

## Periodical Part

### Private sector operations in .... 2023

Private sector operations in ...

#### Provided in Cooperation with:

Asian Development Bank (ADB), Manila

*Reference:* In: Private sector operations in ... Private sector operations in .... 2023 (2024).  
<https://www.adb.org/sites/default/files/institutional-document/969906/private-sector-operations-2023-defr.pdf>.  
doi:10.22617/TCS240291-2.

This Version is available at:

<http://hdl.handle.net/11159/701125>

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# PRIVATE SECTOR OPERATIONS IN 2023

REPORT ON DEVELOPMENT EFFECTIVENESS

MAY 2024



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REPORT ON DEVELOPMENT EFFECTIVENESS

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MAY 2024





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Tel +63 2 8632 4444; Fax +63 2 8636 2444  
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ISBN 978-92-9270-732-3 (print); 978-92-9270-733-0 (PDF); 978-92-9270-734-7 (ebook)  
Publication Stock No. TCS240291-2  
DOI: <http://dx.doi.org/10.22617/TCS240291-2>

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Cover design and infographics by Mike Cortes.

Cover photos represent sectors for which ADB has committed financing in 2023, including agribusiness, energy, finance, health, and transport (photos by ADB and Gobi Joint Stock Company).

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# FOREWORD



**BHARGAV DASGUPTA**

*Vice-President (Market Solutions)  
Asian Development Bank*

**D**eveloping Asia and the Pacific will have to invest an estimated \$26 trillion from 2016 to 2030 to maintain growth, eradicate poverty, and tackle climate change. The private sector has a key role to play, providing much of the funding as well as technologies and know-how that can deliver solutions to new and future development challenges.

The crucial role of the private sector as a partner for development is recognized in the new operating model of the Asian Development Bank (ADB) launched in 2023 to achieve Strategy 2030. The new operating model identifies four shifts that need acceleration: climate change action, private sector development, provision of development solutions, and new ways of working. The performance of the Private Sector Operations Department (PSOD) in 2023 demonstrates its mandate to develop the private sector in ADB developing member countries, and mobilize private investments in the region. Among key achievements for the year, ADB committed more than double the amount of climate finance for the private sector compared to 2022 and mobilized \$2.3 billion in climate cofinancing. Measures promoting gender equality were incorporated across all projects and PSOD continued to support agribusinesses in the face of ongoing food security challenges. The increasing use of innovative financing instruments such as sustainability-linked loans also illustrates how PSOD is promoting environmentally and socially responsible economic activity and growth. Over the year, PSOD was an active organizer and provider of knowledge events and knowledge products, such as the Trade and Supply Chain Finance Program's Trade Finance, Gaps, Growth and Jobs Survey, which provides important insights into the health of global trade finance, and took steps to streamline and speed up its operations through business process reforms, which are part of ongoing measures to strengthen the way the department works.

While PSOD performed strongly in 2023, much more needs to be done. ADB has an ambition to provide \$100 billion in cumulative climate finance from 2019 to 2030 with \$12 billion to come from private sector operations. During the year, PSOD initiated work on its own Climate Ambition Plan, which will provide a blueprint for identifying short- and long-term investments and support ADB's goal of becoming the region's climate bank.

As a trusted, long-term development partner with the private sector, ADB can take the lead in financing climate-related projects in a way that makes them attractive and bankable. We will continue to support clients with funding to help them adopt climate mitigation and adaptation measures in their businesses. We will also invest in early-stage companies that are developing operations and technologies that can drive long-term decarbonization. Ultimately, as a department, PSOD must be flexible, responsive, and solutions-focused in supporting private sector clients to tackle the existential threat that is climate change.

Moving forward, I see a real opportunity for blended financing to be scaled up to support climate action in challenging markets. Blended finance, with its mix of ADB resources, concessional funds, and commercial finance, helps de-risk projects in these markets, making them attractive to private investors. The department can make greater use of this instrument as part of its overall drive to scale up cofinancing support. We have been proactively engaging with our clients in recent years to better understand their perceptions about our activities. PSOD's client outreach program plays a crucial role in improving our visibility and brand. As the new vice-president for market solutions, I will engage closely with current and potential partners and clients to understand how ADB can leverage its resources to provide tailored, high-quality financing for the key development needs of Asia and the Pacific.

I also see an opportunity for PSOD to assist in the development of digital public goods, not just in aiding the private sector, which will contribute to broader economic development and social inclusion. The world and our region are changing rapidly, so we must remain adaptive and nimble to address emerging development needs. With its impressive operational performance in 2023, PSOD is clearly on the right path.



# PREFACE



**SUZANNE GABOURY**

*Director General, Private Sector Operations Department  
Asian Development Bank*

**T**he year 2023 was an exceptional one for the Private Sector Operations Department (PSOD) with a record number of committed projects; a strong rise in the volume of transactions; and targets for climate finance, gender, diversification of operations, and long-term cofinancing exceeded.

Climate finance reached the \$1 billion mark with investments like the Monsoon Wind Power Project in the Lao People's Democratic Republic, which will be the first cross-border wind power plant to be constructed in Asia and the largest in Southeast Asia. Once completed, it will deliver over 1,500 gigawatt-hours of clean electricity a year and avoid annual greenhouse gas emissions of more than 748,000 tons of carbon dioxide equivalent. Arranged, structured, and syndicated by the Asian Development Bank (ADB), this groundbreaking project attracted \$582.6 million in cofinancing support, with a mix of commercial and concessional assistance, helping to overcome bankability hurdles.

Other major climate-positive initiatives during the year included the first direct financing by ADB for an open access renewable energy project, which will supply electricity directly to commercial and industrial offtakers in India; an energy transition investment in Kazakhstan that will sharply reduce air pollution in the country's largest city, Almaty; and projects to develop multiple wind and solar plants in Uzbekistan, which also drew substantial cofinancing support. A first-of-its-kind voluntary carbon markets community-based project in India will help finance the rollout of around 1 million fuel-efficient cookstoves, which will have significant benefits for women who still do the bulk of household work and bear the brunt of harmful pollutants emitted by traditional stoves.

Investments in financial institutions to scale up funding for micro, small, and medium-sized enterprises (MSMEs) had a strong focus on assisting MSMEs owned and led by women, through projects in Azerbaijan, the People's Republic of China, India, the Kyrgyz Republic, Mongolia, Nepal, and Uzbekistan.

In the agribusiness sector, projects to strengthen food security and promote rural development continued, including an investment in Uzbekistan that will benefit more than 3,600 cotton and wheat farmers and farm workers, and another project for a hard discount retail business that will

provide low-income communities with affordable food and other consumer products, creating opportunities for agribusinesses in the Philippines. The sector also saw ADB's first private sector direct investment in a forestry company that will promote climate-resilient agroforestry practices and deliver new economic opportunities for rural communities in Java, Indonesia, as well as an ADB investment in aquaculture in Viet Nam to demonstrate the viability of ocean-based barramundi production.

Sustainability-linked financing was a prominent feature of the year, in which reduced interest rate margins incentivize client companies to achieve actions promoting environmentally and socially sustainable economic activities. ADB committed to four sustainability-linked loans and one sustainability-linked bond over 2023, including a project in Georgia that marked ADB's first investment in a private sector sustainability-linked bond issuance with the funds earmarked for renewable energy and education investments. A sustainability-linked loan to the Gobi Joint Stock Company, meanwhile, will support development of the cashmere value chain in Mongolia, benefiting more than 1,200 herders and 1,300 industry workers and boosting the industry's contribution to the broader economy.

Green and blue funding instruments that promote environmental sustainability and climate resilience were actively utilized. This included a green bond investment in Georgia that will help the country's leading automotive company carry out a major expansion of its electric vehicles fleet. ADB's second-ever certified blue loan project will finance a plastics recycling plant in Central Java, Indonesia, aiding the country's goal of achieving near-zero plastics pollution and a circular economy for plastics by 2040.

Our Trade and Supply Chain Finance Program (TSCFP) and Microfinance Program, play an important role in supporting trade, supply chains, and small business development in Asia and the Pacific. In 2023, TSCFP transactions rose by over 100% from the previous year with assistance provided to thousands of small and medium-sized enterprises, while financing provided through the Microfinance Program benefited over 1 million borrowers. The TSCFP also continued to advance initiatives it undertakes with partners, including digitalization of trade transactions, making trade and supply chains greener, and tackling trade-based money laundering.

Moving into 2024, our project pipeline is substantial and promising, and we must continue to ensure that we remain focused on our operational priorities, especially climate finance, gender lens investing, and mobilizing capital from our cofinancing partners. The year will see the midterm review of ADB's Strategy 2030, as well as the updating of PSOD's Operational Plan for 2025 and beyond. These will reflect the direction of our portfolio and show how we can remain profitable while delivering the desired results and achieving development impacts.

It is essential that the work undertaken by PSOD, stakeholders, and partners makes significant contributions to ADB's Strategy 2030 development goals. The best practices and experiences detailed in this report will inform our stakeholders and clients about the work we do in pursuit of sustainable and inclusive development and growth.

# ACKNOWLEDGMENTS

The 2023 edition of this series is more extensive than those of previous years. This was possible through the concerted efforts, contributions, and cooperation of several sector and thematic groups throughout the Asian Development Bank (ADB). Overall guidance was provided by Suzanne Gaboury, Director General with inputs from Catherine Marsh, Deputy Director General, and Craig Roberts, Senior Advisor.

The report was put together by a team from the Office of the Director General (OPSD) with contributions from PSOD's divisions and units. Valuable inputs were received from Mayank Choudhary, Director, Infrastructure Finance Division 1 (Central and West Asia and South Asia); Daniel Wiedmer, Director, Infrastructure Finance Division 2 (East Asia, Southeast Asia and the Pacific); Asif Cheema, Director, Financial Institutions Division (PSFI); Janette Hall, Director, Investment Funds and Special Initiatives Division; Martin Lemoine, Unit Head, Agribusiness Investment Team; Aniruddha Patil, Unit Head, Social Sectors Team; and Marife Apilado, Director, Portfolio Management Division.

Review and comments from Steven Beck, Director, Trade and Supply Chain Division; Anshukant Taneja, Program Lead, Microfinance Program; Joseph Bergin, Advisor and Head, Equity Investments Unit; and Bart Raemaekers, Advisor and Head, Guarantees and Syndications Unit are greatly appreciated. Mark Kunzer, Advisor, OPSD; Ian Bryson, Principal Operations Coordination Specialist, OPSD; Sabine Spohn, Principal Investment Specialist, PSFI; Elizabeth Fiona Alpe, Principal Transaction Support Specialist (Integrity), OPSD; Saumya Kailasapathy, Fundraising and Investor Relations Manager, ADB Ventures; and Nattasuda Anusonadisai, Communications Specialist, ADBV also made valuable suggestions.

The report was prepared through the close collaboration of key contributors. It was drafted and edited by Michael Barker, Technical Writer; Kavita Sherchan, Communications Consultant; and Cherry Lynn Zafaralla, Manuscript Editor. Urlitz Uzein T. Corcuera, Senior Economics Officer; Mikaela Amihan Arrosa, Development Impact Analyst; and Cherriemae Bejo, Development Effectiveness Analyst, led the technical research, data analysis and validation, and overall data management of key development metrics. Jillian Christelle Mae Aceveda, Operations Assistant provided excellent support together with Tuesday Soriano, Proofreader; Ma. Cecillia Abellar, Page Proof Checker; Mike Cortes, Graphic Artist; and Joe Mark Ganaban, Layout and Composition Artist.

Ma. Amora Cruz Manabat, Senior Guarantees and Syndications Officer, OPSD; Louie Anthony Correa, Senior Operations Officer (Data Steward), OPSD; Rosarie Celine De Leon, Senior Operations Officer, OPSD; and Danica Vega, Contractor (Data Management) provided essential data on commitments, portfolio, and cofinancing. We would like to thank the ADB Multimedia Library team for making photos available, and PSOD's corporate clients profiled in this report for providing data. We would also like to acknowledge the Department of Communications and Knowledge Management for the publication of the report and the Corporate Services Department for printing services.

**JAMIE KHO***Results Management Specialist**Private Sector Operations Department*

# ABBREVIATIONS

ADB	Asian Development Bank
ADB-PSW	Asian Development Bank-Private Sector Window
ADBV	ADB Ventures
AHI	Australis Holdings, Inc.
BML	Bank of Maldives Plc
COP 28	United Nations Framework Convention on Climate Change Conference of the Parties
COVID-19	coronavirus disease
DMC	developing member country
GIBL	Global IME Bank Limited
gWFX	Women's Finance Exchange
JICA	Japan International Cooperation Agency
Lao PDR	Lao People's Democratic Republic
LEAP	Leading Asia's Private Infrastructure Fund
LTF	L&T Finance Limited
MFP	Microfinance Program
MOUs	memorandums of understanding
MSMEs	micro, small, and medium-sized enterprises
NBFI	nonbank financial institution
NOM	new operating model
PRC	People's Republic of China
PSOD	Private Sector Operations Department
SMEs	small and medium-sized enterprises
TSCFP	Trade and Supply Chain Finance Program

# WEIGHTS AND MEASURES

m <sup>3</sup>	cubic meter
GWh	gigawatt-hour
MW	megawatt
tCO <sub>2</sub> e	tons of carbon dioxide equivalent

# EXECUTIVE SUMMARY

Despite challenges, improving economic conditions across Asia and the Pacific underpinned the operating environment for the Private Sector Operations Department (PSOD) of the Asian Development Bank (ADB) in 2023.

In a year marked by geopolitical tensions, financing gaps for trade and infrastructure, and the climate crisis, the ADB adopted its new operating model (NOM) in the second quarter of 2023. Strengthening operations to develop the private sector is one of the aims of the NOM, and PSOD responded by committing a record number of projects (40), surpassing the previous all-time high of 38 recorded in both 2020 and 2019. The volume of transactions grew to \$1.7 billion from \$1.1 billion in 2022, marking the highest level since 2019, with a sharp pickup in transactions processed in the first half of the year compared to the previous year.

In 2023, climate-related investments were a central focus of PSOD operations as the NOM positions ADB as the climate bank of Asia and the Pacific. PSOD continued to develop its Climate Ambition Plan that will enable it to identify investments to reach its climate finance target of \$12 billion from 2019 to 2030, as well as longer-term investment opportunities in nontraditional sectors and products that have the potential for PSOD to exceed its target. The Climate Ambition Plan is expected to be finalized by July 2024. PSOD also signed three memorandums of understanding (MOUs) with companies in Asia at the 28th session of the United Nations Framework Convention on Climate Change Conference of the Parties (COP 28). The MOUs are expected to result in future investments in areas including sustainable agriculture and clean and renewable energy.

Commitments were made to agribusinesses to boost rural livelihoods, promote sustainable agriculture, and strengthen food security, while assistance to financial institutions enabled them to expand lending for the growth and development of micro, small, and medium-sized enterprises (MSMEs). Gender equality and empowerment remained at the heart of all project designs.

Innovative financial instruments like blended finance and local currency finance, as well as longer-tenor finance relative to what the market otherwise offers, marked a number of PSOD commitments. Sustainability-linked loans and bonds helped promote ADB's sustainable development agenda with the borrowers gaining financial incentives.



## Operational Priorities

Private sector operational priorities are fully aligned with ADB's Strategy 2030, and also reflect PSOD's [Operational Plan for 2019 to 2024](#). This includes (i) accelerating progress on gender equality; (ii) scaling up investments to address climate change; (iii) seeking out opportunities in frontier economies; and (iv) supporting challenging and newer sectors, such as agribusiness, education, environmental infrastructure, health, information and communication technology, and transport.

In 2023, 100% of committed projects directly supported *gender equity as a theme* and *effective gender mainstreaming*, exceeding the previous record of 81% in 2022. These include a first investment by ADB in a digital lender in India, which will make at least 75% of the proceeds available to women-owned MSMEs. Another investment in Nepal's largest bank will extend 50% of the proceeds to women-owned small and medium-sized enterprises (SMEs), of which half will be on an uncollateralized basis to support vulnerable and disadvantaged borrowers.

The percentage of projects with climate-related financing grew to 75% from 68% in 2022, a volume increase of 132% from the year earlier, continuing ADB's accelerated shift to this priority area of operations. Transactions with climate finance included investments in the largest wind power plant to be built to date in Southeast Asia; a biomass power development project in India; an energy transition project in Kazakhstan to replace aging, inefficient coal-based combined heat and power equipment with modern combined cycle gas turbines; and utility-scale wind and solar power plants in Uzbekistan. Beyond the energy sector, commitments included a green bond investment to finance electric vehicles and charging stations in Georgia; a plastics recycling project in Indonesia; and assistance for purchasing electric buses in Thailand.

