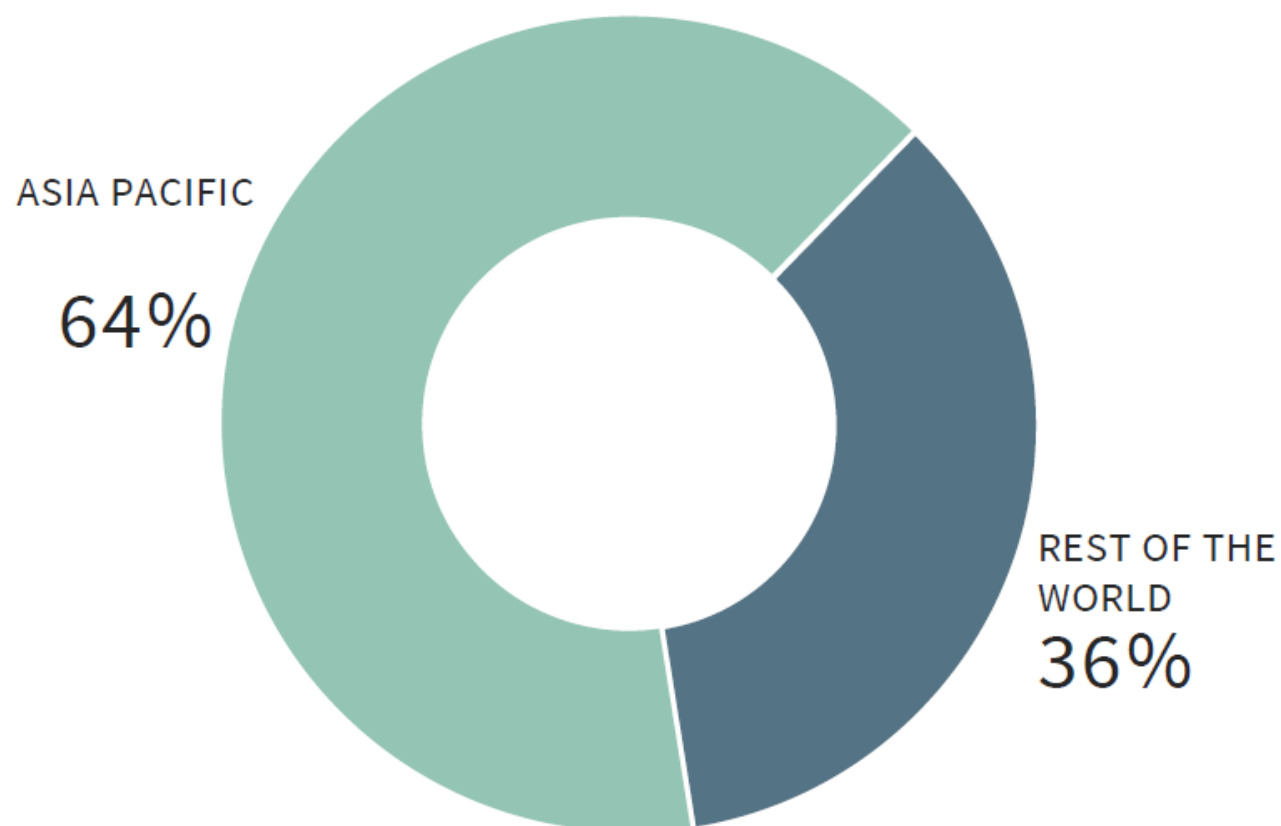


Source: ADB Annual Portfolio Performance Report, 2020

ADB

# THE BATTLE AGAINST CLIMATE CHANGE WILL BE WON OR LOST IN ASIA AND PACIFIC

GHG emissions under Business-as-Usual scenario (2060)



