

ADB's ENERGY SECTOR OPERATIONS

Anthony Jude
Chair, Energy Committee
Senior Advisor and Practice Leader (Energy)
Regional and Sustainable Development Department
March 2014

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

■ Context

- The Development Agenda: Strategy 2020
- ADB Energy Policy in the Evolving Environment

■ Overview of the Energy Sector

- Volume by Type of Assistance
- Greening Evolution of Energy Agenda

■ Programs and Approaches

■ Role of RSDD

■ General Business Opportunities

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

Mid-Term Review of Strategy 2020

Key Messages

- Strategy 2020 remains valid and relevant
- Vision of an Asia-Pacific free of poverty stays
- But a sharpening and realigning of operational focus required in light of emerging challenges of the transforming region
- ADB's capacity also needs strengthening to respond to DMCs' needs and demands
- Disaster Risk Management/ Disaster Risk Financing

ADB Energy Policy:

In the evolving environment

- ❑ **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

Energy Policy 2009

■ 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 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

1. Promoting **energy efficiency and renewable energy**
2. Maximizing access to **energy for all**
3. Promoting energy sector **reforms, capacity building, and governance**

ADB Energy Policy: Yes

- ❑ 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

ADB Energy Policy: Yes (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
- ❑ Promote superior knowledge management and dissemination of good practices and lessons learned; support advocacy and assistance to DMCs in **technology transfer and deployment**

ADB Energy Policy: Yes (3)

- ❑ 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

ADB Energy Policy: No

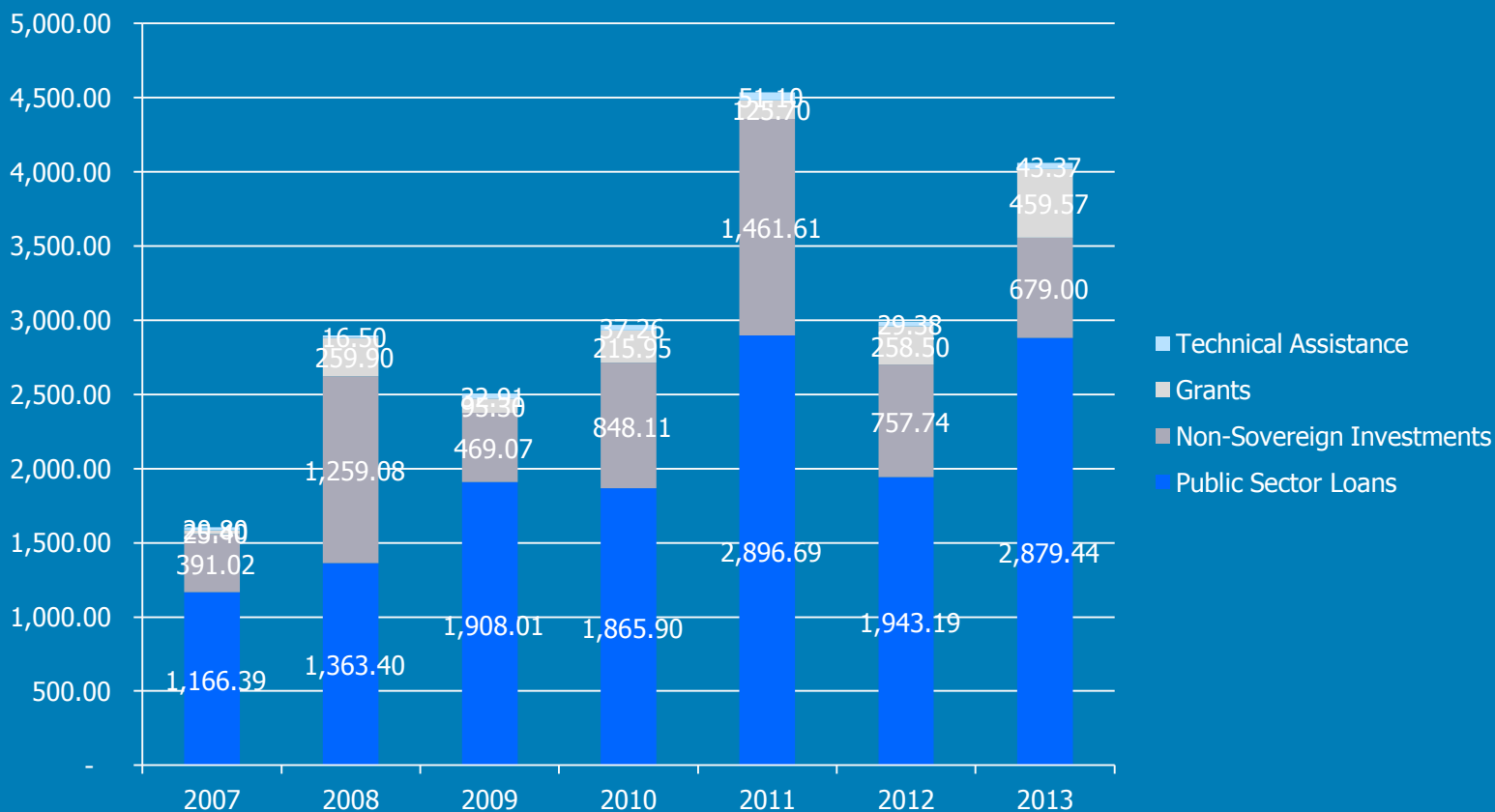
- ❑ No involvment of financing nuclear power generation
- ❑ No involvment of financing coal mine development except for captive use by thermal power plants,
- ❑ No involvment of financing oil field development except for marginal and already proven oil fields