To support diversification of its operations, PSOD committed to 25 projects in frontier economies and new and challenging sectors, making up 63% of all projects for the year, easily exceeding the 58% target. Frontier economy investments included projects that aim to assist micro and small entrepreneurs in the Kyrgyz Republic and promote development of blue economy tourism in Maldives.

As part of its support for ADB's plan to provide up to \$14 billion in public and private sector investments from 2022 to 2025 to address regional food security needs in both the short and longer term, PSOD committed five agribusiness projects. These included a first direct investment in a timber business in Indonesia that aims to promote climate-resilient agroforestry practices; assistance to enable Mongolia to develop its cashmere value chain; a sustainability-linked loan to assist cotton and wheat farmers in Uzbekistan; and an aquaculture project in Viet Nam that aims to demonstrate the viability of ocean-based barramundi production in Southeast Asia. An ADB investment in the hard discount retail sector in the Philippines, meanwhile, will increase access to affordable food and other consumer products, while presenting new opportunities for agribusiness suppliers.

Important investments in health sector projects made in India and Mongolia will benefit over 718,000 patients. An information and communication technology project in the Philippines will construct and operate up to 800 telecommunications towers in underserved areas in the archipelago.

On a sectoral basis, clean energy projects made up 33% of the committed total for the year with financial institutions contributing 30% and agribusinesses 13%. By subregion, 13 projects were committed in Central and West Asia as well as in South Asia, 9 in Southeast Asia, 4 in East Asia, and 1 regional investment involving a private equity fund that provides growth capital to middle-market companies in Southeast Asia.

## Client Engagement

As ADB's private sector operations grow, PSOD's proactive client engagement, driven by its new client management framework launched in March 2023, has significantly enhanced its client relationships. It hosted five client receptions over the year in Tashkent in Uzbekistan, Tbilisi in Georgia, Bangkok in Thailand, Mumbai in India, and Manila in the Philippines.

## Results Expected from Projects Committed in 2023

Targets identified in expected development results ensure that PSOD can clearly measure the impact and effectiveness of its operations. These targets lead to contributions to the operational priorities of Strategy 2030 and to the United Nations Sustainable Development Goals, to which the projects are also linked.

In 2023, projects committed in the energy sector are expected to deliver over 11,267 gigawatt-hours (GWh) of new power, while reducing greenhouse gas emissions by 10.9 million tons of carbon dioxide equivalent.

Investments in the finance sector targeted at assisting MSMEs are expected to benefit 170,800 MSMEs, of which 97,810 are female beneficiaries.

Assistance for agribusinesses is expected to reach nearly 77,000 farmers, while in the health sector, expansions and upgrades to hospitals and health care clinics will serve 718,261 patients.

In transport, committed projects are targeted to produce 177,943 electric vehicles and reach 865,000 passengers, while an investment in India to promote biomass power will convert 650,000 tons of agricultural waste into electricity each year.

## Results Delivered by Projects in the Portfolio

The PSOD active portfolio of projects at the end of 2023 amounted to \$11.8 billion, down from the 2022 level of \$12.8 billion.

Through the portfolio, assistance to banks, nonbank financial institutions, and microfinance institutions for onlending to small businesses has supported 36.9 million MSME beneficiaries, of which 33.2 million are women. Agribusiness and health projects have supported 8.6 million farmers and 2.9 million patients. PSOD operations have created new employment for 540,866 workers, of whom 128,658 are female. In the energy sector, projects have helped expand the availability of power across Asia and the Pacific by adding new generation capacity of 18,396 megawatts and delivering supplies of 71,421 GWh of electricity a year. Operations supporting decarbonization have reduced 22.2 million tons of greenhouse gas emissions. Projects in water, sanitation, and housing have resulted in the production of 535.2 million cubic meters of potable water a year; the treatment of 1.3 billion cubic meters of wastewater a year; and the construction of 210,347 affordable houses.

## Cofinancing

Cofinancing from both commercial and concessional sources provides ADB with additional funding and helps make transactions more attractive and bankable for investors. In 2023, ADB catalyzed \$6.9 billion in private sector cofinancing, with \$3.4 billion in long-term funds. In total, ADB realized \$2.7 in long-term cofinancing for every \$1 of its own private sector operations commitments, a significant improvement from the \$1.8 cofinancing ratio of 2022.

To help scale up cofinancing, ADB and the Japan International Cooperation Agency (JICA) signed an agreement to establish the Leading Asia's Private Infrastructure Fund 2 (LEAP 2) with capital of up to \$1.5 billion from JICA. It is the successor fund to LEAP, which was launched in 2016, and will continue to provide cofinancing for high-quality, climate-resilient, and sustainable infrastructure projects in the region.

In 2023, renewable energy projects drew significant cofinancing support. These included a wind power project in the Lao People's Democratic Republic, which will be the largest in Southeast Asia once complete; two large-scale wind power projects in Uzbekistan; and a solar power project in Bangladesh that is one of the first private sector utility-scale solar power developments in the country funded by international lenders.

## Programs and Initiatives

The Trade and Supply Chain Finance Program (TSCFP) provided over \$4.7 billion for 21,416 transactions, up 112% from 2022. These included 6,988 transactions that assisted SMEs and more than 2,800 that supported intraregional trade. The TSCFP also released the eighth edition of the Trade Finance Gaps, Growth and Jobs Survey, which shows that the global trade finance gap widened to a record \$2.5 trillion. The TSCFP continued its work to support initiatives to digitalize global trade in physical goods, track and report carbon throughout supply chains, and combat trade-based money laundering.

The Microfinance Program (MFP), meanwhile, catalyzed \$477.1 million in loans, including \$245.3 million in cofinancing, benefiting more than 1 million borrowers. The MFP provides a credit enhancement facility that promotes private sector lending to small and micro entrepreneurs, mostly in rural areas.

Along with its project and program activities, PSOD also undertakes other initiatives, such as the ADB Ventures Financing Partnership Facility (ADB Ventures) and the Women's Finance Exchange.

ADB Ventures invests in early-stage technology companies with technology-enabled solutions that have the potential to scale and deliver climate and development impacts in emerging Asia. In 2023, ADB Ventures made equity commitments of \$4.4 million in three new companies, bringing the total number of companies it has invested in since its launch in 2020 to 12. ADB Ventures also received a boost to its SEED program with the Republic of Korea's Ministry of Economy and Finance pledging \$3 million to expand the program and to lower barriers for piloting new climate-focused solutions to assist start-up businesses engaged in activities that will have positive climate impacts.

Reducing gender equity gaps and empowering women is central to PSOD's work, both through the provision of gender measures in projects and through other activities designed to uplift the lives of women. Launched in 2021, PSOD's Women's Finance Exchange initiative empowers businesses owned and led by women by assisting financial institutions in Asia and the Pacific in providing gender-responsive and sustainable finance through the adoption of cutting-edge technologies. Furthermore, they explore funding and cofinancing opportunities to boost lending to women and women's businesses, and provide tailored support to financial institutions to enhance their capacity to deliver financial services for women entrepreneurs.



■ **Wind farm constructed under the ADB-assisted Lotus Wind Power Project in Viet Nam.** Clean energy projects, including large-scale wind power developments that attracted high levels of cofinancing, were a feature of PSOD operations in 2023 (photo by Viet Tuan for ADB).





# INTRODUCTION

**T**he Asian Development Bank (ADB) launched a new operating model (NOM) in the second quarter of 2023 to accelerate ADB's transformation toward Strategy 2030 and beyond. The NOM's mandate in developing the private sector and mobilizing private investments in the region is to deliver assistance for sustainable market-based development in developing member countries (DMCs).

In 2023, the private sector operations of the bank pursued this sustainable development mandate, catalyzing private investments for inclusive and low-carbon growth. Over the year, the number of committed projects reached an all-time high with 40 deals, and the volume of transactions grew 54% to \$1.7 billion from \$1.1 billion in 2022. Leveraging its ability to attract financing from partners for its work, ADB's Private Sector Operations Department (PSOD) catalyzed long-term cofinancing of \$3.4 billion. This aligns with the Strategy 2030 target of \$2.5 in cofinancing for every \$1 from ADB.

These investments promote sustainable agriculture and inclusive food systems, inclusive digital transformation, renewable energy, environmental infrastructure, and low carbon and accessible transport infrastructure, while improving and expanding access to financial

services, health, and education. Private sector financing also included 16 deals in local currency financing to help derisk the foreign exchange exposure of its private sector clients. Across all of its operations, PSOD maintained gender equality and climate adaptation or mitigation components as core elements with all projects promoting *effective gender mainstreaming* in 2023.

The NOM identifies (i) climate change, by increasing ADB's capacity as the region's climate bank; and (ii) private sector development, by strengthening ADB's work to develop the private sector and mobilize private investments in the region, as two of the four shifts needing acceleration. PSOD remained steadfast in its commitment to climate action with \$1 billion in climate financing, sharply exceeding the goal of \$800 million. These investments were in reducing carbon emissions, improving energy



efficiency, and recycling waste; and employing innovative capital market instruments such as green bonds and blue loans.

The department continued to leverage ADB's standing in the market to catalyze both concessional and commercial capital, introducing innovative and targeted blended financing to make projects attractive. It also took initiatives to foster collaboration and partnerships aimed at driving the shift to cleaner energy, and to strengthen its gender focus and engagement with clients and partners.

At the 28th session of the United Nations Framework Convention on Climate Change Conference of the Parties (COP 28) held in the United Arab Emirates, PSOD signed three memorandums of understanding (MOUs) with companies in Asia, paving the way for future investments in sustainable agriculture and clean and renewable energy. These MOUs will facilitate strategic partnerships aimed at advancing green finance opportunities and sustainable development.

Acknowledging the crucial role of the private sector in gender and development, PSOD participated in ADB's Gender Forum for the first time in November 2023. The Women's Finance Exchange, a PSOD initiative, organized a session on the theme Gender-Responsive Private Sector-Led Climate Action, which underscored the importance of promoting diversity and inclusiveness, integrating gender and climate actions to empower women in deploying green technologies and accessing green jobs, and ensuring women can access finance to find innovative solutions to climate problems.

Along with climate and capital, clients are one of the three operational priorities of PSOD in recognition of the crucial role they play in achieving development impacts and deploying capital to a meaningful level. PSOD's client

engagement is growing and evolving, and since initiating its new client management framework in March 2023, the department has made great strides in deepening client relations. PSOD hosted five client receptions over the year, which have already started showing results with new businesses being developed and processed. PSOD's client outreach program plays a crucial role in improving ADB's visibility and brand, and serves to strengthen engagement with clients to better understand their needs and customize assistance to them.

This report presents pertinent details for the 40 projects committed in 2023 in relation to their alignment with and contributions to Strategy 2030 and the United Nations Sustainable Development Goals. The information was culled from the report and recommendation of the President (RRP) as well as the Faster Approach to Small Nonsovereign Transactions (FAST) reports of the projects. Profiles of the clients, expected project outcomes, targets or indicators, and other detailed project data are obtained from the RRP, FAST, as well as Development Effectiveness Monitoring Reports periodically submitted by the clients to PSOD. In addition, the report monitors development effectiveness of projects completed or nearing completion by presenting results of post-evaluations. An update of PSOD's active portfolio provides a picture of the long-term development impact of PSOD commitments since 2006. All data are current as of 31 March 2024.

Going forward, PSOD will continue to play a key role in helping DMCs increase the number of bankable projects, and to crowd in private financing, enabling private sector projects to proceed in challenging environments. The department will continue to leverage the use of its various financing instruments and knowledge tools to empower businesses, unlock investments, and advance key development priorities in the region.

A woman with a joyful expression is holding a large bunch of green leafy vegetables. She is wearing a blue apron over a dark shirt and blue gloves. The background shows a busy market stall with various goods and other people.

# OPERATIONS AND DEVELOPMENT IMPACTS

**T**he private sector is the largest contributor to economic growth in Asia and the Pacific, providing tax revenues, jobs, new technologies, and other innovations in the region. However, vast gaps in access to finance continue to hamper the private sector, whether for long-term infrastructure or shorter-term needs such as trade. Developing Asia needs \$1.7 trillion a year or \$26 trillion from 2016 to 2030 of annual investment in infrastructure. In addition, many small businesses and underserved groups, including women, remain largely excluded from the formal financial system because of a lack of access to funds.

ADB recognizes the private sector as an important partner in addressing these gaps and understands its role in meeting infrastructure needs to drive sustainable and inclusive growth and development in Asia and the Pacific.

**Vegetable vendor, Thailand.** All of PSOD's 2023 committed projects contain gender equity and gender mainstreaming features, with investments in financial institutions actively targeting support for women-owned small businesses and female entrepreneurs (photo by Gerhard Joren for ADB).



# PRIVATE SECTOR OPERATIONS DEPARTMENT'S CLIMATE FINANCE IN 2023

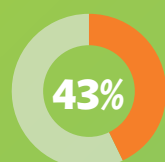
## 2022



25 out of  
37 projects



\$451 million of  
\$1.1 billion total  
commitments



\$713 million of  
\$1.7 billion total  
cofinancing

Projects with  
climate financing

Climate financing  
commitment amount

Climate cofinancing  
catalyzed

## 2023



30 out of  
40 projects



\$1 billion of  
\$1.7 billion total  
commitments



\$2.3 billion of  
\$3.4 billion total  
cofinancing

## Sectors with Climate Financing in Projects (\$ million)



\$82 million for adaptation;  
\$1 million for mitigation

Agriculture

\$75 million for adaptation;  
\$1 million for mitigation



\$128 million for mitigation

Energy

\$10 million for adaptation;  
\$823 million for mitigation



\$3 million for adaptation;  
\$181 million for mitigation

Finance

\$31 million for mitigation



\$11 million for mitigation

Industry and Trade

\$8 million for mitigation



\$44 million for mitigation

Transport

\$77 million for mitigation



\$1 million for mitigation

Water and Other Urban  
Infrastructure and  
Services

\$22 million for mitigation



Health

\$2 million for mitigation



Adaptation Mitigation

In 2023, private sector operations increased to 29% of ADB operations from 28% in 2022 and 27% in 2021, reflecting the NOM's identification of private sector development as a shift that needs to be accelerated.

## Projects

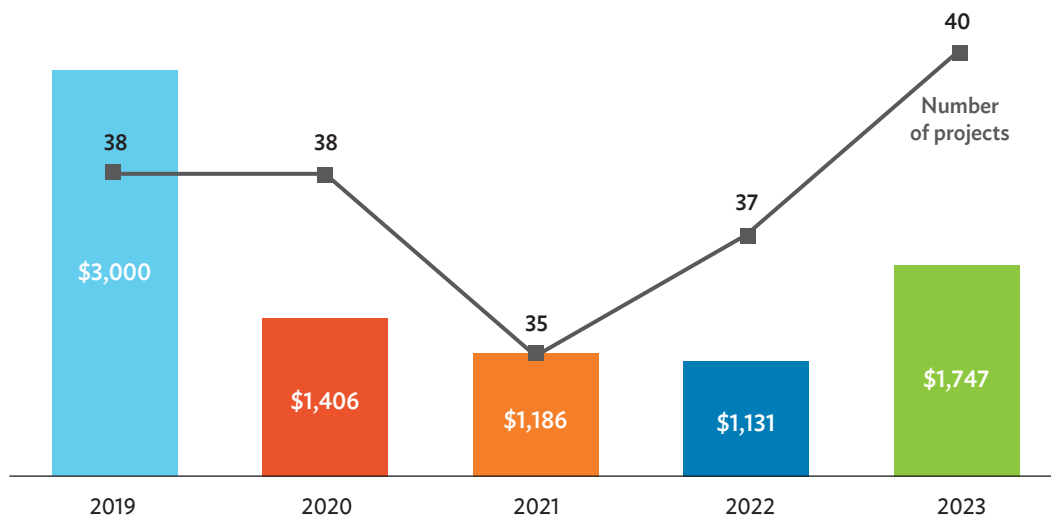
The year saw a rise in both the number of projects and the volume of transactions compared to 2022 with a record 40 committed projects totaling \$1.7 billion, up from 37 and \$1.1 billion in 2022 (Figure 1). The volume was the highest achieved since 2019.

Private sector projects committed in 2023 reflect ADB's strong focus on climate action. These include innovative, large-scale wind and solar developments, scaling up the use of biomass energy in India, and aiding a transition to cleaner energy use in Kazakhstan. In all, climate-focused projects will reduce greenhouse gas emissions by 10.9 million tons of carbon dioxide equivalent (CO<sub>2</sub>e) and add 3,707 megawatts (MW) of new generating capacity to the region.

