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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
- Final Remarks



# 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)**



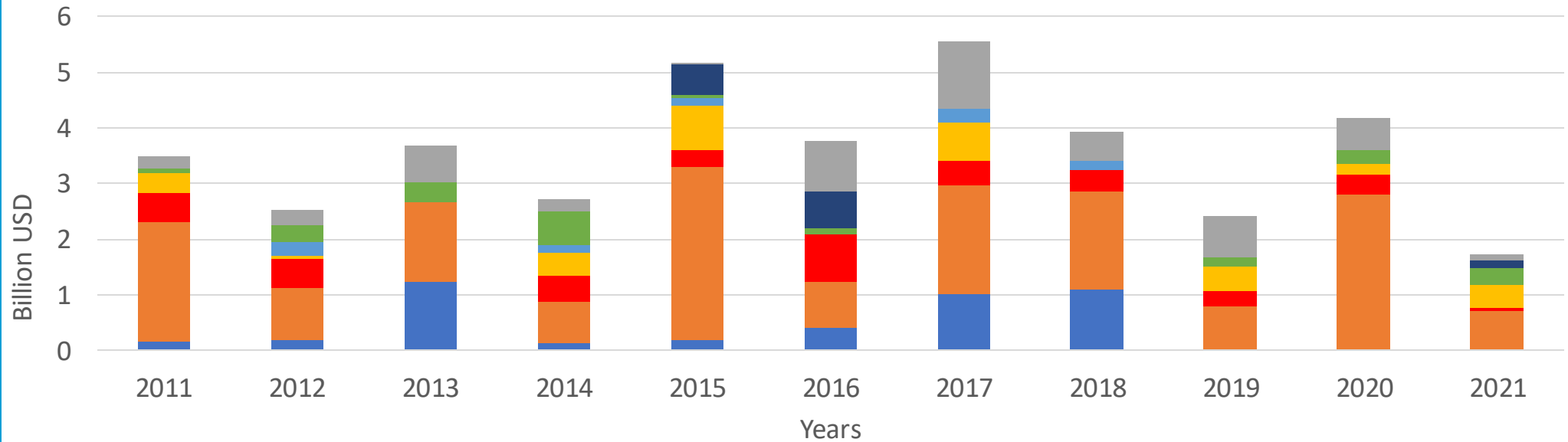
## ADB's Commitments

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



# ADB Energy Sector Portfolio (2011-2021)

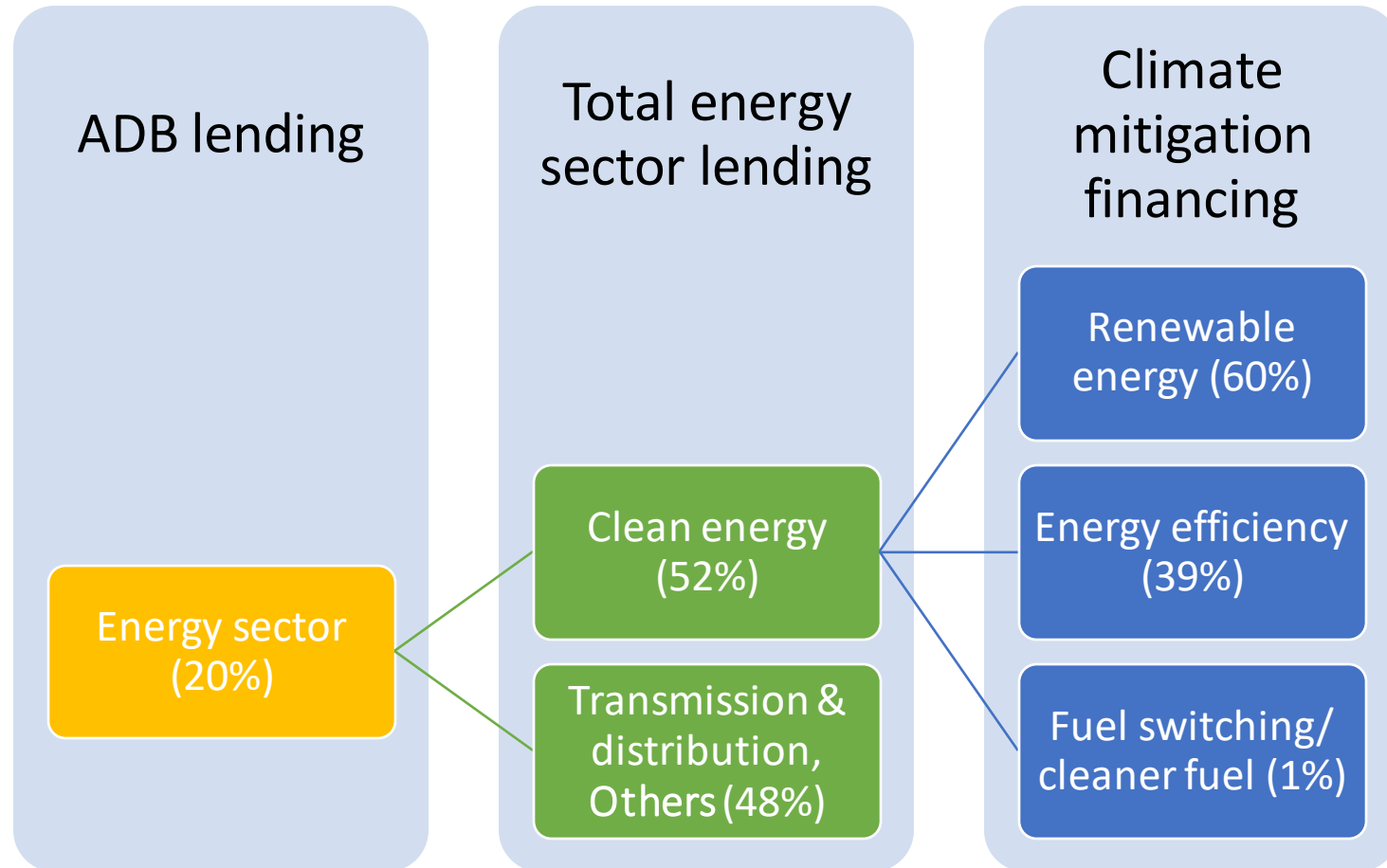


- Renewable Energy
- Large hydro generation
- Energy Sector Development and Institutional Reform
- Electricity Transmission and Distribution
- Oil and Gas Transmission and Distribution
- Energy Utility Services
- Energy Efficiency and Conservation
- Conventional Energy Generation



