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ADB

ASEAN Wind Energy Webinar

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BUSINESS
OPPORTUNITIES 

ADB's Strategic Focus on Clean Energy

ADB Strategy 2030 (July 2018):

Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific

STRATEGY 2030'S SEVEN OPERATIONAL PRIORITIES



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

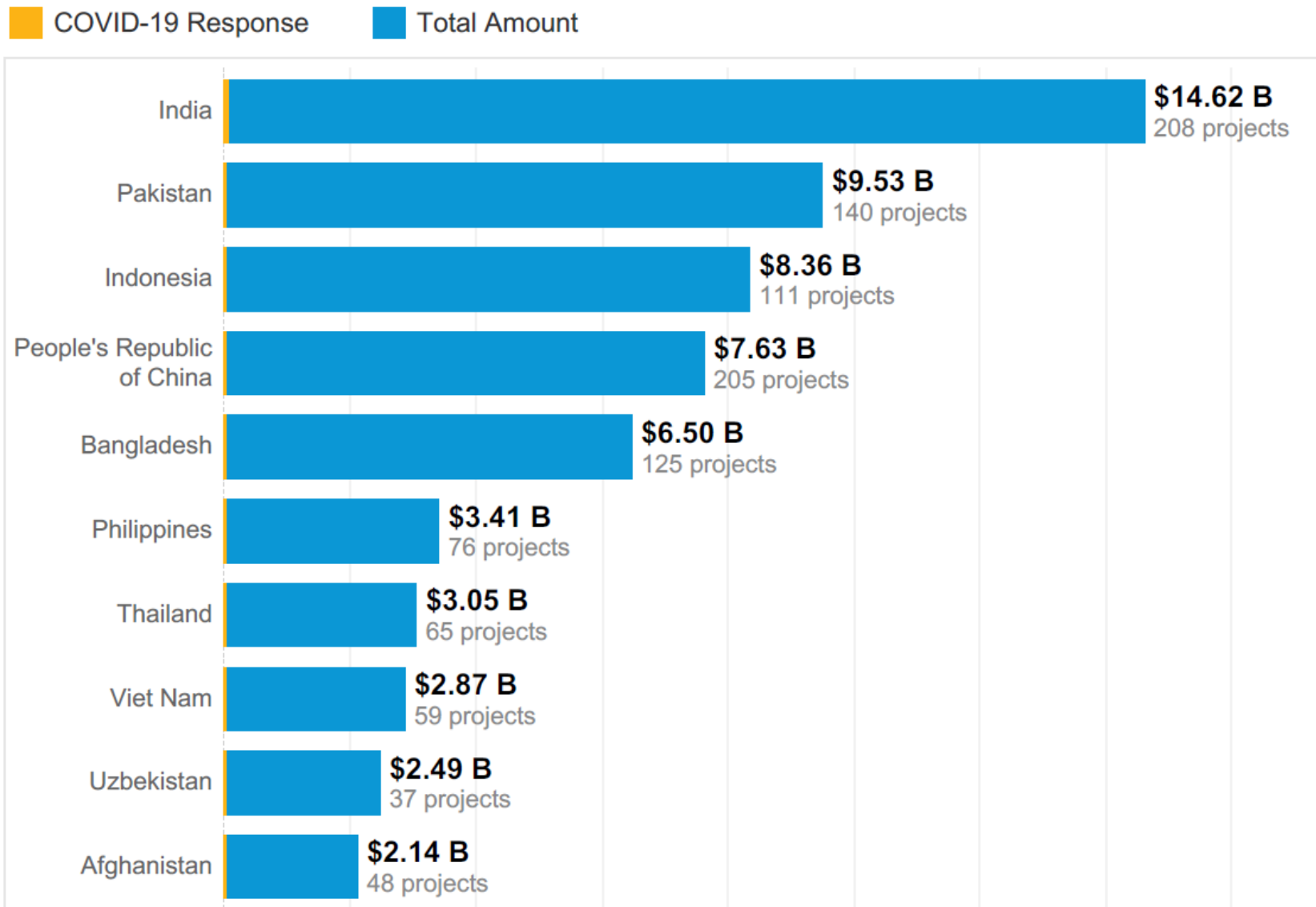


Strengthening governance and institutional capacity



Fostering regional cooperation and integration

Energy: Cumulative Loans, Grants, Equity Investments, Technical Assistance Commitments (a,b,c,d) as of 18 March 2021

