



# CAREC ENERGY INVESTMENT FORUM FINANCING FUTURE ENERGY

Astana, Kazakhstan • 17-19 July 2017

## Attracting Private Sector and Commercial Financing Through Green Financing Platform In China

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### Outline

- Introduction to ADB
- ADB's Financing in Energy Sector
- Green Financing Platform
- Conclusion





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## ADB

## 2016 APPROVALS

### Loans, Grants and Others

**\$17.47 billion**

### Technical Assistance

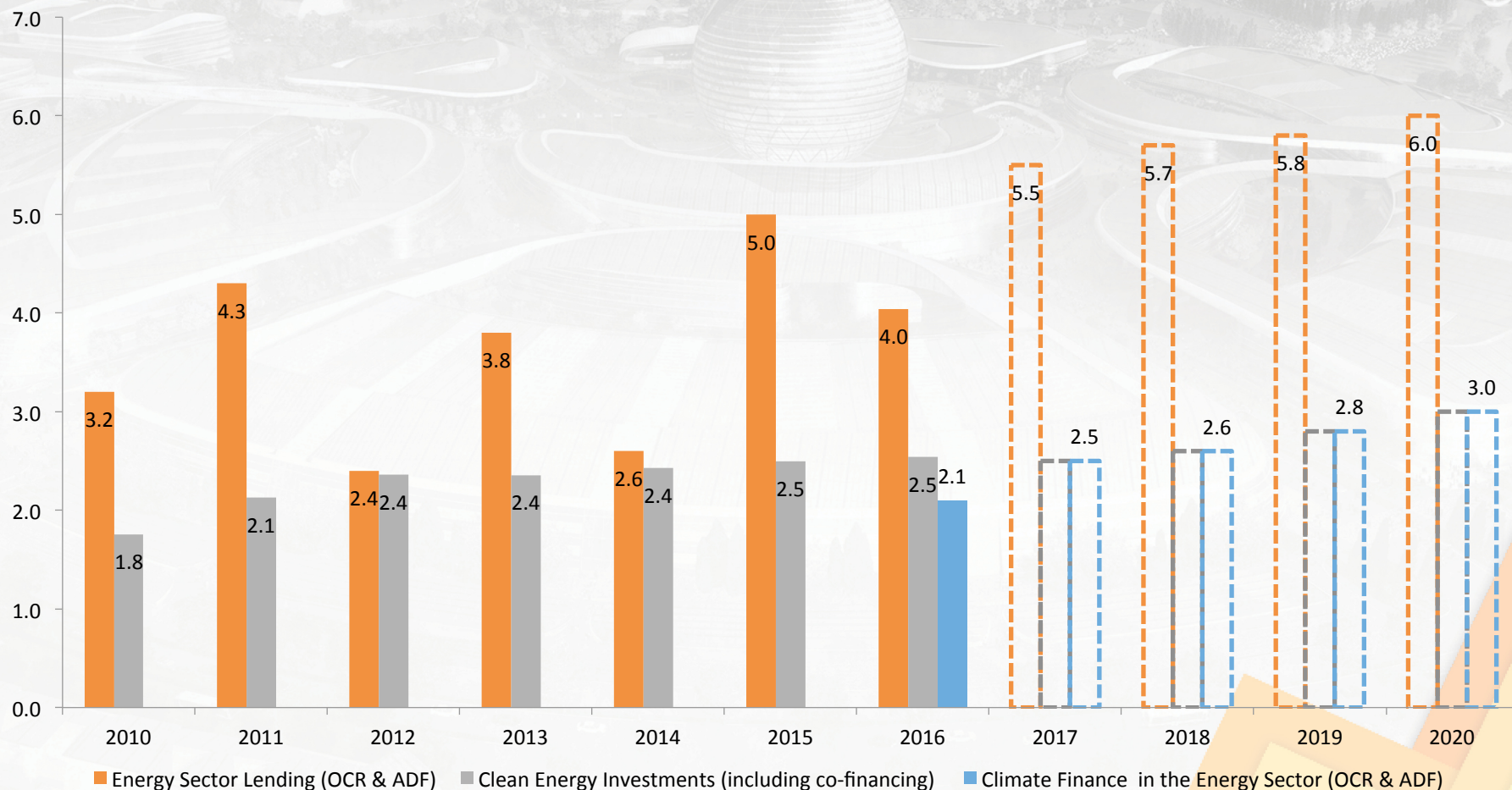
**\$169 million**

### Cofinancing including Trust Funds

**\$14.06 billion**

- Regional Multilateral Development Bank
- Founded in 1966
- Owned by 67 member countries
- Vision is an Asia and the Pacific Region Free of Poverty

