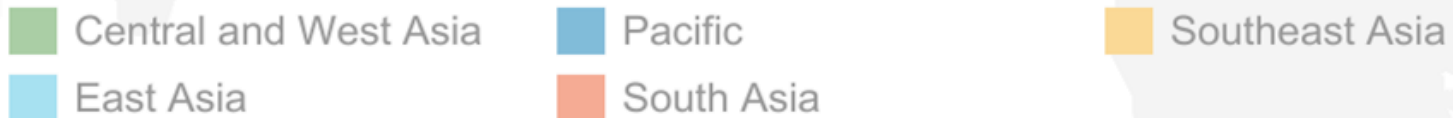


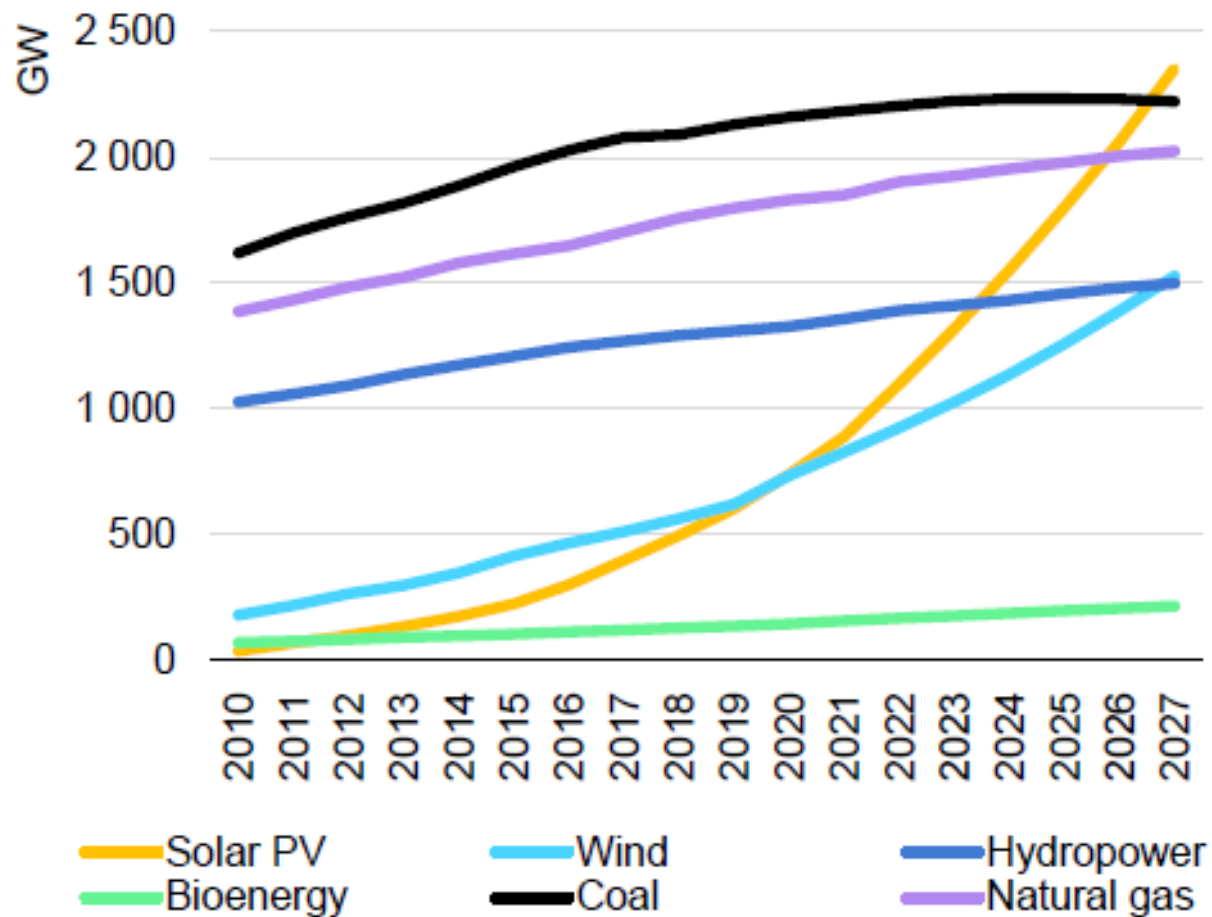
Just Energy Transitions and SDGs: Tools and Enablers

