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OVERVIEW OF ADB'S Private Sector Operations

Asian Development Bank | 2025



Private Sector Operations Department (PSOD)

- Responsible for all private sector (or nonsovereign) financing and investments – structuring and funding investments across the capital structure in privately held and state-owned 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.



Aligning Operations with Strategy 2030, Sustainable Development Goals, Paris Agreement, and Megatrends



STRATEGY 2030

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

JULY 2018



Life Expectancy

Falling Fertility

Ageing and Growing Population

Competition for Land, Water, Food and Energy

Alternative Energy

Sustainable and Inclusive Growth

Master Planning

AI, IoT, Robotics and Automation

Why do we work with
the Private Sector?





The Private Sector is Key

- To achieve the Sustainable Development Goals (SDGs) by 2030, the private sector is crucial – in mobilizing resources, creating jobs, and supporting growth in the region
- 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



Introduction to Private Sector Operations Department (PSOD): What We Do

Originate, Structure, Appraise, and Fund



- Across the capital structure
- In various industry sectors
- Across developing Asia & the Pacific

Provide Value Addition



- Risk sharing
- Best in class appraisal standards
- Local presence
- Regional knowledge and expertise

Development Impact and Financial Viability



- Generate financial returns
- Deliver development outcomes
- Foster inclusive economic growth
- Ensure environmental sustainability
- Promote social responsibility

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

Mobilization

Strategy 2030 target of \$2.50 long-term cofinancing for every \$1.00

B-loans (ADB as lender of record for commercial banks lending cross-border in US dollars)

PCGs (comprehensive credit cover on portion of loan / bond)

Third-Party Funds and Asset Management particularly in areas such as infrastructure and climate change

Scaling up of **PPPs**, **transaction advisory services** and **project preparation support** through Asia Pacific Project Preparation Facility

Local currency complementary loans to mobilize onshore finance

PRGs (cover non-payment caused by political risk events)

Concessional / Blended Finance deployed on more favorable terms than market

Coordination, cooperation and harmonization on **cofinancing** with other **international financial institutions**

Parallel loans from other lenders on commercial terms to same project

Risk transfers to third parties such as insurance companies and banks

Support of **capital market issuances** (particularly ESG, green and climate bonds)

Private Sector Programs



Trade Finance Program

Fills market gaps for trade finance by providing loans and guarantees to banks

Products

- Risk participation (funded/unfunded) - up to 85% risk cover
- Credit guarantee - up to 100% risk cover
- Revolving credit facility
- Training and capacity building



Supply Chain Finance Program

Reduces SME financing gaps by sharing corporate risk with partner financial institutions

- Risk participation (funded/unfunded) - up to 85% risk cover
- Guarantees - up to 85% risk cover
- Training and capacity building



Microfinance Risk Participation and Guarantee Program

Increases MFIs/NBFIs' access to funding and addresses the needs of the bottom of the pyramid

- Risk participation (unfunded) - up to 50% risk cover*
- Guarantee - up to 80% risk cover*
- Training and capacity building

*Up to 80% risk coverage for COVID-19 transactions is permitted

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

Equity Investing in PSOD



- Seed, early, and early-growth stage capital to startups
- Finance seed and early equity
- Deep sectoral insights
- Support expansion to new markets
- **Investment range: Up to \$4 million**
- <https://ventures.adb.org/>

Direct Equity Investments

- Growth capital.
- Profitable and cash generative.
- Experienced and capable management team.
- Clear exit path/strategy.
- **Investment range: \$10-100 million**

Fund Investments

- ADB's investment funds and Special Initiatives (PSIS) division makes private equity (PEF) fund investments across a broad range of sectors in Asia
- These include
 - (a) infrastructure,
 - (b) climate change related,
 - (c) financial services, and
 - (d) education and health
- **Investment range: from \$10-75 million**

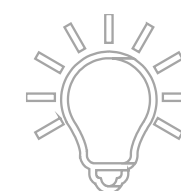
ADB invests in equity capital across the life cycle.

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

2024 PSOD Performance at a Glance

NUMBER OF OPERATIONS
DELIVERED

58

PSOD exceeded the number of commitments target by 29% and outdoing previous year's performance by 45%.