### Clean Energy Commitment

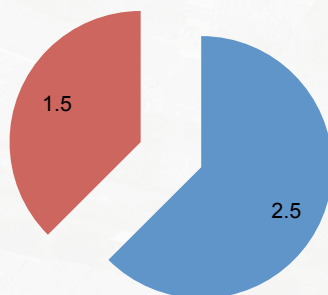




## Energy Sector Operations, 2016

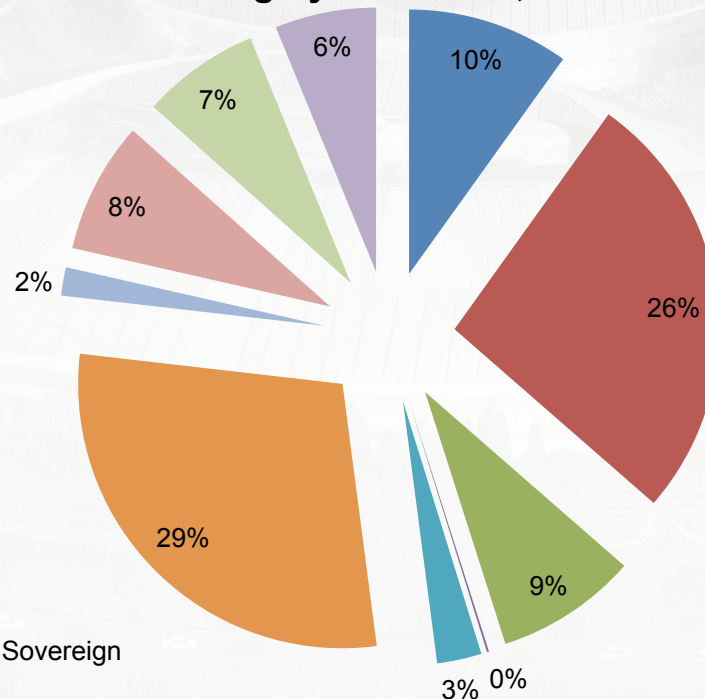
- Total approvals in the energy sector amounted to \$4.09 billion from OCR and ADF
- Private sector clean energy investments amounted to \$664 million.