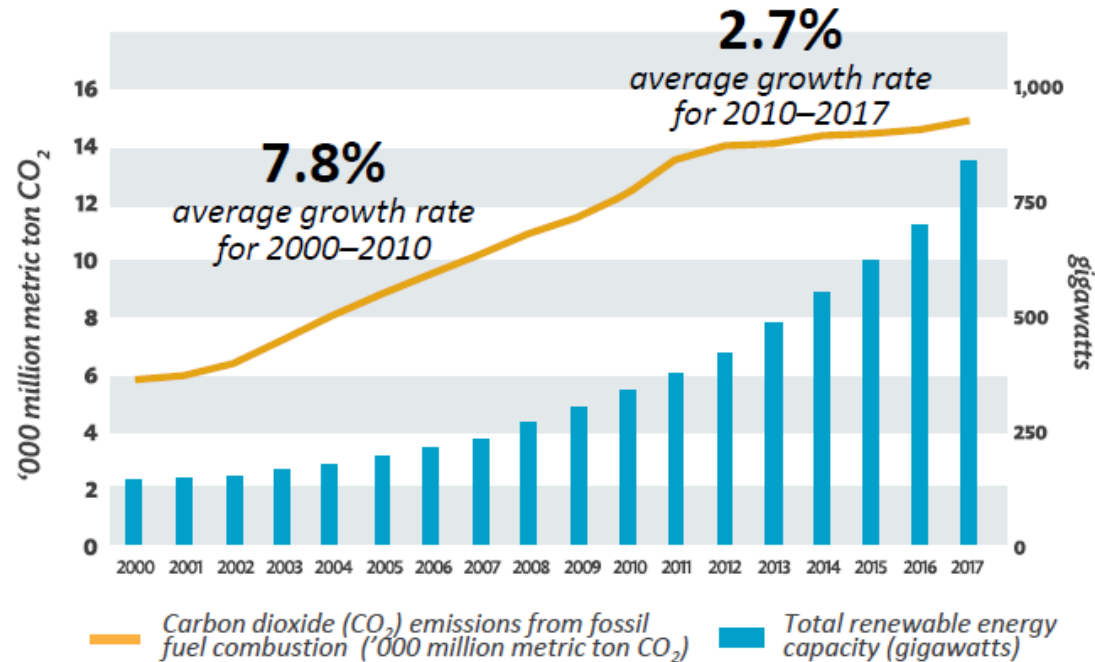
- Per capita emissions rising
- Reliance on coal-fired power remains significant
- Harder-to-abate sectors shifting to Asia
- Highly vulnerable to the impact of climate change

Source: ESCAP (2021) Is 1.5oC in reach for the Asia-Pacific Region?

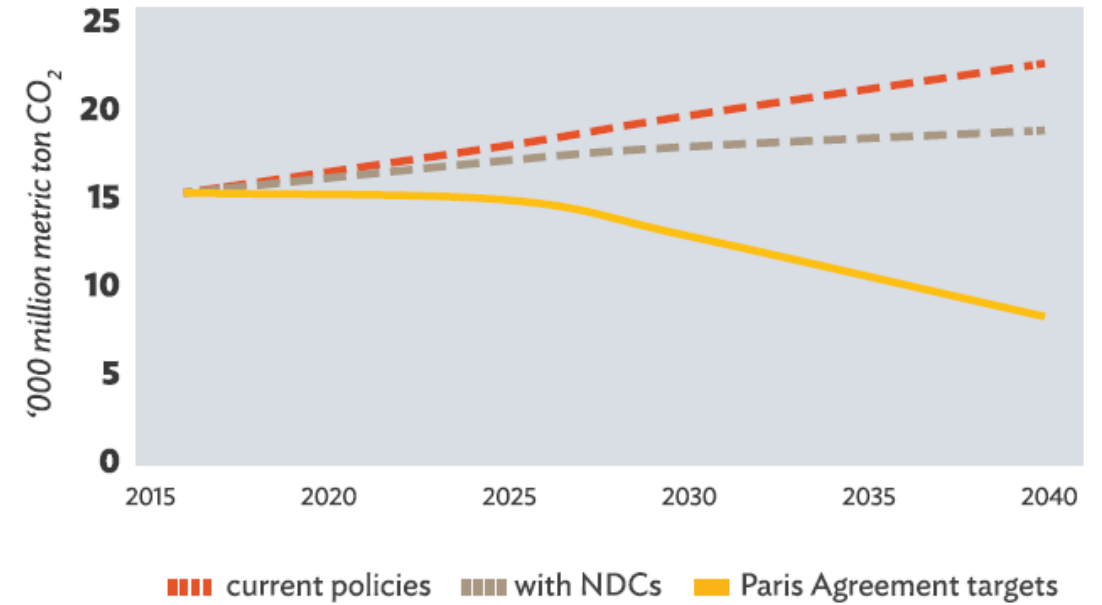


# CURRENT EFFORTS IN ASIA AND THE PACIFIC ARE INSUFFICIENT

Carbon dioxide emissions from fossil fuel combustion and total renewable energy capacities in ADB DMCs



The Emissions Gap in Asia and the Pacific  
*Outlook vs. Paris Agreement Target*



\* CO<sub>2</sub> emissions from fossil fuel combustion for Asia and the Pacific for scenarios (Current Policies, New Policies, and Sustainable Development) in World Energy Outlook 2018

CO<sub>2</sub> emissions from Asia and the Pacific are rising, but the region has also made strides in investing in renewable energy