ADB FINANCING COMMITTED FOR
CLIMATE CHANGE

\$1.60

bn
PSOD exceeded its climate finance volume target by 81% and increased from last year's performance by 52%.

ADB FINANCING COMMITTED,
AND PRIVATE FINANCE MOBILIZED

\$7.92bn

Surpassing our target of \$7.22 billion by 10%. The volume includes ADB Ordinary Capital Resources Funding for Projects, Trade & Supply Chain Finance, and Microfinance Transactions as well as Long-term cofinancing from private and public cofinancier.

GENDER
EQUITY &

93%

54 of the 58 committed projects have Gender Equity or Effective Gender Mainstreaming components, exceeding our target by 43%.

OPERATIONS IN
FCAS & SIDS

3

We committed 3 projects in Fragile and Conflict-Affected Situations and Small Island Developing States countries achieving our target.

PROJECT
PROCESSING TIME

5.4 mos.

The processing of projects from concept review to ADB approval has significantly dropped from 7.0 to 5.4 months.

ADB VENTURES

\$7.41mn

ADB Ventures had 4 new commitments and 4 follow-on commitments. In addition, we have 4 Seed investments amounting to \$650k.

TRADE AND SUPPLY CHAIN
FINANCE

27,631

Transactions
Supported

\$4.91bn

Total Value of
Transactions

MICROFINANCE PROGRAM

70

Transactions
Supported

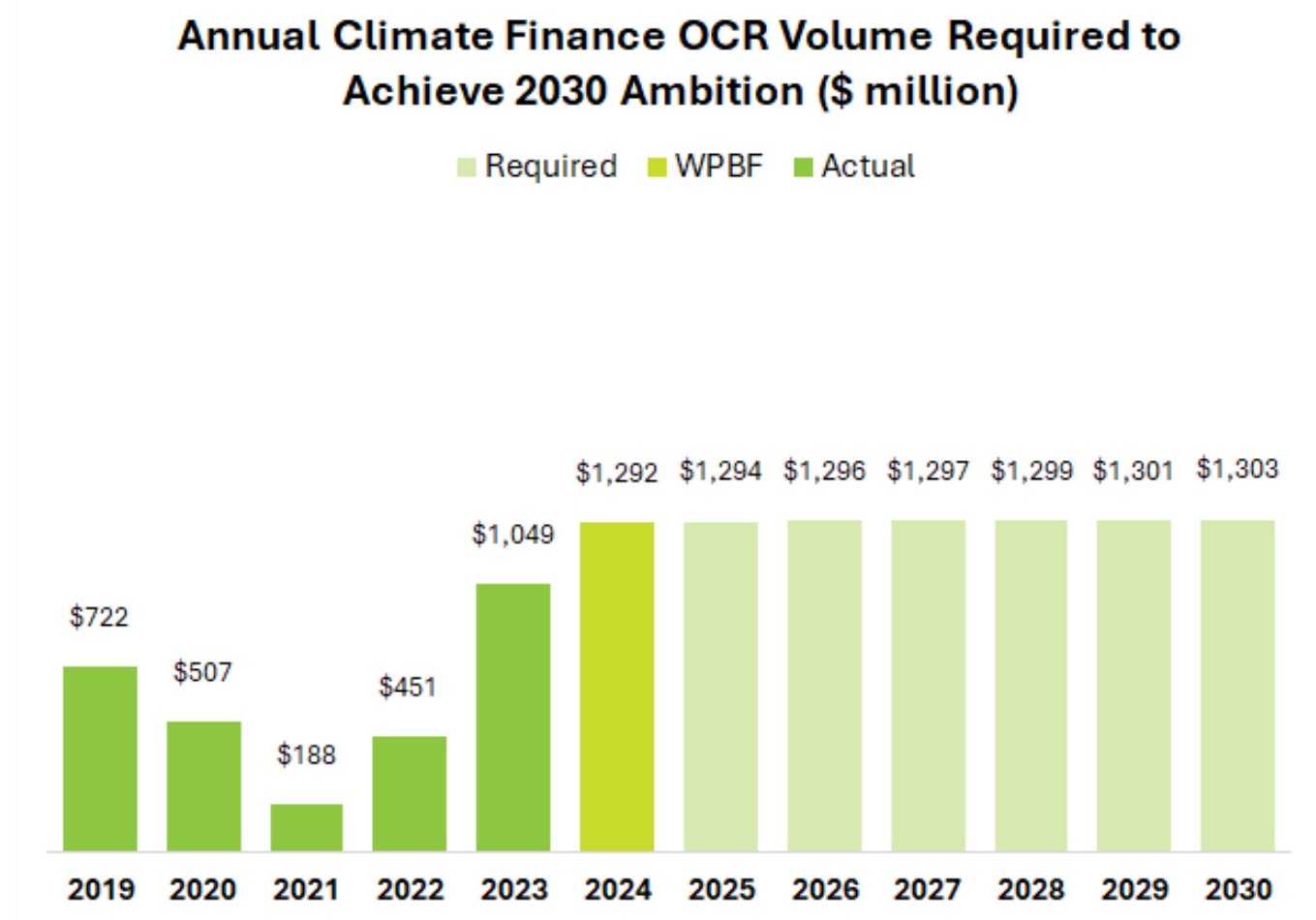
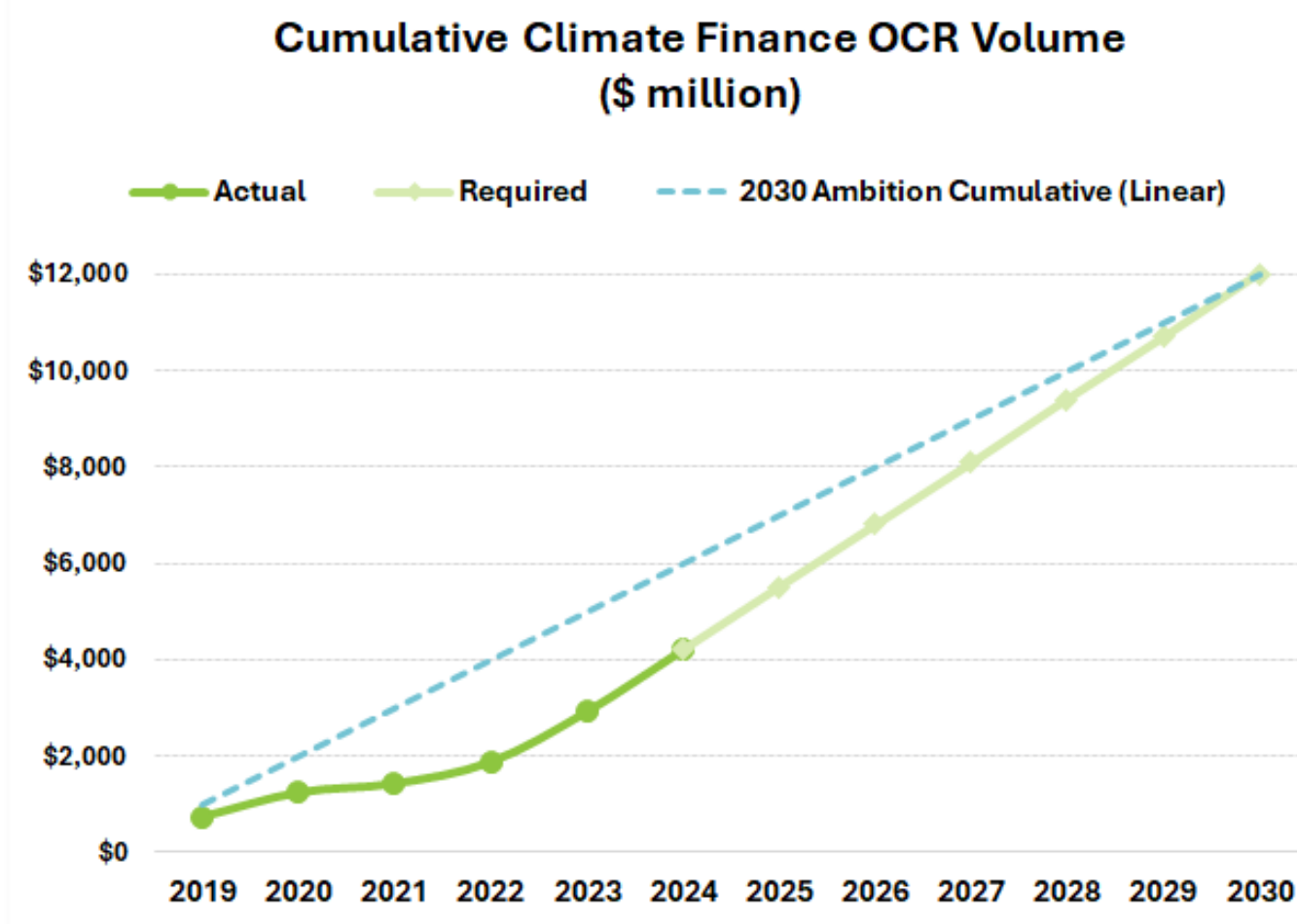
\$0.53bn

