



# Green Business Forum for Asia and the Pacific

## Investing in a Sustainable Future

22–24 November 2016 • ADB Headquarters

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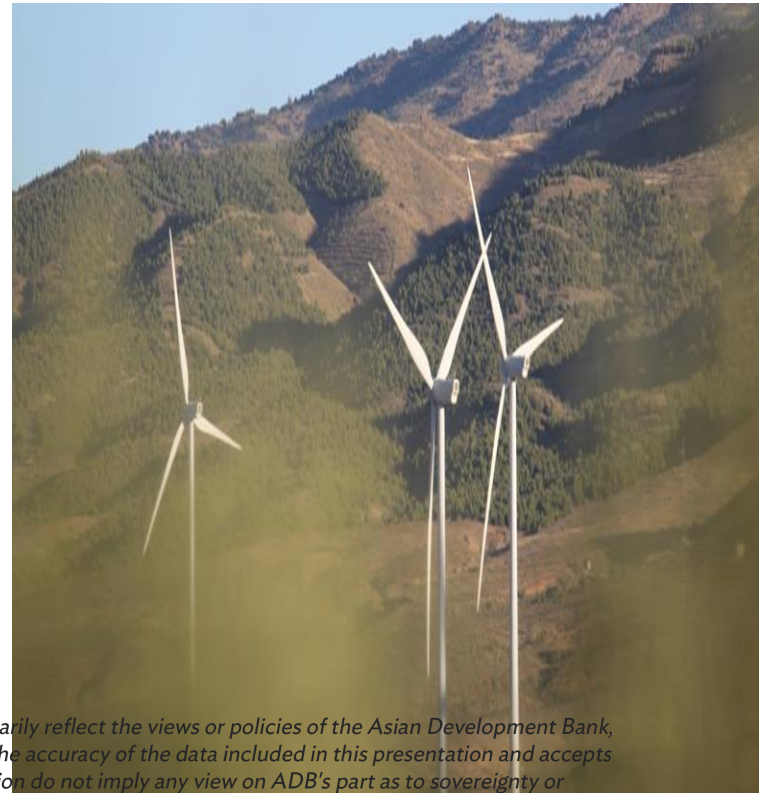
# Green Bond Framework<sup>1</sup>

- 1. Project eligibility:** ADB's Green Bond Framework defines eligible projects to support developing member countries seeking to adapt to and mitigate the consequences of climate change
- 2. Project Selection:** The project selection criteria will be implemented by sector specialists in coordination with the treasury department
- 3. Proceeds:** Green bond proceeds will be allocated to a subportfolio and tracked against disbursement of eligible projects
- 4. Reporting:** ADB will make available eligible project list and green bond annual newsletter online

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<sup>1/</sup> With second opinion.

Source: <http://www.adb.org/sites/default/files/adb-green-bonds-framework.pdf>



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# Eligible Project Criteria

- Eligible Projects: selected pool of projects funded, in whole or in part, by ADB that promotes the transition to low-carbon and climate resilient growth as determined by ADB

## ✓ Mitigation

- Renewable Energy
  - Solar
  - Wind
  - Geothermal
  - Small Hydro ( 20MW and below)
- Energy Efficiency<sup>1</sup>
- Sustainable Transport



## ✓ Adaptation


- Energy<sup>1</sup>
- Water and other Urban Infrastructure and Services
- Transport

<sup>1/</sup> Excludes fossil fuels.



# ADB Green Bonds Newsletter

- The newsletter complies with the MDB harmonized framework for impact reporting.
- List of green bond issuances and use of proceeds.
- Eligible projects list and statistics by country and sector.
- Discloses target impacts, annual GHG emissions avoided, committed amount, and allocated amount per project.
- Available online at the ADB website.



The newsletter cover features a collage of four images: a young girl in traditional dress, a modern garden with a solar light, a row of green bicycles parked on a sidewalk, and a person working in a field.

## ADB Green BONDS

### Fast Facts

- 6 out of 10 nations most vulnerable to climate change are in Asia and the Pacific.
- More than 60% of the region's population work in sectors most at risk from climate change.
- 64 million Asians will be pushed into poverty for every 10% rise in food prices resulting from climate change.
- An estimated increase from 300 million to 410 million Asian urban dwellers are at risk of coastal flooding by 2025.
- Inland, the number of people at risk will rise from 245 million to 341 million by 2025.

Asian Development Bank green bonds, rated triple A, support its developing member countries mitigate greenhouse gas (GHG) emissions and adapt to the consequences of climate change, while delivering environmentally sustainable growth to help reduce poverty and improve the quality of life of their people.

