

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.

ADB

Private Sector Operations Department Infrastructure Finance Division 2 East Asia, Southeast Asia, and the Pacific 13 October 2021

Presented by Juan-Pablo MARTINEZ-MOLINA
Investment Specialist, PSOD/PSIF2

BUSINESS
OPPORTUNITIES 

Private Sector Operations Department

ADB aims to increase PSO to one-third of total operations by 2024

WHO WE ARE

The Private Sector Operations Department (PSOD) of the Asian Development Bank (ADB) catalyzes, structures, and provides financing to privately held and state-sponsored companies across a wide range of industry sectors throughout developing Asia. The emphasis is on commercially viable transactions that generate attractive financial returns while also delivering on ADB's organization-wide mission to promote environmentally sustainable and inclusive economic growth.

WHAT WE DO

- **Finance** private sector companies, banks, and projects in infrastructure, financial services, clean energy, agribusiness, and other core sectors via debt and equity investments
- **Mobilize** third-party capital via credit enhancement products, risk transfer agreements, and donor funds
- **Invest** in private equity and other structured funds and manage institutional capital in such funds on behalf of clients
- **Actively manage** our portfolio to ensure strong financial performance, high development impact, and strong compliance with environmental, social, and governance safeguards



PSOD 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

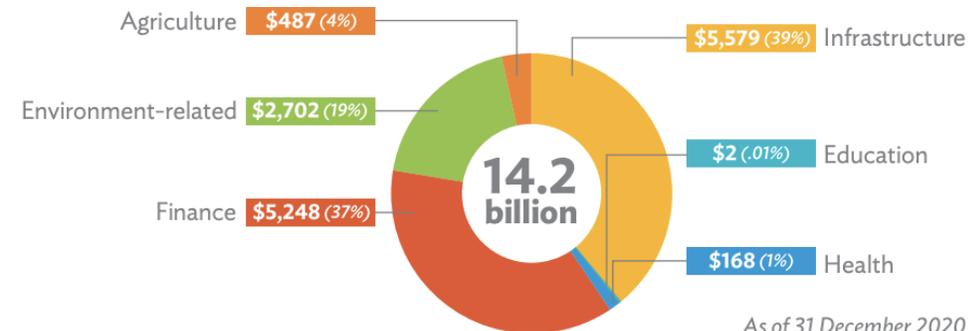
Building human capital through the expansion of basic and higher education services



Health

Supporting private providers of high-quality and affordable health care

PSOD's Current Portfolio, by Industry Sector, 2020 (\$ million)

