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ADB's 2021 Energy Policy

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BUSINESS 
OPPORTUNITIES

Outline

- Key Energy Challenges in Asia and the Pacific
- Opportunities and Changing Energy Landscape
- ADB's Energy Portfolio
- ADB's 2021 Energy Policy
- Examples of ADB's Clean Energy Projects
- Indicative Clean Energy Projects (2021-2023)

Key Energy Challenges in Asia and the Pacific



Energy Access

- Roughly **350m people** remain without adequate supply and **150 million** still have no access to electricity
- About **1.7b people** without access to clean cooking



Energy Security

- IEA scenarios suggest **doubling of electricity demand in the region by 2040**
- Renewable energy investments could reach **\$1.3 trillion annually by 2030**



Environmental Sustainability

- About **50% of global CO2 emissions from fossil fuels**
- **Approximately 25% of CO2 emissions from coal power generation**
- The battle against climate change will be **won or lost in Asia and the Pacific**

Opportunities and Changing Energy Landscape



Energy Landscape

Profound changes in Asia and the Pacific:

- **Falling cost of renewable energy** vs. conventional energy
- Emerging new and **innovative low-carbon** energy technologies



Global Commitments

Global commitments to universal access and climate action:

- Sustainable Development Goal 7: **Universal Energy Access by 2030**
- Paris Agreement: **Nationally Determined Contributions (NDCs)**



