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ADB's ENERGY SECTOR OPERATIONS

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Outline

- Sector overview
- Energy Policy
- Clean Energy Financing Partnership Facility
- Carbon Market Initiative
- Role of RSDD
- Business opportunities

Energy Sector Overview

- \$1 billion annual target of clean energy investments, from 2008
 - 27% of total approved loans in 2008 supported projects with clean energy components (\$1,693 million)
- \$2 billion annual target from 2013, in a bid to accelerate low-carbon growth and reduce greenhouse gas emissions in the region

2009 Energy Policy: Changing Context

■ Energy Security

- Increasing demand for energy
- Volatility in energy prices

■ Climate Change

- Significance of global warming and climate change
- Need to promote low carbon emission options and technologies

■ Energy Access

- MDG targets cannot be met without modern energy services for all
- 2.5 billion people rely on traditional biomass
- Mobilizing financing is challenging

2009 Energy Policy Objective

- To help DMCs to provide reliable, adequate, and affordable energy for inclusive growth in a socially, economically, and environmentally sustainable way

2009 Energy Policy

Three Pillars

- Promoting **energy efficiency and renewable energy**
- Maximizing access to **energy for all**
- Promoting energy sector **reforms, capacity building, and governance**

Clean Energy Financing Partnership Facility (CEFPF)

- Established in April 2007; target fund size of \$250 million
- Promote energy security and assist DMCs in transition to low carbon path, focus on technologies that reduce GHG emissions
- Composed of:
 - Clean Energy Fund (Australia, Norway, Spain, and Sweden)
 - Asian Clean Energy Fund (Japan)
 - Carbon Capture and Sequestration (Australia)
- As of 30 September 2009: allocated \$30.5 million to projects which are expected to translate to \$533.2 million in CE investments.
- Accessing CEFPF Resources: through ADB's operations departments

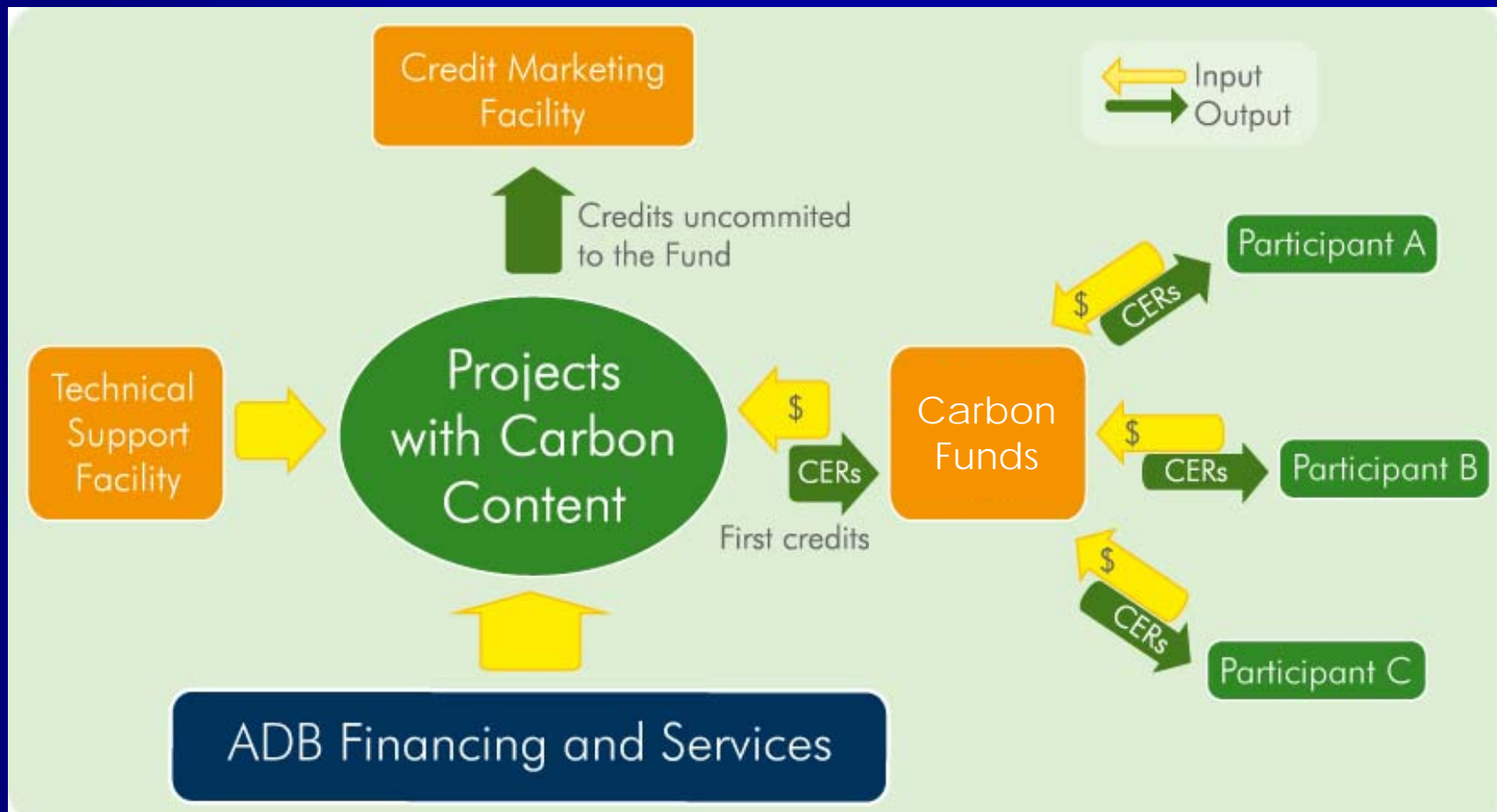
ADB Consultation in Developing Countries

Question: “What do you need to scale up GHG mitigation projects?”

