De-risking Impact Tech

ADB VENTURES

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THE OPPORTUNITY

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Asia's sustainable development challenges are primed for technology solutions

70% required increase in food production

35% current post-harvest losses

80% fresh water consumed by irrigation

48% of CO2 emissions attributable to the energy sector

Meanwhile, the cost of technology is plummeting

AI MACHINE LEARNING
Computations per second / 1$

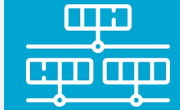
2005 - **10 million**
2015 - **1 trillion**

DATA STORAGE
Cost per gigabyte

1992 - **$992**
2017 - **$0.01**

DNA SEQUENCING
Cost per unit

2000 - **$2,7BN**
2014 - **$1,000**



SOLAR
Cost per kWh

1984 - **$30**
2014 - **$0,16**

[1] Sources: ADB Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific Other various sources.;

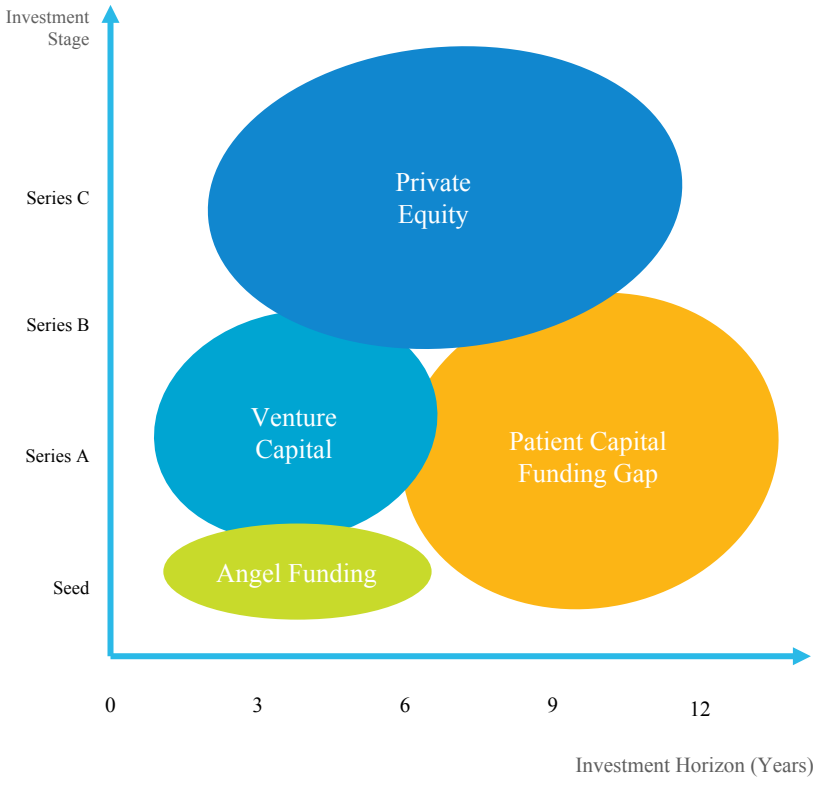
THE OBSTACLES IN EMERGING MARKETS

Small and fragmented markets:

- Fewer customers
- Fragmented by language, culture, and business enabling environment
- Limited sources for market intelligence
- Underdeveloped legal and regulatory frameworks

Lack of patient capital:

- Impact investing still niche
- Impact-tech ventures can have high capital requirements
- Investments in large and developed markets carry less risk



ADB'S MEKONG BUSINESS INITIATIVE:
DE-RISKING IMPACT-TECH INTO MEKONG MARKETS

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THE MEKONG BUSINESS INITIATIVE APPROACH

- Work with industry to develop impact-tech problem statements.
- Find solution providers and match them with customers
- Facilitate commercial pilots
- Reduce risks to investors

ADB VENTURES LEAVERAGES ADB'S CORE STRENGTHS

ADB VENTURES

The Asian Development Bank is a financier, knowledge provider, and convener of partnerships. It has unique scale and a trusted reputation in the Asia-Pacific.