**Lending by operations, in US\$ billion**



■ Sovereign  
■ Non-sovereign

**Lending by subsector, in %**



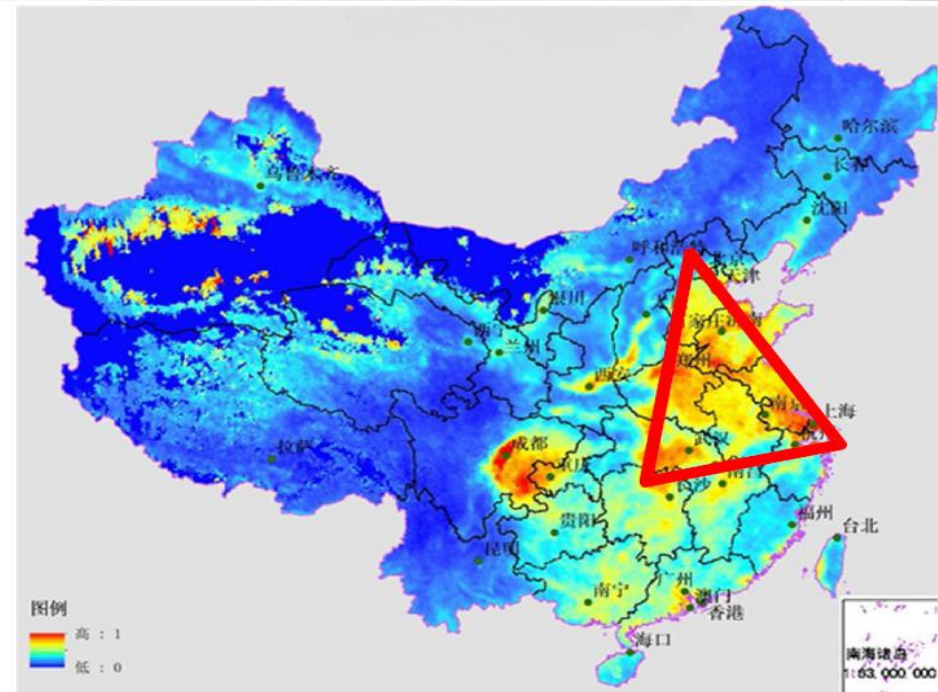
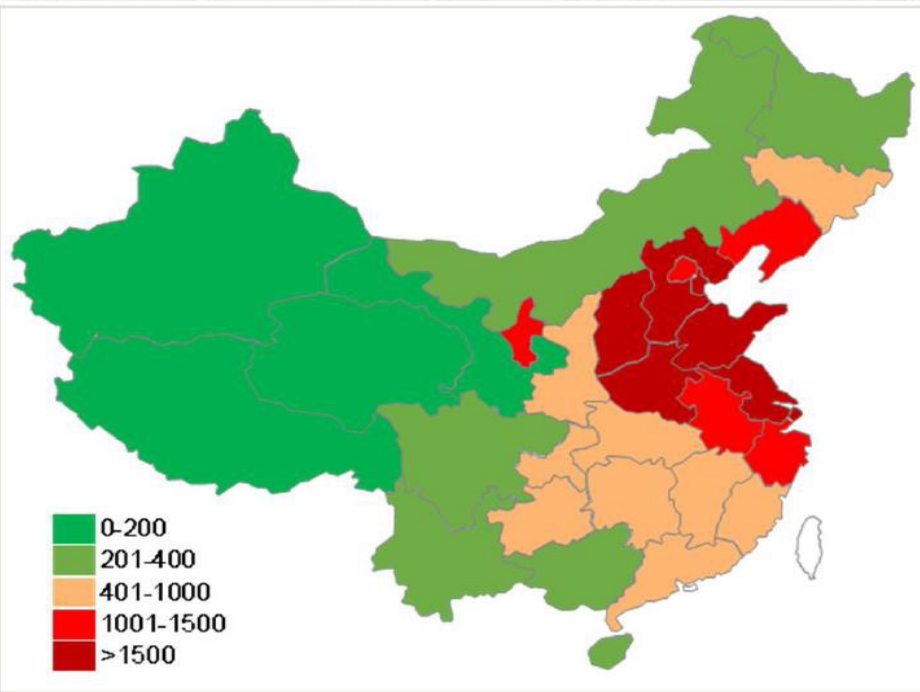
■ conventional energy generation  
■ electricity transmission & distribution  
■ energy efficiency & conservation  
■ energy utility services  
■ large hydropower generation  
■ gas transmission and distribution  
■ renewable energy - geothermal  
■ renewable energy - small hydro  
■ renewable energy - solar  
■ renewable energy - wind

## China's Air Quality Challenges

- Many cities do not meet acceptable air quality
- Exposure to high levels of PM<sub>2.5</sub> contributes to about 1 million premature deaths annually in the PRC
- The cost of premature mortality to the national economy is estimated as approximately 7.5% of the GDP