# Energy Sector Portfolio, 2011–2021

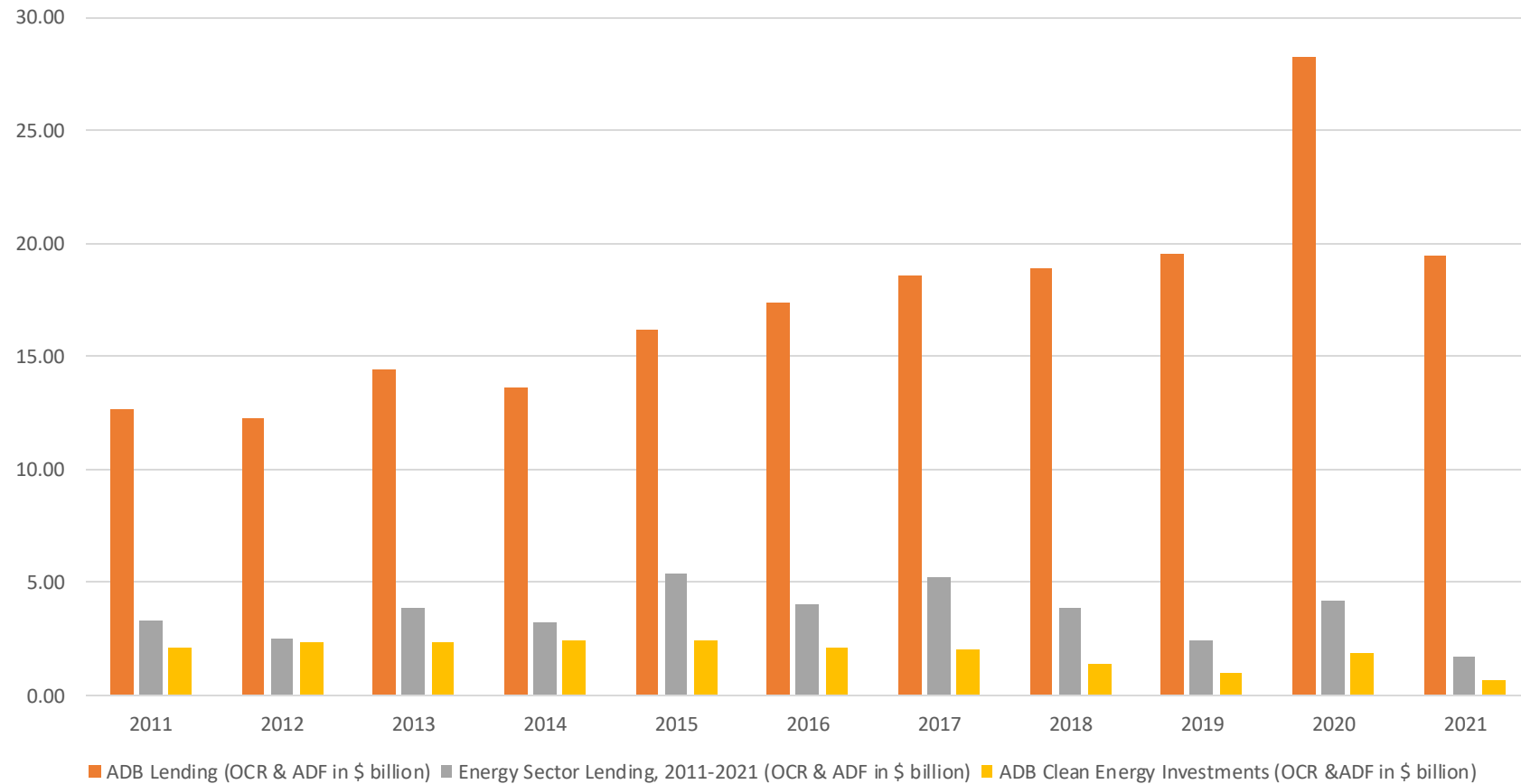
*(annual average share)*



# 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
<b>Total</b>	<b>750.9</b>	