Energy Sector

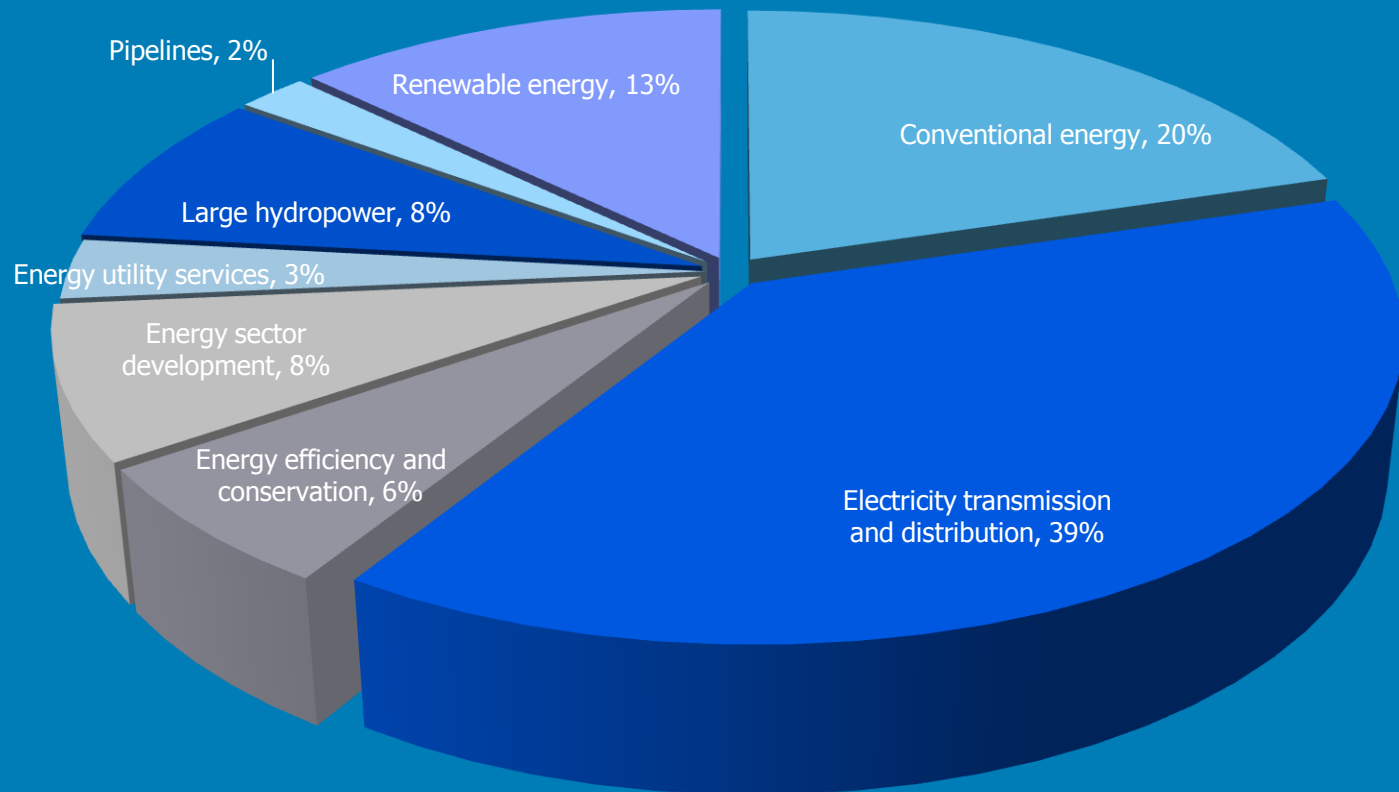
Volume of assistance to energy sector is increasing

