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12TH ASIAN DEVELOPMENT BANK BUSINESS OPPORTUNITIES FAIR 2024

9-10 OCTOBER 2024 | 9 A.M. to 5 P.M. | ADB HEADQUARTERS, MANILA

Overview of ADB's Private Sector Operations

Pinnapa Satitpatanapan
Private Sector Operations Department
Infrastructure Finance Division 2

10 OCTOBER 2024



Private Sector Operations Department (PSOD)

- PSOD is responsible for all private sector (or nonsovereign) financing and investments - structuring and funding investments across the capital structure in privately held and state-sponsored enterprises across various industry sectors throughout developing Asia and the Pacific.
- Emphasis is on commercially viable transactions that generate acceptable financial returns while also delivering development outcomes on ADB's mandate to promote environmentally sustainable, socially responsible and inclusive economic growth.
- A key objective for PSOD is the mobilization of official and commercial cofinancing through ADB-managed trust funds, B-loans, credit enhancement products, and risk transfers.



Why do we work with
the Private Sector?





Why the private sector is important

- To achieve the Sustainable Development Goals (SDGs) by 2030, the participation of the private sector will be crucial - in mobilizing resources, creating jobs, and supporting growth in the region
- The private sector is the source of 90% of all jobs in developing countries and helps drive innovation
- Needs will only increase and gaps remain significant across infrastructure, trade and financing across Asia
- G7/G20 and almost all other development finance institutions (DFI) are increasing their emphasis on private sector participation and financing



How ADB can work with the private sector

ADB can play a key role in helping to:

- Create an enabling environment
- Increase the number of bankable projects
- Crowd-in private financing

ADB can multiply the development impact of our interventions by leveraging our:

- Relationships with governments, private sector clients, and other DFIs
- Advisory for public-private partnerships and business incubation
- Capacity to mobilize more private sector capital
- Knowledge of developing member countries

PRIVATE SECTOR OPERATIONS



ADB's Strategy 2030: A Growing Role for the Private Sector and Climate Finance

1. Increased private sector activity

1/3

Private sector operations will expand to reach one-third of ADB operations in number by 2024

2. Increased private sector cofinancing

\$2.50:\$1

Every \$1 in financing for ADB private sector operations will be matched by \$2.50 of long-term cofinancing

3. Increased climate finance focus

\$100 billion

Climate finance from ADB's own resources will reach \$100 billion cumulatively from 2019 to 2030

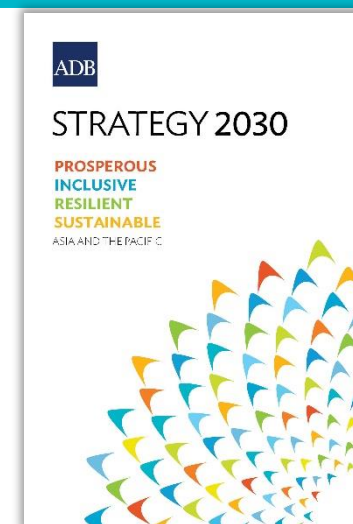
At least 75%

At least 75% of ADB's committed operations will support climate change mitigation and adaptation by 2030

4. Gender target

At least 75%

At least 75% of ADB's committed operations will promote gender equality



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

Sector Focus



Infrastructure

Catalyzing economic growth and social equity via energy, waste, water, transport, and telecommunications facilities



Environmental protection

Developing sources of renewable energy and encouraging energy efficiency



Finance and capital markets

Providing better access to higher-quality financial services across Asia's developing markets



Sustainable agribusiness

Promoting environmentally friendly food production, processing, and distribution



Education

Building human capital through the expansion of basic and higher education services