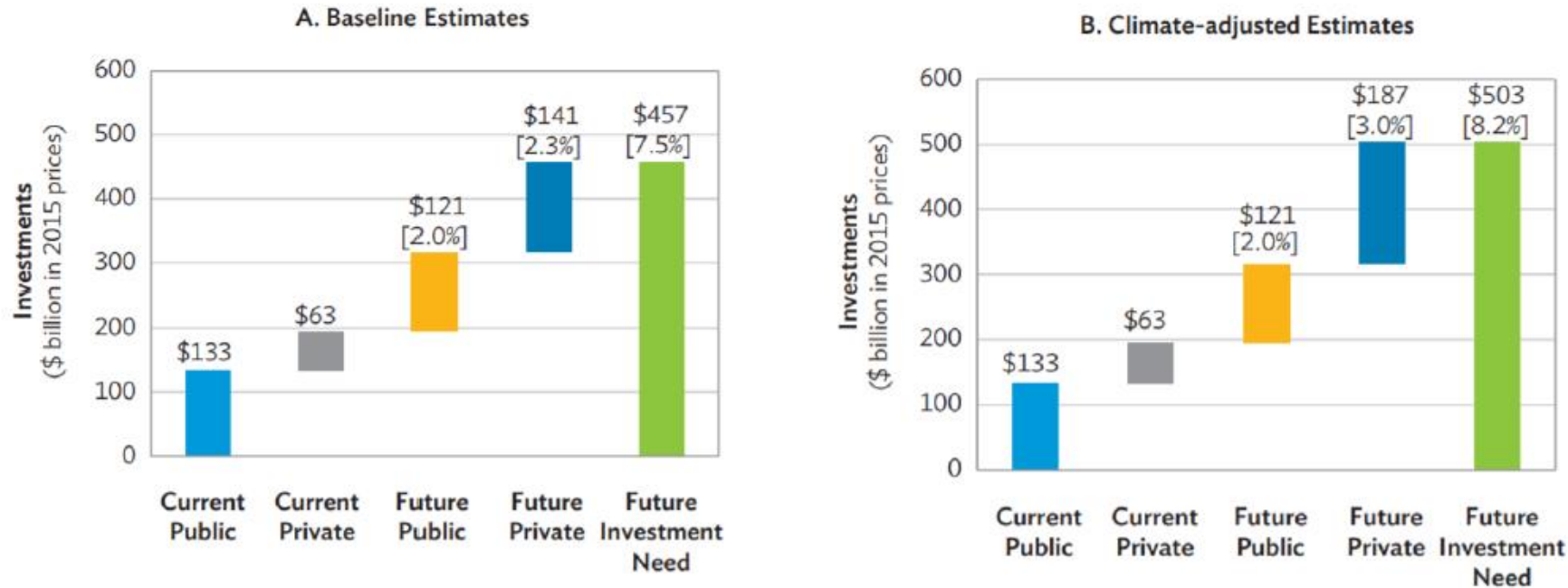
Despite investments in clean energy, the current commitments in NDCs will not take us to the temperature goals of the Paris Agreement.



# CLIMATE INVESTMENTS IN ASIA MUST GROW

Developing Asia will need to invest \$26 trillion from 2016 to 2030, or **\$1.7 trillion per year**, if the region is to maintain its growth momentum, eradicate poverty, and **respond to climate change (climate-adjusted estimate)**.

**Meeting the Investment Gaps: 25 Selected ADB Developing Member Countries,\* 2016–2020 (annual averages, \$ billion in 2015 prices)**