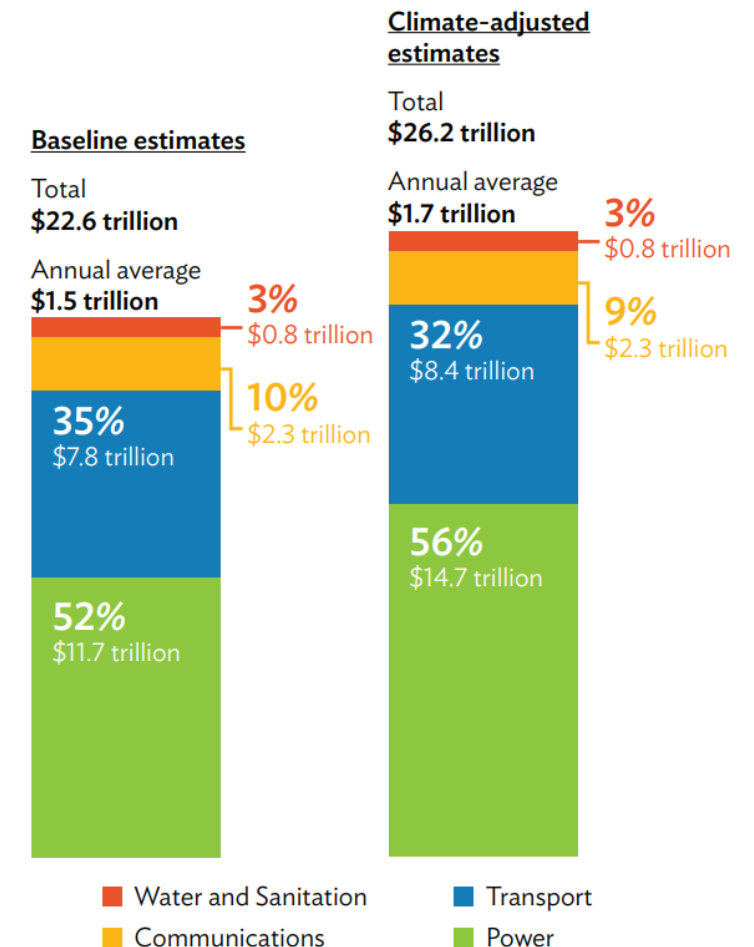


Private Sector: Engine for Renewable Energy Development in ASEAN

- Asia's infrastructure gap

1. Asia and the Pacific will need to invest \$26.2 trillion during 2016–2030, or \$1.7 trillion/year for infrastructure;
2. Many member countries have committed to transitioning to greener energy sources;
3. Private sector will be a critical source of financing:
 - Energy reforms;
 - Financial reforms.

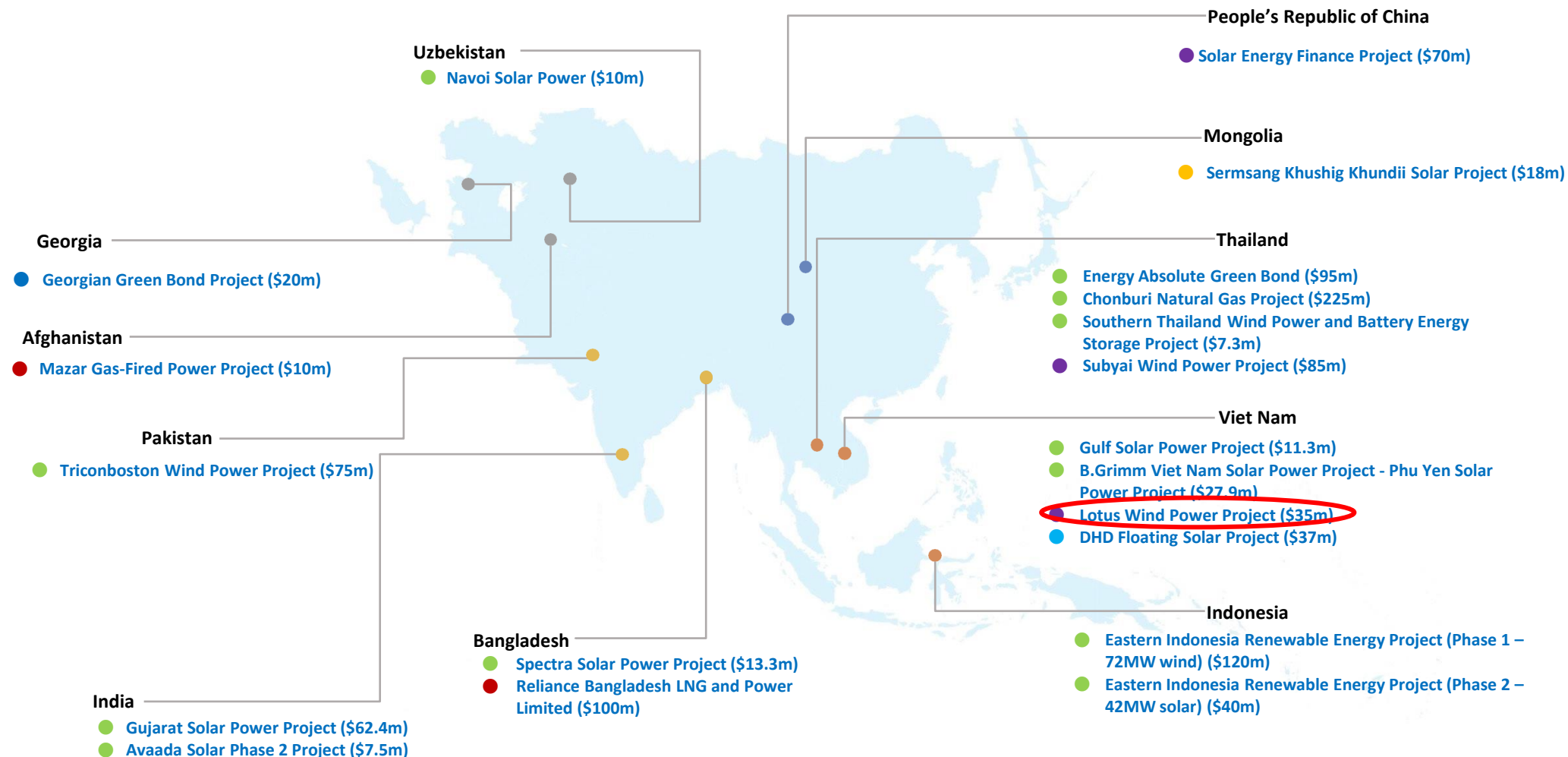
Figure 4: Estimated Infrastructure Investment Needs by Sector, 2016–2030 (2015 prices)





