

March 2011

ADB's ENERGY SECTOR OPERATIONS

Anil Terway

Regional and Sustainable Development Department

The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.

Outline

- The Development Agenda: Strategy 2020
- ADB's Energy Policy: The Changing Context
 - 2009 Energy Policy - objectives, pillars, implementation principles
- Sector overview
 - Volume, types of assistance
 - Greening of energy agenda
- Programs and Approaches
- Role of RSDD
- General business opportunities

The Context: STRATEGY 2020

■ **Development Agenda:**

- Inclusive economic growth
- Environmentally sustainable growth (key: climate change)
- Regional integration

■ **Core Areas of Operation:**

- Infrastructure (key: energy)
- Environment
- Regional cooperation and integration
- Financial sector development
- Education

ADB's Energy Policy:

The Changing Context

- **ADB's First Energy Policy (1981):** response to the oil crisis
- **Second Energy Policy (1995):** infrastructure investment and developing financially robust and efficient sector operations
- **Energy Policy Review (2000):** reducing poverty, increasing private sector involvement, addressing environment impacts, promoting regional cooperation

Context of 2009 Energy Policy

■ 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**

Principles of Policy Implementation (1)

- Prioritize and broaden support for energy efficiency improvements and renewable energy projects
- Wide-ranging efforts to provide energy services for **inclusive growth**
 - Accelerate programs to extend energy services to communities and groups
 - Access to energy is essential to reducing poverty
- Promote effective **regional cooperation** in the energy sector to strengthen energy security
- Emphasize promotion of energy sector reforms, capacity building, and governance

Principles of Policy Implementation (2)

- Encourage **private sector participation** (and public–private partnerships) to enhance efficiency through competition, and to increase investable resources, but not as the end objective of reforms
- All energy sector investments will comply with **ADB safeguards policies** regarding the environment, involuntary resettlement, and indigenous peoples

Principles of Policy Implementation (3)

- Not to finance nuclear power generation
- Not to finance coal mine development except for captive use by thermal power plants, and oil field development except for marginal and already proven oil fields
- Promote superior knowledge management and dissemination of good practices and lessons learned; support advocacy and assistance to DMCs in **technology transfer and deployment**

Principles of Policy Implementation (4)

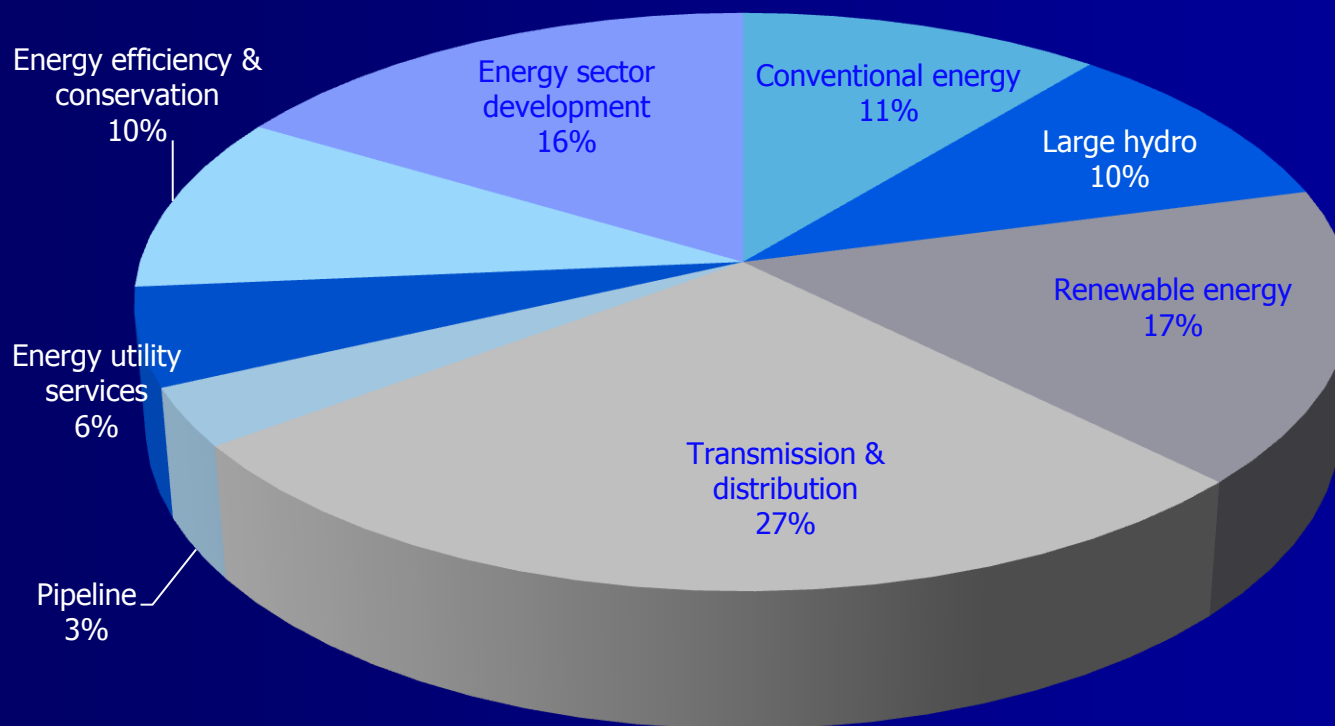
- Collaborate with a range of development partners
- Identify specific situation in each DMC while planning and designing interventions, especially for Pacific DMCs
- Monitor policy implementation using results framework