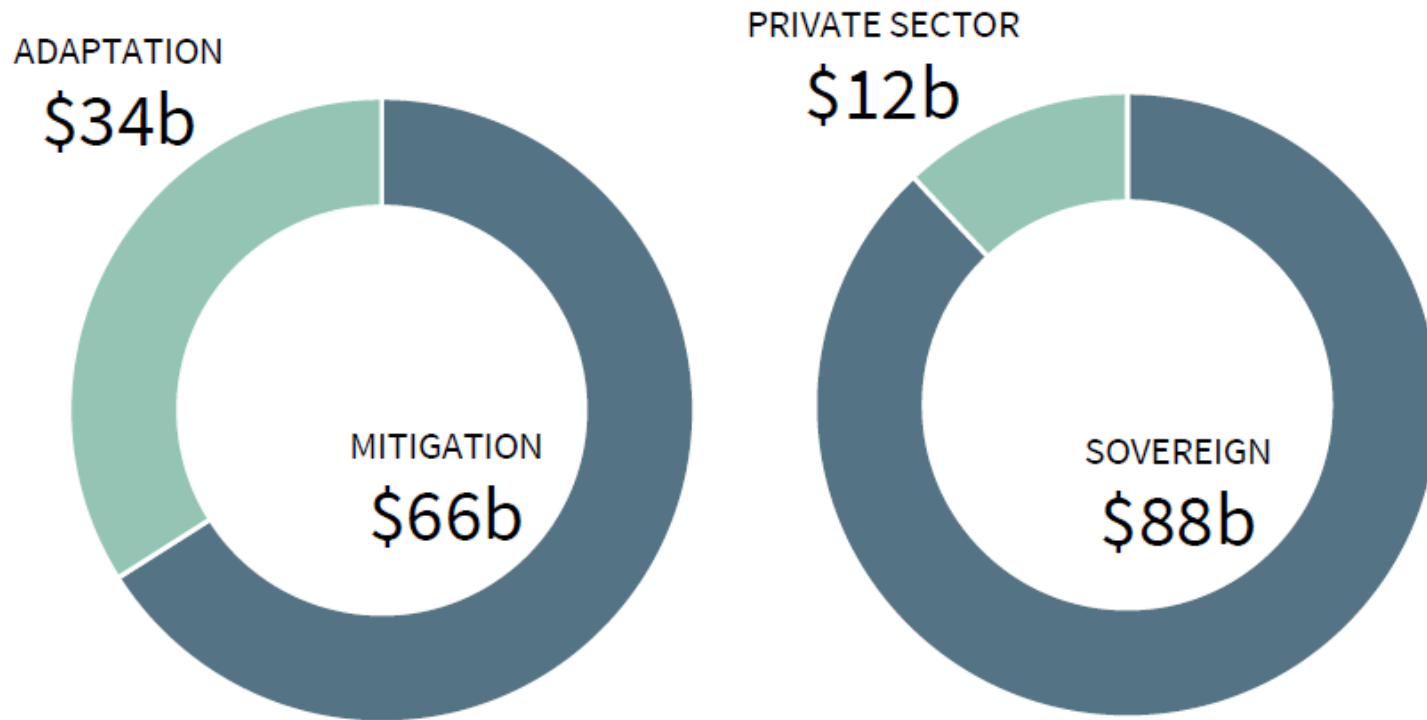


Numbers in brackets indicate investment as a percentage of GDP.

Note: Numbers may not add up due to rounding.



# ADB IS ASIA AND THE PACIFIC'S CLIMATE BANK



**\$100 billion**

ADB 2030 CLIMATE AMBITION



*“The climate crisis is worsening daily, prompting many to call for increased climate finance. We are taking action to meet this call by elevating our ambition to \$100 billion in cumulative climate finance from our own resources by 2030.”*

**- ADB President Asakawa (COP26)**

# ADB's Approaches to Climate Finance Mobilization

## Deploying Concessional Funds

### Internally managed resources (ADB donor trust funds and special funds)

- **Climate Change Fund (CCF)**
- Clean Energy Financing Partnership Facility (CEFPF)
- Urban Climate Change Resilience Trust Fund (UCCRTF)
- **Asia-Pacific Climate Finance Fund (ACliFF)**
- High Level Technology Fund (HLTF)
- **Others with bilaterals**
  - » Ireland Trust Fund for Building Climate Change and Disaster Resilience in Small Island Developing States

### Multilateral funds

- **Climate Investment Funds (CIF)**
- Global Environment Facility (GEF)
- **Green Climate Fund (GCF)**

## Maximizing Market Mechanisms

- **Upfront carbon finance**
  - » **Future Carbon Fund**
  - » **Japan Fund for the Joint Crediting Mechanism**
- **Article 6 Support Facility**
  - » Carbon Pricing / Carbon Markets
  - » Article 6 of the Paris Agreement
  - **Carbon Market Technical Support Facility**
    - » Joint Crediting Mechanism
    - » domestic emissions trading Systems
    - » Lifecycle Management of Fluorocarbons
- **Green and Climate Bonds**
- ASEAN Catalytic Green Finance Facility

## Catalyzing Private Capital

- **Direct project finance** (lending, guarantees, syndications), and equity investment
- **Public private partnerships: (PPPs)** working with client DMCs across stages of PPPs

## Facilities for Private Sector

- Canadian Climate Fund for the Private Sector in Asia (I and II)
- Australian Climate Finance Partnership
- ADB Ventures Financing Partnership Facility



# Scaling-up Climate Finance by Leveraging Private Sector Investments

appropriate permission.