Energy Sector Approvals, 2007-2013 (in US\$ million)				
Year	Public Sector Loans	Non-Sovereign Investments	Grants	Technical Assistance
2007	1,166.39	391.02	25.4	20.80
2008	1,363.40	1,259.08	259.9	16.50
2009	1,908.01	469.07	95.3	32.91
2010	1,865.90	848.11	215.95	37.26
2011	2,896.69	1,461.61	125.70	51.10
2012	1,943.19	757.74	258.50	29.38
2013	2,879.44	679.00	459.37	43.37

Energy Sector Assistance, 2007-2013



Projects by subsector (2001-2013)

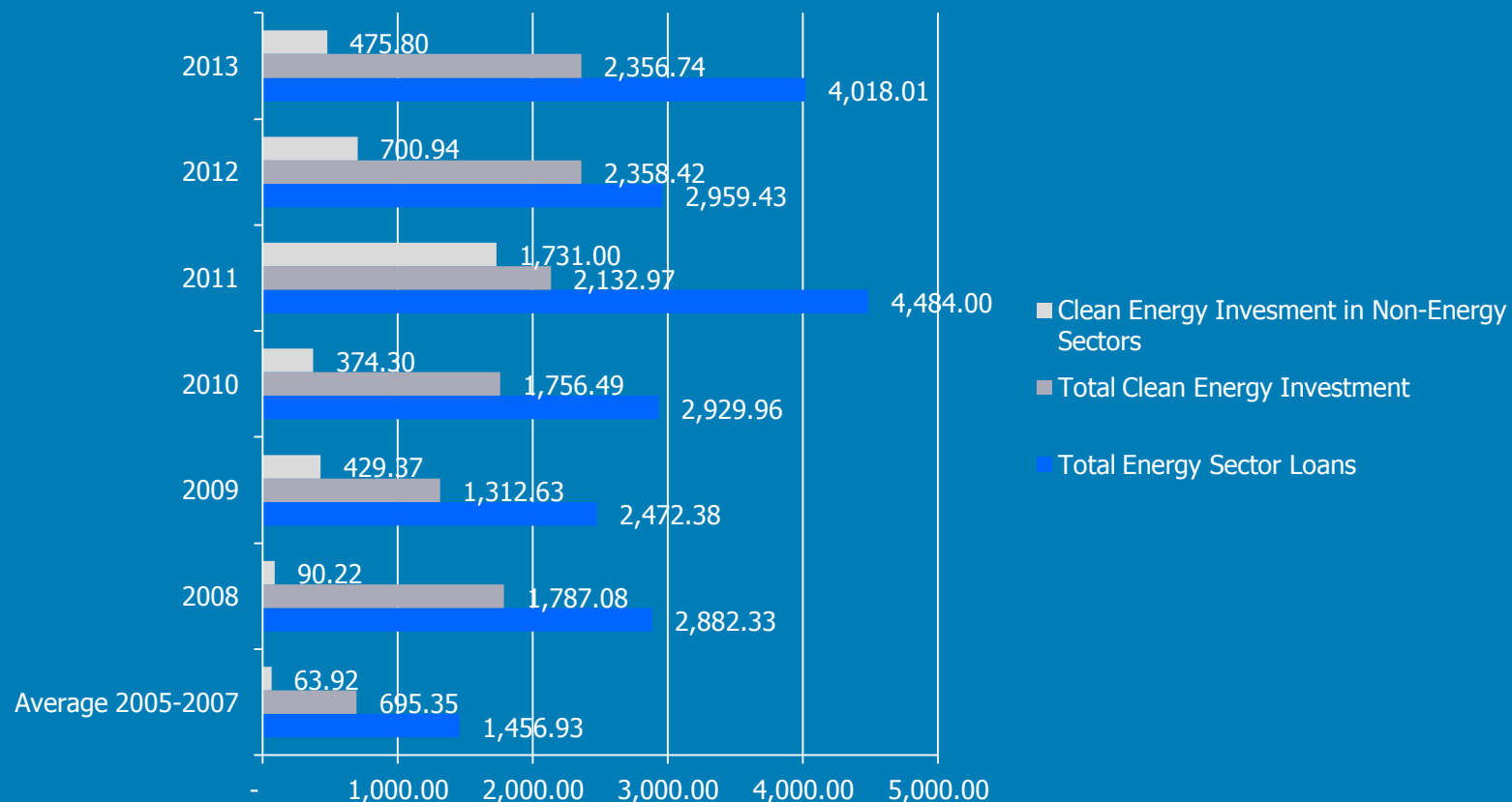


The “Greening” of ADB's Energy Sector Operations