Energy Sector

- Volume of assistance to energy sector is increasing

Energy Sector Approvals, 2005-2010 (in US\$ million)				
Year	Public Sector Loans	Non-Sovereign Investments	Grants	Technical Assistance
2005	636.50	487.30	30.5	15.35
2006	1,019.50	602.60	11.6	20.58
2007	1,166.39	391.02	25.4	36.34
2008	1,363.40	1,484.08	259.9	28.85
2009	1,908.01	545.82	95.3	35.01
2010	1,865.90	906.11	215.95	37.86

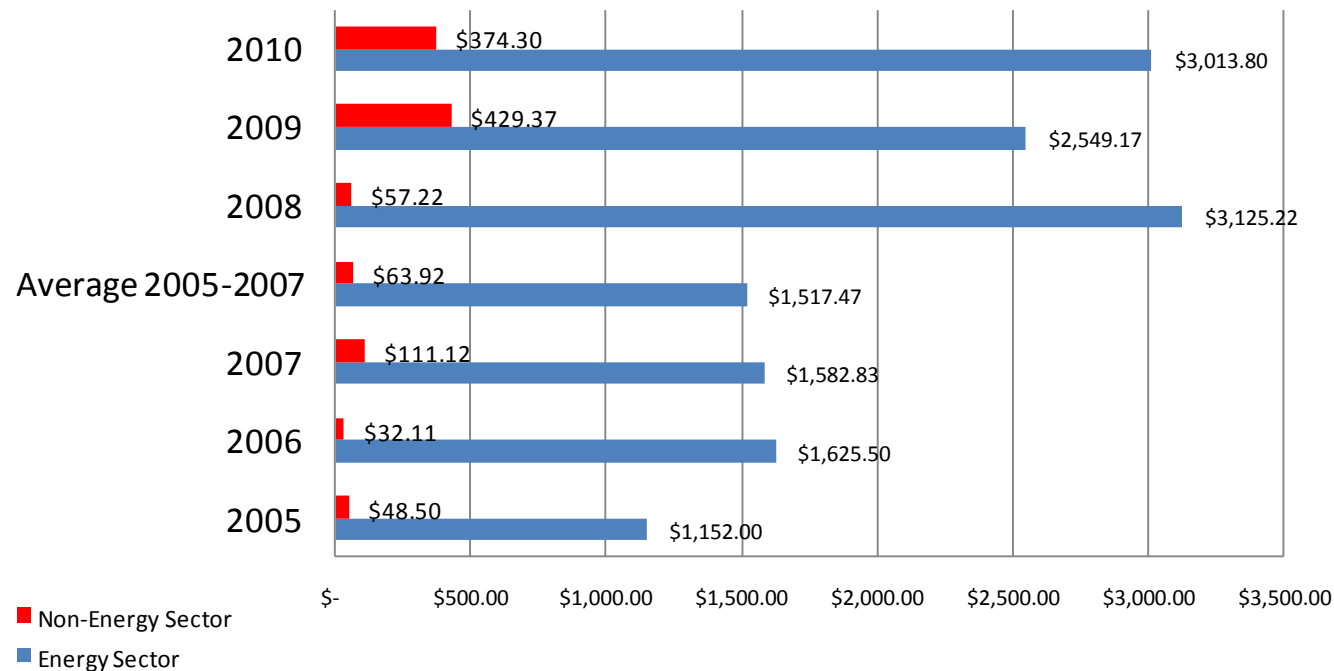
Types of Projects, according to subsector classification (2005-2009)



