Asian Development Bank (ADB)

Multilateral bank with regional footprint across Asia and the Pacific

Non-regional offices
NARO: Washington, DC, USA
ERO: Frankfurt, Germany
PLCO: Sydney, Australia

1966
Year of establishment

AAA
S&P/FitchRatings

3,000+
Employees globally

33
Field offices

- **ADBHQ**
- **ADB Field Offices**
- **ADB/ PSOD Field Offices**

PROSPEROUS
INCLUSIVE
RESILIENT
SUSTAINABLE

ASIA AND THE PACIFIC

68 members
49 in the region
40 borrowing members

Achieving S2030 Operational Priorities through PSO

Integrated approach: sector, product, thematic priorities and special initiatives

- Addressing remaining poverty and reducing inequalities
- Accelerating progress in gender equality
- Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
- Making cities more livable
- Promoting rural development and food security
- Strengthening governance and institutional capacity
- Fostering regional cooperation and integration

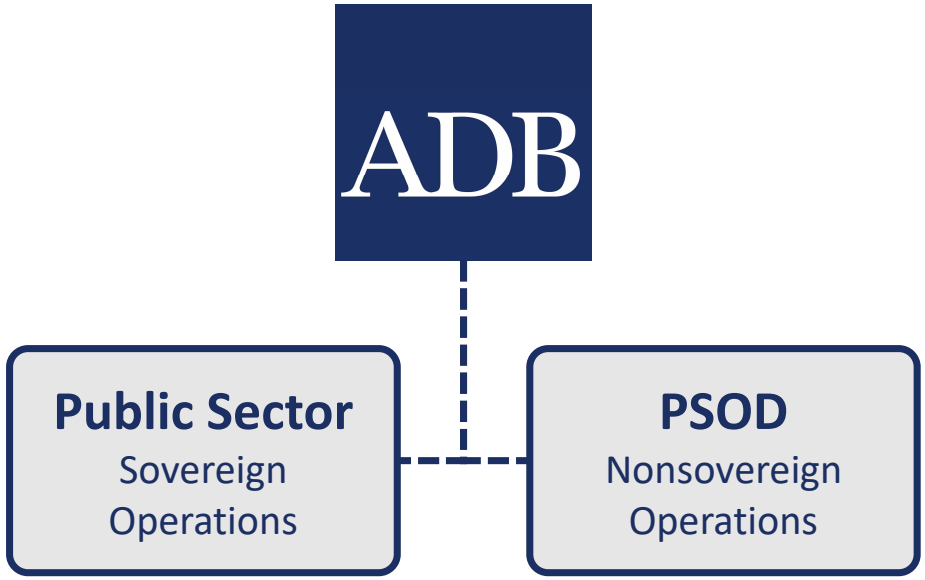
Private Sector Operations Department (PSOD)

Broadly, ADB has two “financing” departments – Public and Private sector

PSOD is responsible for all Private sector (or Nonsovereign) financing and investments - structuring and funding investments across the capital structure in privately held and state-sponsored companies across a wide range of industry sectors throughout developing Asia

- ✓ Emphasis is on **commercially viable transactions** that generate financial returns while also delivering on ADB's organization-wide mission to promote environmentally sustainable and inclusive economic growth

A key objective for PSOD is the **mobilization** of official and commercial cofinancing through trust funds under ADB administration, B Loans, credit enhancement products, and risk transfers