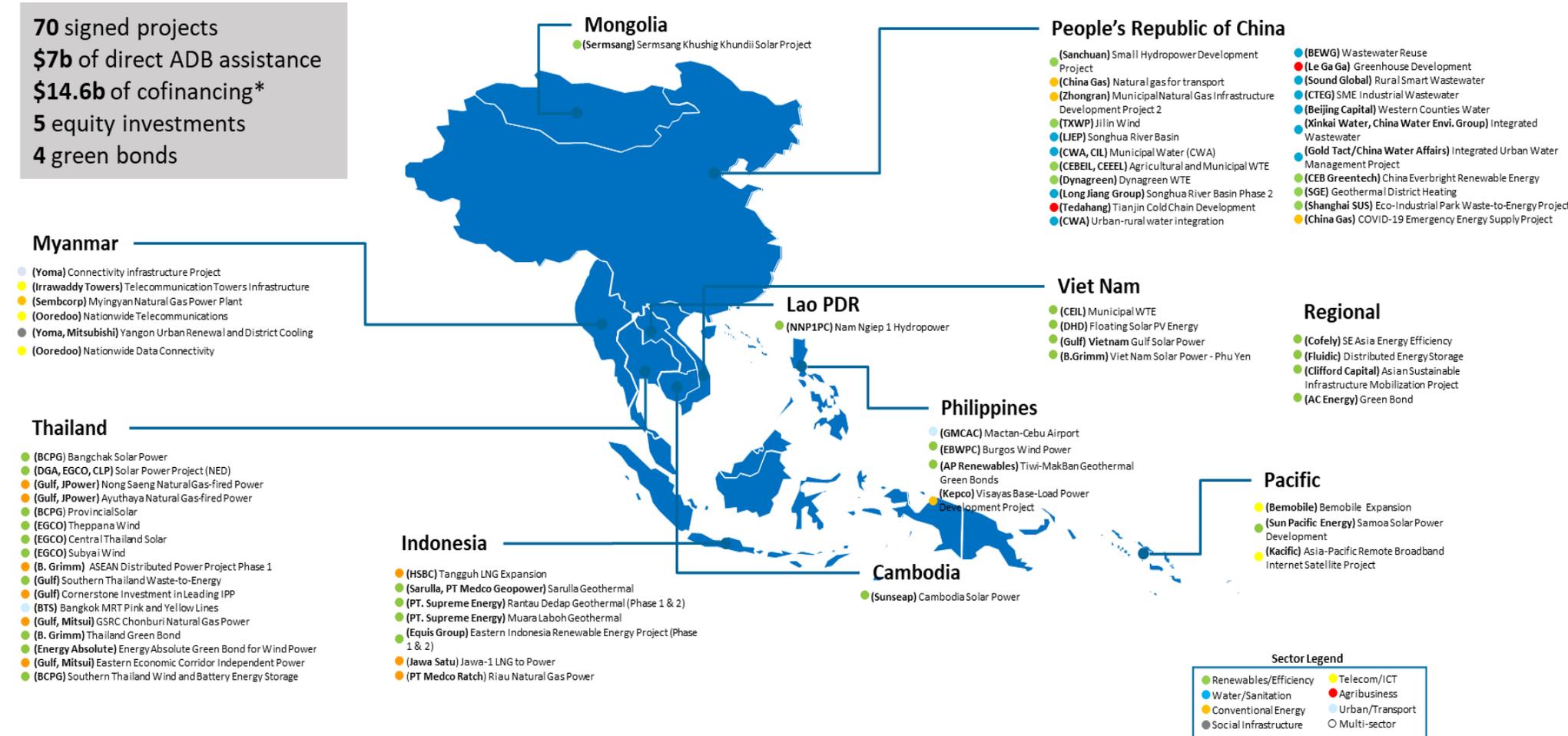


As of 31 December 2020

Private Sector Infrastructure Finance Division 2

Deals signed in East Asia, Southeast Asia, and the Pacific in 2010-2020

70 signed projects
\$7b of direct ADB assistance
\$14.6b of cofinancing*
5 equity investments
4 green bonds



* Includes B loans, guarantees, parallel loans or equity, and risk transfers

PRC: COVID-19 Emergency Energy Supply Project

Case Study 1

Key Features

- The proceeds of this loan will be used to help ensure natural gas and LPG supplies to households, hospitals, industry and other key services to support business continuity in Wuhan City and Hubei Province amidst the COVID-19 pandemic, and post-epidemic recovery.
- The Project will enhance the resilience of cities through the sustenance of uninterrupted energy supplies to meet basic human needs and support economic activity in these affected areas.
- CGCM, incorporated in the British Virgin Islands, is a wholly owned financing platform of China Gas Holdings (CGH), the Project Sponsor. CGH is the largest integrated gas distribution company in the PRC. Additional business lines include gas terminals, transmission lines, vehicular compressed natural gas and LNG, and gas logistics systems.

ADB's Value Addition

- Catalytic in mobilizing further commercial bank loans.
- Increase the gender responsiveness of CGH's community activities in Hubei Province and extract lessons from the epidemic response.
- Contributes to the global response to maintain basic services while containing a growing global health emergency that has affected ADB's DMCs in Asia and the Pacific.

Borrower	China Gas Capital Management Limited (CGCM)
ADB Commitment	\$20.0m direct loan
Approval Date	30 March 2020
Commitment Date	31 March 2020



MON: Sermsang Khushig Khundii Solar Project

Case Study 2

Key Features

- The Project involves the construction, operation and maintenance of a 15-MW solar power plant in the Khushig valley in Tuv aimag. The Project will generate 22.3 GWh of clean energy annually and reduce Mongolia’s carbon dioxide emissions by 26,400 tons per year.
- The Project benefits from the transfer of technical and operational expertise from Japan and Thailand. TGC is majority-owned by Sermsang Power Corporation Public Company Limited (SSP), a renewable energy developer listed on the Stock Exchange of Thailand with operations across Asia.
- The Project is ADB’s first private sector infrastructure investment in Mongolia.

ADB’s Value Addition

- Mobilized JICA’s LEAP Fund and Canadian Climate Fund for private sector infrastructure.
- Provided long term financing on commercial terms, which is otherwise unavailable in the market for private sector renewable energy projects in Mongolia.
- Demonstrated the potential viability of private sector renewable energy projects in Mongolia to further catalyze private sector financing in the future.
- Strengthened TGC’s and SSP’s environment, social, and governance standards, through enhanced ESMS and gender inclusive policies/training programs.