# ASSURE: Scaling-up Renewables + Storage in ASEAN

ADB provides End-to-End Support for Renewables in Southeast Asia through the ASSURE program

Lack of well-structured and efficiently procured projects

Transaction advisory services  
(Office of Public-Private Partnership, OP PP)

Need to enhance credit worthiness of off-takers

Strengthen SOE financial management through policy dialogue, set-up guarantees, and results-based loans  
(Southeast Asia Department, SERD)

Need for competitive funding mechanism

Private Sector Funding from ADB  
(Private Sector Department, PSOD)  
and Access to Climate Financing  
for Sovereign and Private Investments

# ASSURE: Scaling-up Renewables + Storage in ASEAN (cont'd)

ADB has initiated a new regional program called the ASEAN Scaling UP Renewables + Storage initiative (ASSURE). ADB will work with ASEAN countries to deploy renewables on a large scale by supporting project development and facilitating private sector participation.

Detailed Feasibility Analysis
End-to-end Tender Process Management
Financing (Sovereign, Private Sector and Climate Finance)



**Work in ASEAN:** solar PV auctions under **national solar park project** and solar PV+storage in Cambodia (planned); ground-mounted solar PV auction in Indonesia (early discussions); offshore wind power in Thailand (pre-feasibility study);

# ASEAN Catalytic Green Finance Facility (ACGF)

Regional, country-owned  
\$1.7 billion facility under  
ASEAN Infrastructure Fund,  
administered by ADB



## CAPITAL

\$1.7 billion in co-financing pledged for green infrastructure

## GREEN PIPELINE

25 green projects & concepts being structured

## GREEN PROJECTS

AIF Board approval of 3 ACGF-eligible projects + 1 project with green co-benefits

## PARTNERSHIPS

13 co-financing & knowledge partners

## INTERNAL CAPACITY

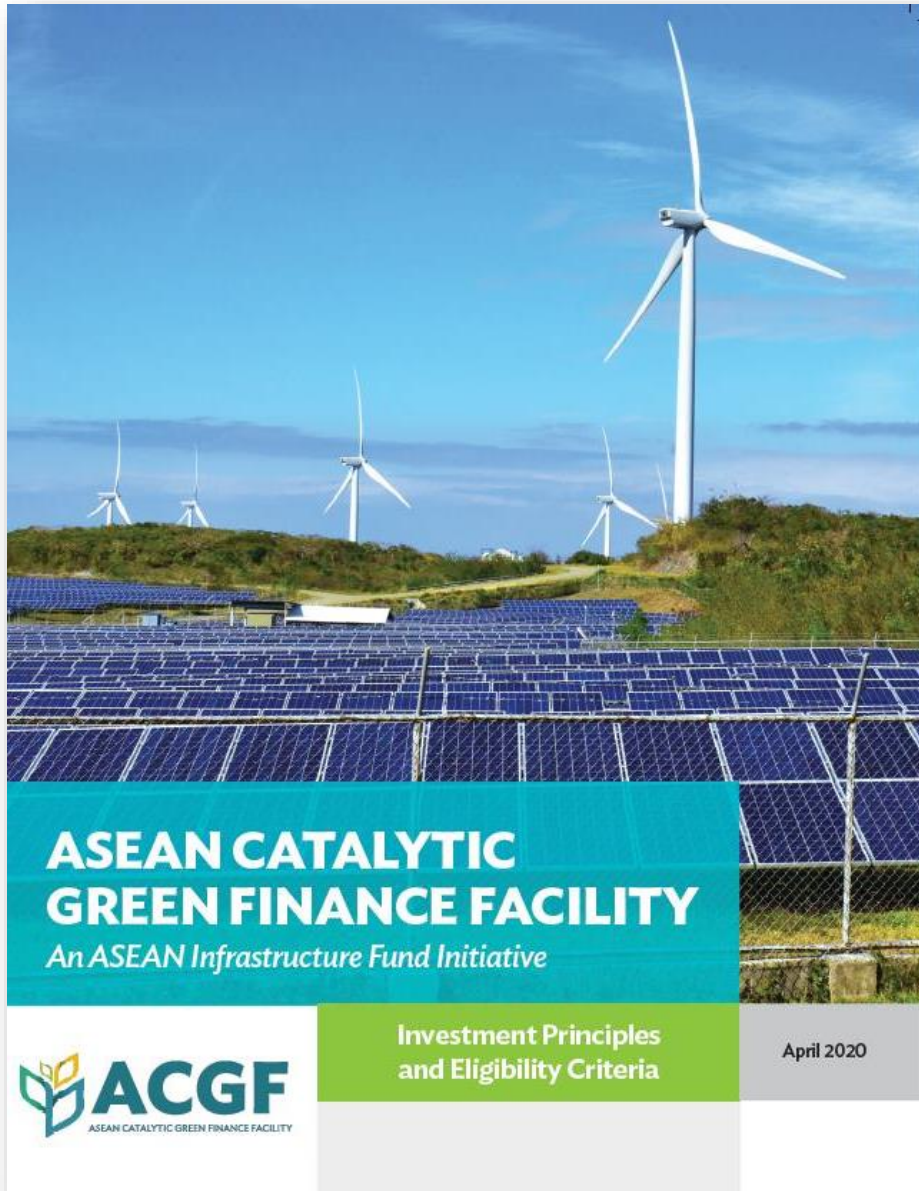
Run by Southeast Asia Innovation Hub & specialist ACGF Project Structuring team