Health

Supporting private providers of high quality and affordable healthcare

Products

Instrument	Typical Size	Typical terms	When is it relevant?
Debt	\$20M - \$500M	<ul style="list-style-type: none"> • 7 years (corporate) to 15+ years (project) • LIBOR / ADB cost of funds in local currency + credit spread • Secured or unsecured 	<ul style="list-style-type: none"> • Established company with large balance sheet, strong cash flow • Possibility to mobilize co-financing under B-loan or risk participation
Equity	\$2M - \$100M	<ul style="list-style-type: none"> • 25% ownership maximum • Board seat, Advisory Committee seat • Minority protection rights • Put on the parent company 	<ul style="list-style-type: none"> • Direct: growth companies at any stage through IPO (cornerstone or anchor investment) • PEF: single, multi-sector, country and regional funds • ADB Ventures: early-stage companies focused on new technologies
Guarantees	\$20M - \$500M	<ul style="list-style-type: none"> • Partial credit guarantees (PCG): market-based, fees based off lenders' margin • Political risk guarantees (PRG): market-based, fees based off reinsurance market 	<ul style="list-style-type: none"> • Where other lenders are more efficient than ADB in mobilizing local currency, or reaching target customers (PCG) • In frontier markets (PRG)
Blended Finance (BF)	\$5M - \$20M	<ul style="list-style-type: none"> • Lower pricing, longer grace periods and/or tenors, subordination, sculpted repayment profiles, reduced security and/or collateral, and/or capped or collared returns 	<ul style="list-style-type: none"> • When transactions demonstrate strong rationale for BF and adherence to DFI-agreed principles – additionality, crowding-in, commercial sustainability, reinforcing markets, promoting high standards
Technical Assistance	\$0.5M - \$1M	<ul style="list-style-type: none"> • For project preparation TA, reimbursable at closing • For capacity development TA, non-reimbursable grant 	<ul style="list-style-type: none"> • Enhance corporate governance, environmental and social standards, risk management, gender mainstreaming, etc. • Develop new products for underserved segments

Eligible Transactions

- ✓ Located in and/or directly benefits ADB's developing member countries
- ✓ ADB's target sectors (infrastructure, financial sector, agribusiness, etc.) and themes (climate change, inclusive business, etc.)
- ✓ Developmentally and commercially sound, with a clear business plan
- ✓ Financing not directly guaranteed by the government
- ✓ Clear financing or other need (safeguard support, risk coverage, etc.) from ADB
- ✓ Willing to employ professional advisors (legal, technical, environment and social, etc.)
- ✓ For equity investments, a board seat for ADB and clear exit strategy



High demonstrational value and replicability



Innovative (new technologies or ways of doing business)



Highest integrity and ethical standards



Crowding in commercial financing

ADB Additionalities

- ✓ Financial, including (i) various products from debt to equity, credit enhancement and risk mitigation, (ii) local currencies, and (iii) longer tenors and patient investor
- ✓ Non-financial, including (i) stamp of approval, (ii) country risk mitigation, neutral broker role with governments, (iii) safeguard and corporate governance expertise, and (iv) extensive knowledge of markets, sectors, and clients

PRIVATE SECTOR OPERATIONS DEPARTMENT COMMITMENTS, 2023

40 projects, \$1.7 billion

Kyrgyz Republic, \$1 billion

- Kompanion Bank Supporting Micro and Small Entrepreneurs Project

Kazakhstan, \$219 million

- ALES Energy Transition and Modernization Project

Georgia, \$53 million

- Georgia Capital Sustainability-Linked Bond Project
- Credo Bank Supporting Food Security through Inclusive Access to Finance Project
- Tegeta Green Vehicles Bond Project

Azerbaijan, \$20 million

- Bank Respublika Expanding Access to Credit for Women and Agriculture Borrowers Project

Uzbekistan, \$216 million

- Indorama Climate-Resilient Farmer Livelihood and COVID-19 Recovery Project
- Bash Wind Power Project
- Dzhanakely Wind Power Project
- Jizzakh Solar Power Project
- Samarkand Solar Power Project
- Sherabad Solar Power Project
- Uzpromstroybank Micro, Small, and Medium-Sized Enterprises and Bank Transformation Project

Maldives, \$25 million

- BML Supporting Recovery of the Small and Medium Enterprise and Blue Economy Tourism Sector Project
- Dhiraagu Telecommunication Connectivity Enhancement Project (2022)

India, \$604 million

- FPL Tamil Nadu Open Access Solar Project
- SAEL Biomass Energy Project
- Greenway Carbon Credits Gender Finance Project
- SAEL Gujarat Solar Power Project
- L&T Finance Supporting Access to Finance for Farmers, Women, and Micro, Small, and Medium-Sized Enterprises in Rural and Peri-Urban Areas Project
- AHFL Access to Affordable Housing for Underserved Segments
- UGRO Capital Supporting Digital and Innovative Micro, Small, and Medium-Sized Enterprises Financing Project
- Investment in True North (GIFT) Fund VII
- Cygnus Affordable Hospitals Project
- Nhava Sheva Container Terminal Financing Project