<b>151.5</b>	<b>17.0</b>	<b>60.0</b>	<b>635.0</b>	<b>236.0</b>	<b>1,850.4</b>

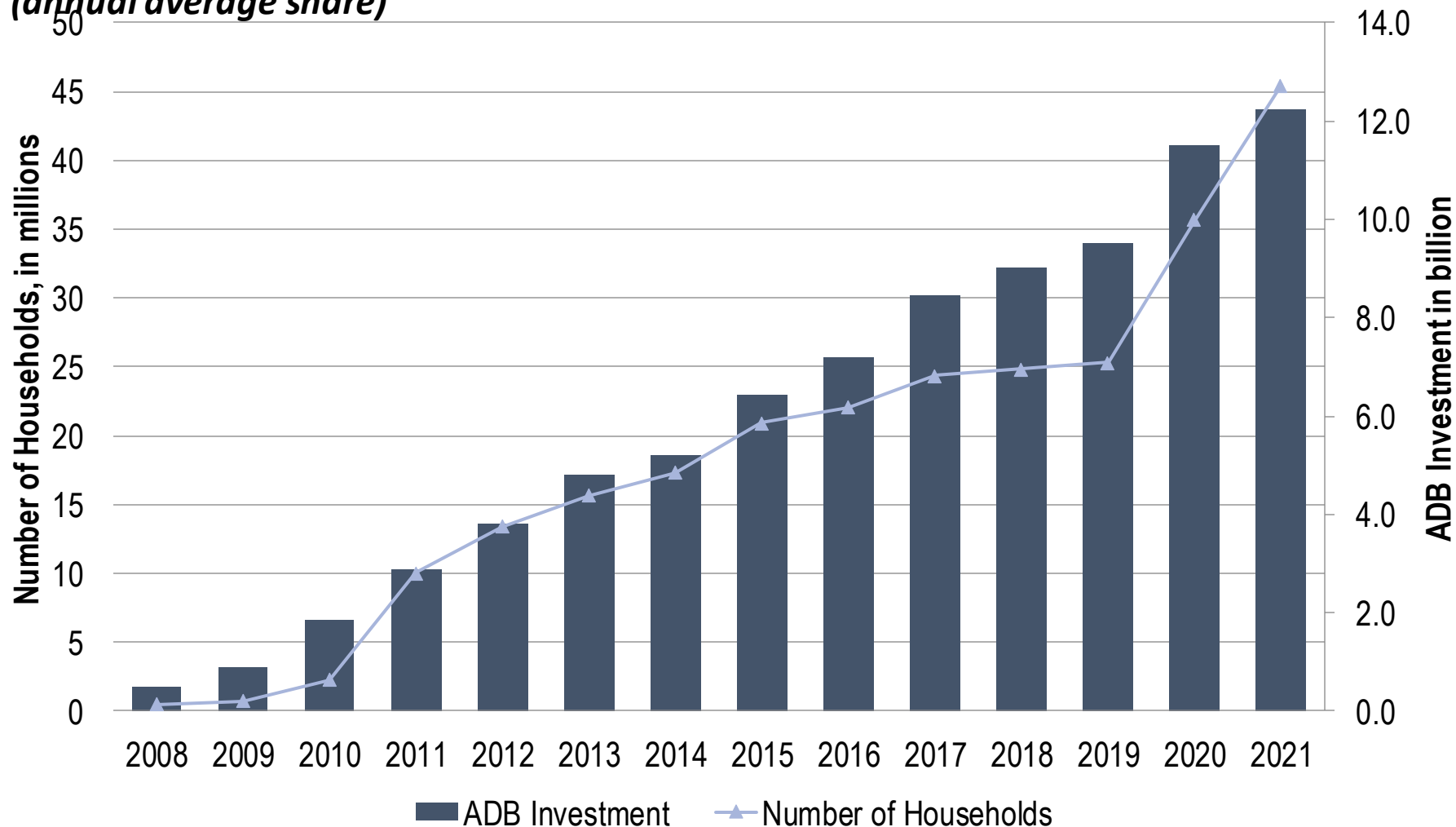
# ADB Lending, Energy Sector Lending and Clean Energy Investments