Ramesh Subramanian
Director General & Group Chief
Asian Development Bank



Good News

Cumulative global installed capacity by technology, 2010-2027



- ✓ Next five years (2022 – 2027), World will see approximately 2400 GW of Renewables, equivalent to last 20 years (2001 – 2021) of renewables growth
- ✓ By 2027, Solar PV will become the largest installed capacity surpassing coal generation
- ✓ Renewable electricity generation will surpass coal generation by early 2025
- ✓ Cumulative solar PV capacity almost triples to 1500 GW and will surpass natural gas by 2026 and coal by 2027
- ✓ Low Cost, Energy security, Climate Goals, and new policies driving optimistic forecast revision - China's 14th 5-year plan, REPower EU and member country policies, US Inflation Reduction Act and India's ambitious targets and policy improvements

Challenging news...significant funding gaps



USD 5-7 trillion
Needed annually
to achieve the
SDGs by 2030

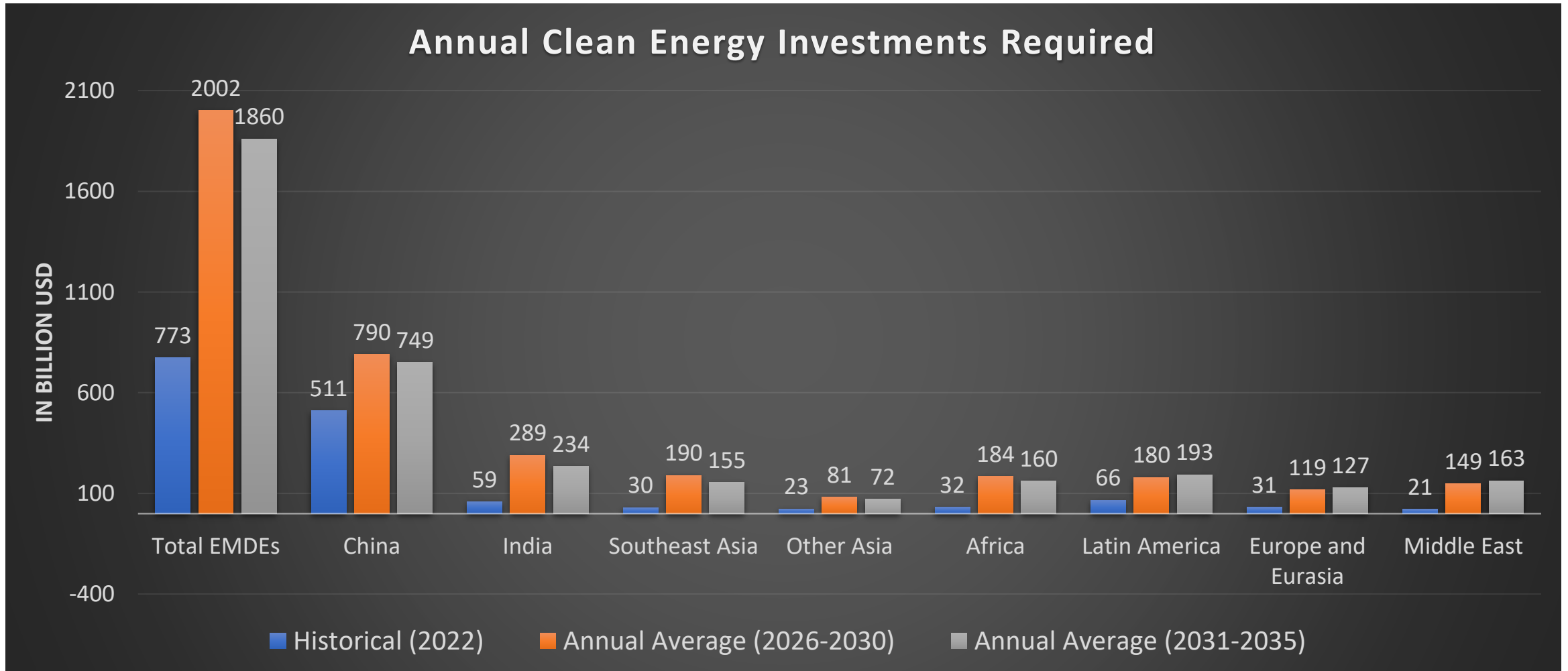
USD 486.6 trillion
Total assets of
financial
institutions in
2021

1.4% of total financial assets
could close the SDG financing
gap of USD 7 trillion