### Addressing Climate Change in Asia and the Pacific

Environmental sustainability is a prerequisite for economic growth and poverty reduction in Asia and the Pacific. Human-induced climate change is threatening the development and security of Asia and the Pacific and the poor are particularly vulnerable to these changes and are already suffering from rising sea levels and increasingly devastating droughts, storms, and floods. Urgent action is needed to integrate both mitigation of GHG emissions and climate change adaptation measures into the region's development strategy in order to put Asia firmly on a path toward green growth.

ADB plays an important role in leading the region to a low-carbon and climate-resilient future through financing and introduction of innovative technologies.


From 2011 to 2014, ADB approved over \$13 billion in climate financing, with \$12.6 billion in loans, grants, guarantees, and equity investments, and \$438 million in technical assistance. ADB's own resources provided \$11.18 billion while external resources contributed a little over \$2 billion. Through mechanisms such as the Climate Investment Funds, multilateral development banks have mobilized \$6.5 billion for climate action in developing countries, with \$2.5 billion earmarked for Asia and the Pacific. As an implementing entity of the Green Climate Fund, ADB has access to a potentially \$100 billion annual fund for climate change actions in Asia and the Pacific.

In line with its Strategy 2020, ADB is integrating climate change into its planning and investment to ensure continued economic growth and a sustainable future for all in Asia and the Pacific. In September 2015, ADB President Takehiko Nakao announced that ADB will double its annual climate financing to \$6 billion by 2020, which will see the proportion of funding spent by the bank on climate change rise to nearly a third of all financing compared to around a quarter now. Of the \$6 billion to be spent tackling climate change, \$4 billion will be dedicated to mitigation projects while \$2 billion will be for adaptation.

### Eligible Project Selection Criteria

Green bonds have proven to be an effective tool to promote ADB's climate change strategy which identifies five priority areas:

- (i) expanding the use of clean energy;
- (ii) encouraging sustainable transport and urban development;
- (iii) managing land use and forests for carbon sequestration;
- (iv) promoting climate-resilient development; and
- (v) strengthening policies, governance, and capacities.



The logo features a stylized '50' with 'YEARS' written below it, next to the ADB logo.



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# MDB Harmonized Framework for Impact Reporting

- A 2015 update to the Green Bond Principles.
- Developed by an informal working group - AfDB, EIB, IFC and the IBRD.
- Proposes guidelines for use of proceeds, impact reporting, and suggested core indicators for energy efficiency and renewable energy.
- Green bond issuers are encouraged to report on expected climate and/or environmental impacts of eligible projects at least on an annual basis.



# ADB US\$1.3bn Dual Tranche Green Bond

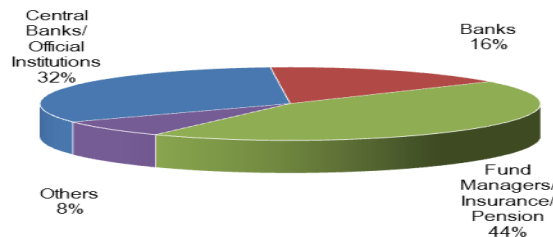
## Highlights

- On 9 August 2016, ADB successfully priced the first ever dual tranche Green Bond global transaction by an SSA.
- ADB successfully priced the first ever dual tranche Green Bond global transaction from an SSA issuer consisting of US\$800 million 3-year benchmark due August 2019 and US\$500 million 10-year benchmark due August 2026.
- The 3-year was priced with a spread of +1bps over mid-swaps, equivalent to +22.75bps over the UST 0.75% due July 2019. The 10-year was priced with a spread of +33bps over Mid Swaps, equivalent to +21.9bps over the UST 1.625% due May 2026.
- It is ADB's second Green Bond issue in benchmark format and its largest to date, which follows from ADB's inaugural Global Green Bond issued in March 2015.

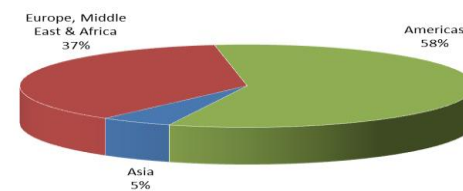
## Pricing Details

Issuer:	ADB
Ratings:	Aaa/AAA/AAA
Size:	US\$1.3bn
Tranches:	US\$800mn 1% due 16 August 2019/ US\$500mn 1.75% due 14 August 2026
Pricing Date:	09-Aug-16
Settlement Date:	16-Aug-16
Maturity Dates:	16-Aug-19/14-Aug-26
Coupon:	1% / 1.75%
Bookrunners:	Bank of America Merrill Lynch Credit Agricole CIB J.P. Morgan