Nepal, \$22 million

- Global IME Supporting Small and Medium-Sized Enterprises Project

- Agriculture
- Clean Energy
- Energy (Other)
- Information and Communication Technology
- Finance
- Health
- Industry and Trade
- Transport
- Water and Other Urban Infrastructure and Services

Mongolia, \$45 million

- Gobi Climate-Resilient Cashmere Value Chain Project
- Invescore Micro, Small, and Medium-Sized Enterprises Financing Project
- Intermed Hospital Expansion Project

People's Republic of China, \$68 million

- Maxweath Financial Leasing Micro, Small and Medium-Sized Enterprises Finance for COVID-19 Response Project

Lao People's Democratic Republic, \$110 million

- Monsoon Wind Power Project

Viet Nam, \$18 million

- Australis Climate-Smart Barramundi and Seaweed Aquaculture Project
- Green Yellow Smart Solutions Rooftop Solar Project

Philippines, \$175 million

- Dali Modern Food Retail Expansion Project
- ACEN Sustainability-Linked Facility
- Isón Nationwide Digital Connectivity Project

Indonesia, \$37 million

- DSNG Climate-Resilient Community-Based Agroforestry Value Chain Project
- Alba Blue Loan for Recycling Project

Thailand, \$37 million

- Energy Absolute Public Bus Electrification Project

Bangladesh, \$50 million

- Paramount Solar Power Project

Regional, \$40 million

- Exacta Asia Investment III LP
- Investment in OrbiMed Asia Partners V, LP (2022)

Notes: This map shows Asian Development Bank (ADB) regional members only. This map was produced by the cartography unit of ADB. The boundaries, colors, denominations, and any other information shown on this map do not imply, on the part of ADB, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries, colors, denominations, or information. Source: ADB (Private Sector Operations Department).

PSOD Portfolio by Region (as of 31 December 2023)