Total Value of
Transactions

Climate Finance



Climate Finance 2030 Ambition



- 2024 projection is based on WPBF
- 2025 to 2030 figures are based on the minimum YoY % increase required to achieve the \$12 billion climate finance ambition by 2030

Renewable
Energy

Green financing
facilities

Water and
Urban

Hard-to-
Abate sectors

Green
mobility (EVs,
sustainable
aviation)

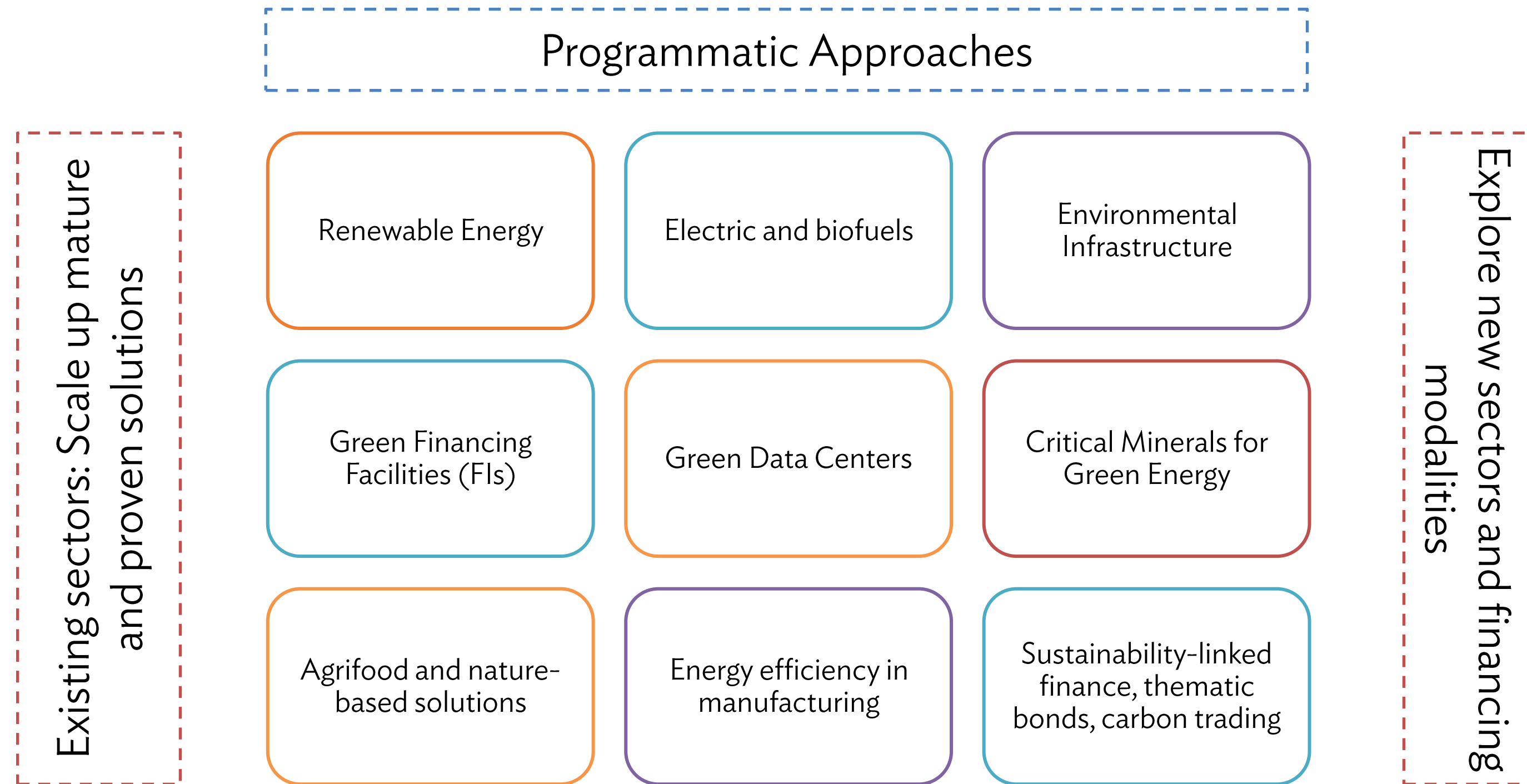
Sustainability
Linked
Finance

Carbon trading
and credits

Green & Blue
Bonds

Hydrogen,
Ammonia
value chains

Areas to Scale Up Climate Finance Beyond Core Renewables



Mobilization and Blended Finance



Cofinancing Rationale



- Preservation of capital
- Help DMCs to access additional sources of capital
- To enable ADB to provide bigger loans or guarantees than it would otherwise have been able to provide



Clients

- Achieve financing requirements
- Improved terms of financing with ADB's cofinancing products
- Establishing relationship with new partners