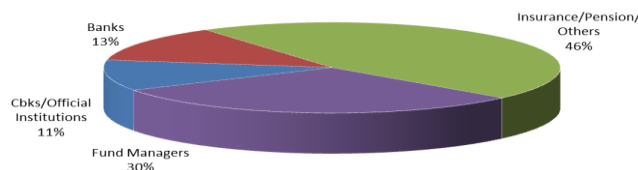
US\$800mn 3-year Distribution by Investor Type



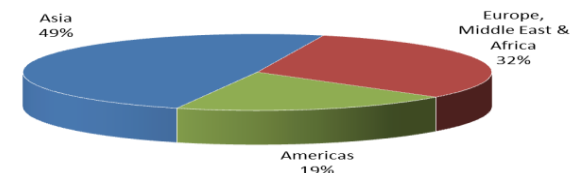
US\$800mn 3-year Distribution by Geography



US\$500mn 10-year Distribution by Investor Type



US\$500mn 10-year Distribution by Geography



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# ADB US\$500 Million 10-year Global Green Bond

- On 12 March 2015, ADB successfully priced a US\$500 million Green Bond global transaction.

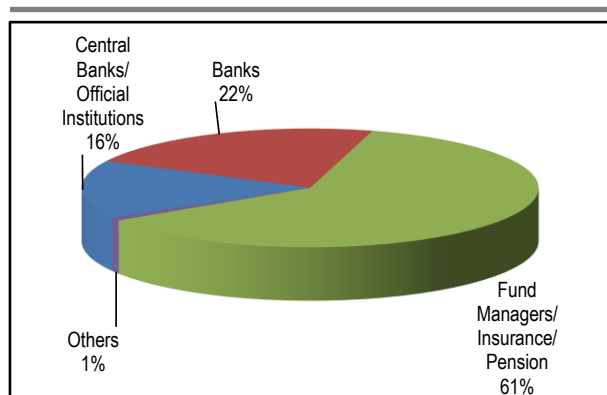
## Highlights

- ADB successfully priced a US\$500 million Green Bond global transaction due 19 March 2025. The bond pays a coupon of 2.125%.
- The bond was priced at a spread of +1 bp over Mid Swaps, and +12.45 basis points over the 2.0% US Treasury Notes due February 2025.

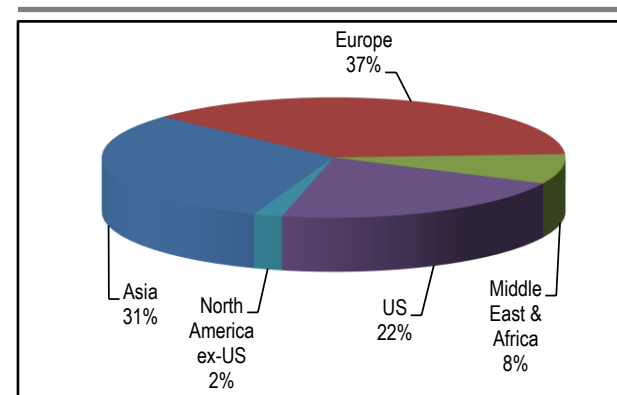
## Pricing Details

Issuer:	ADB
Ratings:	Aaa/AAA/AAA
Format:	Global
Size:	US\$500mn
Pricing Date:	12 Mar 2015
Settlement Date:	19 Mar 2015
Maturity Date:	19 Mar 2025
Coupon:	2.125%
Re-offer:	Mid Swaps+1 bp
	UST + 12.45 bps
Bookrunners:	Bank of America Merrill Lynch Morgan Stanley SEB AG

## Overall Distribution by Investor Type



## Overall Distribution by Geography



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# Eligible Project: Sarulla Geothermal Power Development, Indonesia

PROJECT CATEGORY: Renewable energy

TOTAL LOAN: \$250 million

OUTPUTS:

- ✓ Approximately 350MW renewable power to be commissioned

EXPECTED RESULTS:

- ✓ About 1.3 million tons of CO<sub>2</sub> emissions avoided per year (30 years project life)



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# Eligible Project: EDC Burgos Wind Power Corporation, Philippines

PROJECT CATEGORY: Renewable energy

TOTAL LOAN: \$20 million

OUTPUTS:

- ✓ Installation and operation of 150 MW utility-scale wind power plant

EXPECTED RESULTS:

- ✓ Approximately 370 GWh of wind power delivered to the grid per year, on average, starting 2015.
- ✓ Over 160,000 tons CO<sub>2</sub>eq avoided per annum.



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