SDG finance committed and disbursed (USD billion) in 2019 (via providers)

Pillar	Committed	% share	Disbursed	% share
Social development	96.11	38%	81.97	39%
Economic growth	89.46	35%	68.47	32%
Other goals – SDG 16, 17	45.64	18%	47.37	22%
Climate and environment	20.84	8%	15.05	7%

.....Asia-Pacific needs are high

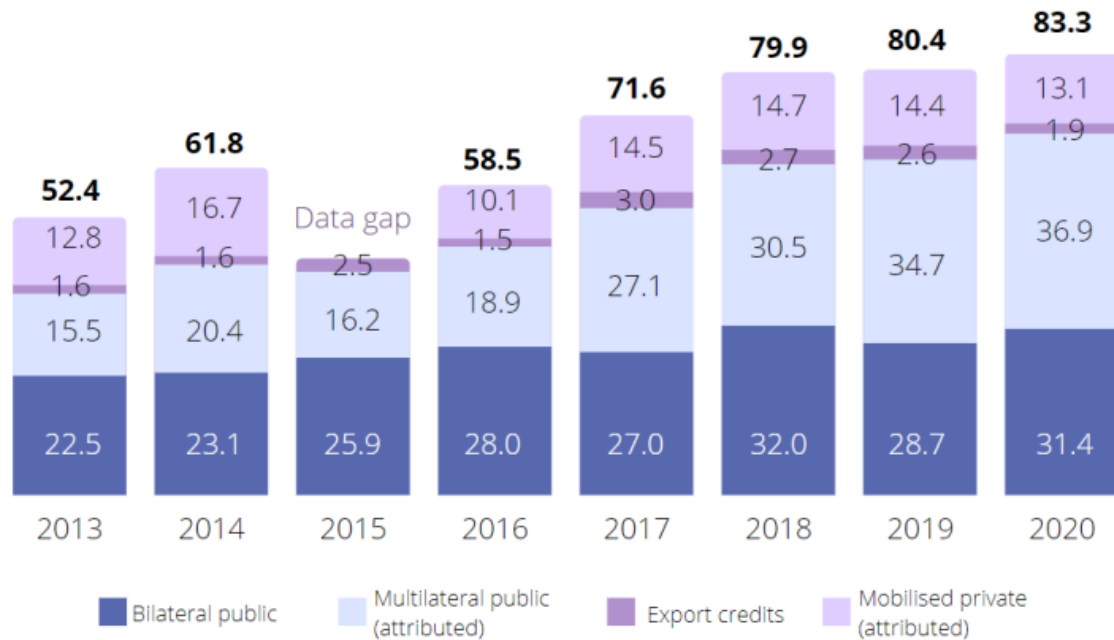


Annual clean energy investments in EMDC to 2035 to align with SDGs and climate goals

Source: IEA and IFC, 2023

To meet Paris Agreement goals will require a huge and rapid scaling of finance with increased mobilization

Climate finance provided and mobilized in 2013-2020 (USD billion)



▶ Finance remains one of the most intractable barriers to accelerated climate action. Finance flows have increased in recent years but remain significantly below what is needed.

▶ All sources of finance need to be mobilized rapidly towards climate action. Commercial capital needs to be tapped more effectively.

▶ A shift of development finance towards private capital mobilization would maximize impact. In 2020, USD 68.3bn of public finance mobilized only USD 13.1bn of private finance.

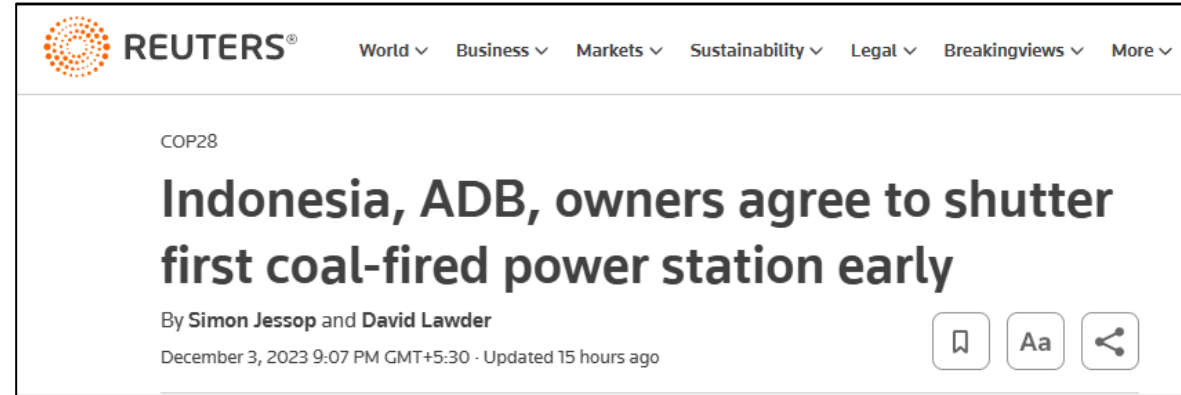
Good news.....ADB has responded to G20 and Global Calls