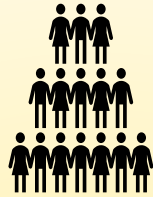


# ADB Energy Access Investments (2008-2021) (Cumulative)

*(annual average share)*



# 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

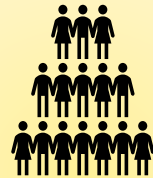
Promote **regional energy cooperation and the integration of energy systems** to strengthen energy security and increase cross-border access to cleaner energy sources.



## 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

# Salient Features

Improving energy efficiency across energy supply and consumption chains;

Accelerating the deployment of renewable energy

Pursuing strategic decarbonization and phase-out of coal

Increasing the resilience of energy infrastructure

Support carbon capture, utilization, and storage technologies for power plants and industries;

Encourage DMCs to phase out fossil fuel subsidies

Include social cost of carbon in analysis of projects



# Salient Features

## No Support

- Upstream or midstream oil projects
- Coal facilities including new coal-fired generation
- Nuclear energy
- Natural gas exploration or drilling activities

## Be Selective

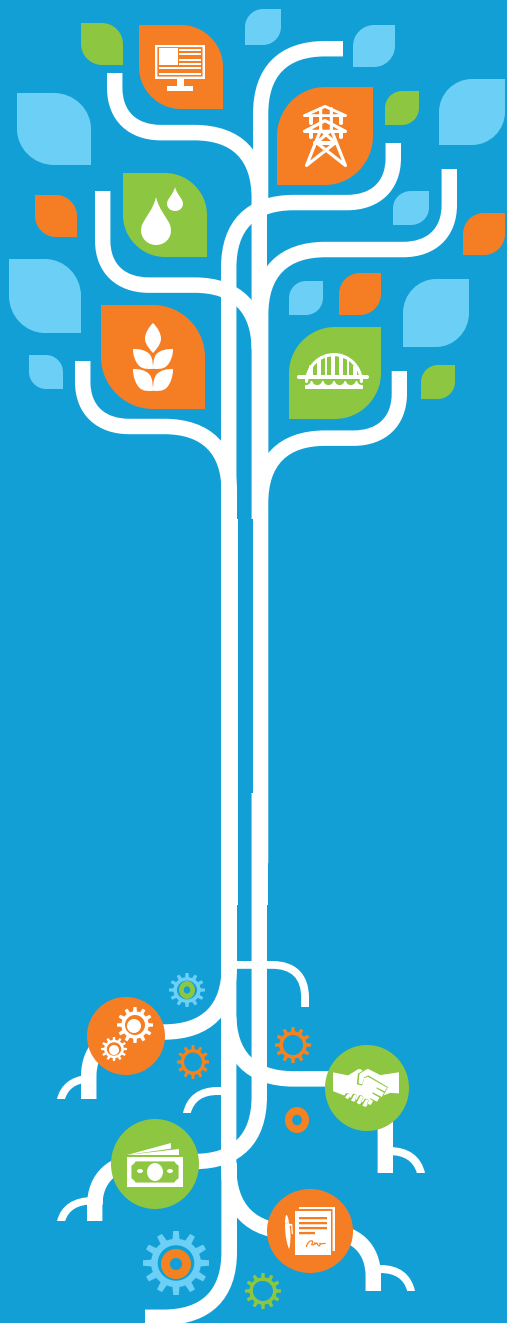
- Support for mid-stream and downstream natural gas
- Oil fired generation
- Large hydropower



# Final Remarks

- International financing institutions like ADB will continue play a major role in the energy sector development
- Focus to shift away from traditional areas of investments
- Support for new and innovative technologies, approaches will take over
- Sovereign financing to be used to maximize leveraging private sector investments





# Thank you!

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