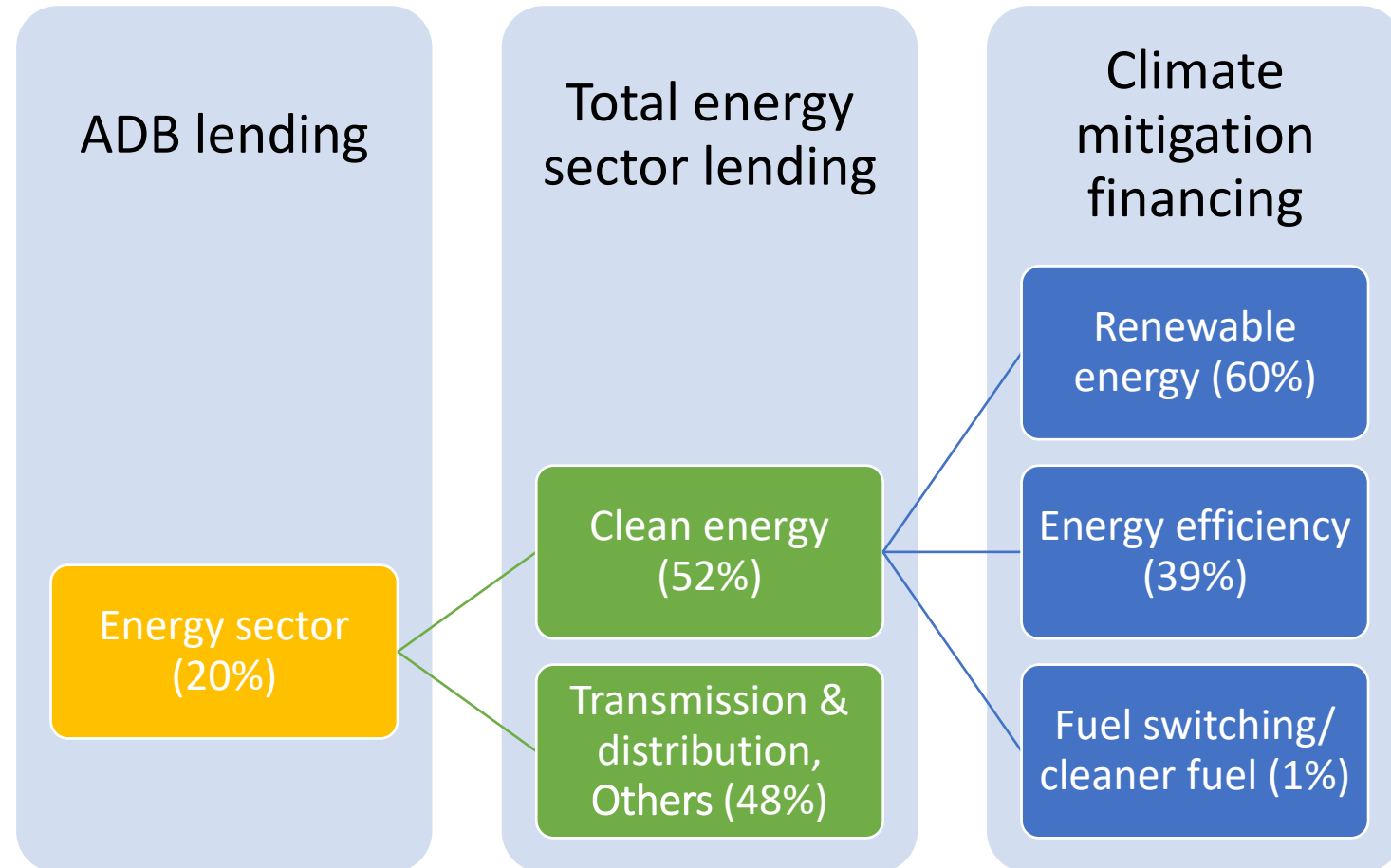
ADB's Commitments

ADB is the Asia and the Pacific Climate Bank:

- **\$100 billion of cumulative climate finance by 2030** from our own resources
- At least **75% of our operations support climate action** for the period 2019 to 2030

Energy Sector Portfolio, 2011–2021

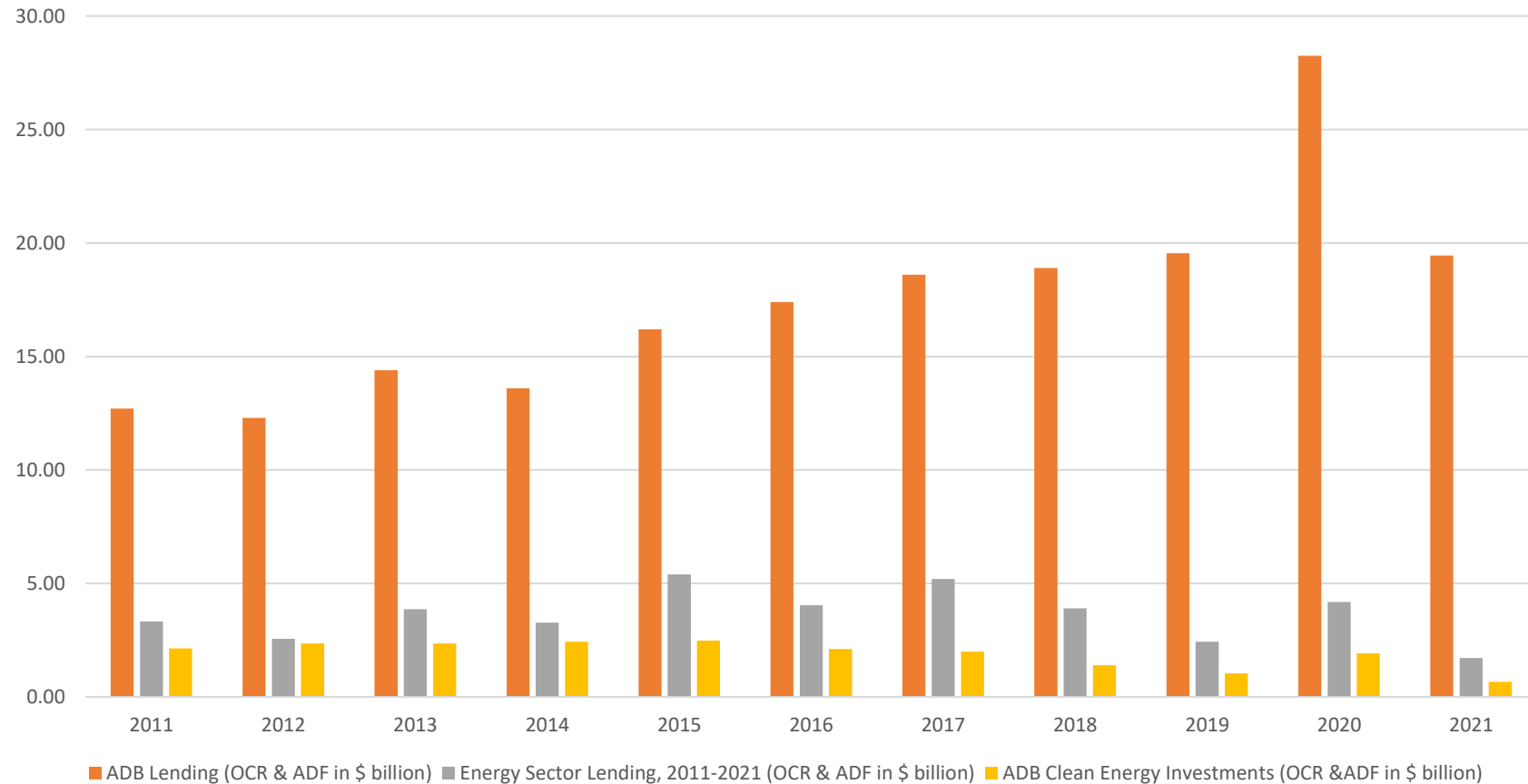
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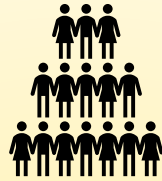
Energy Sector Climate Finance Committed by Sub-Region in 2021 *(\$ millions)*