- ✓ The capital management reforms unlock \$100 billion in new lending –
 - ADB's sustainable level of lending now stands at \$36.5 billion
- ✓ Leverage Balance Sheet as per G20 MDB's Capital Adequacy Framework Report



Transition Finance

- ✓ A concept beyond green finance, & sustainable finance
- ✓ **Transition finance** is funding of high carbon-emitting industries
- ✓ **Key challenge:** Lack of private sector finance, clear definition of transition activities, disclosures, financial instruments, and demonstration projects
- ✓ **To address challenges,** need establishing transition finance framework, including:
 1. Identification of transition activities – like developing “transition finance taxonomy”, being done in EU & PRC
 2. Disclosure and reporting
 3. Toolbox of financial instruments – like debt instruments such as transition & sustainability-linked loans & bonds
 4. Fiscal subsidies, tax incentives, green finance related incentives such as Central bank financing facilities
 5. Socioeconomic costs, such as unemployment, energy shortages, and inflation, need to be accounted for and disclosed
- ✓ **Critical Preparatory Steps for Asia & Pacific countries:**
 1. Regulators & FIs should clarify eligibility criteria for transition activities
 2. Demonstration projects should be developed
 3. Consider launching its own transition funds



The screenshot shows a Reuters news article. At the top, the Reuters logo is on the left, and navigation links for World, Business, Markets, Sustainability, Legal, Breakingviews, and More are on the right. The article is categorized under 'COP28'. The main headline reads 'Indonesia, ADB, owners agree to shutter first coal-fired power station early'. Below the headline, it says 'By Simon Jessop and David Lawder' and 'December 3, 2023 9:07 PM GMT+5:30 · Updated 15 hours ago'. There are icons for bookmarking, font size adjustment, and sharing.

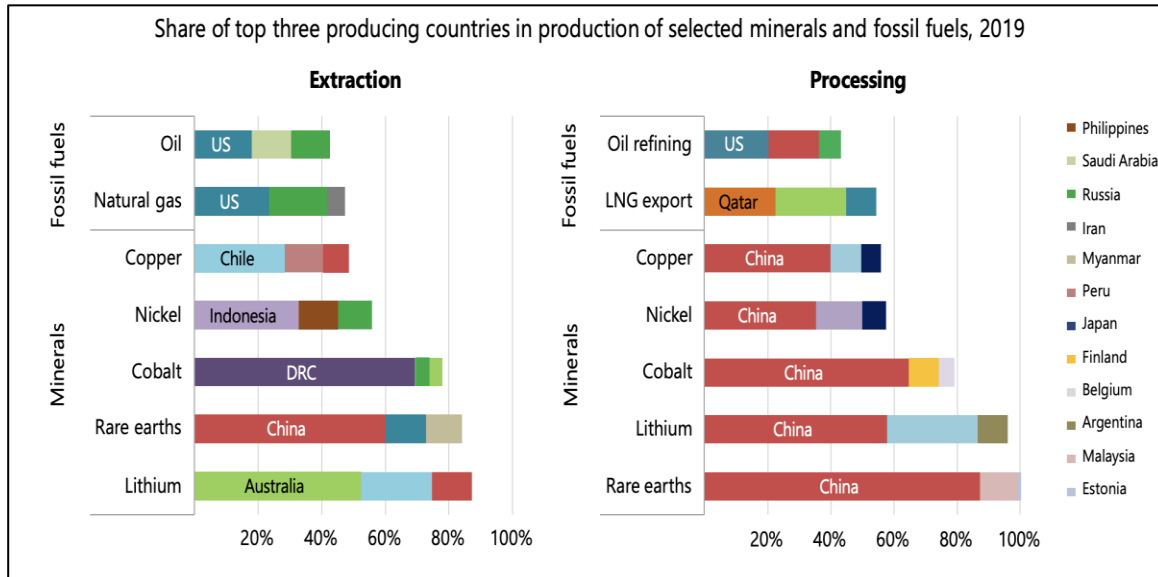
Blended finance program developed in partnership with DMCs that will leverage a market-based approach to **retire existing coal-fired power plants on an accelerated schedule and replace them with clean power capacity**