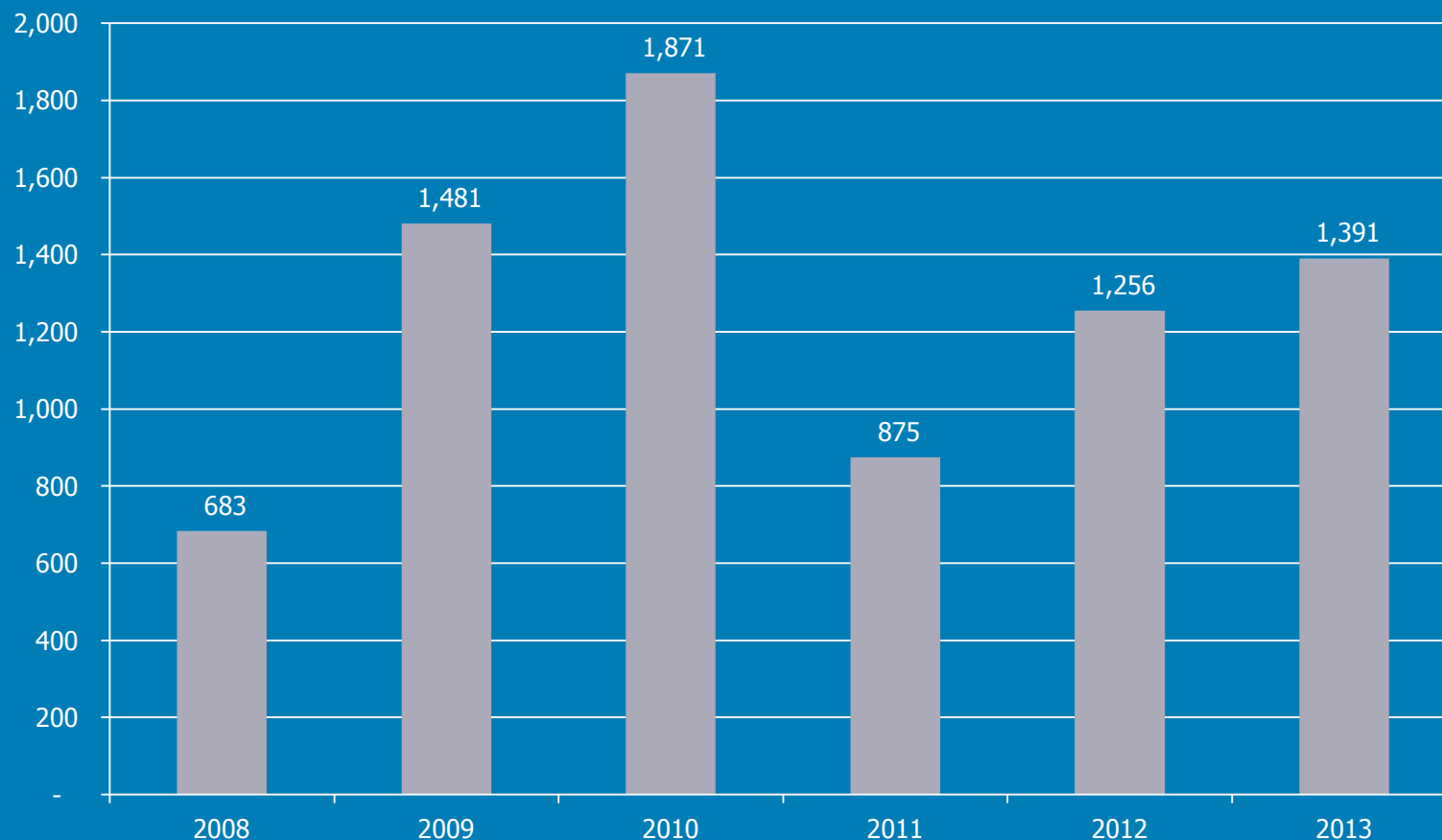
To accelerate low-carbon growth and reduce greenhouse gas emissions in the region, ADB set the following targets:

- \$1 billion annual target of clean energy investments, from 2008
- \$2 billion annual target of clean energy investments, from 2013

ADB Assistance to CE Investment (\$million)



Installed RE Power Generation Capacity (MW), 2008-2013



Catalyzing Rapid Clean Energy Development

Aggregating Clean Energy Markets

- Asian Solar Energy Initiative
- Quantum Leap in Wind/Small Wind
- Carbon Capture and Storage