$102 billion portfolio (2017)

Client networks
- 67 Governments
- 1600+ Municipalities
- 300+ Utilities
- 300+ Large Corporates

Financier networks
- 30+ equity funds
- 300+ financial institutions
- 100+ co-financiers
- 200+ trade finance banks

Innovator networks
- Incubators
- Accelerators
- Universities

THE MEKONG BUSINESS INITIATIVE TOOK A SECTOR-BY-SECTOR APPROACH TO AGGREGATING INDUSTRY DEMAND

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MBI MEKONG BUSINESS INITIATIVE

ADB Australian Aid

MIST
Mekong Innovative Startups in Tourism

PATA Pacific Asia Travel Association | Mekong Tourism

MATCh
Mekong Agritech Challenge

GREATER MEKONG SUBREGION CORE AGRICULTURE SUPPORT PROGRAM

Fintech Challenge

VNBA

Smart City
Sustainable Urban Development

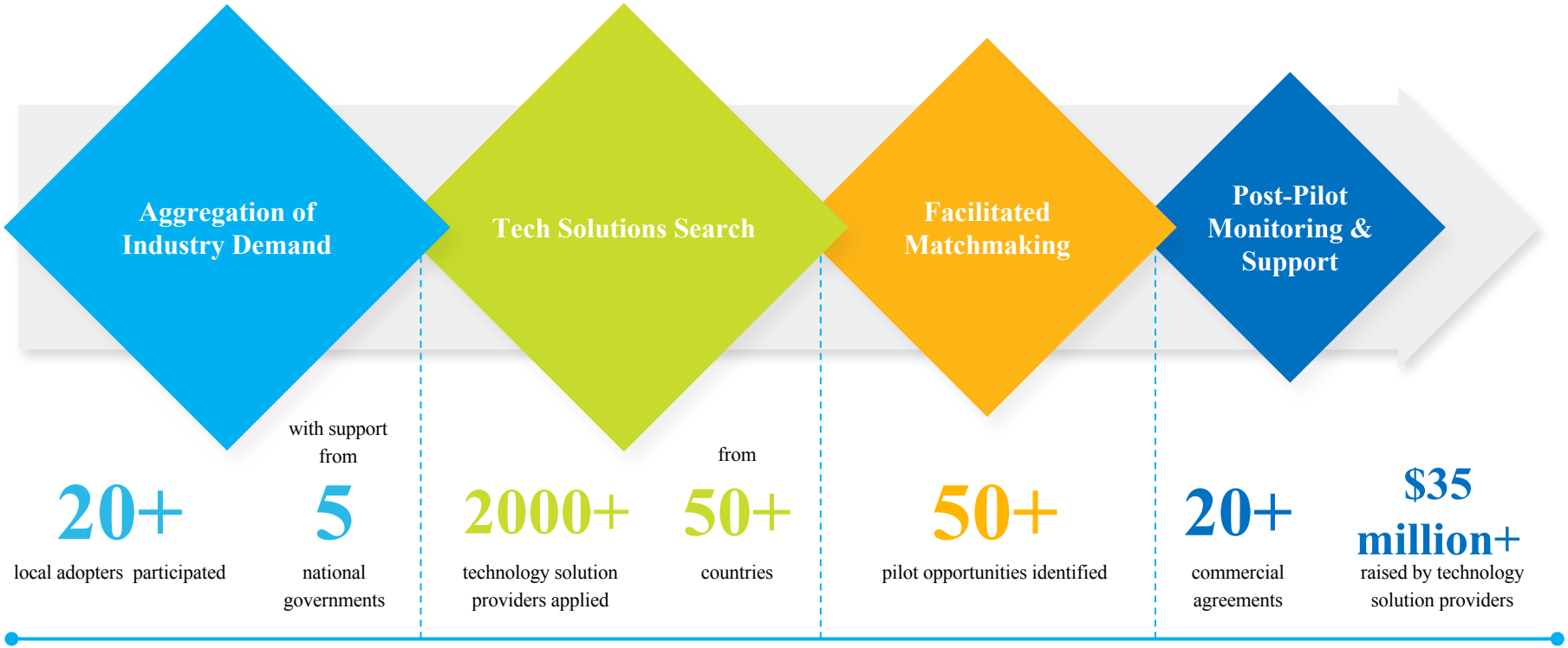
TNB VENTURES | Saigon Innovation HUB | ONES

WISE
Women's Initiative for Startup And Entrepreneurship

Saigon Innovation HUB | Swiss EP Entrepreneurship Program

ADBV's Corporate Innovation Programs

Since 2016, ADB has operated series of corporate innovation programs for
agriculture, energy, travel, smart cities, gender, and financial inclusion in the Asia-Pacific.