\$11,827.2M

Total Portfolio Amount

\$9,695.6M

Outstanding Amount

\$2,131.7M

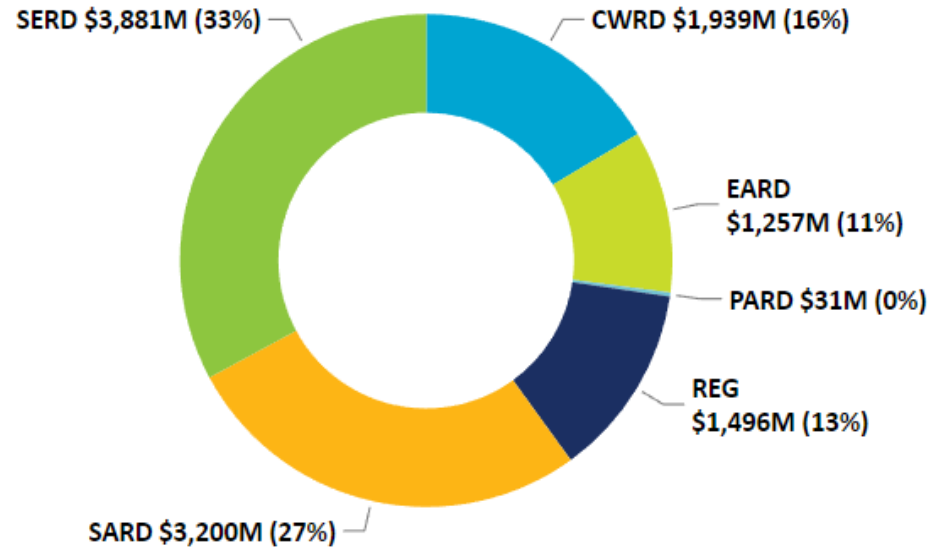
Undisbursed Amount

275

Active Projects

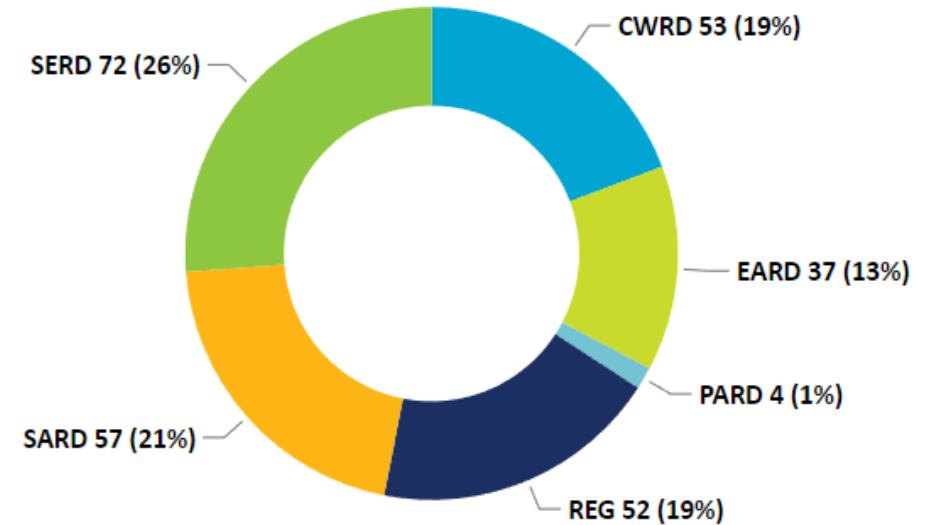
Total Portfolio Amount

● CWRD ● EARD ● PARD ● REG ● SARD ● SERD



Active Projects

● CWRD ● EARD ● PARD ● REG ● SARD ● SERD



PSOD Portfolio by Sector (as of 31 December 2023)