Energy Transition Mechanism (ETM) Partnership Trust Fund Priority Projects in Indonesia, Philippines, and Viet Nam

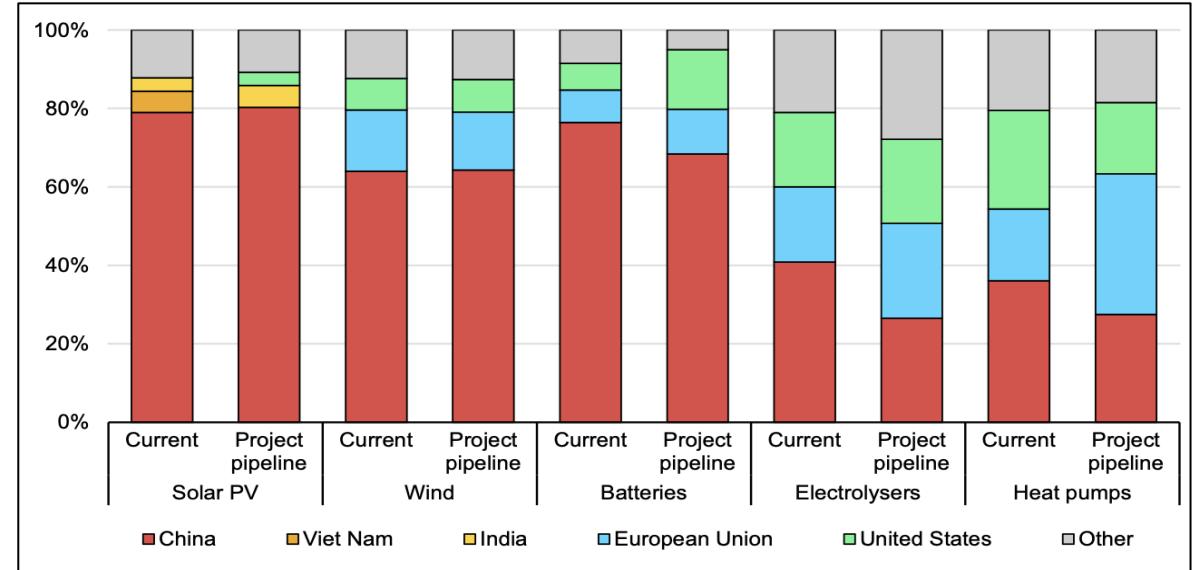
- **Japan committed \$25 Million for ADB-Led ETM in Southeast Asia**
- **Germany committed €25 Million to ADB's ETM**
- **MOU signed between ADB and Monetary Authority of Singapore to mobilize substantial sums**
- **Others, including New Zealand, are committing**

Critical Minerals and Supply Chains

Production and processing of many minerals such as lithium, cobalt and rare earth elements are geographically concentrated, with the top three producers accounting for more than 75% of supplies



Current and projected geographic concentration for manufacturing operations for key clean technologies



One-ADB Initiative on Diversifying Clean Energy Supply Chains

- ✓ Multi-disciplinary/Multi-department effort
- ✓ Sovereign/Private Sector Collaboration
- ✓ Regional Partnerships
- ✓ Promote Knowledge Sharing among DMCs
- ✓ Encourage Investments in Infrastructure/Workforce development and technology

Upstream Analytical Studies

1. *Renewable Energy Manufacturing: Opportunities for Southeast Asia - \$90-100 Bn Revenue Opportunity (2030) in Low-carbon Mobility and Clean Power in Southeast Asia*
2. *Critical Mineral Supply Chain for Domestic Value Addition in Li-ion Battery (LIB) Manufacturing for India*
3. *Needs Assessment & Development Roadmap for Diversifying the Clean Energy Supply Chain in the Asia Pacific - Evaluate opportunities & challenges for India & Indonesia to build mid-stream clean energy manufacturing ecosystem*

Just transition is an **enabling agenda** for climate action... **with distinct financing needs.**