There were wide-ranging investments in financial institutions to expand funding to micro, small, and medium-sized enterprises (MSMEs), particularly those owned by women, with project assistance expected to benefit 170,800 MSMEs including 97,810 female beneficiaries. Agribusiness projects are helping to drive sustainable agricultural development, strengthen food security, and create jobs with over 76,000 farmers benefiting. Projects in industry and trade, information and communication technology, social sectors, transport, and water and other urban infrastructure and services, meanwhile, are expected to deliver the following outputs: production of 177,943 electric vehicles; construction of 800 telecommunications towers; provision of electric bus services benefiting 865,000 passengers; hospital and clinic upgrades serving 718,261 patients; and treatment of 650,000 tons of solid waste a year for conversion into electricity.

The NOM aims to increase ADB's capacity as the region's climate bank by embedding climate action across operations and near-doubling of

**Figure 1: Private Sector Projects Committed, 2019–2023**



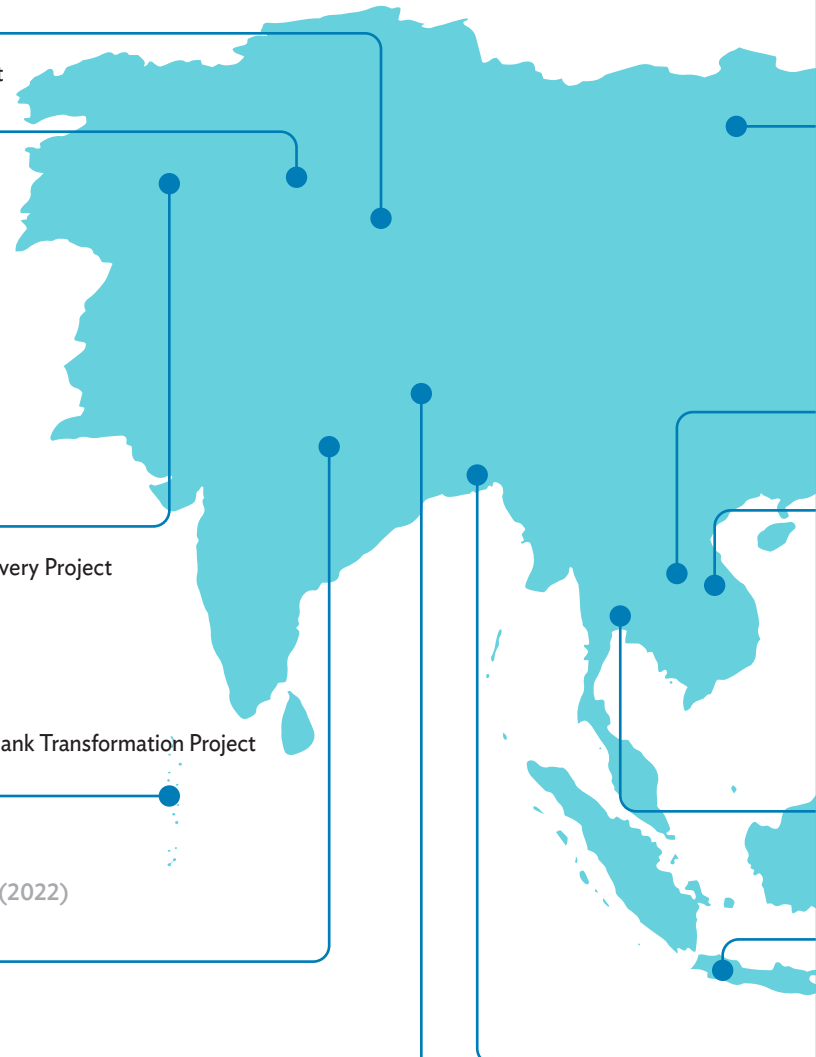
Note: Amounts in \$ million.

Source: Asian Development Bank (Private Sector Operations Department).

# PRIVATE SECTOR OPERATIONS AT A GLANCE

## PRIVATE SECTOR OPERATIONS DEPARTMENT COMMITMENTS, 2023

40 projects, \$1.7 billion

- 
- Kyrgyz Republic, \$7 million**
- Kompanion Bank Supporting Micro and Small Entrepreneurs Project
- Kazakhstan, \$219 million**
- ALES Energy Transition and Modernization Project
- Georgia, \$53 million**
- Georgia Capital Sustainability-Linked Bond Project
  - Credo Bank Supporting Food Security through Inclusive Access to Finance Project
  - Tegeta Green Vehicles Bond Project
- Azerbaijan, \$20 million**
- Bank Respublika Expanding Access to Credit for Women and Agriculture Borrowers Project
- Uzbekistan, \$216 million**
- Indorama Climate-Resilient Farmer Livelihood and COVID-19 Recovery Project
  - Bash Wind Power Project
  - Dzhankeldy Wind Power Project
  - Jizzakh Solar Power Project
  - Samarkand Solar Power Project
  - Sherabad Solar Power Project
  - Uzpromstroybank Micro, Small, and Medium-Sized Enterprises and Bank Transformation Project
- Maldives, \$25 million**
- BML Supporting Recovery of the Small and Medium Enterprise and Blue Economy Tourism Sector Project
  - Dhiraagu Telecommunication Connectivity Enhancement Project (2022)
- India, \$604 million**
- FPL Tamil Nadu Open Access Solar Project
  - SAEL Biomass Energy Project
  - Greenway Carbon Credits Gender Finance Project
  - SAEL Gujarat Solar Power Project
  - L&T Finance Supporting Access to Finance for Farmers, Women, and Micro, Small, and Medium-Sized Enterprises in Rural and Peri-Urban Areas Project
  - AHFL Access to Affordable Housing for Underserved Segments
  - UGRO Capital Supporting Digital and Innovative Micro, Small, and Medium-Sized Enterprises Financing Project
  - Investment in True North (GIFT ) Fund VII
  - Cygnus Affordable Hospitals Project
  - Nhava Sheva Container Terminal Financing Project
- Nepal, \$22 million**
- Global IME Supporting Small and Medium-Sized Enterprises Project



its annual climate financing. In response, private sector climate financing reached \$1 billion in 2023 from \$451 million the previous year. Climate financing was extended to 75% of all private sector projects, up from 68% in 2022 and 34% in 2021, with assistance going to agribusiness, energy, finance, industry and trade, social sectors, transport, water and other urban infrastructure and services, and private equity funds.

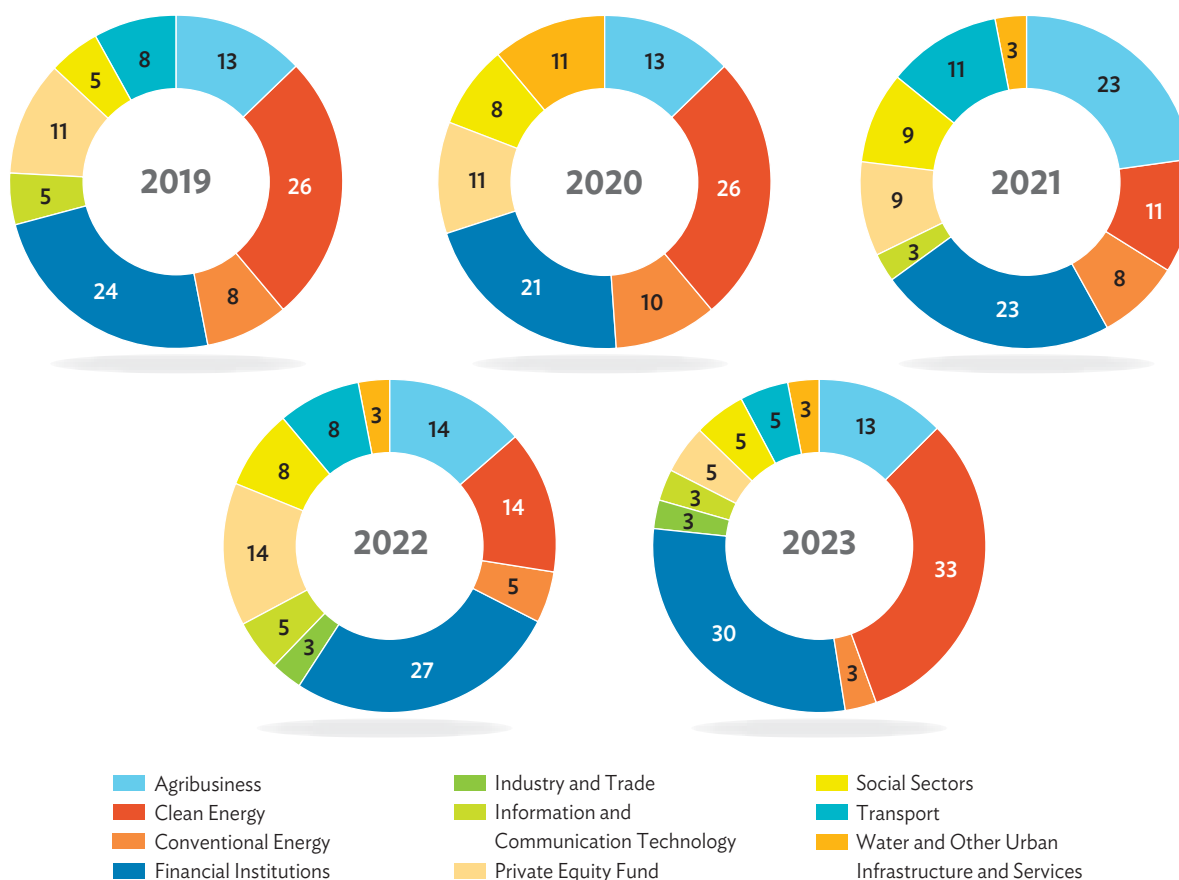
Gender equality remained a cornerstone of PSOD's work with all projects promoting *gender equity as a theme* and *effective gender mainstreaming*, up from 81% in 2022. Assistance for MSMEs maintained a strong focus on women, with 97,810 female beneficiaries out

of 170,800 MSMEs benefiting from projects committed in 2023.

The mandate of PSOD to diversify its operations saw 63% of project investments targeted at frontier economies and new and challenging sectors, up from 49% the year earlier.

Clean energy accounted for the largest share of sectoral support in 2023 at 33%, followed by 30% for finance, and 13% for agribusiness (Figure 2 and Figure 3). Central and West Asia and South Asia shared the highest number of committed projects with 13 each. This was followed by Southeast Asia with nine, East Asia with four, and one regional (Figure 4).

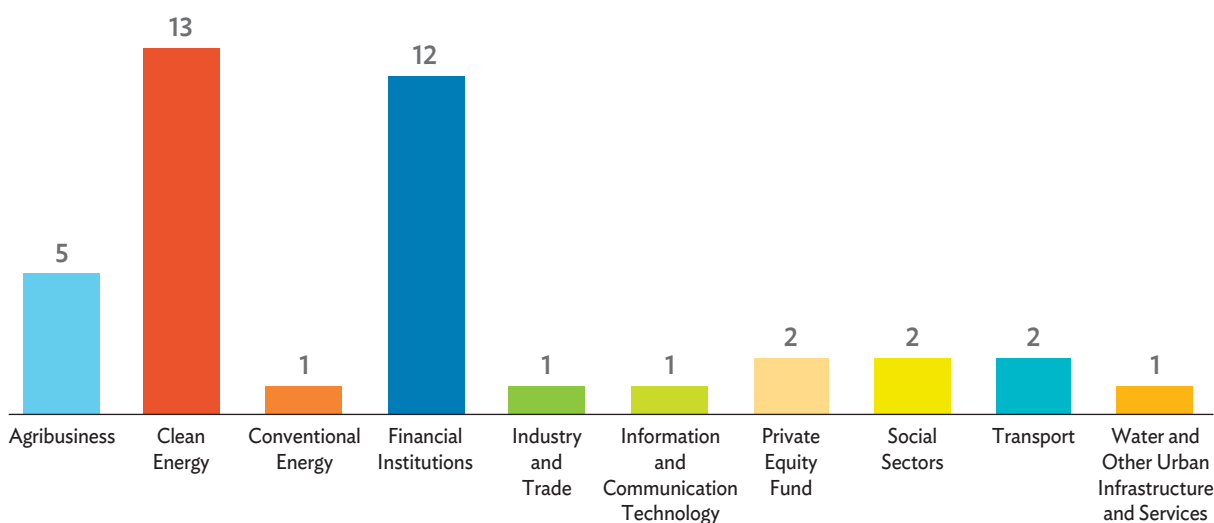
**Figure 2: Distribution of Private Sector Projects Committed, 2019–2023**  
(%)



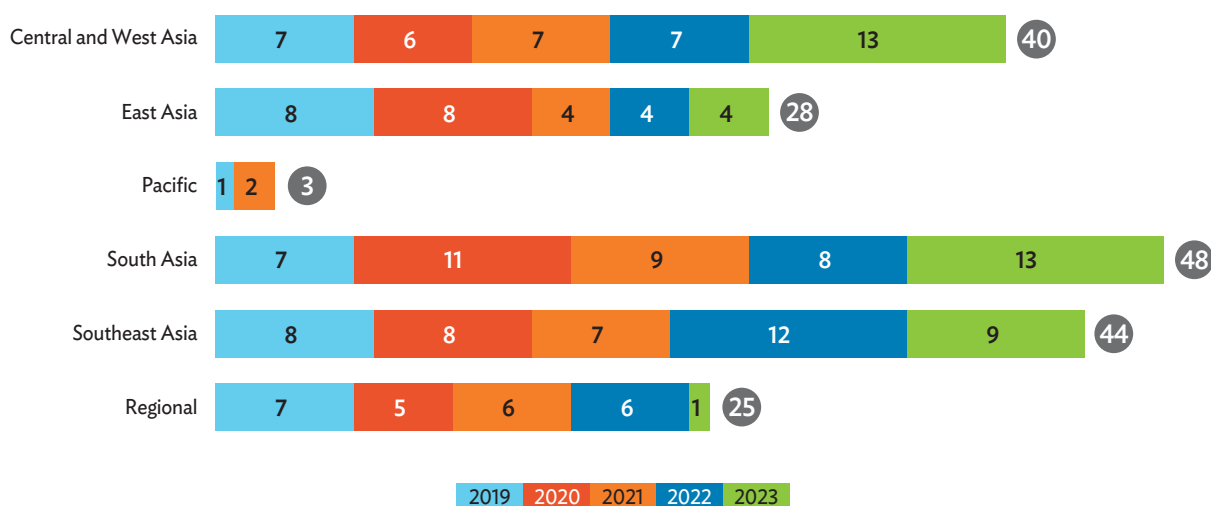
Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank (Private Sector Operations Department).



**Figure 3: Private Sector Projects Committed, 2023**

Source: Asian Development Bank (Private Sector Operations Department).

**Figure 4: Private Sector Projects Committed by Region, 2019–2023**

Source: Asian Development Bank (Private Sector Operations Department).

In Central and West Asia, financing mostly focused on the transition to clean energy and financial inclusion. Commitments included major solar, wind, and energy transition projects; an investment in a green bond to finance electric vehicles; sustainability-linked loans earmarked for farmers, renewable energy development and education; and assistance for financial institutions to provide MSMEs with much-needed credit.

In South Asia, five of the 13 projects supported clean energy development. Another five assisted financial institutions providing funding for MSMEs and farmers, and for affordable housing. Other commitments include investments in health care, private equity funds, and transport. In India, there was a voluntary carbon market community project; a debt investment to build and rehabilitate hospitals in smaller cities; and a terminal upgrade in India's largest container

shipping port, which will boost both local and cross-border trade. Furthermore, a funding package was provided to revive tourism businesses and help develop a blue economy in Maldives.

In Southeast Asia, private sector investments, several of which were first of their kind, covered a wide range of sectors such as a first wind power project in the Lao People's Democratic Republic; a forestry and timber company project to promote climate-resilient agroforestry practices in Indonesia; and a blue loan to finance plastics recycling also in Indonesia. ADB also invested in an aquaculture project to fund climate-resilient and ocean-based production of barramundi and seaweed in Viet Nam, along with a commercial-scale rooftop solar development also in Viet Nam; and an investment to purchase electric buses in Thailand.

In East Asia, ADB's financing focuses on spurring inclusive growth and job creation, as well as enhancing the quality of health care for the middle class. ADB put together a loan package in the People's Republic of China (PRC) to assist one of the country's major lease financing companies expand funding for MSMEs in underserved central and western regions of the country. In Mongolia, ADB projects are assisting development of the MSME sector, financing an expansion of a hospital and health care clinics, and strengthening the cashmere value chain.

One regional investment in a private equity fund will be used to provide growth capital to middle-market companies in Southeast Asia that can contribute to the region's recovery from the coronavirus disease (COVID-19) pandemic and other recent economic setbacks.

## Programs

ADB's Trade and Supply Chain Finance Program (TSCFP) and Microfinance Program (MFP) play important roles in trade, supply chain, and small business development in Asia and the Pacific.