\$11,827.2M

Total Portfolio Amount

\$9,695.6M

Outstanding Amount

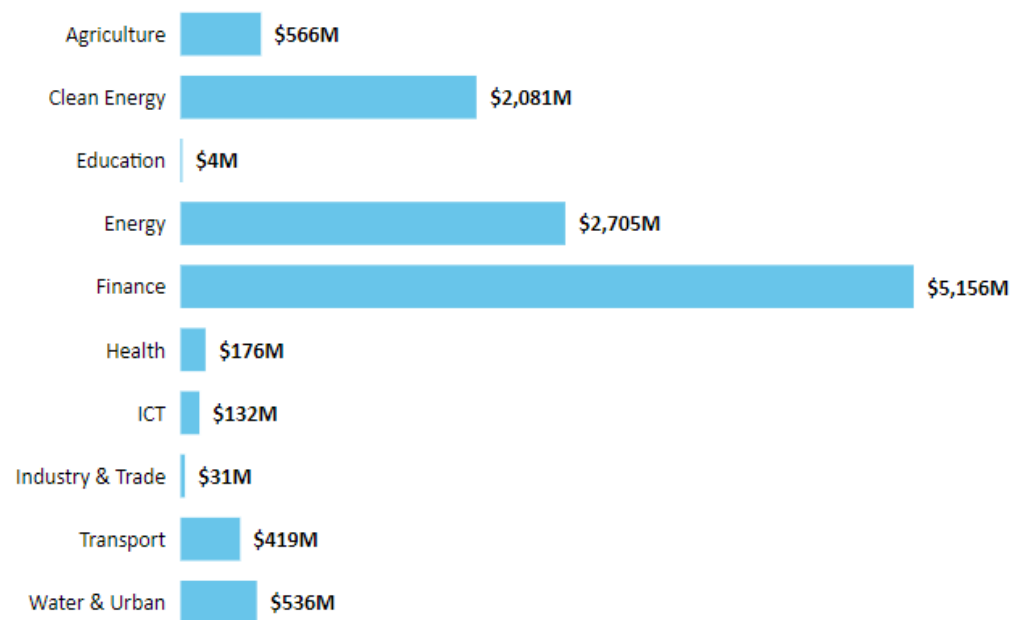
\$2,131.7M

Undisbursed Amount

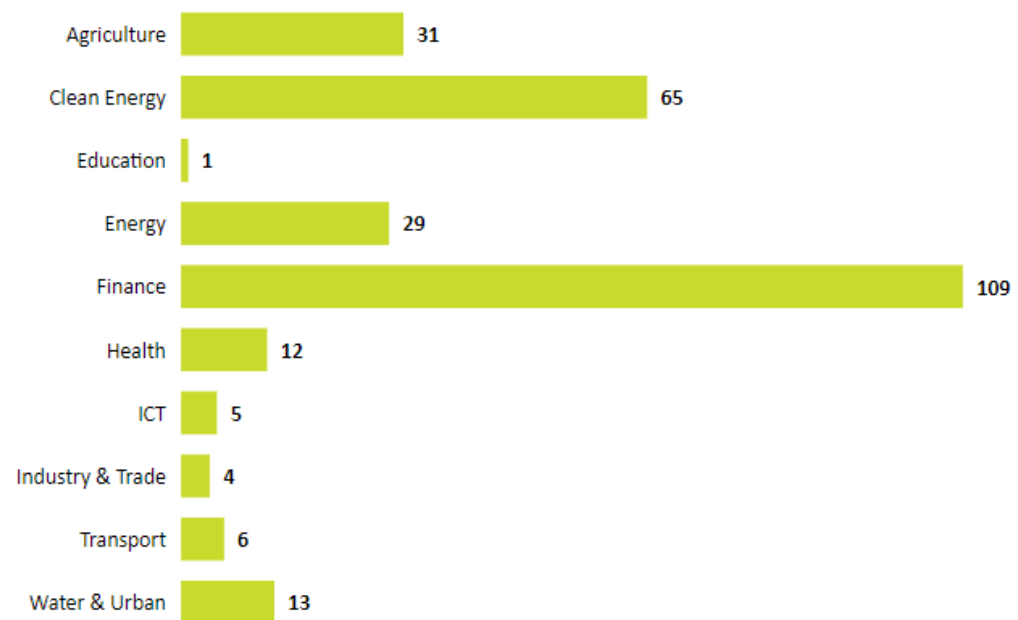
275

Active Projects

Committed Portfolio Amount



Active Projects



Note: Total may not sum up due to rounding.

*Outstanding portfolio includes outstanding exposure and undisbursed commitments

PSOD Portfolio by Product (as of 31 December 2023)