# China's Coal Consumption Density and PM2.5 Concentrations





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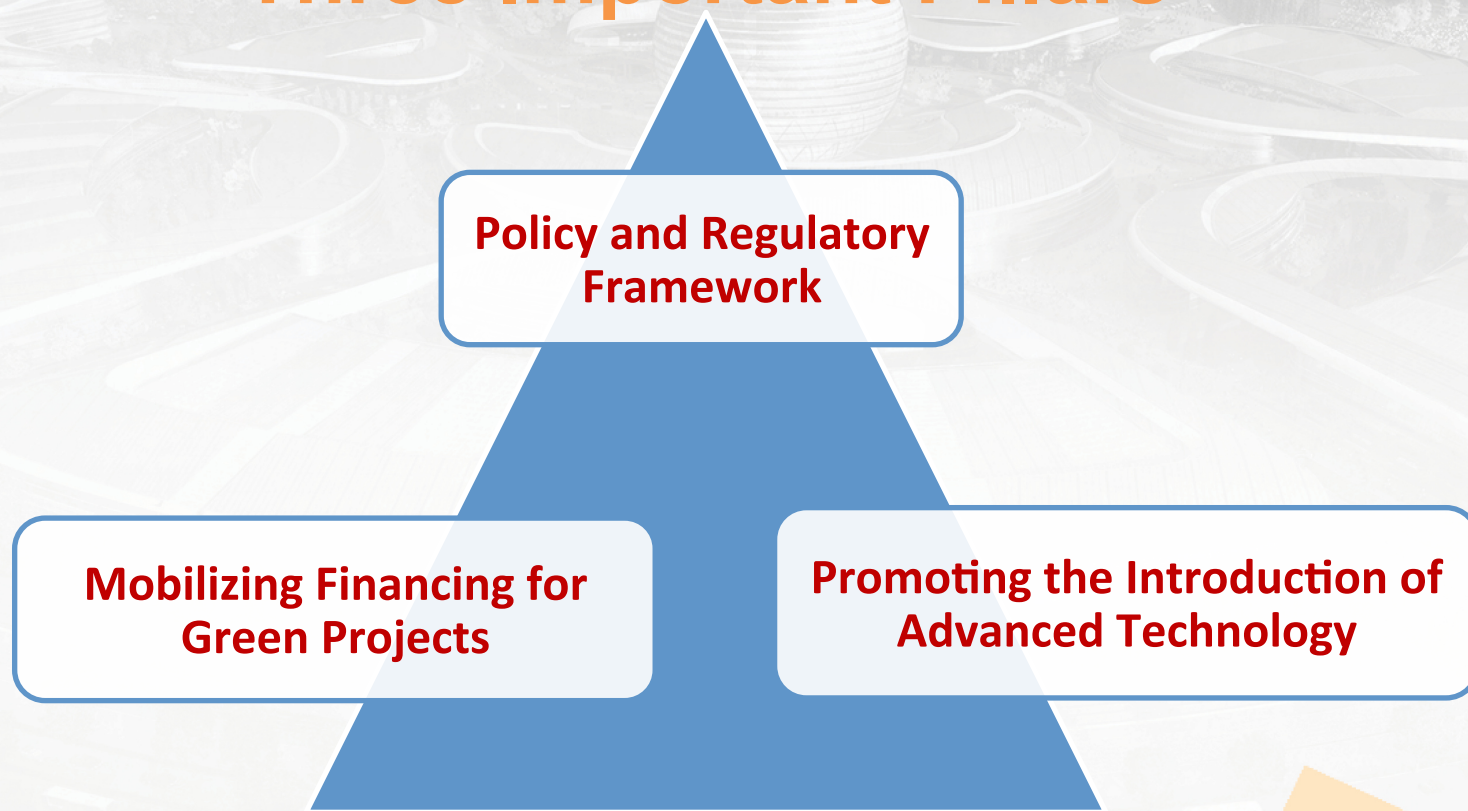
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## Key Barriers for Private Investment and Commercial Financing in Green Projects

- Lack of awareness about low-carbon technologies
- Focus on output growth by industrial managers
- Lack of understanding by banks on how to evaluate innovative technologies / benefits
- Lack of interest by commercial banks
- Weak bankability