In 2023, the TSCFP and MFP supported 21,505 transactions with a combined value of \$5.1 billion. This includes \$166 million in climate transactions; 1,400 food security transactions valued at \$1 billion; and medical and pharmaceutical transactions totaling \$146 million by TSCFP.

The MFP extended \$477.1 million in loans, with cofinancing of \$245.3 million, through 27 microfinance institutions. The financing volume was up 40% from the year earlier with the assistance benefiting more than 1 million borrowers, most of whom live in rural areas. The MFP has seven active partner financial institutions, supporting microfinance institutions in Bangladesh, Georgia, India, Indonesia, Pakistan, and Uzbekistan.







## Results Expected from Projects Committed in 2023

Targets identified in expected development results ensure that PSOD can clearly measure the impact and effectiveness of its operations. These targets are the contributions to the operational priorities of Strategy 2030 and to the United Nations Sustainable Development Goals, to which the projects are also linked.

In 2023, over half of all committed projects sought to address remaining poverty and to reduce inequalities. Assistance focused on rural areas, where much of the extreme poverty in the region remains. Among the major contributors are the [Indorama Climate-Resilient Farmer Livelihood and COVID-19 Recovery Project](#) in Uzbekistan, which will generate 83% of agricultural food products expected to be produced from committed projects in 2023.

All 2023 projects have design components to accelerate progress in gender equality with a strong focus on assisting financial institutions to expand their lending to small businesses, including women-owned enterprises and women entrepreneurs. [UGRO Capital Supporting Digital and Innovative Micro, Small and Medium-Sized Enterprises Financing Project](#) in India alone accounts for 61% of the more than 170,000 MSMEs that are expected to benefit from committed projects, and some 66% of the more than 97,000 female beneficiaries.

Financing for projects with climate change mitigation and adaptation components rose sharply in 2023 with significant investments in clean energy development in Central and

West Asia. This includes the [Bash Wind Power Project](#) and [Dzhankeldy Wind Power Project](#), both in Uzbekistan, which collectively will contribute 27% of total new generation capacity expected to result from PSOD investments in 2023. The [Monsoon Wind Power Project](#) in the Lao People's Democratic Republic will contribute 16% of total generation. Among key contributors to reductions in greenhouse gas emissions is the [ALES Energy Transition and Modernization Project](#) in Kazakhstan, which will contribute 26% of the total amount of greenhouse gas emissions expected to be avoided from projects committed in 2023.

Investments promoting livable cities make up almost a quarter of total commitments for the year, including projects to improve and expand health care facilities in India and Mongolia. The [Cygnus Affordable Hospitals Project](#) in India is expected to account for 83% of the more than 718,000 patients who will benefit from these investments.

The rural sector continued to face pressures from geopolitical tensions, commodity price rises, and climate extremes in 2023. ADB invested in food security and rural development and introduced sustainable agriculture practices. These investments comprised almost a quarter of committed projects for the year. These include agroforestry development through the [DSNG Climate-Resilient Community-Based Agroforestry Value Chain Project](#) in Indonesia, which is expected to account for 91% of all nonfood agricultural products produced from projects committed in 2023. The [Credo Bank Supporting Food Security through Inclusive Access to Finance Project](#) in Georgia, meanwhile, will account for 62% of the more than 76,000 total farmers expected to be reached.

Projects earmarked to strengthen governance and institutional capacity made up 5% of commitments. The most significant contributor was the [Dali Modern Food Retail Expansion Project](#) in the Philippines, in which the borrower HDPM Sin Pte Limited agreed to put in place a corporate governance action plan that addresses issues such as conflicts of interest, bribery, and corruption. The project will also account for 25% of all workers gaining employment as a result of 2023 commitments.

Investments contributing to regional cooperation and integration made up 8% of all committed projects in 2023, including the [Nhava Sheva Container Terminal Financing Project](#) in India, which is expected to lift cross-border trade, and where bulk cargo output will reach more than 23 million tons as a result of improved cargo efficiencies.



**Bakery worker, Uzbekistan.** Nearly a quarter of all PSOD projects in 2023 are promoting food security, rural development, and sustainable agricultural practices (photo by Eric Sales/ADB).



# RESULTS EXPECTED FROM PROJECTS COMMITTED IN 2023

Greenhouse gas emissions reduced  
**10.9 million tCO<sub>2</sub>e**



Sustainable products/services  
**1,000,305**



Generation capacity  
**3,707 MW**



Electric vehicles produced  
**177,943**



Power delivered  
**11,267 GWh**



Telecommunications towers built  
**800**



Recycled materials  
**22,500 tons**



Wastewater treated  
**2,760 m<sup>3</sup>**



Solid waste treated  
**650,000 tons**





**Farmers reached**  
**76,836**



**MSME beneficiaries**  
**170,800**



**MSME beneficiaries (female)**  
**97,810**



**Patients reached**  
**718,261**



**People trained**  
**19,247**



**Women trained**  
**11,867**



**Workers employed**  
**17,530**



**Workers employed (female)**  
**3,462**



**Passengers reached**  
**865,000**

**Payment to government**  
**\$120 million**



**Domestic purchases**  
**\$374 million**



**Bulk cargo**  
**23 million tons**



**Agricultural products produced (food)**  
**25,360 tons**



**Export sales**  
**\$25 million**



**Agricultural products produced (nonfood)**  
**60,533 tons**





# RESULTS DELIVERED BY THE PRIVATE SECTOR OPERATIONS DEPARTMENT'S ACTIVE PORTFOLIO AS OF 2023

Electric vehicles  
produced  
**7,451**



Electric vehicle  
charging  
infrastructure  
installed  
**2,797**



Greenhouse gas  
emissions reduced  
**22.2 million tCO<sub>2</sub>e**



Generation capacity  
**18,396 MW**



Power delivered  
**71,421 GWh**



Potable water  
produced  
**535.2 million m<sup>3</sup>**



Houses built  
**210,347**



Wastewater  
treated  
**1.3 billion m<sup>3</sup>**



Households with  
access to water  
**2.7 million**



Households with  
access to power  
**66,464**







**Farmers reached**  
**8.6 million**



**People trained**  
**1 million**



**Students reached**  
**4 million**



**Women trained**  
**844,685**



**MSME beneficiaries**  
**36.9 million**



**Workers employed**  
**540,866**



**MSME beneficiaries (female)**  
**33.2 million**



**Workers employed (female)**  
**128,658**



**Patients served**  
**2.9 million**



**Passengers reached**  
**1.5 million**



**Government revenues**  
**\$2.7 billion**



**Agricultural products produced (food)**  
**1.9 million tons**



**Agricultural products produced (nonfood)**  
**1.3 million tons**



**Bulk cargo**  
**2.6 million tons**



**Export sales**  
**\$861.5 million**



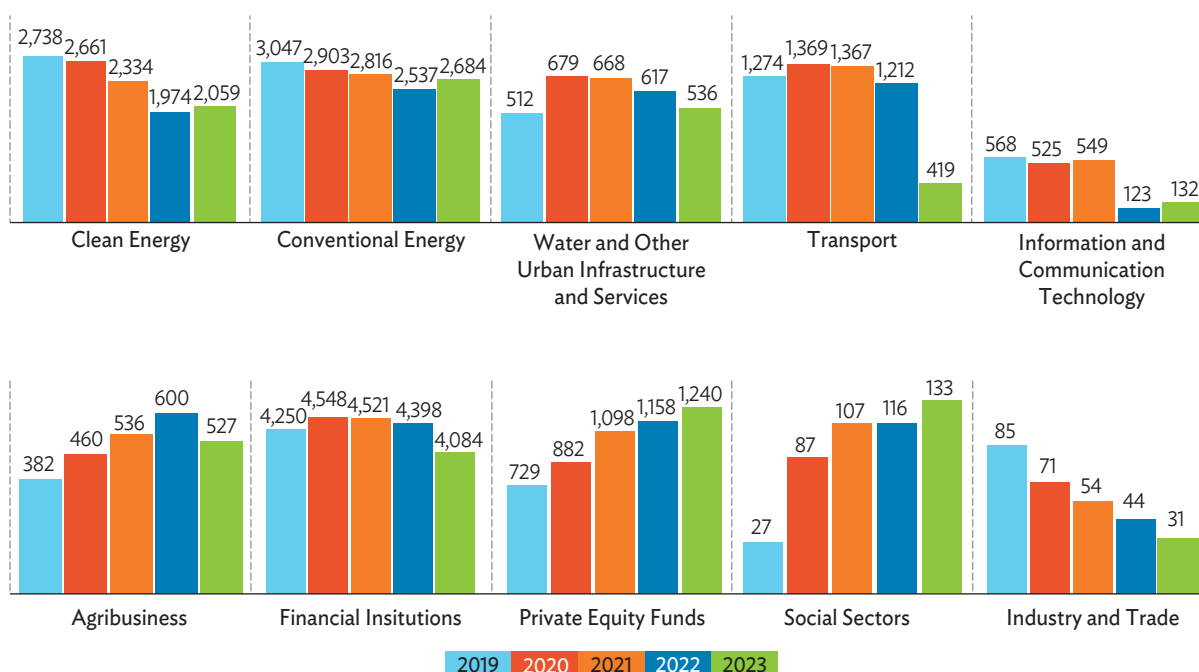
## Results Delivered by Projects in the Portfolio

The active portfolio of PSOD reflects the targets identified in the expected development results, which represent contributions to the operational priorities in Strategy 2030 and the United Nations Sustainable Development Goals.

The active portfolio (2019–2023) as of the end of December 2023 (Figure 5) details commitment amounts by sector, with assistance to banks, nonbank financial institutions, and microfinance institutions for onlending to small businesses benefiting 36.9 million MSMEs, of which 33.2 million are female beneficiaries. Agribusiness and health

projects have supported 8.6 million farmers and 2.9 million patients, respectively. PSOD operations have created new employment for 540,866 workers, of whom 128,658 are female. In the energy sector, projects have helped expand the availability of power across Asia and the Pacific by adding new generation capacity of 18,396 MW and delivering 71,421 gigawatt-hours (GWh) of electricity a year. Operations supporting decarbonization have reduced greenhouse gas emissions of 22.2 million tons of CO<sub>2</sub>e. Projects in water, sanitation, and housing have resulted in the production of 535.2 million cubic meters of potable water a year; the treatment of 1.3 billion cubic meters of wastewater a year; and the construction of 210,347 affordable houses.

**Figure 5: Private Sector Operations Department Portfolio, 2019–2023**  
(\$ million)



Note: Figures are rounded off.

Source: Asian Development Bank (Private Sector Operations Department).



Projects in the active portfolio that have made substantial contributions to ADB's Strategy 2030 priorities and the Sustainable Development Goals include the [Chonburi Natural Gas Power Project](#) in Thailand, which delivered 16,286 GWh of power, contributing 23% of the total portfolio. An investment in [China Everbright Greentech Limited](#), a subsidiary of China Everbright International Limited supporting waste-to-energy and hazardous waste treatment projects, supported greenhouse gas emission reductions of 2.8 million tons of CO<sub>2</sub>e, making up 12% of the total portfolio.

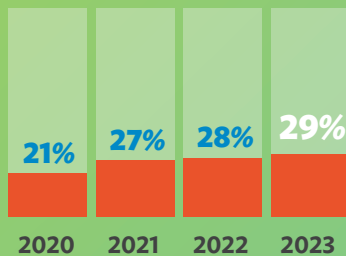
In India, the [Supporting Access to Finance for Women in Less-Developed States Project](#) benefited 7.8 million MSMEs owned or led by women, accounting for 21% of the portfolio total, while in the PRC, outputs from the [Environmentally Sustainable Agriculture Input Distribution Project](#) reached 7.5 million farmers, or 87.9% of the total. The [Fostering Women's Empowerment Through Financial Inclusion in Conflict-Impacted and Lagging Provinces Project](#) in the Philippines, which provided microfinance to women for homes and small businesses, resulted in the construction of 89,999 houses, making up 43% of the portfolio total.

The [Industrial and Municipal Wastewater Treatment Project](#) in the PRC supported upgrades and expansions of treatment plants, benefiting 2.7 million people, or 16% of the portfolio total. In Indonesia, the [Maternity and Child Care Hospital Project](#) supported the provision and expansion of affordable, quality health care services, which have reached 2.3 million patients, accounting for 78.4% of the portfolio.



■ **Snack foods entrepreneur, Indonesia.** Enterprises like a snack food production group in West Java are among the almost 33 million micro, small, and medium-sized enterprises that have benefited from PSOD's active portfolio (photo by Fauzan Ijazah for ADB).

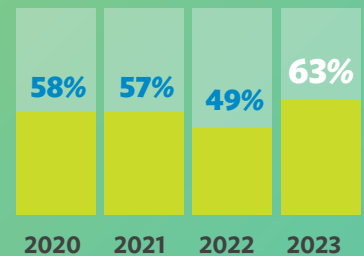
# PRIVATE SECTOR OPERATIONS IN 2023



ADB operations in the private sector

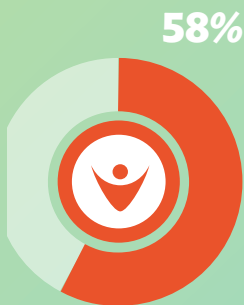


Long-term cofinancing for every \$1 of own committed nonsovereign financing

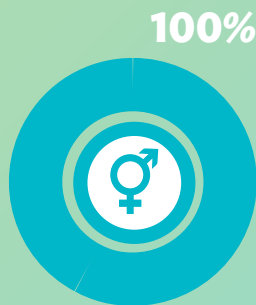


Committed private sector operations in new sectors or frontier markets

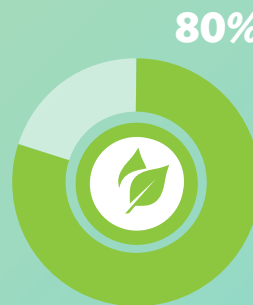
## ADB's Operational Priority Areas



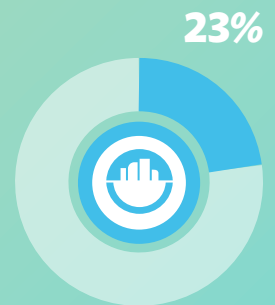
Addressing remaining poverty and reducing inequalities



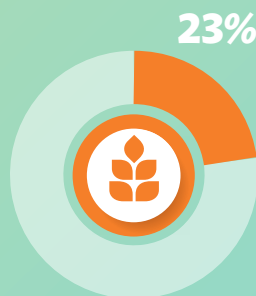
Accelerating progress in gender equality



Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability



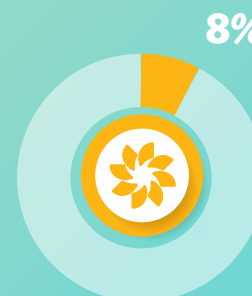
Making cities more livable



Promoting rural development and food security



Strengthening governance and institutional capacity

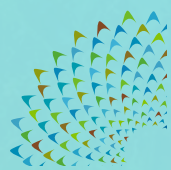


Fostering regional cooperation and integration



# OPERATIONAL PRIORITIES THROUGH PRIVATE SECTOR OPERATIONS

■ **Chili farm workers, Karnataka, India.** More than half of all PSOD commitments in 2023 include measures to reduce poverty and address inequalities, such as projects that will assist farmers and farm workers in India (photo by Rakesh Sahai for ADB).



## Alignment with and Contributions to Strategy 2030

Strategy 2030 is ADB's strategic framework for helping Asia and the Pacific achieve development goals to become an inclusive, resilient, and sustainable region. It covers seven priority areas: 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; and fostering regional cooperation and integration.



Private sector operations are fully aligned with Strategy 2030 priorities to help ADB's DMCs achieve their Sustainable Development Goal targets, and have a strong focus on climate action; gender equality; meeting the needs of frontier and underserved markets; and supporting challenging and newer sectors, such as agribusiness, education, environmental infrastructure, health, information and communication technology, and transport. In 2023, PSOD operations included assistance to advance climate action, strengthen inclusiveness among underserved groups, and promote sustainable agricultural practices. Projects supported cutting-edge renewable energy technologies and drew on innovative funding instruments like sustainability-linked financing and green and blue bonds and loans to help advance ADB's development agenda.



### Addressing Remaining Poverty and Reducing Inequalities

The high cost of living, food insecurity, lingering impacts from the COVID-19 pandemic, and ongoing pressures from climate change-linked weather extremes remained a burden on low-income communities over the course of 2023. More than half (58%) of PSOD projects in 2023 incorporated measures to tackle poverty and address inequality. This includes investments to boost rural livelihoods in India and Uzbekistan, which will assist MSMEs, farmers, farm workers, and women.