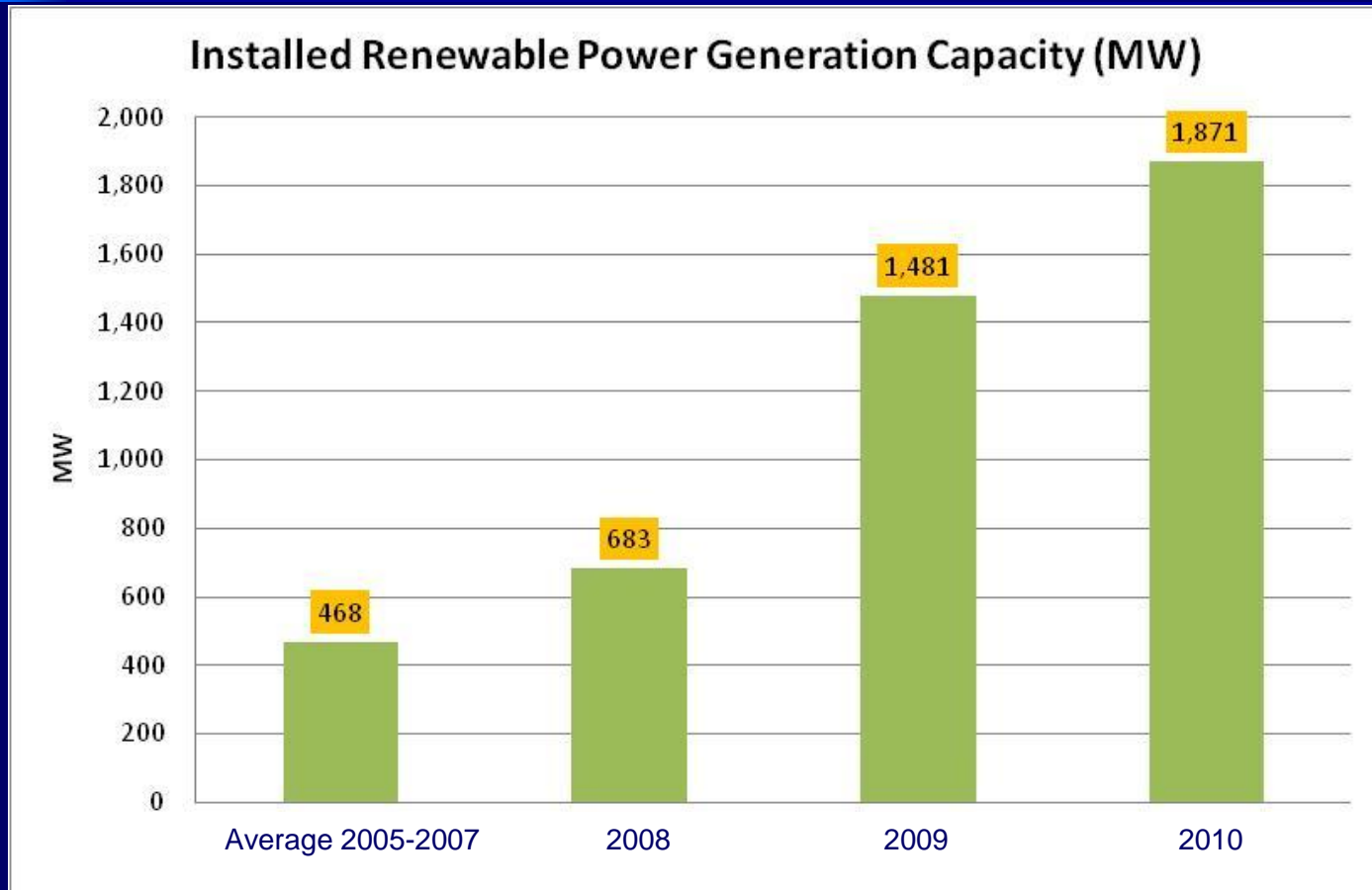
The "greening" of ADB's energy sector operations

- In a bid to accelerate low-carbon growth and reduce greenhouse gas emissions in the region, ADB set the following targets:
 - \$1 billion annual target of clean energy investments, from 2008
 - \$2 billion annual target of clean energy investments, from 2013

ADB Assistance to the Energy Sector and Non-Energy Sector with CE Component (in \$million)



Renewable energy projects approved by ADB = increase in installed RE capacity



Programs and Approaches

■ Clean Energy

- Continue to catalyze clean energy investments using Clean Energy Financing Partnership Facility, Climate Change Fund

■ Carbon Market Initiative

- Supports the development of clean energy, energy efficiency, and GHG abatement projects in DMCs that are eligible under the CDM of the Kyoto Protocol
- Asia Pacific Carbon Fund and Future Carbon Fund

■ Energy for All Initiative

- Target: provide energy access to 100 million people by 2015

■ Asian Solar Energy Initiative

- 3,000 MW of solar electricity generation and associated smart grid projects over the next 3 years.
- Asia Accelerated Solar Energy Development Fund (AASEDF)

Programs and Approaches

- **Quantum Leap in Wind Power**

- Install 1.0 GW wind power over the next 5 years
- Aggregate the market for wind to lower cost of technology and catalyze deployment in the region

- **Carbon Capture and Storage**

- Partnership with Global Carbon Capture Institute - comprehensive roadmap for CCS demonstration projects

- **Exchange to Transfer Clean Technologies to Asia and the Pacific**

- Establish a marketplace to support willing buyers and sellers of low-carbon technologies

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 the barriers to adopting clean energy technologies
- Projects that increase access to modern forms of clean and energy efficient energy for the poor
- Technical capacity programs for clean energy

THANK YOU

aterway@adb.org