## KNOWLEDGE

Developing platforms and knowledge products on green recovery, green infrastructure pipelines, innovative finance



# ASEAN Catalytic Green Finance Facility (ACGF) (cont'd)



## ACGF Eligibility Criteria: linking funds to green impact

- All green projects must show:
  - Contribution to climate change mitigation and / or climate change adaptation
- PLUS
  - Contribution to other environmental objectives (e.g. air quality, resource use efficiency, biodiversity etc.)
- Combines use of climate finance + impact indicators (e.g. GHG reductions)
- Links funding to performance - green projects vs. priority green projects
- Additional criteria: bankability, private sector mobilization, green jobs

# Indonesia SDG 1 – Facility to Expand Access to Finance

**ADB**

**ADB** Tech. Assistance

**Cofinancing Partners**

\$ 600 m (\$ / IDR) ADB loan funds in tranches

\$ 5 m grants

\$ 200 m loans potentially

Government of Indonesia (EA)

**PT SMI (IA) to manage SIO-GFF**

**SDG Indonesia One**

**SDG Indonesia One SIO-GFF**

**PROJECTS PREPARATION**

**PROJECTS FINANCNG FACILITY**

**GREEN PROJECTS**

Private, Institutional, Commercial Funds

SMI Commercial Funds

\$

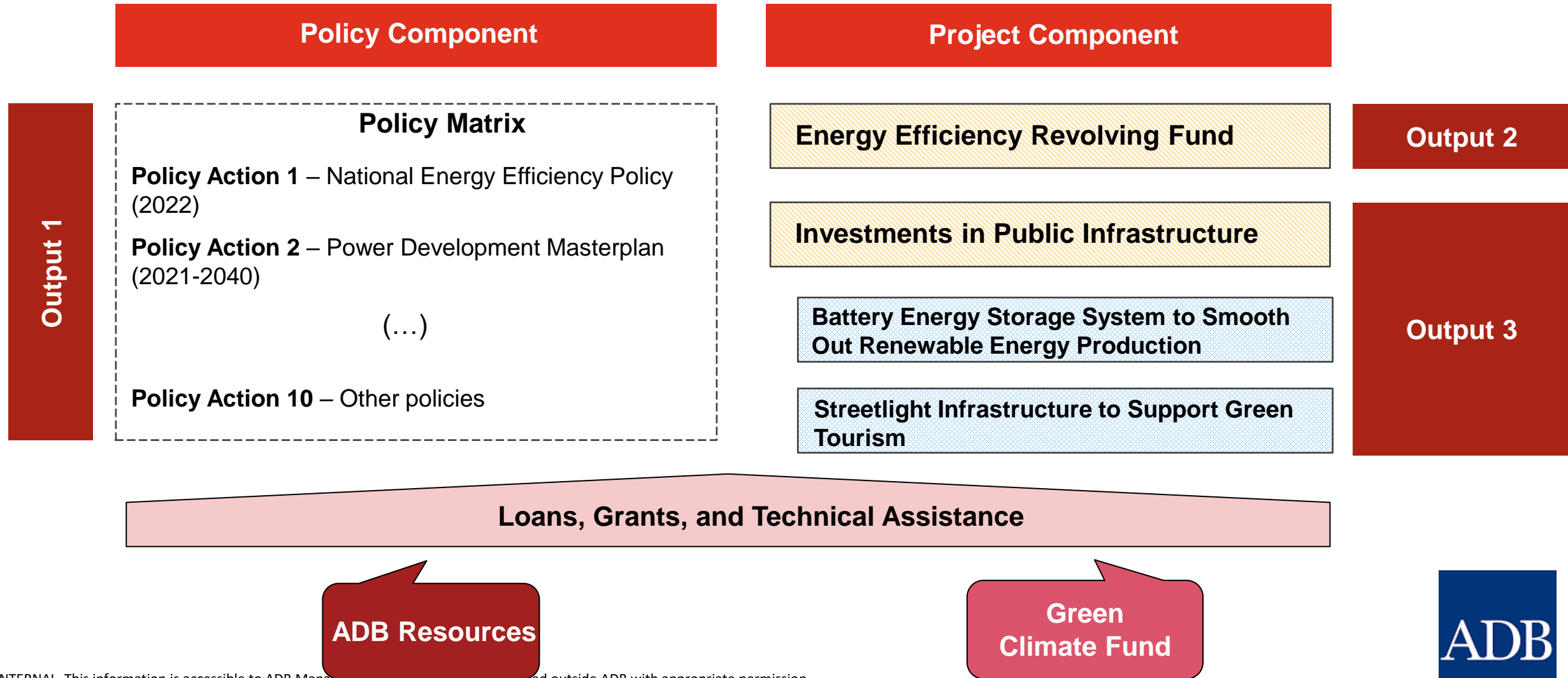
Funds into projects directly

*Subprojects selected and managed by PT SMI per principles agreed upfront with ADB*




# Cambodia Energy Transition Sector Development Program


To support the roll-out of energy efficiency opportunities, ADB and the Ministry of Mines and Energy are preparing an Energy Transition Sector Development Program for approval in 2022





# Cambodia Energy Transition Sector Development Program – EERF

An Energy Efficiency Revolving Fund (EERF) would provide access to financing to private entities to facilitate their investments in energy efficiency interventions

 Markets with low to medium maturity

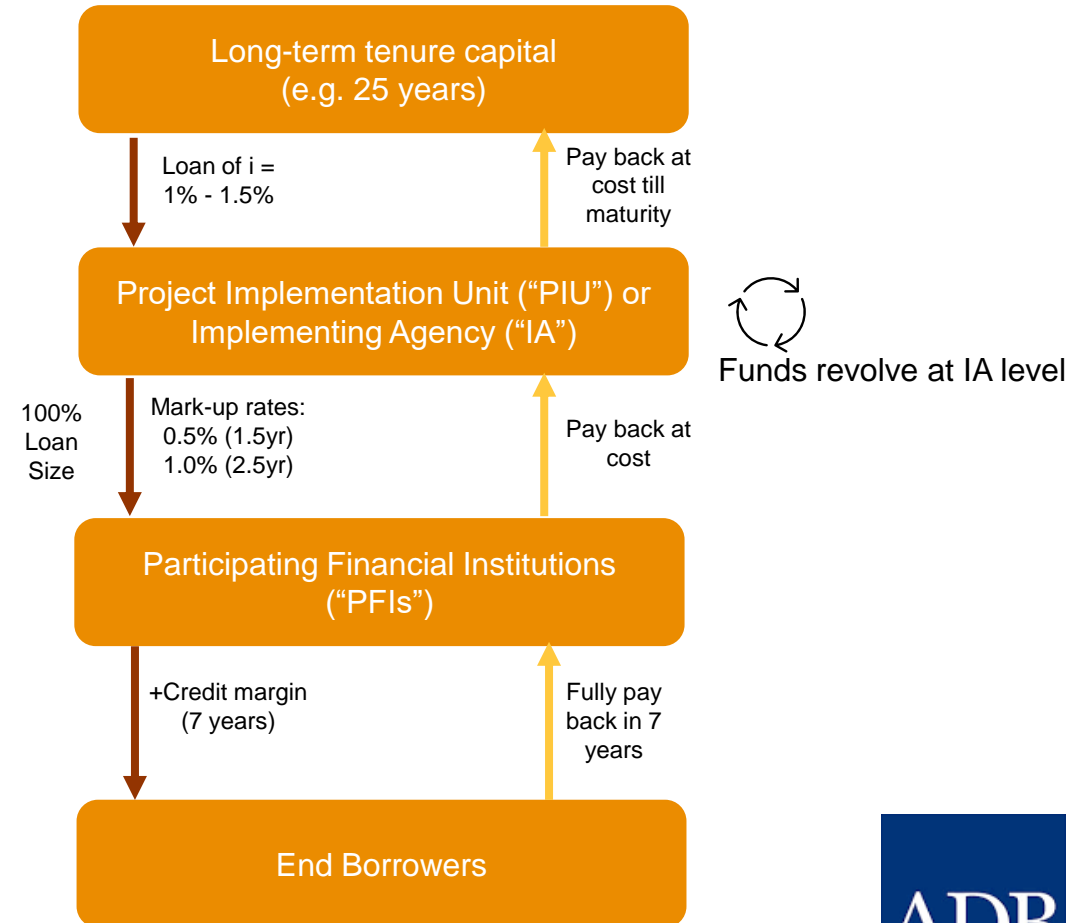
 Help demonstrate the commercial viability of energy efficiency investments

 Provide a credit history for borrowers

 Scope of eligible investments to consider other measures aligned with the energy transition