ADB's first independently verified sustainable and social loan to a private sector financial institution in India aims to improve the livelihoods of farmers, women, and MSMEs in



**Odisha, India.** Farmers, MSMEs, and women like Manjulata Behera will be the beneficiaries of an ADB sustainable and social loan project targeted at rural and peri-urban areas of India (photo by Amit Verma for ADB).

rural and peri-urban parts of the country. ADB has committed \$125 million to the **L&T Finance Supporting Access to Finance for Farmers; Women; and Micro, Small, and Medium-Sized Enterprises in Rural and Peri-Urban Areas Project**, and has entered into an agreement to syndicate an additional \$125 million in cofinancing for L&T Finance Limited (LTF). All of the funds will be deployed in states with the highest underserved market segments. The project supports the national government's goal of focusing rural development assistance in the country's poorest states and will also contribute to emissions reductions by scaling up lending for electric two-wheelers over the course of the loan life.

Rural India has 65% of the nation's population, employs 68% of the total workforce, and contributes 46% of national income. Yet, rural communities face significant challenges in securing financial services with around 70% of marginal farmers lacking access to banking facilities, and only 14% of women having any credit availability. Along with providing crucial long-term finance, ADB's presence in the project has resulted in LTF committing to a monitoring framework by a third party to verify that loans are used for the social and sustainable purposes for which they are intended.

By syndicating the cofinancing, ADB has enabled LTF to secure additional funding, allowing it to expand its business. ADB has also assisted LTF to promote gender mainstreaming in its operations with an action plan that includes directed lending for women borrowers in rural areas and support for the advancement of women in the company.

One of India's leading nonbank financial institutions, LTF has over 1,600 rural group

loans and more than 200 branches across India. In 2021, more than 40% of its business operations were located in the top 10 states with the highest number of poor people.

In Uzbekistan, the pandemic and Russia's war in Ukraine combined to sharply undermine rural incomes and increase the cost of farm inputs, causing extreme hardship to agriculture-based communities. In response, ADB provided a \$15 million loan to Foreign Enterprise Indorama Agro Limited Liability Company (Indorama Agro) through the Indorama Climate-Resilient Farmer Livelihood and COVID-19 Recovery Project to fund advances to farmers for the production of cotton and wheat, benefiting more than 3,600 farmers and farm workers.

A key feature of the project is the linking of the loan to sustainability performance indicators under which Indorama Agro provides training to contract farmers on principles laid out in the Better Cotton Initiative. This includes the use of biological pest control agents and other climate-resilient farming practices. When the indicators are all met, the company receives a discount on its interest payment for the following year.

Agriculture is Uzbekistan's largest source of jobs, employing almost 3.7 million workers, with cotton and wheat dominating the sector. Along with contributing to farmer livelihoods and sustainable agriculture, the project will improve food security, a priority focus for ADB. The bank plans to provide at least \$14 billion between 2022 and 2025 to address both short- and long-term food concerns, including up to \$8.5 billion in ADB resources and cofinancing for the private sector. The loan to Indorama Agro is part of this direct assistance to the private sector.



Indorama Agro is a subsidiary of Indorama Corporation Limited, headquartered in Singapore, which has over 31 manufacturing sites in nine countries producing a wide range of products, such as fertilizers, plastics, textiles, cotton fiber, and synthetic medical gloves. In 2020, ADB extended its first private sector blue loan to another entity of Indorama Group, Indorama Ventures Global Services Limited, to expand the capacity of its plastics recycling plants in Asia.



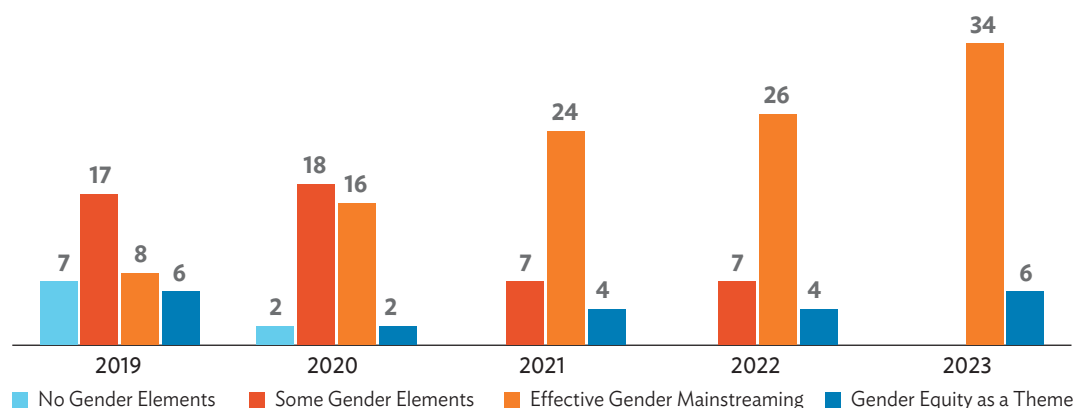
### Accelerating Progress in Gender Equality

Strengthening women's resilience to shock events and increasing their economic participation are essential if the Asia and Pacific region is to achieve sustainable and inclusive economic growth and social development.

PSOD is committed to advancing gender equality; hence in 2023, all 40 committed projects contained gender elements (Figure 6), promoting *effective gender mainstreaming* and *gender equity as a theme*.

Projects supporting small business development had a strong gender focus in 2023. These include a local currency loan in Azerbaijan to assist women and small businesses in the agriculture sector, a loan to the second-largest state-owned bank in Uzbekistan to grow its MSME portfolio, with women borrowers a key target market, and a carbon market project targeting women in India (Box 1). PSOD staff also played an active role in the ADB Gender Forum, which included discussion on how to scale up the participation of women in climate-focused activities, as well as the important role that the private sector can play in driving inclusiveness and diversity in the green economy.

**Figure 6: Private Sector Projects Committed by Gender Classification, 2019–2023**



Source: Asian Development Bank (Private Sector Operations Department).

## BOX 1

## Women to Benefit from India's Carbon Markets Project



■ **Women in India with a fuel-efficient cookstove.** ADB's investment in a voluntary carbon markets project in India will fund around a million improved stoves, reducing pollution and health risks from traditional stoves (photo by Greenway Grameen Infra Private Limited).

In a first-of-its-kind financing for a voluntary carbon markets community-based project in India, the Asian Development Bank (ADB) is providing assistance to partly fund the rollout of around 1 million fuel-efficient, improved cookstoves. The new stoves feature improved combustion to lower the levels of toxic fumes indoors that pose health risks, especially for women, who still do the bulk of household work.

Under the **Greenway Carbon Credits Gender Finance Project**, ADB has committed a loan of \$6.5 million to SDG 13 Ventures Private Limited (SDGVPL) and will administer a grant of \$3.25 million for a first loss liquidity reserve from the Climate Innovation and Development Fund (CIDF). SDGVPL is wholly owned by Greenway Grameen Infra Private Limited, an Indian company that manufactures and sells improved cookstoves.

The use of improved cookstoves is an effective and inexpensive way of reducing carbon emissions and improving the health of rural households; however, most households lack the financial resources to purchase them. Tapping carbon finance from international markets provides a mechanism that SDGVPL can use for subsidies and marketing of the stoves. As the emission reduction results need to be verified first, there is an initial funding gap to bridge.

The loan will allow SDGVPL to overcome this timing mismatch and help distribute the improved cookstoves to rural households at a discount to the market price, while the CIDF first loss liquidity reserve facility will support ADB's senior loan until maturity, partly mitigating the risks of developing carbon credit markets, the small size of the sponsor, and the evolving regulatory architecture.

The successful rollout of the project is expected to have a strong demonstration effect, paving the way for future similar transactions that rely on the carbon market as a main source of revenue. With ADB support, SDGVPL has adopted a gender action plan with features that include women playing a major role as distribution agents for the improved cookstoves. The targeted use of 1 million improved cookstoves would cut greenhouse gas emissions by as much as 22.9 million tons over the life span of the units.

The global voluntary carbon market is a major platform for mobilizing carbon finance as it incentivizes the adoption of low-carbon technologies, including improved cookstoves. ADB has extensive experience in carbon markets through its Asia Pacific Carbon Fund, Future Carbon Fund, and Japan Fund for the Joint Crediting Mechanism. The bank has procured carbon credits for more than 100 ADB projects across 13 developing member countries since 2009.

Source: Asian Development Bank (Private Sector Operations Department).

In Mongolia, ADB's first private sector loan for the nonbank financial institution (NBFI) sector will increase availability of finance for MSMEs with at least 30% of the loan proceeds earmarked for MSMEs owned or led by women. ADB has committed a \$5 million dollar loan under the [Invescore Micro, Small, and Medium-Sized Enterprises Financing Project](#) with a portion to be disbursed in togrog, and will act as lender of record for a further \$5 million in commercial B loans to Invescore NBFI JSC (Invescore), the largest NBFI in Mongolia. Invescore will use the loans to grow its MSME portfolio.

The Mongolian economy is heavily dependent on mining for export earnings, but the sector creates few jobs. The MSMEs account for 72% of the workforce, and growing the MSME sector is a key goal of the Government of Mongolia as it seeks to diversify the economy and create new jobs. Difficulties in accessing credit, particularly for women who lack assets for collateral, hold back expansion of the sector.

The introduction of digital financial platforms since 2018 has increased interest among MSMEs in borrowing from NBFIs but underdeveloped capital markets and the challenges in accessing long-term funds impede NBFI lending to the sector. By providing a stable loan with a 3-year tenor, ADB will enable Invescore to expand lending to MSMEs, while also helping catalyze support from commercial cofinanciers in the form of B loans. ADB's presence and expertise will allow Invescore to strengthen its risk management capacity, improve its environmental and social safeguards, and put in place a gender action plan to increase outreach to MSMEs owned or led by women.

Invescore, established in 2016, is a subsidiary of the holding company SIBJ Capital Limited Liability Company, and is mainly involved in business, car, and consumer loans. Its business



**Bakers in Mongolia.** An ADB project to expand lending to MSMEs with a focus on those owned by women will help Mongolia continue to diversify its economy and create new jobs (photo by ADB).

lending makes up 30% of its total portfolio, although it is aiming to grow that share to 40% by 2024. At the end of 2022, it had total assets of MNT356.3 billion with 15 outlets in the capital Ulaanbaatar and one in the northern city of Erdenet.

Azerbaijan's largest privately owned bank, Bank Respublika Open Joint Stock Company (Bank Respublika), received assistance from ADB to make financial services and products available to women and small businesses operating in the agriculture sector. Under the [Bank Respublika Expanding Access to Credit for Women and Agriculture Borrowers Project](#), the AZN34 million (around \$20 million) loan will benefit women borrowers and MSMEs involved in agricultural production, processing, and trade.

Nearly all business enterprises in Azerbaijan are made up of MSMEs with 43% located in rural areas as of 2020. However, despite their economic and social significance, their access to finance remains limited, as banks prefer to lend to larger companies. Women make up 21% of all registered entrepreneurs and find it harder than men to source funds for a number of reasons, including lower levels of property ownership for loan collateral.



In the wake of the coronavirus disease (COVID-19) pandemic that severely curtailed funding for small businesses, the ADB loan will give women borrowers, including MSMEs, critical finance to grow their agricultural enterprises. A gender action plan, developed with ADB inputs, will include measures to improve Bank Respublika's responsiveness to women entrepreneurs, with the creation of a gender-disaggregated loan portfolio and training for loan agents to increase their knowledge on the needs of women entrepreneurs to serve them more effectively.

Currency risks in the Azerbaijan banking sector stemming from excess dollar assets and a shortage of local currency denominated funding products undermine lending to small businesses. In response, ADB issued a manat-denominated bond in the first quarter of 2023 to finance its 3-year tenor loan to Bank Respublika. Along with giving Bank Respublika the medium-term funds it needs to increase financing to clients, the bond issuance will support the development of the local capital market.

Bank Respublika, established in 1992, holds 3% of Azerbaijan's banking assets. It initially focused on retail customers and corporate clients but following a banking crisis in 2015, it shifted its focus to the underserved MSME market. With 19 of its 32 branches in rural areas and its MSME-focused growth strategy, ADB identified it as a strong partner for supporting agricultural development. By targeting an expansion in agricultural credit, the project will directly promote domestic food production and import substitution needed to strengthen food security.

In Uzbekistan, a \$50 million 5-year tenor loan from ADB has been extended to the Joint Stock Commercial Bank Uzbek Industrial and Construction Bank (Uzprom)

for the **Uzpromstroybank Micro, Small, and Medium-Sized Enterprises and Bank Transformation Project**. The proceeds will be onlent to MSMEs, including those owned or led by women.

The Government of Uzbekistan has requested assistance from development banks to support its market and banks reform programs, which include privatizing more than 100 state-owned enterprises and banks. This project responds to the request by providing finance and knowledge and by facilitating Uzprom's privatization process. The 5-year ADB loan will help Uzprom strengthen its asset liability management by providing long tenor financing, which is currently difficult to obtain, and allow Uzprom to diversify its product offerings as part of its transformation into a full commercial bank.

Uzbekistan's MSME sector remains underdeveloped, with many small enterprises unable to source funds for growth. Most affected are MSMEs owned or led by women because of a lack of acceptable collateral for loans. The project will promote increased access to finance for women with a gender action plan that will enhance Uzprom's capacity to provide credit to women borrowers. Uzprom aims to boost the share of loans to MSMEs in its total portfolio to 37% in 2027 from almost 31% in 2021, with new loans to women totaling SUM150 billion by 2024.

Uzprom is the second-largest state-owned bank in Uzbekistan in assets, loan portfolio, and deposits, servicing more than 1.5 million clients. It aims to expand its reach into the MSME market, which accounts for over 95% of legal businesses and provides nearly three quarters of all jobs in Uzbekistan. The commitments from ADB and its development partners are expected to instill confidence in private investors to support other banks carrying out reforms under the national government programs.





### Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability

As climate change-linked events become more frequent and extreme, ADB has placed climate action at the top of its development agenda, with an ambition to provide up to \$100 billion in climate finance from 2019 to 2030, including \$12 billion for private sector operations.

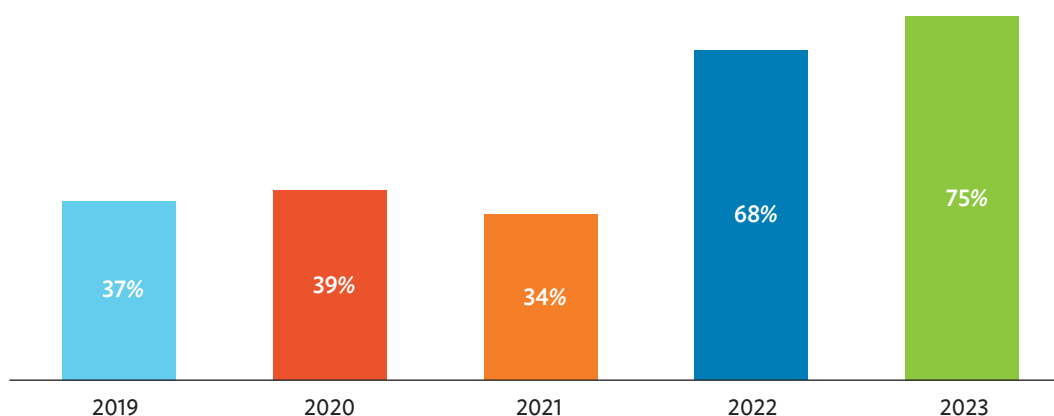
Private sector operations support ADB's climate aspirations in many ways, with transactions that promote the use of renewable energy, strengthen energy efficiency, and incorporate new and hybrid climate mitigation and adaptation technologies. PSOD plays an important role in mobilizing resources from third parties, with its ability to structure climate-related projects as bankable and attractive to cofinancing partners. The issuance of green and blue bonds and loans are also actively promoted by PSOD to finance projects that support climate action.

Rising to the challenge of accelerating private sector investments that can contribute to a low-carbon growth path for Asia and the Pacific,

the number and volume of PSOD's climate mitigation and adaptation projects escalated in 2023, exceeding 2022 levels. Climate-related finance more than doubled to \$1 billion, from \$451 million in 2022, with financing provided to 75% of all projects, up from 68% the year earlier (Figure 7). The volume of finance was up 132% from the 2022 level and exceeded PSOD's target by 31%. In addition, PSOD in 2023 moved forward on a Climate Ambition Plan that will identify investments enabling it to attain the private sector operations climate finance goal for 2019 to 2030 (Box 2).

Private sector investments supporting climate action in 2023 included ADB financing for an open access renewable energy project in India; a blue loan in Indonesia to accelerate recycling of plastic waste; a sustainability-linked financing transaction to promote solar development in the Philippines; a first rooftop solar energy investment in Viet Nam; and assistance to develop three solar plants in Uzbekistan that will collectively become Central and West Asia's largest solar development (Box 3).

**Figure 7: Share of Committed Private Sector Projects with Climate Financing, 2019–2023**



Source: Asian Development Bank (Private Sector Operations Department).