Borrower	Tenuun Gerel Construction LLC (TGC)
ADB Commitment	\$9.6m direct loan; \$9.1m parallel loan from Leading Asia’s Private Infrastructure Fund (LEAP)
Approval Date	28 January 2019
Commitment Date	20 March 2019



REG: Remote Broadband Internet Satellite Project

Case Study 3

Key Features

- The Project will provide wide access to broadband internet connections to remote areas, where no or very limited internet coverage is currently available. It will extend broadband internet service and enable better access to information, communication, and social and economic opportunities.
- The Project directly contributes to ADB’s commitment to improve connectivity and access to ICT in rural areas as well as in small island developing states, hence improving living standards and reducing poverty across Asia and the Pacific.
- Kacific is a Singapore-based company established in 2013 to develop wholesale broadband Internet solution focusing on delivering affordable broadband Internet to underserved, remote areas of Asia and the Pacific.

ADB’s Value Addition

- Secure long-term financing necessary for large-scale infrastructure investments which remains a challenge for least developed countries.
- Mobilize a significant amount of long-term debt from other financiers.
- ADB plays a key role in structuring a non-recourse, project finance structure for satellite financing with semi-merchant risk, a first of its kind in the region.

Borrower	Kacific-1 Limited and Kacific Broadband Satellites International Limited (Kacific)
ADB Commitment	\$25m direct loan; \$25m parallel loan from Leading Asia’s Private Infrastructure Fund (LEAP)
Approval Date	24 July 2019
Commitment Date	30 November 2019



VIE: Floating Solar Energy Project

Case Study 4

Key Features

- The Project involves the installation of a 47.5 MW of floating solar photovoltaic power generation panels, on the reservoir of DHD’s existing 175 MW Da Mi hydropower plant.
- This Project will be one of the first utility-scale, solar projects in Viet Nam and one of the largest floating solar projects outside the PRC.
- DHD is a subsidiary of Power Generation Corporation 1, one of the three regional generation companies of Vietnam Electricity, the national utility. DHD owns and operates 4 hydropower plants contributing to 1.7% generation capacity of Viet Nam.

ADB’s Value Addition

- Provide long term US dollar financing not readily available in Viet Nam.
- ADB’s loan with the concessional loans from CFPS and CFPS II will demonstrate viability of floating solar power projects in Viet Nam and the region.
- Ensure DHD’s compliance with environmental and social safeguard standards.

Borrower	Da Nhim-Ham Thuan-Da Mi Hydro Power Joint Stock Company (DHD)
ADB Commitment	\$17.6m direct loan; \$11.0m concessional loan from the Canadian Climate Fund for the Private Sector in Asia (CFPS); \$4.0m concessional loan from CFPS II; \$4.4m parallel loan from Leading Asia’s Private Infrastructure Fund (LEAP)
Approval Date	4 October 2018
Commitment Date	26 September 2019



INO: Rantau Dedap Geothermal Power Project

Case Study 5

Key Features

- In 2014, ADB arranged a concessional CTF loan to support a Phase 1, which carried out drilling and exploration to quantify and characterize the nature of the geothermal resources.
- Based on the result of Phase 1, Phase 2 will construct, operate and maintain the power project with a design gross capacity of 98.4 MW located in South Sumatra Province.
- Both Phase 1 & 2 are implemented by SERD. SERD is owned by PT. Supreme Energy, Engie, Marubeni Corporation and Tohoku Electric Power. These Project Sponsors have years of experience in Indonesian geothermal, oil, and gas industries with successful track record and extensive exposure to every aspect of the energy business.

ADB's Value Addition

- ADB's long term loan with the concessional loan from CTF will achieve sound debt service levels and help promote private sector investments in clean energy infrastructure in Indonesia.

Borrower	PT. Supreme Energy Rantau Dedap (SERD)
ADB Commitment	\$175.3m direct loan; \$50m concessional loan from Clean Technology Fund (CTF)
Approval Date	23 March 2018
Commitment Date	26 March 2018



Private Sector Collaboration Opportunities

Differences between public and private sector operations of ADB

Key Differences NSO vs SO

- Financing not directly guaranteed by the government
- Project proposals are post-feasibility study, therefore PSOD is not involved in the detailed design of projects
- Neither is PSOD involved in the selection of Project contractors or Project Sponsors' advisors
- Project Sponsors approach PSOD for financing, plus validation/due diligence of technical, safeguards, and other matters
- PSOD supervises projects until the loans are repaid

Main avenue of collaboration

- Private companies as Project Sponsors of Transport & Energy projects which PSOD finances directly
- **The PSOD Advantage:**
 - Wide network of strategic partnerships
 - Credibility
 - Mitigated-risk financing
 - Multifaceted approach to service delivery
 - Highly qualified team
 - Organizational and staff presence

THANK YOU!

Juan-Pablo MARTINEZ-MOLINA
Investment Specialist, PSOD/PSIF2
jpmartinezmolina@adb.org