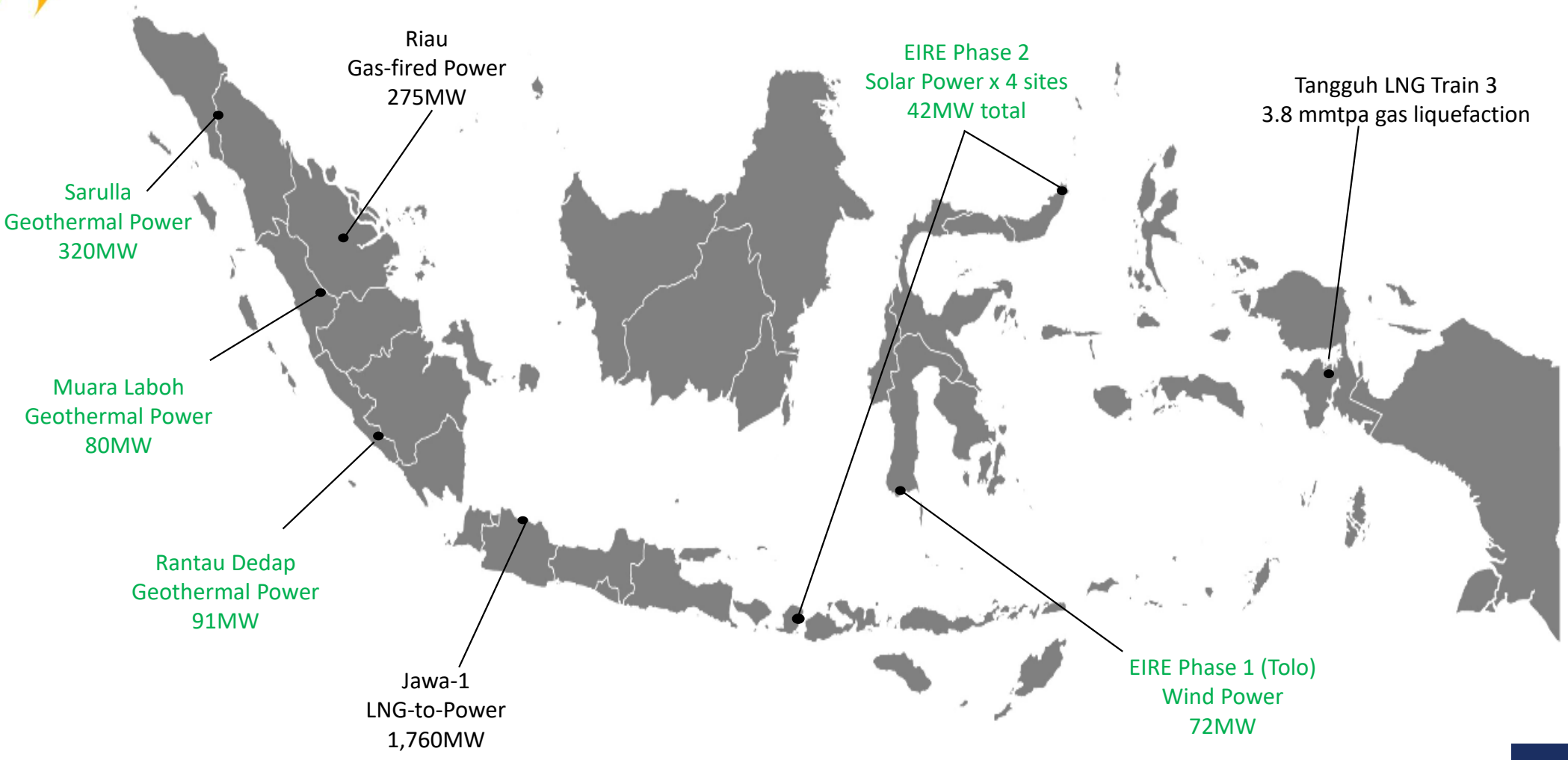


Product Priority Areas

Instrument	Types	Features
Debt	• Direct loans (core financing modality for PSO) • Debt instruments (e.g. project / green bonds)	• Foreign and selected local currencies • Typical tenors of 7 years (corporate) to 15+ years (project) • Secured or unsecured
Equity	• Listed and unlisted direct equity • Private Equity Funds (PEF) • Open-ended equity investments (e.g. AIF, CGIF)	• Direct: growth companies at any stage through IPO (cornerstone or anchor investment) • PEF: multi-sector and regional funds • ADB Ventures: early-stage companies focused on new technologies
Guarantees	• Partial credit guarantees (PCG) • Partial risk guarantees (PRG)	• PCG: where other lenders are more efficient in mobilizing local currency or reaching target customers • PRG: frontier markets
Blended Finance	• Long-term loans at concessional interest rates "blended" with ADB financing	• Whenever donor funds managed by ADB are available • Applicable for climate mitigation / adaptation or low-income countries
Technical Assistance	• Project preparation TA • Capacity development TA	• Enhance corporate governance, environmental and social standards, risk management, gender mainstreaming, etc. • Develop new products for underserved segments

Legend: High, Medium, Low

ADB non-sovereign power/energy projects in Indonesia since 2014



Case Studies (geothermal)

Sarulla 320MW Geothermal Power Project

Total Project Cost of $1.6 billion
ADB Assistance: $250m ADB direct loan; $80m loan from the Clean Technology Fund[(2);] $20m loan from the Canadian Climate Fund for the Private Sector in Asia *
Cofinancing:
- $479 million in cofinancing from Japan Bank for International Cooperation

Sponsors:
- Itochu Corporation, Kyushu Electric Power Company, Ormat International, Medco Power Indonesia

Development Impacts:
- Accelerating development of the Indonesia geothermal sector via the financing, implementation, and commissioning of the first geothermal Independent Power Producer (IPP) in Indonesia in over 10 years; avoiding the emission of 1.3 million tons of greenhouse gases (CO2 equivalent) per annum