## BOX 2

## Private Sector Operations Department— Climate Ambition Plan Moves Forward



■ **A public electric ferry in use in Bangkok.** PSOD will be looking at investment opportunities to increase the use of electric vehicles for mass transit public transport systems as part of its Climate Ambition Plan (photo by Somkiat Jaraspat for ADB).

Over the course of 2023, the Private Sector Operations Department (PSOD) of the Asian Development Bank (ADB) took significant steps to develop its Climate Ambition Plan, which will contribute to ADB's goal of becoming the climate bank for Asia and the Pacific. It will detail the scale of the climate challenge, the level of investments required to meet the challenge, areas where PSOD has been investing, and potential opportunities for scaling up financing, both immediately and in the future.

The initial goal is to identify investment opportunities that will allow PSOD to reach its climate finance target of

\$12 billion from ADB resources and mobilize cofinancing of between \$18 billion and \$30 billion for the period 2019–2030. As of 15 November 2023, PSOD commitments for climate finance since 2019 have totaled \$2.6 billion, with average commitments of \$1.35 billion needed per year to get to \$12 billion by 2030. The plan also seeks to identify longer-term opportunities in nontraditional sectors and products that will enable PSOD to exceed that target.


The plan is due to be finalized by July 2024.

Source: Asian Development Bank (Private Sector Operations Department).



## BOX 3

## ADB and Partners Fund Largest Solar Power Development in Central Asia



■ **Solar power panels at a plant in Mongolia.** As part of ongoing efforts to scale up the use of clean energy across Asia and the Pacific, ADB and cofinancing partners are funding three solar power plants in Uzbekistan, which collectively, will become the largest solar power development in Central and West Asia (photo by Ariel Javellana/ADB).

In Uzbekistan, aging and inefficient natural gas-fired power facilities still dominate the energy mix. The national government is working to scale up the use of renewable energy to meet fast-rising demand for power and reduce greenhouse gas emissions. To support that goal, the Asian Development Bank (ADB) and cofinancing partners are funding a solar power plant in Samarkand Region, as well as two others in Jizzakh and Surkhandarya (Sherabad), which when complete will generate a total of 897 megawatts (MW) in clean power, collectively becoming the largest solar power development in Central and West Asia.

Under the **Samarkand Solar Power Project**, ADB has committed loan assistance of \$13.5 million, along with a B loan of \$12.5 million from the Dutch-based emerging market credit fund, ILX Fund I, to Nur Samarkand Solar PV Foreign Enterprise Limited Liability Company (Nur Samarkand), for the construction and operation of a 220-MW plant in Samarkand. In Sherabad, ADB has committed \$36.7 million in loans, including a commercial B loan of \$12.5 million from ILX Fund I, to Nur Sherabad Solar PV Foreign Enterprise Limited Liability Company (Nur Sherabad) under the **Sherabad Solar Power Project** to construct a 457-MW plant. In Jizzakh, ADB has committed loans of \$14.3 million, including a \$12.5 million commercial B loan from ILX Fund I, to Nur Jizzakh Solar PV Foreign Enterprise Limited Liability Company (Nur Jizzakh) under the **Jizzakh Solar Power Project** that will build a 220-MW plant. The tariffs charged for power from the three plants will be among the lowest for renewable energy in Uzbekistan and in the region.

ADB's presence and provision of long-term United States dollar finance raised the bankability of the three projects, resulting

in substantial institutional cofinancing assistance. For the Samarkand plant, parallel loans were provided by the Asian Infrastructure Investment Bank (\$19.9 million), the European Bank for Reconstruction and Development (\$28.2 million), and the European Investment Bank (\$19.9 million). For the Sherabad plant, parallel loans were extended by the European Bank for Reconstruction and Development (\$51.5 million), the Asian Infrastructure Investment Bank (\$43 million), and the European Investment Bank (\$43 million). For the Jizzakh plant, parallel loans came from the European Bank for Reconstruction and Development (\$29 million), Asian Infrastructure Investment Bank (\$20.7 million), and European Investment Bank (\$20.7 million).

In addition to its loans, ADB has provided a \$9.1 million partial credit guarantee for the Sherabad project, which on its own is the largest utility-scale solar project in Uzbekistan, to support the tariff payment obligations of the power offtaker, National Electric Grid of Uzbekistan (NEGU), backing up a sovereign counter-indemnity provided to NEGU. Once in operation, the three plants will provide clean energy to over 1 million households and offset greenhouse gas emissions of more than 1 million metric tons of carbon dioxide equivalent annually.

Nur Samarkand, Nur Sherabad, and Nur Jizzakh are subsidiaries or special purpose vehicles of Abu Dhabi Future Energy Company Private JSC (Masdar), a United Arab Emirates-based renewable energy company with interests in Uzbekistan and elsewhere in Central Asia. ADB signed loans with Masdar in 2020 for the Navoi Solar Power Project in Uzbekistan; and in 2022 for the Zarafshan Wind Power Project, Uzbekistan's first wind power development, and the Alat Solar Power Project in Azerbaijan.

Source: Asian Development Bank (Private Sector Operations Department).

In its first direct financing for an open access renewable energy project in India, ADB will finance a 25-megawatt solar photovoltaic-based power plant in Tirunelveli district in the state of Tamil Nadu. The loan to Fourth Partner Energy Private Limited (FPL) of up to ₹1.2 billion (\$14.7 million equivalent) under the [FPL Tamil Nadu Open Access Solar Project](#) will be used to construct and operate the plant, which is expected to generate about 50.7 GWh of electricity annually. This will be sold directly to a range of commercial and industrial offtakers.

In 2003, India adopted an open access energy policy that allows independent power producers to sell electricity directly to offtakers. As a result, the offtakers can secure cost-effective power at up to 40% lower cost than from the distribution companies. The policy applies to plants being developed under a group captive model, which stipulates that the offtakers must purchase at least 51% of the power produced and meet other requirements.

The ADB-financed project is designated as group captive and its successful rollout is expected to improve the risk perception for the financing of similar plants in the future and help crowd in international commercial financing for renewable energy development. Domestic financial institutions seldom offer long-term financing for renewable energy projects using the group captive model. ADB's financing addresses this gap. In addition, ADB mobilized commercial cofinancing for the project in the form of risk transfer arrangements.

As India's leading renewable energy solutions provider, FPL focuses on building and financing projects for commercial and industrial consumers. ADB has supported renewable energy development in India since 2007.

The project will contribute to India's target of 50% of its total energy requirements coming from renewable power sources by 2030. It will avoid annual carbon dioxide (CO<sub>2</sub>) emissions of nearly 80,932 tons, aiding commercial and industrial offtakers in meeting their net-zero emissions target commitments.



■ **Solar park, Karnataka, India.** ADB's first direct financing for an open access renewable energy project in India will support a solar power plant development in Tamil Nadu, with the electricity to be sold directly to commercial and industrial offtakers (photo by Fourth Partner Energy Private Limited).



In Viet Nam, the **Green Yellow Smart Solutions Rooftop Solar Project** will deliver clean, affordable power to commercial and industrial consumers. An ADB loan of \$3 million to GreenYellow Smart Solutions Vietnam Company Limited will finance the development of 41 solar photovoltaic systems across the country with installed capacity of 32.3 MW at peak. The project will sell the electricity generated to commercial and industrial consumers where the systems will be located, as well as to Viet Nam Electricity, under long-term power purchase agreements.

The loan is part of a broader financing package for the project, which also includes a total of \$10.8 million in parallel loans from Dutch development bank FMO and a climate fund managed by responsAbility Investments AG and Société Generale. ADB is acting as lead arranger for this financing. In addition, a \$3 million grant from the Climate Innovation and Development Fund, administered by ADB, will address key hurdles to financing solar assets in Viet Nam, including the scarcity of long-term Viet Nam dong funding at fixed interest rates and volatility in the dong–United States dollar exchange rate.

Electricity demand is booming in Viet Nam and feed-in electricity tariff programs adopted by the Government of Viet Nam have resulted in strong demand for solar power because of the lower tariffs charged for it than energy generated from fossil fuel sources. However, development of rooftop solar power systems for the commercial and industrial segment is still constrained by high up-front capital spending, and the unavailability of long-term debt financing, due to concerns about the perceived small size of the systems, high due diligence costs, and a lack of historical performance and credit data.

Following its experience with two solar photovoltaic rooftop projects in Thailand, ADB has amended its financing approach to cover only projects with signed power purchase agreements, providing more certainty on the size and scope of the portfolio to be financed and allowing for a more thorough credit analysis. By adopting the new approach for the Viet Nam project, ADB helped overcome investor risk concerns, resulting in the commercial cofinancing support. The financing structure can be easily replicated and scaled up and is expected to lead to increased commercial



**Rooftop solar panels, Viet Nam.** ADB invested in a project to develop and operate rooftop solar power systems in Viet Nam in 2023 with electricity to be sold directly to commercial and industrial consumers (photo by GreenYellow SAS).

investor support for similar projects in the future. ADB's involvement in the project will also ensure GYSS adopts strong environmental and social standards while putting in place an action plan to promote gender equality and inclusiveness.

One of ADB's first sustainability-linked financing facility investments in infrastructure will provide funds to develop solar power projects with up to 300 MW capacity in the Philippines. Along with supporting the renewable energy expansion goals of the Philippines, the **ACEN Sustainability-Linked Facility** will directly promote environmentally and socially sustainable economic activities and offers a potential model for future replication. ADB has extended a loan of up to ₱5.5 billion (\$99 million equivalent) and a partial credit guarantee for a loan of up to ₱1 billion (\$18 million equivalent) from the Bank of the Philippine Islands to ACEN Corporation (ACEN). ACEN, whose majority owner is Ayala Corporation, has a diversified energy business of renewable and conventional power assets across Asia. When Ayala Corporation conducted the world's first Energy Transition Mechanism transaction in 2022 to facilitate the early decommission of its South Luzon Thermal Energy Corporation coal plant, ACEN approached ADB to seek funding for solar projects to replace power that will no longer be available from the coal plant.

The sustainability-linked financing facility is a novel financing instrument for the Philippines and a first for ACEN. It links the interest rates charged to the company to predetermined

sustainability metrics in its electricity generation business. The credit margin of the facility will be adjusted in response to the company's attainment of predetermined metrics within specified timelines. This linkage creates a strong incentive for ACEN to meet the metrics designed to promote environmentally and socially sustainable economic activities. The sustainability-linked financing facility serves as a model for other local companies and financial institutions interested in investing in renewable energy.

The ADB partial credit guarantee backed by ADB's AAA rating, meanwhile, allowed the Bank of the Philippine Islands to increase the amount of its loan facility and to reduce credit margins, providing more cost-effective funds to ACEN. The project is expected to deliver at least 450 GWh of clean electricity a year, resulting in the avoidance of 277,650 tons of CO<sub>2</sub> equivalent greenhouse gas emissions annually by 2029. It also directly supports the Philippines' goal of increasing the share of renewable energy to 35% of the national power mix by 2030. As of 2022, renewable energy accounted for 29% of total installed generation capacity with coal accounting for 60%.

Along with these climate-focused project investments, PSOD took an active role in discussions at COP 28 held in the United Arab Emirates, and signed agreements that are expected to pave the way for future investments in clean and renewable energy and sustainable agriculture (Box 4).



## BOX 4

## ADB Explores Future Climate-Focused Investments at COP 28



■ **A farmer in the Philippines tends to her crops in the midmorning heat.** PSOD actively participated in COP 28, which was held against a backdrop of all-time high temperatures recorded in parts of the world, including several countries in Asia (photo by Lester Ledesma for ADB).

The 28th session of the United Nations Framework Convention on Climate Change Conference of the Parties (COP 28) held in the United Arab Emirates from 30 November to 12 December 2023 provided an important opportunity for the Private Sector Operations Department (PSOD) to collaborate with representatives from the private sector; discuss key issues affecting it; and sign agreements that are expected to pave the way for investments in sectors including sustainable agriculture, clean and renewable energy, and water. The event saw a number of major achievements that affect the private sector with 119 countries signing a pledge to triple renewable energy development; 51 oil companies agreeing to decarbonization targets; and United Arab Emirates banks Mashreq and First Abu Dhabi committing to mobilize

around \$270 billion in green financing by 2030. A \$30 billion private market climate financing vehicle was also launched.

For its part, PSOD signed three memorandums of understanding (MOUs) with companies in Asia, which are expected to result in future investments in areas including sustainable agriculture and clean and renewable energy. The first was signed with Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), the largest commercial bank in Viet Nam, which will explore opportunities for green finance projects, including those that can support small and medium-sized enterprises (SMEs) involved in sustainable agricultural activities. In 2018, ADB provided a loan package to help BIDV expand its SME lending.

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Box 4 continued



In addition, BIDV has been part of ADB's Trade and Supply Chain Finance Program since 2009, and in 2018 received an ADB loan package to expand its SME lending.

The second MOU with ReNew, India's leading renewable energy company, is looking at collaborations between 2023 and 2028 on potential projects in areas such as renewable energy, energy storage, green hydrogen, and sustainable supply chains, with an investment value of more than \$5.3 billion. The MOU is the first of its kind in the Indian renewable energy sector and is expected to draw interest from international investors looking to participate in debt funding for ReNew infrastructure projects. It will also help ADB meet its funding ambition of \$100 billion in green energy projects by 2030.

The third MOU was signed with ACWA Power Company (ACWA), a leading private developer, investor, and operator of a portfolio of power and water projects in the Kingdom of Saudi Arabia and other countries. It is an agreement to look at projects focused on renewable energy, green hydrogen, and water desalination over the period 2023–2028, with potential immediate opportunities in Azerbaijan, Kazakhstan, and Uzbekistan. ADB is already a lender to ACWA's Bash and Dzhanakeldy wind power projects in Uzbekistan.

Three panel sessions organized by PSOD at COP 28 generated discussions on climate-related topics. The Greening Trade and Supply Chains: Tracking and Reporting Carbon in Trade/Supply event focused on the importance of international financial reporting standards for disclosure of an entity's climate-related risks and opportunities, and the importance of technology solutions for end-to-end tracking of carbon emissions in international supply chains. Another panel discussion, Toward Shared Market Guidance on Climate-Aligned Trade Financing, resulted in an announcement from participating multilateral development banks of an agreement on guiding principles for the use of climate-aligned trade financing, under which they reaffirmed their commitment to scale up finance and strengthen country-level collaborations, cofinancing, and engagement with the private sector, in response to climate change. The third discussion, Accelerate Investments in Decarbonization and Climate Adaptation in the Agrifood Sector, highlighted examples of decarbonization and climate resilience, while exploring ways to unlock capital and build partnerships to assist the sector.

A [video](#) on private sector investment in affordable green housing prepared by the Women's Finance Exchange illustrates how ADB is enabling economically disadvantaged women to secure affordable housing as well as supporting more climate-resilient homes.





### Making Cities More Livable

Developing Asia has some of the largest and most densely populated cities in the world, with more than half of all the region's residents living in urban areas in 2019, which is expected to rise to close to two-thirds by 2050. While cities have become key hubs for economic and social activity, their rapid expansion has been accompanied by a myriad of problems including pollution, inadequate infrastructure, and unequal access to housing and social services.

To make cities more livable, green, inclusive, and climate-resilient, private sector operations focus on investments in sustainable transport, clean energy, environmental infrastructure, and adoption of new technologies such as waste-to-energy and waste incineration plants that promote less carbon-intensive and greener urban centers. PSOD also provides assistance to financial intermediaries providing home mortgage finance for underserved groups in urban areas and invests in affordable health care and education services for urban populations. Private sector operations supporting this operational priority in 2023 included ADB's first green bond issuance in Georgian lari to finance electric vehicles and charging stations (Box 5).



### Promoting Rural Development and Food Security

Around a third of developing Asia's workers are employed in agriculture, a sector that is characterized by low income, with four out of five people residing in rural areas in the region living below the poverty line. In addition, sharp increases in commodity prices and pressures on agricultural productivity from climate change, biodiversity loss, and other factors have combined to create serious food security concerns. In response, ADB plans to invest at least \$14 billion from 2022 to 2025 to support long-term food security in the region.

In 2023, nine private sector projects promoted rural development and food security. Investments included a biomass power project in India that will benefit rural communities; a sustainability-linked loan in Mongolia that will help develop a sustainable, climate-resilient value chain for the country's cashmere industry (Box 6); and assistance for one of Georgia's largest banks to scale up lending to the agriculture sector to address food security concerns arising from Russia's war in Ukraine.

## BOX 5

## Georgian Green Bond to Finance Electric Vehicle Expansion



■ **Fully electric vehicles parked outside of Tegeta Motor's main service center and headquarters in Tbilisi, Georgia.** Tegeta's green bond will finance fully electric vehicles, supporting Georgia's transport sector decarbonization (photo by Tegeta).