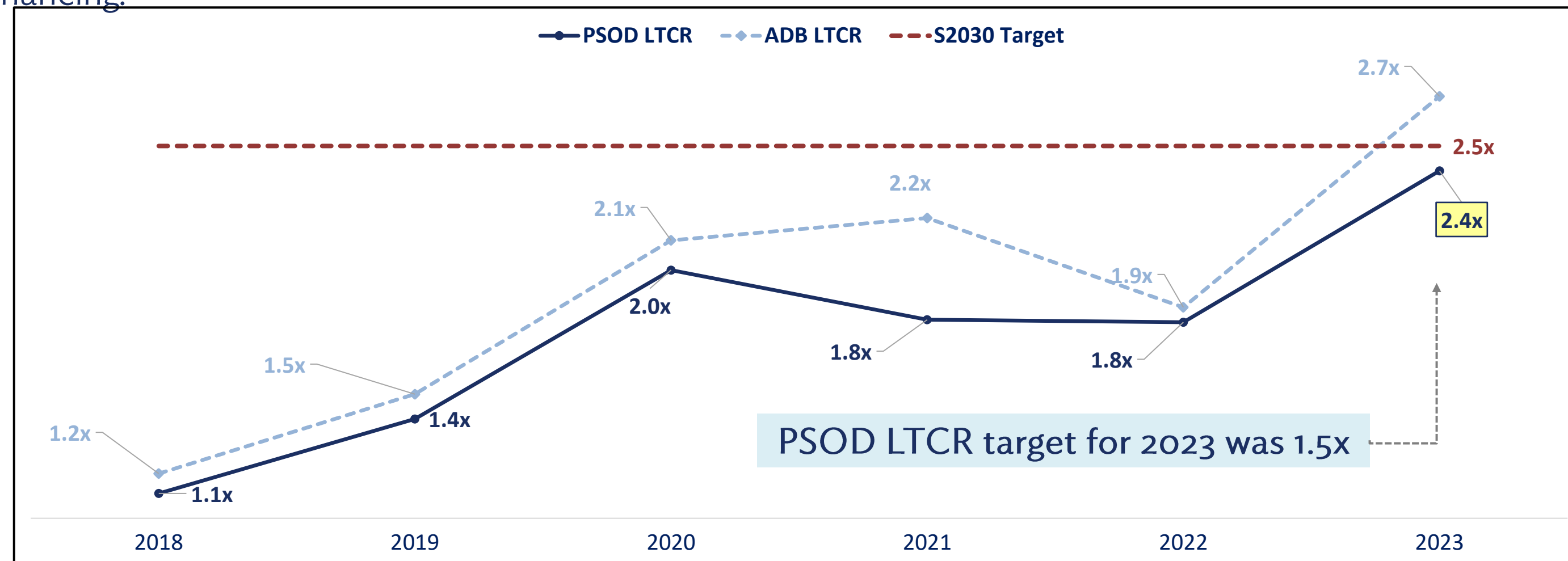


Cofinanciers

- ADB's Preferred Creditor Status & Charter-based privileges (B loans, RTAs)
- Entry into new markets/sectors for new investors
- ADB's environmental and social leadership

Cofinancing Corporate Targets

- ADB's Strategy 2030 sets a Long-term Cofinancing Ratio (LTCR) target of 2.5x by 2030 for private sector operations.
- The Long-term (LT) Cofinancing Ratio is the ratio of long-term cofinancing to nonsovereign operations