CASE STUDY: FINANCIAL INCLUSION IN THE MEKONG

- ADB and the State Bank of Vietnam launched Fintech Challenge Viet Nam in 2018 to promote fintech for financial inclusion.
- Convened 7 commercial bank partners to uncover opportunities for innovation.
- A global call-out yielded 140 applications from global and local financial technology solution providers.
- Expanding in 2019 to Myanmar, Cambodia, and Thailand,

Co-organizers:

Industry Partners

Outcomes

- Commercial banks agreed to incubate 15 proof-of-concept pilots in partnership with technology solution providers, and with regulatory 'sandbox' support from the State Bank of Vietnam.
- Pilots resulted in 7 commercial partnerships.
- ADB extended credit line to AB Bank to for onward lending to 10,000+ SMEs able to qualify for collateral-free loans through a credit scoring solution developed by fintech startup Kiu Global

EXAMPLES OF IMPACT TECH SOLUTIONS

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Country: Viet Nam
Stage: Series A
Sector: Financial Inclusion

AI-driven data analytics to calculate credit scores for small- and medium- size enterprises (SMEs). Kiu has onboarded 25,000 SMEs through financial institution channels in Vietnam, Myanmar, Cambodia, the Philippines, Bangladesh, and Thailand.

Country: China
Stage: Series A
Sector: Green Buildings

Developing a no-capex, AI-based software solutions for optimizing energy use in commercial buildings, industry, and micro-grids. Opportunity to reduce energy by 20% with very rapid payback.

Country: Indonesia
Stage: Series A
Sector: Sustainable Aquaculture

Created an integrated IoT feeding solution for fish and shrimp farming. Potential to reduce waste, improve productivity, and reduce feeding costs by +20%. Received seed funding and numerous awards.

Country: Philippines
Stage: Seed
Sector: Energy Efficiency

Developing unique solution leveraging custom acoustic sensors, frequency analysis, and machine learning to prevent unplanned downtime and reduce energy use of motors in industry.

FROM MBI TO ADB VENTURES

MISSION

To accelerate the adoption and scale-up of technology enabled solutions delivering impact in Asia Pacific.

ADB Ventures Facility Phase 1: 2019-2022
Targeting $60million

ADB Ventures Investment Fund I
$40-45m

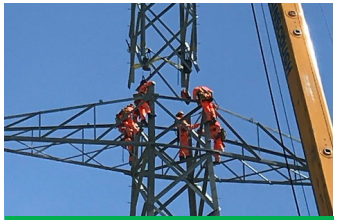
- Target early stage companies that are scalable with proven, bankable impact
- Invest equity and quasi-equity investments of $100,000 to $4 million in seed and Series A/B transactions
- Flag attractive emerging market impact investment opportunities for co-investors

ADB Tech-for-Impact Lab (scale MBI)
$10m

- Develop pipeline investments and support local technology innovation ecosystems through the ADB Ventures "Tech-for-Impact Labs" program
- "Tech-for-Impact Labs" leverages ADB's in-house expertise, country networks, and regional convening powers

Setup and Initial Operations $5m

ADB Ventures program in 2019-20



Smart energy and grids

- Distributed energy
- Grid management
- Energy-as-a-service

- Utilities
- IPPs
- Grid operators

- January 2020

Sustainable travel and tourism

- Energy & water efficiency
- Circular economy
- Green transport

- Hotel groups
- F&B groups
- Tourist boards

- September 2019

Sustainable Agriculture

- Climate-smart farming
- Supply-chains
- Sustainable inputs

- Agribusiness
- Buyers
- Input providers

- March 2019

Green and inclusive fintech

- Agri finance
- Climate insurance/DRM
- Energy fintech

- Banks/MFI
- Investors
- Insurers

- June/July 2019

Example areas of focus

Key corporate partners

Estimated launch

Potential partners

NEW ENERGY NEXUS · PLUGANDPLAY · PATA Pacific Asia Travel Association · SHE LOVES TECH · TusStar 启迪之星 · CLIMATE SOLVER

GET IN TOUCH

- Dominic Mellor
- ADB Ventures
- dmellor@adb.org

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