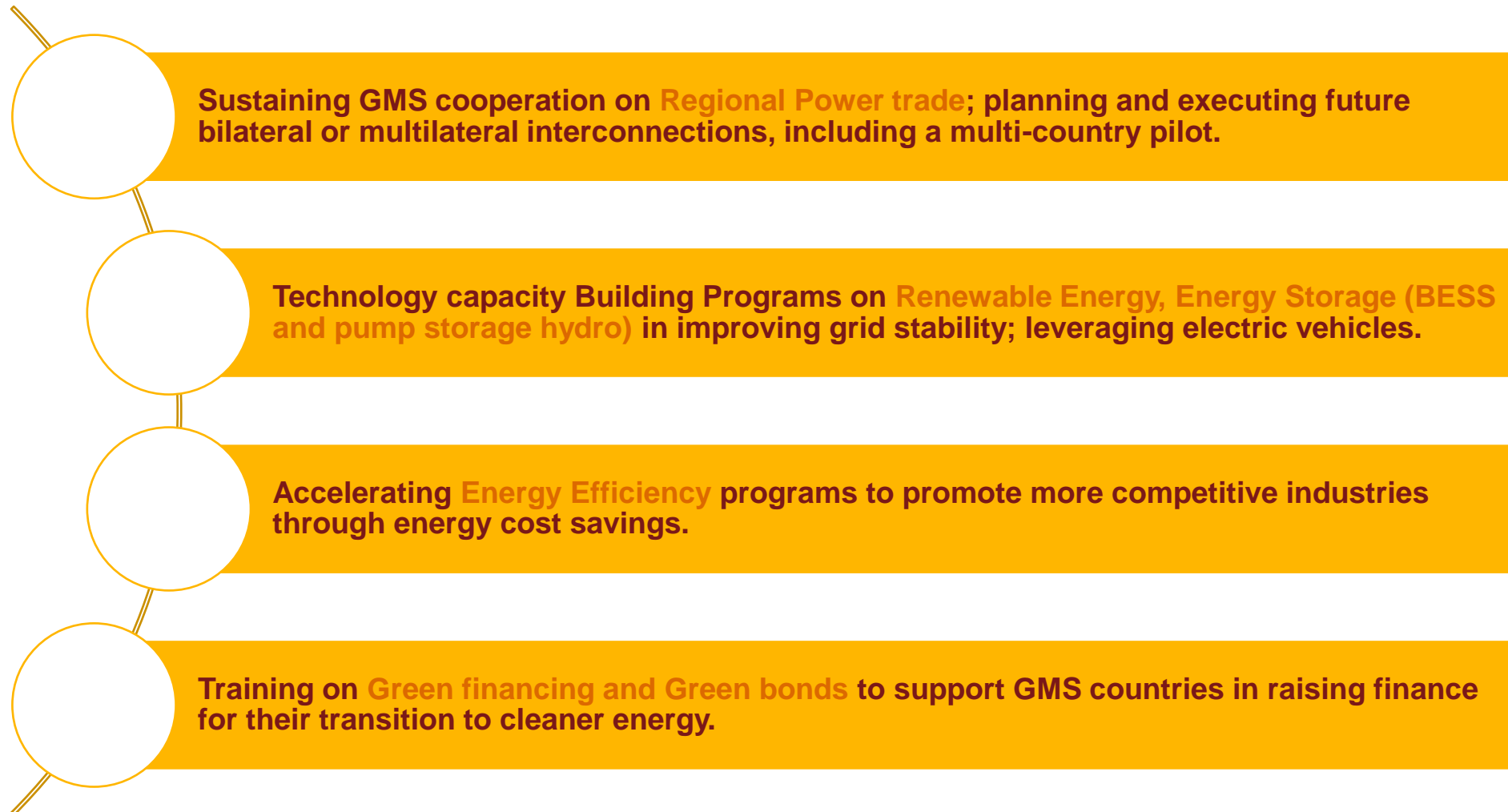


## Revolving Fund Basic Design





# Themes/Activities identified under the EETF





# Training plan timeline over the next year

GMS Training plan				
Milestone description	Q3 2022	Q4 2022	Q1 2023	Q2 2023
<b>Regional Power trade pilots</b>				
On-going support				
<b>Renewable Energy &amp; BESS</b>				
Training 1				
<b>Study Tour</b>		Combined with EE Study tour		
Training 2				
Training 3				
Ongoing Webinars				
<b>Energy efficiency</b>				
Training 1				
<b>Study Tour</b>		Combined with RE & BESS Tour		
On-going webinars				
<b>Green Financing &amp; Green bonds</b>				
Training 1 & 2				
Training 3				
On-going webinars				



**Thanks**

6 July 2022