borrowers divided by private sector operations ordinary capital resources (net of risk transfers). The ratio excludes short-term cofinancing.



- In addition, the Climate Action Plan has a climate cofinancing target of \$18bn to \$30bn until 2030.

Some of Our 2024 Projects



Canvest Environmental
Protection Group Company
Limited



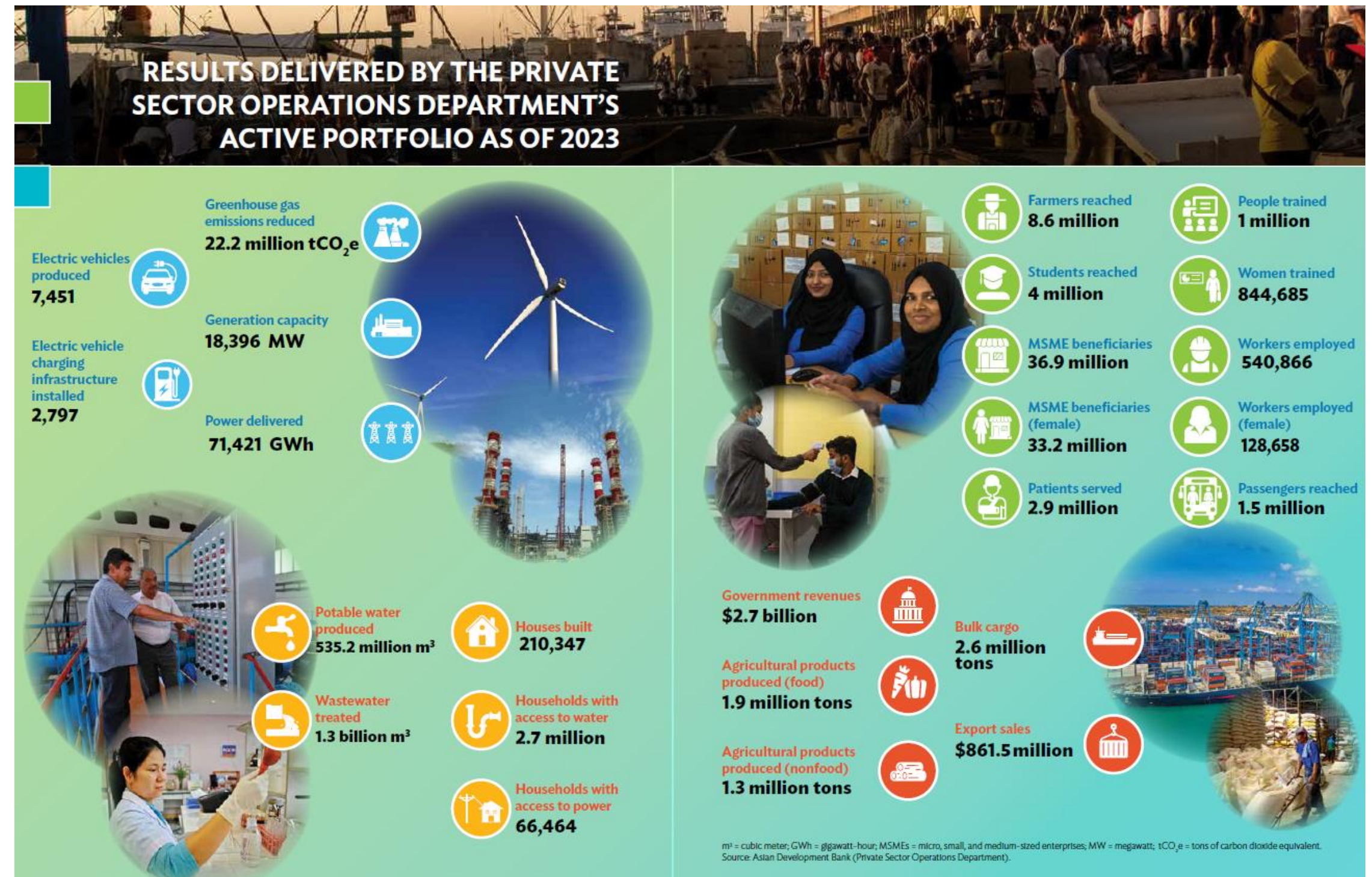
China Education Group
Holdings Limited (CEG), and
Yantai Institute of Science and
Technology (YIST)