	Central and West Asia	East Asia	Pacific	South Asia	Southeast Asia	Private Sector	TOTAL
Climate Finance	412.0	135.0	6.4	27.4	155.7	115.1	851.6
- Mitigation	409.2	135.0	5.9	26.9	125.3	111.6	813.9
- Adaptation	2.8	0	0.5	0.5	30.4	3.5	37.7
T & D, Others	338.9	16.5	10.6	32.6	479.3	120.9	998.8
Total	750.9	151.5	17.0	60.0	635.0	236.0	1,850.4

ADB Lending, Energy Sector Lending and Clean Energy Investments



ADB's 2021 Energy Policy - Principles



Principle 1. Securing Energy for a Prosperous and Inclusive Asia and the Pacific

Support efforts to bring **affordable, reliable, sustainable, and modern energy to all**, so as to eradicate extreme poverty and reduce social inequalities.



Principle 2. Building a Sustainable and Resilient Energy Future

Provide support to its DMCs to tackle **climate change**, enhance **environmental sustainability**, and **build climate and disaster resilience**.



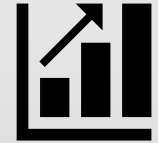
Principle 3. Supporting Institutions, Private Sector Participation, and Good Governance

Support **the institutional development, financial sustainability, and good governance** of energy sector institutions and companies, as well as private sector participation.



Principle 4. Promoting Regional Cooperation and Integration

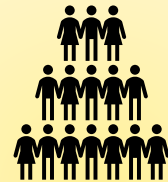
Promote **regional energy cooperation and the integration of energy systems** to strengthen energy security and increase cross-border access to cleaner energy sources.



Principle 5. Integrated Cross-Sector Operations to Maximum Development Impact

Combine finance, knowledge, partnerships, and its country-focused approach to deliver integrated solutions with comprehensive and magnified development impacts.

ADB's 2021 Energy Policy – Selected Principles and Actions



Principle 1. Securing Energy for a Prosperous and Inclusive Asia and the Pacific

1. Supporting Electrification Programs
2. Promoting Cleaner Cooking, Heating and Cooling
3. Improving Energy Efficiency across Supply and Consumption Chains
4. Promoting Social Inclusion, Gender Equality and Partnerships



Principle 2. Building a Sustainable and Resilient Energy Future

1. Accelerating Renewable Energy
2. Role of Specific Energy Sources in Pursuing Strategic Decarbonization
3. Increasing Resilience and Efficiency of Electricity Infrastructure
4. Ensuring a Just Transition



Principle 3. Supporting Institutions, Private Sector Participation, and Good Governance

1. Supporting Institutions
2. Tariff and Subsidy Reform
3. Private Sector Participation
4. Greater Impact through Sector-Wide Long-Term Planning
5. Partnering to Shape Energy Reform Policies

Examples of ADB's Clean Energy Projects

Financial Intermediation Loan in Sri Lanka:

- \$50 million credit line, through the government, to multiple local banks for financing of rooftop solar PV systems

National Climate and Green Finance Facility in Indonesia:

- Working with PT SMI – a national financing entity – to design a \$150 million green finance facility, under the broader SDG Indonesia One platform

Private Sector Loan in Thailand:

- First project to integrate utility-scale wind power generation with battery energy storage in the country. ADB provided long-term financing of \$240 million

Sovereign Project Loan for Mongolia:

- \$100 million loan for the first Utility-Scale Energy Storage Project to support decarbonization and help increase renewable energy use by providing a large energy reserve, load shifting capacity, and emergency backup

Grant Support to Kiribati:

- \$8 million grant for the South Tarawa Renewable Energy Project – ADB's first project in Kiribati's energy sector – to install climate-resilient solar power capacity on a water reserve

ASEAN Green Catalytic Financing Facility (ACGF)

- An initiative of the ASEAN Infrastructure Fund to accelerate green infrastructure investments in Southeast Asia
- Provides ASEAN governments with technical assistance and access to over \$1 billion in loans from cofinancing partners.
- Supports governments to identify and prepare commercially viable green infrastructure projects
- Supported the preparation of the 100 MW Cambodia National Solar Park Project

Energy Transition Mechanism (ETM)



1. Accelerate climate action

Countries participating in ETM will be able to reach more ambitious emissions targets than under their current commitments



2. Reduce energy costs

Speeding up the retirement of coal-fired electricity will increase the demand for clean energy by 2-3 times, lowering overall energy costs in the long run.