Date Approved: 5 December 2013
Date Committed: 28 March 2014

* Mezzanine Finance

Muara Laboh 80MW Geothermal Power Project

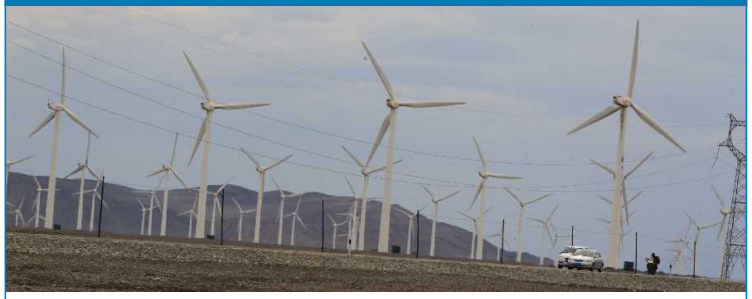
Client: Engie, Sumitomo Corporation, and PT. Supreme Energy
ADB Assistance: $70m loan; $20m parallel loan from the Leading Asia's Private Sector Infrastructure Fund; and a $19.25m concessional loan from the Clean Technology Fund (CTF)
Key Features:
- The project will develop, operate, and maintain geothermal steam resources and an 80MW power generation unit in the Liki Pinangawan Muara Laboh concession area.
- The development of baseload geothermal power plant and avoidance of carbon emissions will assist the government's efforts to achieve sustainable growth targets through private sector investment.
- Cofinanced by Japan Bank for International Cooperation and NEXI.

ADB's Value Addition:
- The concessional finance from CTF motivates developers to complete more challenging exploration programs and reach financial close.
- Demonstrate the bankability of the new geothermal PPA and the replicability of structuring solutions to manage complexities and resource risks presented by geothermal IPPs.

Date Approved: 7 December 2016
Date Committed: 26 January 2017

Case Studies (wind & solar)

Eastern Indonesia Renewable Energy Project (Phase 1)



Client: Vena Energy (former Equis)

ADB Assistance: $56.3m loan; $56.3m loan from the Leading Asia's Private Sector Infrastructure Fund; $8.1m loan from the Canadian Climate Fund for the Private Sector in Asia II

Key Features:

- The project involves the construction and operation of a 72 MW wind power plant in Jeneponto, South Sulawesi, by the Equis Group. The project will be implemented under a 30-year BOT PPA with PLN, the state-owned electric utility company.
- Equis is one of Asia's largest independent infrastructure private equity fund manager with a strong focus on developing renewable energy (RE). The group operates 4.7 GW of RE assets and is the largest RE IPP in Asia and the Pacific.

ADB's Value Addition:

- Mobilize all required debt package for one of the first utility-scale wind projects in Indonesia. Indonesia's RE sector has not taken off due to the absence of supporting regulatory mechanisms, but the project will have a positive demonstration effect for the growth of the nascent RE sector.
- ADB's long term loan and the concessional loan from CFPS II will mitigate the risk of wind power and raise the project's financial viability despite the relatively low-tariff environment in Indonesia.
- Play a pivotal role in building a critical mass of first-generation RE project in Indonesia.

Approval Date: 29 November 2017

Commitment Date: 6 December 2017

Eastern Indonesia Renewable Energy Project (Phase 2)

Client: Vena Energy (former Equis)

ADB Assistance: $12.49m loan; $21.9m loan from Canadian Climate Fund for the Private Sector in Asia II; $5.8m loan from Leading Asia's Private Infrastructure Fund

Key Features:

- This transaction follows phase 1 of the project where ADB provided financing for a 72 MW wind farm.
- Phase 2 are the first utility-scale solar PV plants by the private sector in Indonesia. It consists of a 21 MW solar PV power plant in Likupang, North Sulawesi, and three 7 MW solar PV power plants in Lombok, West Nusa Tenggara. These solar power plants will supply energy to PLN, Indonesia's national power utility.

ADB's Value Addition:

- Mobilize all required debt package for the first utility-scale solar PV projects in Indonesia. Indonesia's RE sector has not taken off due to the absence of supporting regulatory mechanisms, but the project will have a positive demonstration effect for the growth of the nascent RE sector.
- ADB's long term loan and the concessional loan from CFPS II will mitigate the risk of solar power and raise the project's financial viability despite the relatively low-tariff environment in Indonesia.
- Play a pivotal role in building a critical mass of first-generation RE project in Indonesia.

Approval Date: 11 April 2018

Commitment Date: 19 April 2018

What is next?

Opportunities and challenges

1. Renewable Energy and Waste-to-Energy
- Impacts from COVID-19 crisis are relatively light compared to other sectors.
- Private Sector investors are still keen to invest in these sectors as long as the economics and risk allocation regime are fair and predictable.
- Crucial to produce a investable/bankable set of template structure and contracts (e.g. PPA) to enhance investor/lender confidence and predictability.
- Given extensive trackrecord of ADB-PSOD in financing IPPs in Indonesia, PSOD can provide inputs.

[2. Transport
- Given the logistical challenges of being a country with 17,000 islands, there is a lot to be done in transport sector, especially seaports and airports.
- Greater involvement of private sector investors by proliferating well-structured PPPs can bring efficiency in accumulating the much needed infrastructure while expediting the transition to low emission transportation modes.
- However, business viability of the sector is being severely hampered by COVID-19 crisis.]