\$11,827.2M

Total Portfolio Amount

\$9,695.6M

Outstanding Amount

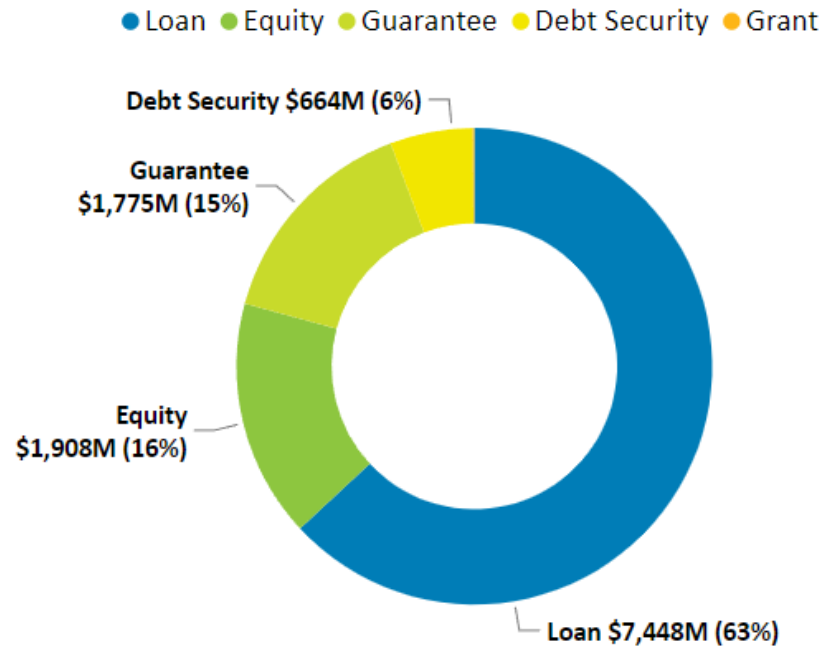
\$2,131.7M

Undisbursed Amount

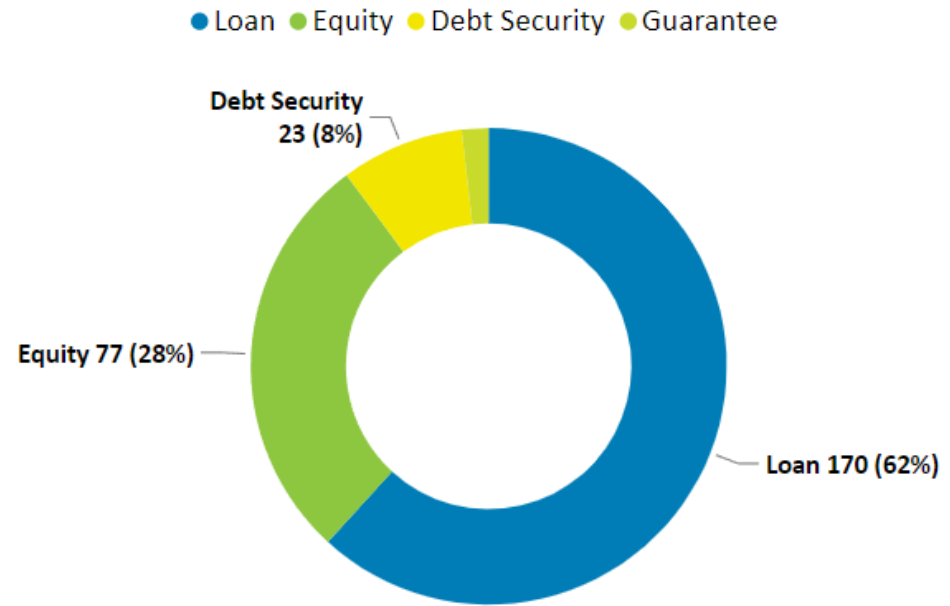
275

Active Projects

Total Portfolio Amount



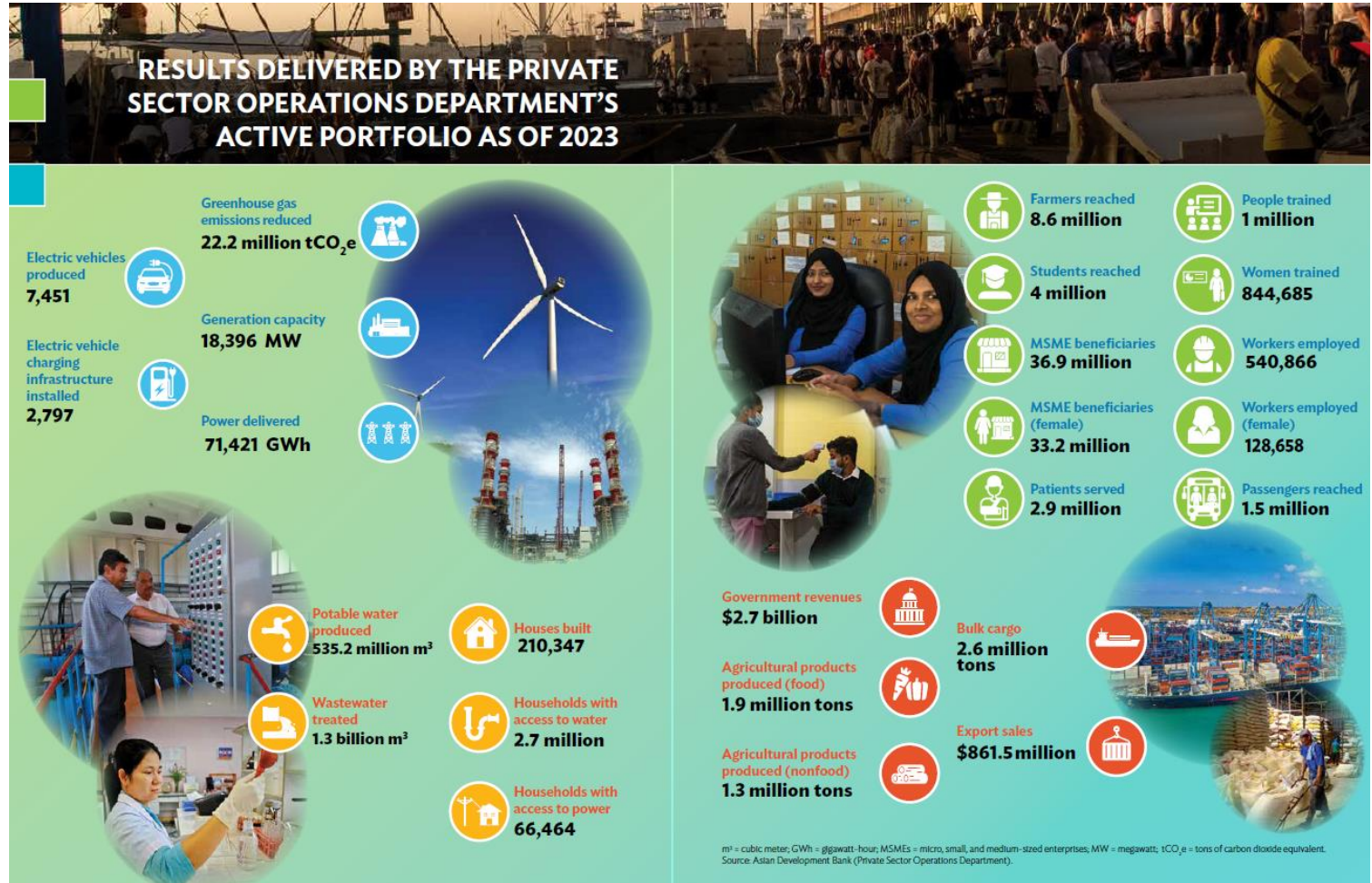
Active Projects



Note: Total may not sum up due to rounding.

*Outstanding portfolio includes outstanding exposure and undisbursed commitments

Private Sector Operations: Delivering Development Impact



Areas for Scaling Up Climate Finance Beyond Core Renewables

**Electric
Mobility**

Water

Recycling

**Innovative
Financing
Approaches**

**Green Data
Centers**

**Manufactu
ring**

**Green
Buildings**

**Decarboniz
ation of