Just transition finance needs to work in parallel to climate finance and address the socioeconomic challenges related to the climate transition

Key financing needs



Green skills and jobs



Economic diversification in affected areas



Opportunities for women and the vulnerable



Sustainable enterprise development



Social protection, health, and education

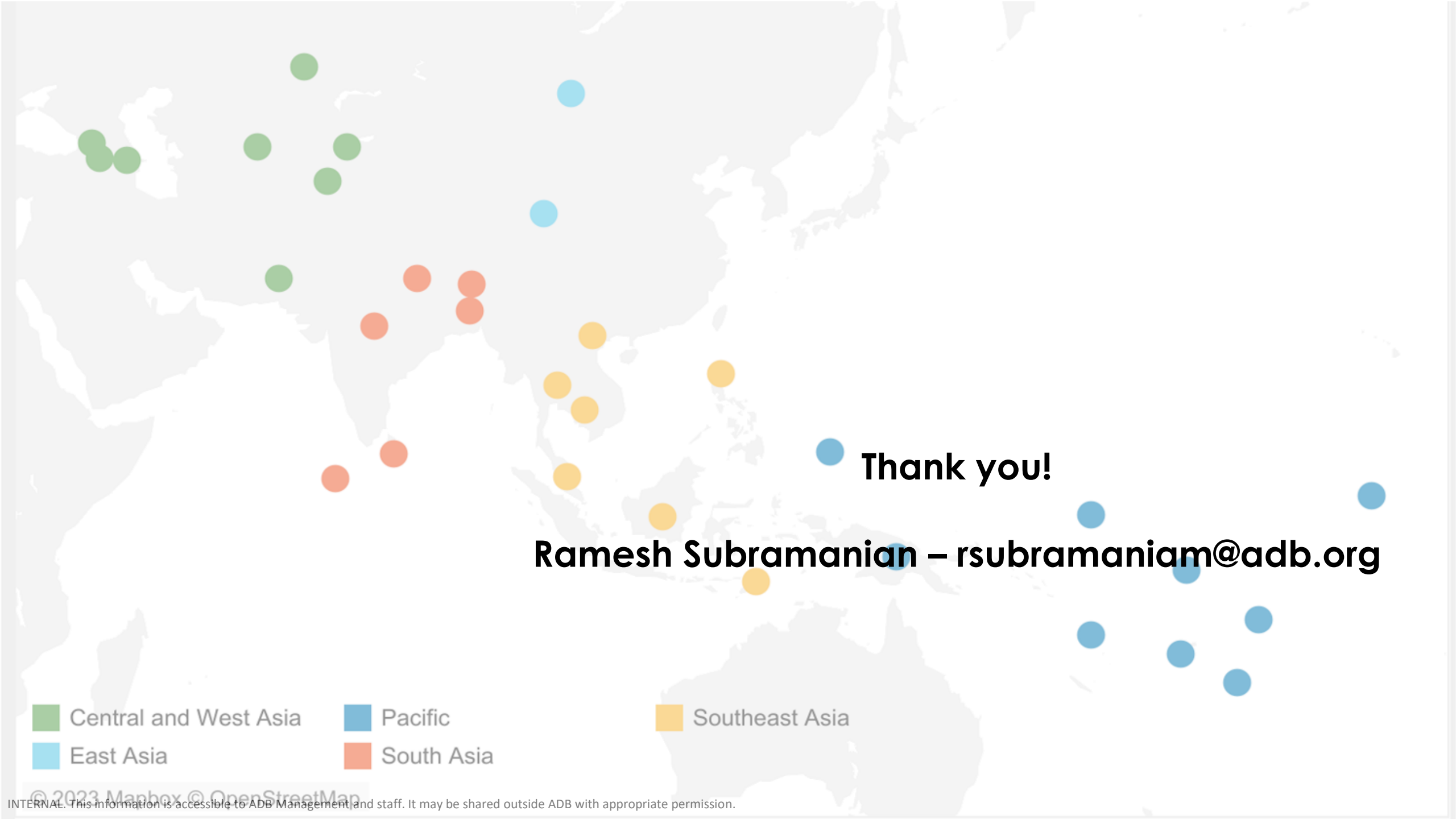


Affordable and reliable access to essential goods and services

ADB Just Transition Financing Facility

Recognising the need for dedicated support to meet just transition needs





Thank you!
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- Central and West Asia
- East Asia
- Pacific
- South Asia
- Southeast Asia