3. Drive investment

ETM will help unlock or “crowd in” investment in cost-effective renewable generation and support and enable clean technologies, such as smart grids, hydrogen, and electric vehicles.



4. Provide a scalable model

ETM has the potential to be scaled up to other parts of Asia and the Pacific, as well as Latin America and Africa, which could drive significant reductions in global emissions.

Indicative Clean Energy Projects for 2021–2023 (1 of 2)

AFG: Renewable Energy Development (Solar and Wind) Project

BAN: Renewable Energy Project

CAM: Energy Efficiency Sector Development Program

CAM: Energy Efficiency Sector Development Program

BAN: Renewable Energy Development and Efficiency Improvement Project

BHU: Renewable Energy Project

BHU: Hydropower Rehabilitation Project

PRC: Low Carbon Transformation in Urban Areas

PRC: Shanxi Low-carbon and Beautiful Village Development

IND: Scaling Up Demand Side Energy Efficiency Sector Project-Additional Financing

Indicative Clean Energy Projects for 2021–2023 (2 of 2)

INO: Geothermal Power Expansion Project (formerly Geothermal Power Generation Project (Phase 2))

INO: Sustainable Transition Project - DAMRI E-buses

KIR: South Tarawa Renewable Energy Project (Phase 2)

MON: Supporting Renewable Energy Development

MON: MFF Smart grid system development

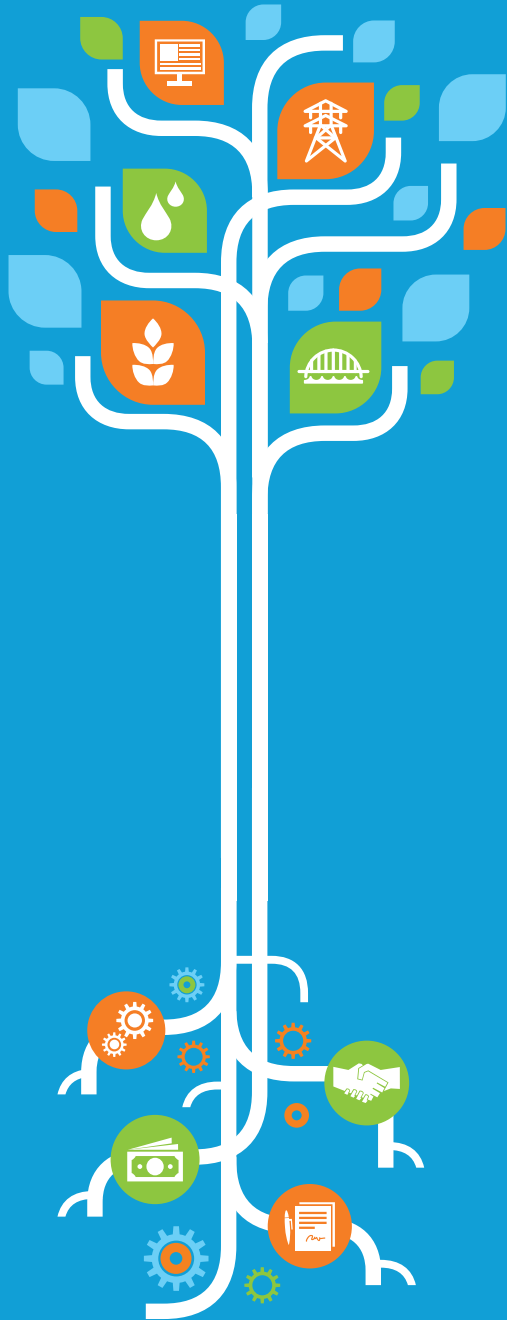
MON: MFF Smart grid system development (Tranche 1)

FSM: Renewable Energy Development Project, Phase 2

SAM: Alaoa Multi-Purpose Dam Project

TON: Nukualofa Electricity Network Project (Solar Plus Project)

TUV: Increasing Access to Renewable Energy Project - Phase 2



Thank you!

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