Industry**

**Minerals
for Green
Energy**

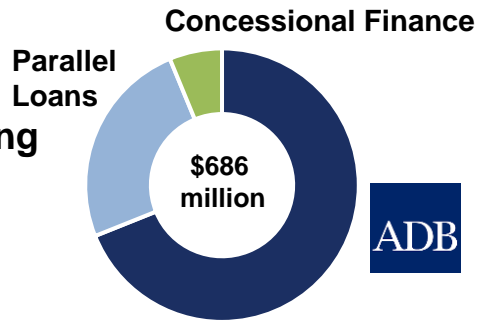
Sustainable Transport Achievements: Our Role and Impact in Southeast Asia

Our Role

\$686 million

Mobilized Private Sector Financing

For sustainable transport projects



Our Impact



1,325
E-Buses



2
MRT Lines



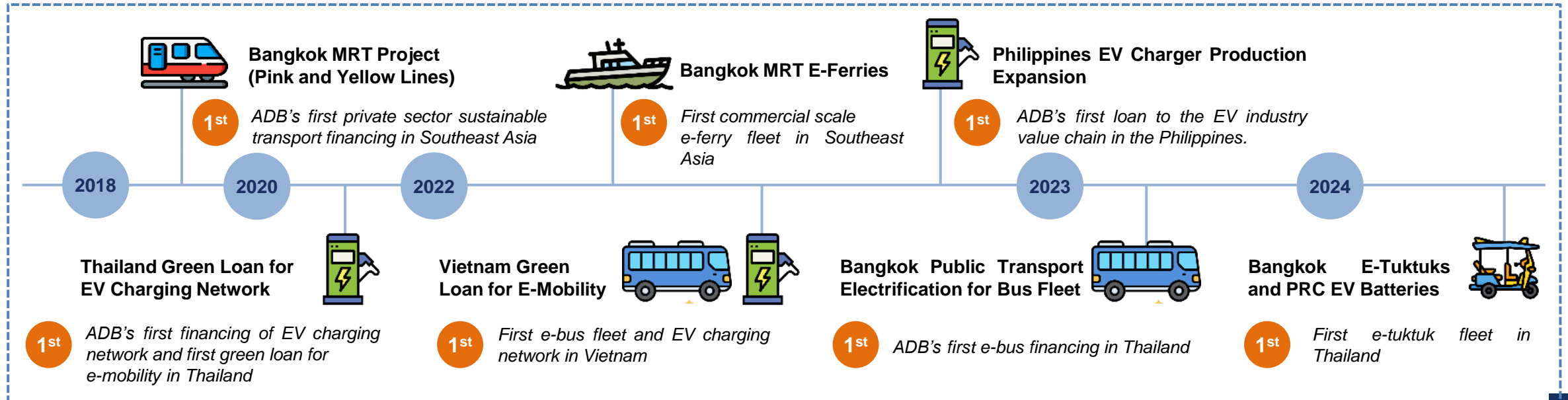
27
E-ferries



>1,000
EV charging locations



1,500
E-Tuktuks





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BUSINESS OPPORTUNITIES FAIR 2024**
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Thank you!

Pinnapa Satitpatanapan

Investment Specialist, Infrastructure Finance Division 2

Private Sector Operations Department

psatitpatanapan@adb.org