Henan Tian Lun Safety
Enhancement and Methane
Leakage Reduction Project

Overview

- ADB's funding will help Canvest develop, construct, and operate a WTE plant at Huizhou City in Guangdong province, and to expand municipal solid waste management services in Quyang County in Hebei province. Canvest provides a range of services across the municipal solid waste value chain including cleaning, segregation, collection, transportation, sorting, recycling, and energy generation.
- The financing includes a loan of \$100 million from ADB, and \$100 million mobilized from co-financing partners which include the AIIB, CMBC, and Sinopac. The new facilities will enable YIST to expand courses catering to the silver and green economies such as health services, robotics engineering, automation, and intelligent manufacturing. A gender action plan will implement steps including the adoption of a gender diversity and inclusion policy at all CEG's institutes in the PRC, and training for teachers and counselors.
- This project will innovate the targeted use of long-term corporate financing in the PRC to support CAPEX earmarked specifically for measurable methane leakage reduction, as well as improvements in network integrity enhancement and safety improvements. The ADB project will underpin the novel requirement that a company document and report methane leakage reduction impacts resulting directly from the project.

Private Sector Operations: Delivering Development Impact



Award-winning service (2023)



IJ Global Awards

**"Deal of the Year
for APAC"**

for Asian Development
Bank



UXOLO Awards

**"Development
Deal of the Year"**

for AC Energy Wind
Power Project



PFI Awards

**"Central Asian
Deal of the Year"**

for Zarafshan Wind
Power Project



The Asset Triple A Sustainable Infrastructure Awards

"Multilateral Agency of the Year"

for Asian Development Bank

"Central Asia Deal of The Year"

for Zarafshan Wind Power Project

"Utilities Deal of The Year"

for Tata Power Delhi Distribution Project

"Transport Deal of The Year – Electric Mobility"

for GreenCell Electric Bus Financing Project

"Water Deal of The Year"

for Wabag Clean Water Supply Project

"Telecom Deal of the Year"

for Dhiraagu Telecom Connectivity Enhancement Project

"Transport Deal of the Year – Electric Mobility"

for E Smart Bangkok Mass Rapid Transit Electric Ferries Project and

for VinFast Electric Mobility Green Loan Project

"Renewable Energy Deal of the Year – Wind"

for BIM Wind Energy Project

"Renewable Energy Deal of the Year – Waste-to-energy"

ADB and LEAP for Binh Duong Water Treatment Expansion Project



IJ Global ESG Awards

"ESG Award -- Wind"

for Zarafshan Wind Power
Project



IJ Global ESG Awards

**"ESG Award – Biomass,
APAC"**

for Binh Duong Waste
Management and Energy
Efficiency Project



PFI Awards

**"Wind Deal of the
Year – Asia-Pacific"**

for Monsoon Wind
Power Project

Platts Global Energy Awards

"Deal of the Year – Strategic"

for Monsoon Wind Power Project



International Finance Review Asia Awards

"Frontier Markets Issue of the Year"

for Monsoon Wind Power Project



Thank you