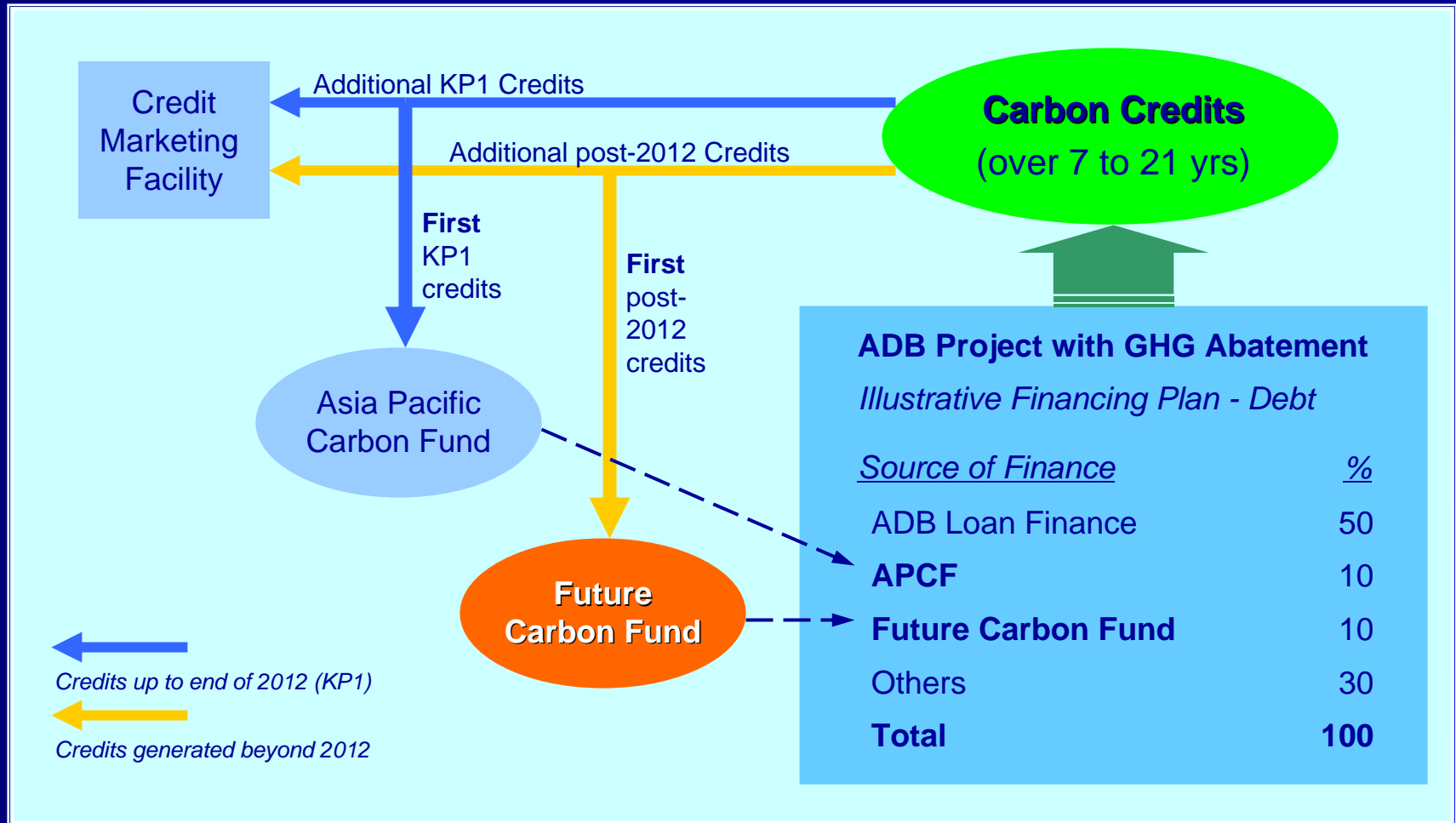
1. Need underlying finance
⇒ ADB long-term finance
2. Require carbon market technical support
⇒ Expert technical team
3. Desire highest prices/best conditions for CERs
⇒ Dedicated credit marketing service
4. Seek upfront payment for credits to fill finance needs
⇒ Carbon co-finance vehicle: Carbon Funds

Carbon Market Initiative

Supports clean energy, energy efficiency, and GHG abatement projects in DMCs that are eligible under the CDM of the Kyoto Protocol



Sample Project Financing Plan



Role of RSDD

- an anchor for sector and thematic strategic directions in key areas of ADB's operations
- a linking service to facilitate cross-fertilization of ideas and experiences between regional departments
- a knowledge center for capturing, consolidating, storing, and disseminating knowledge obtained through regional operations and by following international developments
- a reference center for the region on regional and international trends in sectors and thematic areas
- a center for developing new business areas, and developing and implementing new business concepts

Business Opportunities

Types

- Investment projects
- Technical assistance

Areas

- Deployment of new clean energy technology
- Projects that lower barriers to adopting clean energy technologies
- Projects that increase access to modern forms of energy for the poor
- Capacity development, policy and advisory technical assistance for clean energy

THANK YOU

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