Georgia's leading automotive company, Tegeta Motors Limited Liability Company (Tegeta), is undertaking a major expansion of electric vehicles and charging stations in the country. To raise funds for this endeavor, Tegeta issued a green bond denominated in Georgian lari (GEL) with the Asian Development Bank (ADB) subscribing to GEL20 million (\$8 million equivalent) of the issuance. Under the **Tegeta Green Vehicles Bond Project**, the ADB proceeds will finance up to 104 electric vehicles and 70 universal electric vehicle charging stations, adding to the 100 currently operating in the country.

Green bonds are debt instruments that raise funds to exclusively finance projects with environmental or climate-related benefits. The issuance will be the first local currency bond to be listed on the Georgian Stock Exchange and its successful launch is expected to spur the issuance of further local currency-denominated green debt both in Georgia and the wider Caucasus region, aiding development of international capital markets. By investing in lari-denominated debt, ADB is helping bridge a gap for local currency financing in Georgia, whose finance sector is still dominated by United States dollar holdings.

ADB's investment in the Tegeta Green Vehicles Bond Project builds on its role as a leading financial institution supporting the development of Georgia's capital markets through previous green and sustainable bond investments, which include the Georgian Green Bond Project, the Georgian Railway Green Bond Project, and the Crystal Gender Bond Project. ADB worked with Tegeta to ensure that the bond complied with the International Capital Market's Association's Green Bond Principles, which provide a voluntary mechanism to ensure that green investments meet transparency and credibility standards. ADB will also work with Tegeta for women's empowerment in the nascent e-mobility industry through a project gender action plan put in place to increase the number of women engaged as motor vehicle engineers, light and heavy vehicle mechanics, and in management roles.

The project is targeting annual greenhouse gas emission reductions from the use of electric vehicles of at least 1,636 tons of carbon dioxide equivalent by 2025, and will assist Georgia's efforts to meet its carbon emissions reduction target under the Paris Agreement.

## BOX 6

## Sustainability-Linked Loan to Develop the Cashmere Value Chain in Mongolia



■ **Gobi workers sorting raw cashmere, Mongolia.** ADB's first sustainability-linked loan in Mongolia to Gobi Joint Stock Company will support the development of the country's cashmere value chain (photo by Gobi).

Mongolia supplied 45% of the world's raw cashmere between 2018 and 2022, but up to 90% of its exports were unprocessed. Adding value to cashmere and other agricultural products is one of Mongolia's key goals to diversify its economy and reduce reliance on income from the mining sector. To support the goal of developing the cashmere value chain, the Asian Development Bank (ADB) made its first sustainability-linked loan transaction in Mongolia in 2023, extending \$30 million to Gobi Joint Stock Company (Gobi) for the **Gobi Climate-Resilient Cashmere Value Chain Project**. This is also the first sustainability-linked loan for Gobi. Sustainability-linked loans incentivize the achievement of sustainable performance goals in return for a variable or lower interest rate.

Gobi is the largest cashmere products manufacturer in Mongolia with a 54% market share. Privatized in 2007, it exports its products to 79 countries. The loan proceeds will be used by the company as working capital to purchase raw cashmere from herders and for processing activities, and will employ a tracing system to track finished products. The project is expected to provide stable income and employment to more than 1,200 herders and 1,300 workers in the cashmere industry.

An additional ADB technical assistance grant of \$1 million will be used to pilot test prototype solutions for pasture and herd management by nomadic herders so that these activities are more sustainable and resilient to climate impacts.

Under the ADB loan terms, Gobi will be entitled to a lower interest rate if the company achieves predetermined sustainability indicators. The provision of the sustainability-linked loan is expected to improve Gobi's ability to access funds from financial institutions with stringent environmental, social, and governance mandates and to encourage other businesses to accelerate sustainable practices in their operations.

Along with contributing to value chain development, employment opportunities, and sustainable pasture management practices, the project also promotes gender inclusion. At least 80 of its 200 nomadic herders earmarked for sustainable pasture management and financial literacy training activities will be women. In addition, Gobi has committed to ensure that at least half of its new operations staff will be women; training opportunities will be made available to female staff; and that nearly half of its outreach activities will be targeted at women herders.



In India, ADB has invested in the [SAEL Biomass Energy Project](#), a private sector biomass power development project that will benefit rural communities and help achieve the national government's goal of diversifying its energy mix. ADB has committed \$91.3 million in Indian rupee equivalent loans to five subsidiaries of SAEL Industries Limited, the holding company of the SAEL group's renewable energy business, including biomass energy and solar energy across India. The five loan recipients are Chattargarh Renewable Energy Private Limited, KTA Power Private Limited, Sardarshahar Agri Energy Private Limited, TNA Renewable Energy Private Limited, and VCA Power Private Limited. The recipients will use the proceeds to construct five 14.9 MW biomass power plants in the districts of Bikaner, Churu, Hanumangarh, Jhunjhunu, and Sikar in Rajasthan State.

SAEL Industries Limited will leverage off its network of farmers to obtain agricultural waste residues that will then be provided to each plant under fuel supply agreements. The plants will operate 24 hours a day with a minimum operating life of 25 years. They will convert annually about 650,000 tons of agricultural residues into electricity that will be sold to three offtakers under 25-year power purchase agreements.

By providing 12-year tenor loans, ADB addresses the scarcity of long-term financing. Furthermore, the domestic financial institutions typically have small funding limits for biomass development, compared to other forms of renewable energy. The ADB assistance is expected to help reduce risk perceptions associated with the development of biomass power in India and encourage future investments in the sector. ADB's engagement also ensures that the plants will adopt high-quality environmental and social

standards, as the project targets the purchase of agricultural wastes, along with goods and services, from at least 100 microbusinesses owned by women.

The Government of India estimates that surplus agricultural residue stocks are sufficient to produce 28 GW of biomass-generated energy, but the resource is significantly underdeveloped as a power source. Along with helping to reduce air pollution caused by traditional on-farm burning of agricultural waste, the project will also open new income opportunities for farmers. The project will have an average output of about 544 GWh of energy a year and help avoid emissions of about 487,200 tons of CO<sub>2</sub> annually from 2026. This will make a significant contribution to the Government of India's 2030 target of meeting 50% of its energy requirements from renewable energy and reducing the carbon intensity of the economy by 45%.

■ **SAEL Industries straw waste fuel feed conveyor, Punjab, India.** ADB is assisting SAEL Industries in a biomass energy project that will convert agricultural waste residues, such as the straw shown here, into electricity (photo by SAEL Industries Limited).



One of Georgia's largest banks, Credo Bank JSC (Credo), has received assistance from ADB to scale up its lending in the agriculture sector with the goal of promoting domestic food production and import substitution to address food security concerns. ADB has committed local currency loans totaling GEL65 million, the equivalent of \$24.8 million, for the [Credo Bank Supporting Food Security through Inclusive Access to Finance Project](#). It will enable Credo to use the proceeds to onlend to a wide range of rural borrowers, including women farmers and small business owners engaged in production, processing, and trade activities across the rural value chain.

Russia's war in Ukraine saw prices of imported foods to Georgia surge by 42%, highlighting the urgent need for food import substitution. In addition, smallholder subsistence farming, outdated infrastructure, reduced cultivated areas after independence, and high farm investment needs have resulted in pressures on food production. The project will support small rural businesses to boost crop production to ease food security concerns, as well as provide finance for underserved low-income rural communities.

Georgia's finance sector remains heavily dollarized with foreign currency loans accounting for around two-thirds of all business lending, exposing borrowers to potential currency-induced credit risk and contributes to asset and liability mismatches. The National Bank of Georgia (NBG) has reduced the share of foreign currency loans available to individuals and the ADB loan supports the NBG's goal of reducing the dollarization of the financial system. In addition, the issuance of local currency bonds by ADB to finance its Credo loans and increase

availability of locally denominated loans is expected to further encourage local currency denominated debt funding on the local capital markets in the future.

Credo plans to map and assess the climate impacts of its business activities and those of its clients to better align its operations with the NBG's Green Finance Taxonomy and Georgia's Paris Agreement commitments. The goal is to find ways to strengthen the climate resilience of its own business and that of its borrowers and to classify its loan book for client activities that may qualify for climate change mitigation and adaptation financing. To support Credo's plans, ADB has provided a Technical Assistance Special Fund grant of \$550,000, which along with helping the company measure climate impacts, will also be used to strengthen rural outreach for women entrepreneurs and improve digital services.

Credo became the country's fifth-largest bank by assets and the largest microfinance lender after acquiring FINCA Bank Georgia in 2021. The bank, which is majority owned by Access Microfinance Holding AG, has a loan portfolio of GEL1.8 billion. Most of its clients are low-income rural businesses and self-employed farm households. Women make up over 50% of its 360,000 borrowers. ADB has supported Credo since 2015 with three loans and two technical assistance projects, which focused on financing MSMEs, affordable housing, and helping its clients respond to impacts from the pandemic. The new loans and technical assistance seek to build on these previous financings and continue ADB's assistance for the development of MSMEs in Georgia, which first began in 2007.



### Strengthening Governance and Institutional Capacity

Robust corporate governance frameworks enable private entities to be effective, accountable, inclusive, and resilient. To help them meet those objectives and support ADB's goal of sustainable and inclusive development, PSOD works with its clients to establish corporate governance standards.

To assist private sector clients to improve their corporate governance protocols, ADB in 2019 launched the regional technical assistance (TA) **Strengthening Corporate Governance in ADB's Nonsovereign Investments in Developing Member Countries**. This ongoing TA conducts corporate governance assessments for both targeted and existing ADB clients-investees with the goal of helping both the client business and companies it invests in to identify gaps, improve transparency, and implement effective corporate governance strategies that align with international and industry best practices.

The TA also funds annual training for ADB nominee directors in companies ADB invests in. The appointment of qualified and diverse nominee directors in ADB's various investment companies encourages the inclusion of value-adding corporate governance practices at the board level and ensures that ADB's development-focused goals are reflected in clients-investees' strategies and operations.

In 2023, an ADB-invested hard discount retail company agreed to adopt a corporate governance action plan in the Dali Modern

Food Retail Expansion Project, for completion within a specified time frame. HDPM Sin Pte. Limited (Dali) committed to the formulation of industry-aligned policies and practices to address conflicts of interest and combat bribery and corruption; the development of a succession plan for its senior executives to reduce reporting gaps and promote business continuity; and the establishment of its own internal audit function that will monitor the company's internal control system and utilize a risk-based approach for conducting internal audits. These commitments are expected to be completed in 2024. ADB will monitor medium- and long-term compliance with these practices and provide support for further corporate governance improvements, where appropriate.



### Fostering Regional Cooperation and Integration

Regional cooperation and integration in trade, infrastructure, finance, tourism, and public goods provides huge economic benefits and enables countries to collectively address common threats such as climate change and communicable diseases. This is especially the case for ADB's smaller, fragile, and often isolated DMCs that typically have less access to opportunities than larger economies.

The Trade and Supply Chain Finance Program and project investments of PSOD support this Strategy 2030 priority. An ADB project committed in 2023 to upgrade a terminal at India's largest shipping container port (Box 7) will open up new regional trade opportunities.



## BOX 7

## India's Container Terminal Upgrade to Boost Cross-Border Trade



■ **Nhava Sheva Freeport Terminal, Mumbai.** Long-term financial support from ADB to upgrade facilities at India's largest shipping container port in Mumbai will improve cargo handling, boost trade, and help India develop world-class mega ports (photo by Nhava Sheva Freeport Terminal Private Limited).

A terminal upgrade at India's largest shipping container port at Navi Mumbai in Maharashtra State is set to improve major cargo handling efficiencies that will boost both local and cross-border trade, while reducing greenhouse gas emissions. The Asian Development Bank (ADB) has committed a \$61.4 million loan for the **Nhava Sheva Container Terminal Financing Project** to handle larger container vessels and reduce turnaround times and logistics costs. ADB will also administer another \$69.6 million from the Leading Asia's Private Infrastructure Fund to Nhava Sheva Freeport Terminal Private Limited (NSFTPL), which is using the proceeds to improve berths, install higher capacity cranes, and upgrade information technology and operating systems at the terminal in Jawaharlal Nehru Port.

The provision of an 18-year loan by ADB was a key factor in helping to make the project bankable. Long-term United States dollar financing is not readily available in the domestic market. Additionally, commercial international banks are risk-averse and only willing to offer short-term funds. In addition, due to ADB's participation in the project design, NSFTPL has agreed to source 30% of its power requirements from renewable sources by fiscal year 2028. The ADB loan proceeds that qualify as climate finance will be used to purchase new, energy-efficient electric cranes and convert others from diesel to electric. NSFTPL has also agreed to adopt a gender diversity policy, which includes a target for a proportion of newly created jobs to be allocated to women.

Once the project is complete, the terminal's container handling capacity will rise from the current 1.5 million twenty-foot equivalent units (TEUs) to 1.8 million TEUs. The berth and equipment upgrades will allow the handling of larger container vessels and attract ships plying international routes, opening up new cross-border trade opportunities. Currently, many port facilities in India under public sector control are not connected to international shipping networks.

The company is a joint venture special purpose vehicle of CMA Terminals of France and India's JM Baxi Ports and Logistics Limited and has won a 30-year concession agreement from the Jawaharlal Nehru Port Authority under a public-private partnership agreement to operate the terminal. NSFTPL is one of five container terminals at the port, with the others already run by private businesses. The decision to offer the concession was made to increase container traffic volumes, which have been declining at the terminal since 2017, and to raise funds for new infrastructure investments.

Meanwhile, CMA Terminals is engaged in the development and operation of container terminals and is a subsidiary of CMA CGM S.A., the third-largest provider of shipping container services in the world, while Mumbai-based JM Baxi is one of the leading end-to-end maritime shipping and logistics firms in India. The project demonstrates the value of involving the private sector in brownfield investments, with NSFTPL deriving revenue benefits from the terminal's operation while the port authority gets funds for other purposes while still retaining ownership of the asset.

Source: Asian Development Bank (Private Sector Operations Department).



## Strategic Focus and Priority Areas

The work of PSOD is guided both by ADB Strategy 2030 priorities and its own Operational Plan for 2019–2024. The plan outlines the strategic focus for PSOD and priority areas where it seeks to concentrate its operations. This includes newer and more challenging sectors such as agribusiness and health, as well as the utilization of a wide range of investment and financing products, such as private equity funds, blended finance, and third party funds.

### Agribusiness

The agriculture sector remains critical to economic and social development in Asia and the Pacific. Agribusiness contributes as much as a third of gross domestic product and accounts for more than half the workforce in most of ADB's DMCs. At the same time, the sector needs substantial levels of investment to meet rising demand for food. It is estimated that Asia and the Pacific will need to invest \$120 billion every year until 2050 for its

food needs, much of which is expected to be sourced from the private sector. In the face of increasing pressure on food input costs and production across the region, ADB plans to provide at least \$14 billion in sovereign and private sector investments from 2022 to 2025 to address immediate food needs while also improving long-term food security through investments to boost agricultural productivity and resilience to climate change.

ADB sovereign operations have been traditionally strong in the agriculture sector, particularly in infrastructure, with PSOD playing an important role in private sector transactions supporting food production and distribution from fertilizer companies to supermarkets. PSOD also works with agribusinesses to develop value chains, improve food safety, and help farmers incorporate climate-resilient practices into their businesses.

Agribusiness transactions in 2023 included a first direct investment in a forestry and timber company, a convertible debt investment in the aquaculture industry, and a project in the hard discount retail sector in the Philippines that will open up supply opportunities for agribusinesses. (Box 8).

## BOX 8

## Hard Discount Retail Project to Benefit Agribusiness Suppliers in the Philippines



■ **Cashier inside a Dali store, Philippines.** ADB's investment in a hard discount retail business will boost access to affordable food and consumer goods and provide opportunities for agribusiness suppliers in the Philippines (photo by ADB).

In the Philippines, an investment of the Asian Development Bank (ADB) in a hard discount retail company will deliver affordable consumer products, including food, and provide jobs and new opportunities for local agribusiness suppliers. ADB has committed equity of \$15 million to Singapore-based hard discount retail company, HDPM Sin Pte Limited (Dali) under the Dali Modern Food Retail Expansion Project. Dali will use the proceeds to finance new retail shops, distribution centers, and cold chain assets in the Philippines through its subsidiary, Hard Discount Philippines Inc.

Part of the investment funds will also be used to finance off-grid rooftop solar panels and green building certification in the Philippines, resulting in energy savings and reduced emissions. A further \$65 million in combined capital is being provided by Creador SDN BHD and Navegar II (Singapore) Private Limited, two private equity funds that ADB has investments in, as well as Pavilion Capital, a subsidiary of Singapore's Temasek Holdings Limited.