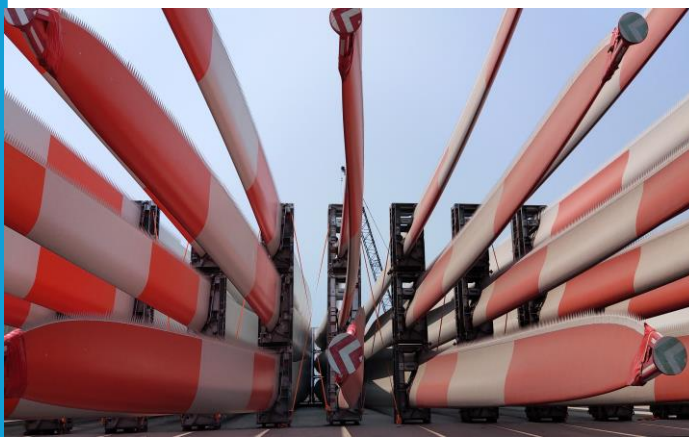
Recent Private Sector Energy Projects

38 projects, \$1,405.9 million committed*



Case Study – Lotus Wind Power Project

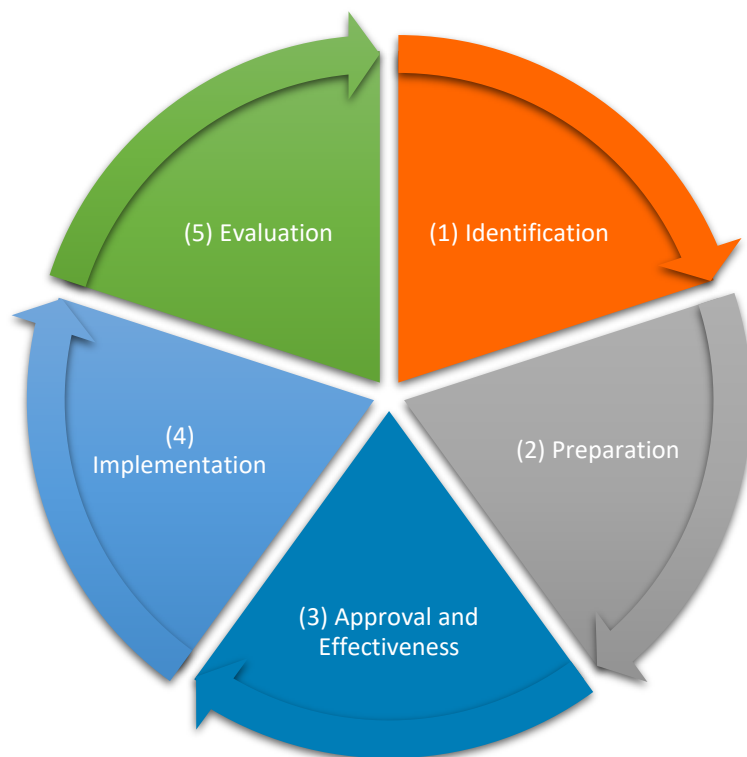
Project Sponsors	<i>Vietnam:</i> Power Construction Joint Stock Company No. 1 (PCC1) <i>Japan:</i> Renova Inc. (Renova)
Location	Quang Tri Province, Vietnam
Installed Capacity	144 MW (3 sites of 48 MW each)
Turbine Supplier	Vestas (<i>model:</i> V150-4.2 MW)
LTA	AFRY (Thailand) Ltd.
Loan Tenor	15-year loan (vs. 20-year PPA)
Signing Date	May 2021
Total Loan Amount	\$173 million <ul style="list-style-type: none"> • ADB, acting as the <u>lead mandated arranger</u>: \$35 million; • Japan International Cooperation Agency (JICA): \$25 million; • Export Finance Australia (EFA): \$32 million; • Other commercial banks: \$81 million.
Certification	Climate Bond Initiative (CBI) certified green loan