# ADB Support to Air Quality Improvement Three Important Pillars





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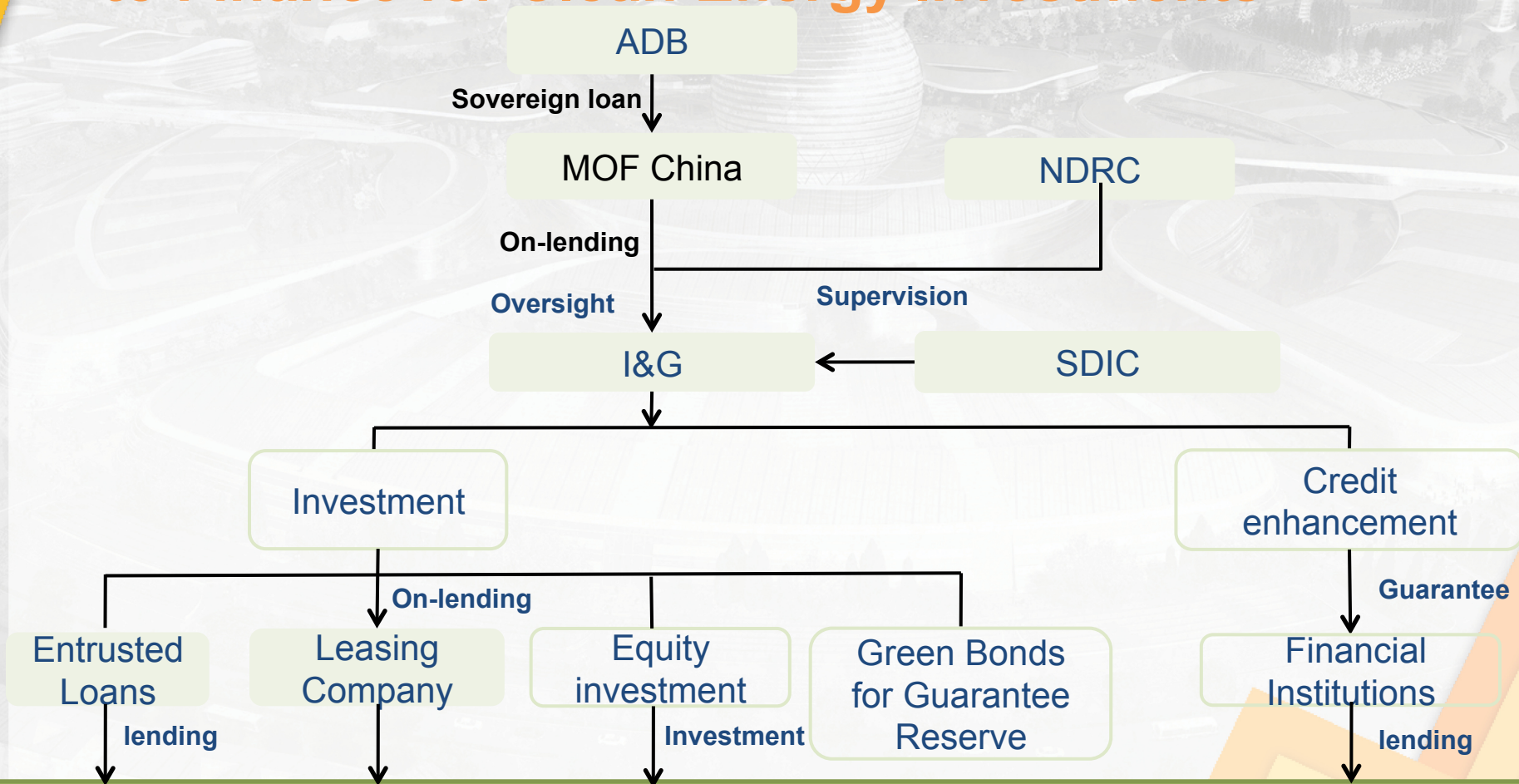
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## Green Financing Platform

- Targets near-untapped SME sector for pollution reduction
- Offers suite of innovative financing tools to meet the financing requirements and credit quality of diverse set of borrowers
- Leverages domestic financing: ADB's €458 million leverage €3.6 billion equivalent in commercial financing
- Open architecture - suitable for expansion
- Enhancing local financial institutions' capacity and willingness
- Leverages large CO<sub>2</sub> mitigation (~ 8.5 MT)



### Tailored Made Solutions to Support SME Access to Finance for Clean Energy Investments



Air quality improvement projects ( in Greater BTH region )

## Expected project outcome

### Social benefits

#### Main:

- Energy saving: 40.2 million tons of coal equivalent
- Emission reduction: 8.55 million tons of carbon
- Leveraging: €3.6 billion private capital and commercial financing

#### Other emission reduction:

- Flue gas: 380 billion cubic meters
- Flue dust: 0.78 million tons
- SO<sub>2</sub>: 0.51 million tons
- NO<sub>x</sub>: 0.36 million tons





## Conclusion

- Private investments and commercial financing are difficult but possible
- Comprehensive solution should be targeted
- Inclusive financing approach is essential
- PRC's GFP is applicable throughout the Asia Region

**Thank you !**