Facilitating Clean Energy Technology Development and Diffusion

- Climate Technology and Finance Center
 - Integrating financing needs
 - Catalyzing climate technology deployment
 - Establishing a pilot “marketplace”

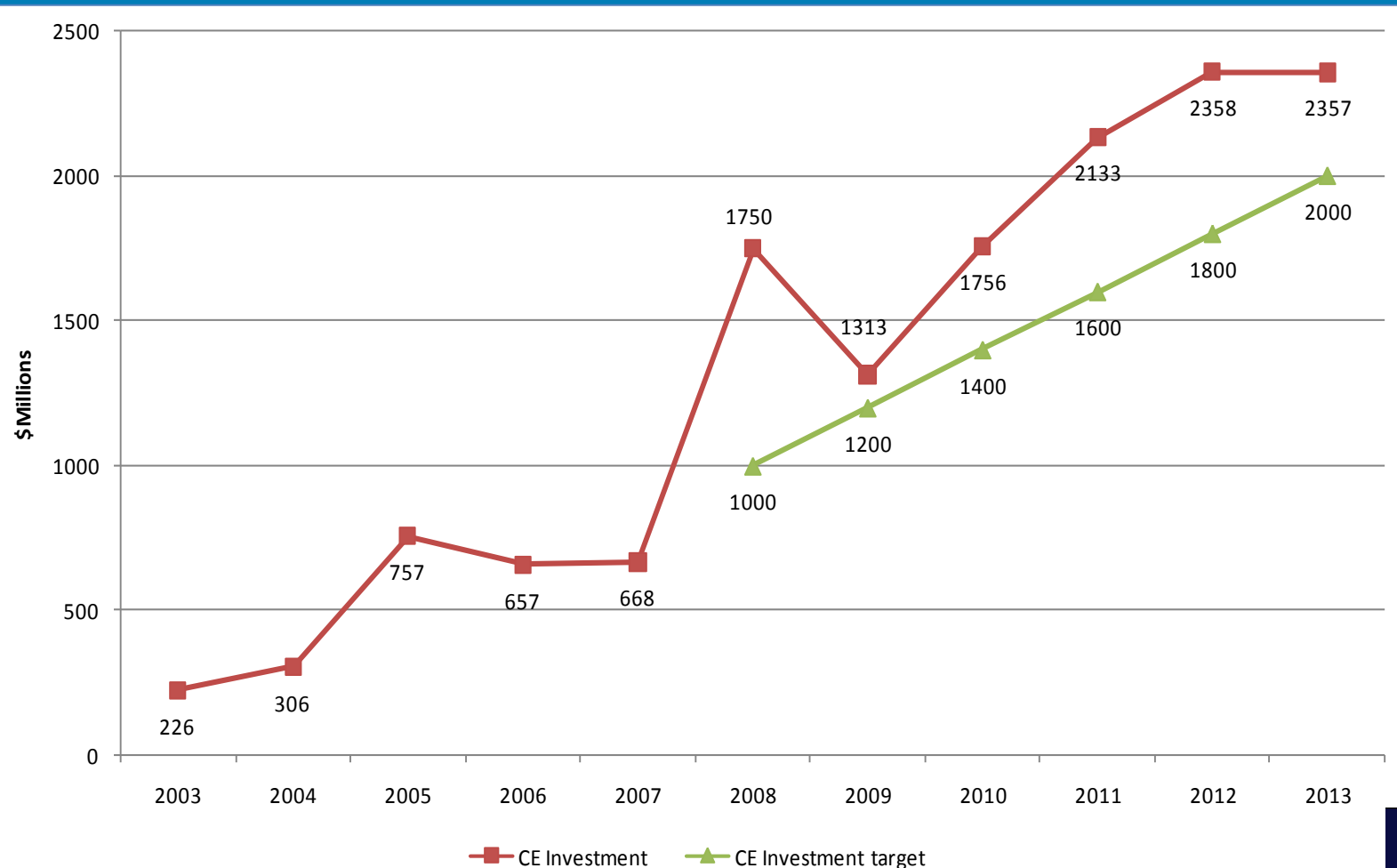
Supporting Growth Through Clean and Environmentally Sustainable Energy

- Energy for All
- Sustainable Transport Initiative
- Cities Development Initiative for Asia

New Programs

- Small Project Development Facility for Energy for All Projects
- CCS Center of Excellence
- Asia Energy Efficiency Accelerator

Progress Toward ADB's \$2 Billion Clean Energy Target



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