Private Sector Collaboration Opportunities

- Differences between public and private sector operations of ADB

Public sector project cycle

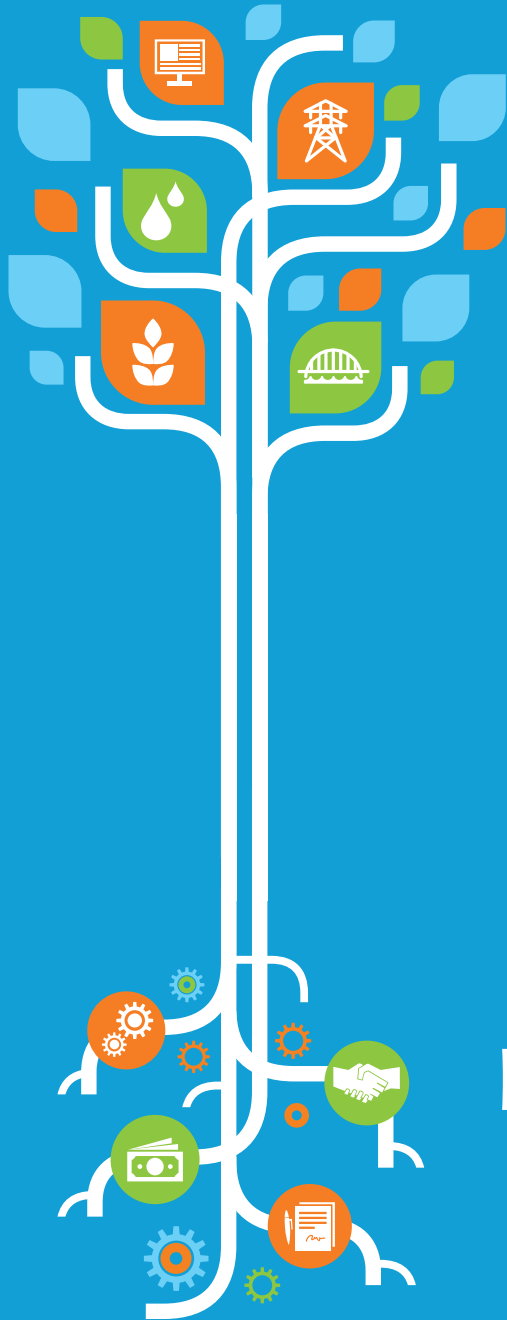


Key Differences from Public Sector

- Project proposals are post-feasibility study, therefore ADB is not involved in the detailed design of projects;
- Neither is ADB involved in the selection of the Project Sponsors' EPC contractors or advisors (technical, legal, etc.);
- Project Sponsors approach ADB for financing and/or investment, plus validation/due diligence of commercial, safeguards, and other matters;
- ADB supervises projects until the loan is repaid or the investment is sold;
- None of the private sector projects benefits from direct state guarantee.

Private Sector Collaboration Opportunities

- Two potential avenues of collaboration
 1. Private companies as **project sponsors** of renewable energy projects which ADB finances or invests in directly.
 - a. Most important avenue of collaboration;
 - b. ADB expertise and experience can significantly improve the chance of success of private companies' expansion overseas:
 - Ability to provide financing not readily available in the market (tenor, currency, structuring);
 - Ability to mobilize additional financing from other sources;
 - Relationship with governments and local presence;
 - Perceived stamp of approval overall.
 2. Private companies as **Lenders' Technical Advisor (LTA)** to an existing project under consideration by ADB.



THANK YOU!

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