The project will create at least 4,300 new jobs by 2026, of which 45% are earmarked for women. The project is ADB's first agribusiness equity investment in the Philippines and second direct equity investment in the country since 2019. It is fully aligned with ADB's commitment to scale up support for agri-enterprises, including those in downstream segments of the food value chain, to strengthen long-term food security.

Hard discount is a segment of the discount retail sector with operators able to keep product prices low through high sales volumes of a limited range of products. However, the segment is relatively underdeveloped in the Philippines with Dali being just one of three discount retail operators. Dali is mainly operating in rural and peri-urban communities rather than major city centers. Its expansion will improve access to safe and affordable food and other essential products for low-to middle-income households, while providing new market opportunities for local agribusiness suppliers, in line with the government's Philippine Development Plan, 2023–2028.

Dali, which is majority owned by Swiss-based business, Dali Discount Aktiengesellschaft, opened its first store in 2020 and as of November 2022 has more than 260 retail stores, including three distribution centers south of Metro Manila. Dali has installed solar power systems at two of its stores, and with assistance from ADB, aims to equip 200 additional stores and five distribution centers with solar panels by 2026, giving it a combined generating capacity of 3 megawatts.

Under a gender action plan agreed with ADB, Dali has set targets for the participation and retention of women in its workforce and will also provide gender sensitization training for staff, while including a gender equality metric in its supplier tracking system to help identify and support women entrepreneurs.



One of Indonesia's leading forestry companies, PT Dharma Satya Nusantara Tbk (DSNG), received ADB assistance to expand its sustainable timber processing operations in Java and promote climate-resilient agroforestry practices. DSNG operates two wood processing plants in Central Java and is Indonesia's largest exporter of wood products to Japan. The \$15 million ADB loan under the DSNG Climate-Resilient Community-Based Agroforestry Value Chain Project will be used to purchase energy-efficient machinery and equipment related to the expansion of DSNG's timber processing in Temanggung Central Java, as well as to fund incremental working capital needs, including the sourcing of timber cultivated by local farmers.

The project, which is the first direct investment in a private sector forestry and timber company by ADB, will promote the cultivation of native Indonesian Sengon and Jabon trees, delivering new economic opportunities for rural communities in Java. Sengon and Jabon trees are typically grown by smallholder farmers,

in tandem with other crops including coffee, corn, and rice. These trees help to promote biodiversity, reduce erosion, boost soil health, and improve crop yields. Expanding planting of these species will help address deforestation and land degradation in Indonesia, which has seen its forest area decrease by 26.4 million hectares between 1990 and 2020.

The project will create more than 260 factory jobs and contribute to improving the livelihoods of an additional 360 timber farmers. A complementary ADB technical assistance grant of \$500,000 will provide training in climate-resilient agroforestry practices and financial literacy to about 4,000 farmers, of which at least 1,200 have to be women.

The ADB loan is structured as a sustainability-linked loan with DSNG receiving loan margin benefits in return for achieving predetermined sustainability indicators. This loan structure is expected to send a market signal to the forestry industry to accelerate sustainable business practices.

■ **Farmers harvesting tea leaves, Java.** An ADB agroforestry project in Indonesia will assist smallholder farmers to expand planting of indigenous trees alongside their other crops (photo by ADB).



The first ADB convertible debt investment in aquaculture will finance increased production of barramundi in Viet Nam, providing a model demonstrating the viability of ocean-based barramundi production in Southeast Asia as an alternative to the current focus on land-based aquaculture. The \$15 million in convertible debt provided to Australis Holdings, Inc. (AHI), the world's largest barramundi producer, will be used to expand its existing ocean-based operation in Van Phong Bay in Central Viet Nam and to build a second facility in the southern province of Kien Giang. Under the [Australis Climate-Smart Barramundi and Seaweed Aquaculture Project](#), AHI will also distribute barramundi fingerlings and eggs to local farmers to support breeding programs as well as conduct training and other knowledge-sharing activities to showcase its sustainable production practices to communities.

Along with enabling AHI to expand its total barramundi production from 5,640 tons in 2021 to 22,400 tons by 2027, the project seeks to promote nature-based, climate-resilient aquaculture practices. AHI has created a separate wholly owned business, Greener Grazing Limited Liability Company (Greener Grazing), to develop ocean-based cultivation techniques for a species of seaweed that can substantially reduce methane emissions from cattle when included in feed. In fish farms, the seaweed also absorbs excess nutrients, helping to make marine ecosystems healthier and more resilient to climate extremes.

An additional \$3 million grant from the ADB-administered Climate Innovation and Development Fund, financed by the Bloomberg Family Foundation Inc. and the Goldman Sachs Charitable Gift Fund, will allow Greener Grazing to continue research and development into the selection and cultivation of the seaweed. ADB will also work with AHI to implement a gender action plan to promote gender equality and inclusion, put in place safeguards best practices, and carry out an energy efficiency assessment that will allow the company to take measures to reduce its carbon footprint.

**Australis Holdings fish cages, Van Phong Bay, Viet Nam.** The first ADB convertible debt investment in aquaculture will allow Australis Holdings, the world's largest barramundi producer, to expand its ocean-based business in Viet Nam (photo by Australis Holdings, Inc).



Three billion people around the world depend on seafood as their primary source of protein. Aquaculture is far more efficient than most other forms of animal protein production; however, the sector is vulnerable to climate extremes. Viet Nam is among five countries identified as likely to be the most affected by climate change. Ocean-based aquaculture is more resilient to extreme climate events than land-based or near-coastal aquaculture, and barramundi is one of the most adaptable and resilient fish species. The project will support the Government of Viet Nam's goal of making aquaculture a more sustainable industry that can contribute to exports, nutritional needs, and marine environmental protection.



## Finance

Vibrant and efficient financial institutions and capital markets are crucial for funding economic activities that can support inclusive growth and generate jobs. The finance sector in Asia and the Pacific, however, remains underdeveloped, with large funding gaps for trade finance. There is also limited access to capital for MSMEs, which play a dominant role as wealth and employment creators in many of ADB's developing member countries. In addition, the COVID-19 pandemic and sharp interest rate hikes to curb inflation have made it even more difficult and costly for MSMEs to source the funds they need.

In 2023, much of PSOD's sector work focused on assisting financial institutions to broaden lending to MSMEs, particularly those owned and led by women. This includes ADB's first transaction with a digital lender and a loan package for a major lease financing company in the People's Republic of China (PRC).

To promote lending to MSMEs in India, including those owned or led by women and those operating in lagging states, ADB invested the equivalent of \$30 million in Indian rupees in nonconvertible debentures issued by UGRO Capital Limited (UGRO), a nonbank finance company, for the UGRO Capital Supporting Digital and Innovative Micro, Small and Medium-Sized Enterprises Financing Project.

India faces a large and persistent gap between demand and supply of MSME credit, in part due to the use of traditional risk management tools, lack of collateral, and high cost of accessing this segment. UGRO's business model addresses these concerns through the use of digital technologies such as India Stack, which allows the company to develop and offer bespoke credit products tailored to the specific needs of MSMEs while effectively managing risk. India Stack consists of a unique digital identification

scheme (Aadhaar), a payments system (Unified Payments Interface), and a data exchange layer to help underwrite the customer, lower the cost of credit delivery, and reduce turnaround times.

With the provision of long tenor (4-year) stable debt finance, ADB will enable UGRO to expand its operations, providing finance to small businesses that cannot get credit or do not possess real estate for securing long-term loans. The project has a strong gender component with at least 75% of ADB's debt proceeds to be used for loans to MSMEs owned or led by women, who continue to face multiple challenges in accessing capital from formal financial institutions. Along with assisting women entrepreneurs, at least 40% of the ADB investment will be used for loans in lagging states, and at least 25% will be onlent to MSMEs involved in energy efficiency and clean energy activities.



**Owner of a tailoring business in Mangalore, India.** ADB's first investment in a digital lender in India will fund loans to MSMEs, including those owned by women and operating in areas lacking access to credit (photo by ADB).





■ **Grain and oil store owner, Zhongyi Market, Lijiang, People's Republic of China.** ADB arranged financing for Maxwealth Financial Leasing Company that will allow it to expand funding to small businesses in underserved areas and sectors (photo by Deng Jia for ADB).

In the past, ADB has worked with traditional MSME lenders but has not engaged with digital lenders. The project addresses that gap, while supporting the Government of India's drive to build digital public infrastructure and increase the use of digital technologies by MSMEs for both business activities and payments. The project also draws attention to the mainstreaming of digital lenders in India and is expected to have a strong demonstration effect, potentially encouraging future investment by commercial and impact lenders in this segment.

In the PRC, a loan package denominated in Chinese yuan (CNY) put together by ADB under the [Maxwealth Financial Leasing Micro, Small and Medium-Sized Enterprises Finance for COVID-19 Response Project](#) will expand funding for MSMEs, particularly in underserved areas and customer segments, including businesses led by women. As lead arranger and book runner, ADB signed a loan package amounting to approximately CNY1 billion (\$140 million equivalent) with Maxwealth Financial Leasing Company Limited (Maxwealth), a major financial leasing company.

The package includes a CNY497 million loan from ADB and a syndicated local currency complementary loan with the same amount participated in by OCBC Wing Hang Bank, Fubon Bank, CTBC Shanghai Bank, and Bank Sinopac. ADB's loan proceeds will be exclusively earmarked for use in central and western regions, which have significantly lower levels of lease financing than other parts of the country.

In the PRC, MSMEs account for more than 60% of gross domestic product and 50% of tax income, but many continue to struggle to access funds needed to grow their businesses. The prolonged COVID-19 pandemic that resulted in multiple lockdowns caused sharp drops in revenue for MSMEs with some going out of business. With banks unwilling to lend to MSMEs that want to use purchased equipment as collateral, leasing provides a viable alternative financing source.

The ADB loan and complementary syndicated financing provides Maxwealth with the long-term loan funds it needs to better manage its portfolio and support lease financing for underserved sectors of the MSME market. The company, a subsidiary of the Bank of Ningbo, plans to expand the size of lease finance to MSMEs in its portfolio from around \$2.3 billion in 2021 to \$3 billion by 2025. In addition, as women-led MSMEs typically have lower rates of financial services inclusion than men in the PRC, ADB will work with Maxwealth to craft a gender action plan to facilitate finance for women-led businesses.

Financial leasing in the PRC receives PSOD's active support targeted specifically to underdeveloped regions. The transaction is the second with Maxwealth following a \$60 million loan to the company in 2019 for wastewater treatment. With ADB support, Maxwealth's operations have expanded significantly since 2019 to cover 43 cities across 27 provinces as of the end of 2021.

## Health

Access to quality, affordable health care underpins full economic participation and is a key contributor to poverty reduction. COVID-19 exposed shortcomings and gaps in public health services in many DMCs, highlighting the need for greater investment.

Starting in 2020, private sector operations were aimed at assisting DMCs to manage both direct and indirect impacts of the pandemic. With COVID-19 receding in 2023, the emphasis of operations has shifted to transactions supporting new health infrastructure and improved services, including hospital expansion and project upgrades.

In India, a gap of 2.5 million hospital beds underlines the inequity and challenges in accessing health care for poor people and the rural population. Most health care providers are concentrated in large tier-1 cities. Out-of-pocket spending on health remains high, which imposes further financial hardship on poor people and the middle class. In response, ADB has subscribed to ₹1.5 billion in nonconvertible debentures issued by Cygnus Medicare Private Limited (CMPL), which the company will use to develop up to six new hospitals, as well as refurbish and add specialty departments to its existing hospitals. The investment will be focused on tier-2 and tier-3 cities that have lower incomes and fewer medical facilities and services than larger urban centers.

The **Cygnus Affordable Hospitals Project** will enable CMPL to expand its hospital network from 19 facilities to 25; increase its inpatient volume from 76,300 in fiscal year (FY) 2022 to 198,000; and generate 1,000 new jobs by

FY2028. In addition, up to \$1 million of the debt investment will be earmarked to install rooftop solar power systems on CMPL hospitals by FY2027, generating 1,213 megawatt-hours of electricity annually, while avoiding an average of 1,231 tons of CO<sub>2</sub> emissions annually by FY2028.

Established in 2011, CPML provides health care to low-income and middle-income patients in its network of 19 hospitals across 17 cities. Amar Ujala Limited, one of the leading media houses in India, is a major shareholder with 33.6% equity. In January 2024, General Atlantic Singapore (a subsidiary of General Atlantic), signed an agreement to acquire a majority 67% ownership in the company from its existing shareholders.

The local currency debt financing for up to 7 years with a 2.5-year grace period fills a gap for long-term funding options in the local market. Along with allowing CMPL to fund its hospital expansion plans, the project is also expected to encourage other investors to provide long-term finance for companies providing health care in challenging parts of the Indian market.

The Government of India has launched the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PMJAY) its flagship universal health insurance program to reduce out-of-pocket expenses, increase social protection, and leverage support from the private health care sector, which accounts for 62% of hospital beds and 67% of total health expenditure. CMPL participates in this and other similar government health programs targeted at poor and vulnerable households. The ADB assistance will allow it to deepen its engagement with the programs, expanding the provision of quality, affordable health care for underserved communities.

The first ADB private sector financing for a hospital in Mongolia will fund the **Intermed Hospital Expansion Project** that will boost access to high-quality health care in the country. To raise funding for the project, ADB issued its first health bond denominated in the currency of a borrowing country. The proceeds have been used to provide a MNT35 billion (\$10.2 million equivalent) loan to International Medical Center LLC (Intermed) for a new hospital facility in Ulaanbaatar, as well as for outpatient and inpatient clinics outside the capital.

Given the lack of accessibility to international quality care, many Mongolians are forced to seek treatment abroad. Intermed is Mongolia's largest private tertiary hospital by share of visits and the only hospital in the country to be accredited by the Joint Commission International, which certifies hospitals for meeting global standards. As a result of the project, Intermed will increase its inpatient capacity by more than 210% and outpatient capacity by more than 160%, providing international quality health care locally and expanding access to medical services for distant communities. Proceeds of about \$1 million from the ADB loan will also be used by Intermed to support emission reductions and energy efficiency measures.

The issuance of the health bond by ADB is expected to provide a benchmark for future local currency denominated health-focused bonds, as affordable long-term local currency finance is rarely available in Mongolia. The lack of long-term local currency funding results in borrowers having to source funds in external currencies, thereby exposing them to currency volatility risks. The project allows Intermed to avoid this currency mismatch risk.

## Infrastructure

Inadequate infrastructure in many parts of Asia and the Pacific—which requires \$1.7 trillion a

year or \$26 trillion from 2016 to 2030 of annual investment—continues to impede progress toward achieving the Sustainable Development Goals. A focus on pandemic-related spending by governments saw a slump in new infrastructure investments, while the climate crisis has highlighted the need to upgrade existing infrastructure, making it better able to withstand more frequent and extreme climate events.

The infrastructure operations of PSOD are focused on transactions to reduce carbon intensity and green economies, with projects in energy, transport, and water and other urban infrastructure and services, including housing. Operations in the sector also target expansion of, and increased access to, information and communication technology, particularly for underserved groups.

As part of its commitment to infrastructure development, ADB and the Private Infrastructure Development Group (PIDG) signed a memorandum of understanding in 2023 to cooperate on early-stage private sector infrastructure investments in Asia and the Pacific. This collaboration will allow ADB and PIDG to explore partnerships for developing and financing projects that can address climate change and contribute to sustainable development.

In 2023, private sector operations made commitments for 14 energy projects, including a solar power plant in the Indian state of Gujarat and an investment in Kazakhstan to replace aging, inefficient combined power and heat plants with new cleaner burning technology (Box 9). In transport, assistance included a bus electrification project in Thailand, while an investment in the Philippines will deliver improved access to telecommunications services for underserved communities.



## BOX 9

## Kazakhstan Gets Assistance for Major Energy Transition



■ **Electricity transmission lines, Zhambyl oblast, Kazakhstan.** ADB is assisting Kazakhstan to replace its aging, inefficient power and heat systems with modern, cleaner infrastructure (photo by ADB).

In its first large-scale energy transition project in Kazakhstan, the Asian Development Bank (ADB) is financing the replacement of an old and inefficient coal-based combined heat and power plant (CHP) with modern combined cycle gas turbine (CCGT) units. The tenge-denominated loan with a 15-year tenor is being extended to state-owned Joint Stock Company Almaty Electric Stations (ALES), which operates the CHP plant. The CCGT units will markedly reduce air pollution and ensure heating needs are met in Almaty, the country's largest city.

By taking care of the financial risks, including currency volatility, ADB's loan of \$219 million equivalent under the **ALES Energy Transition and Modernization Project** has made the project bankable. ADB's Private Sector Operations Department also assisted in arranging commercial financing from insurers in the form of risk transfer agreements.

About 80% of all Kazakhstan-originated greenhouse gas emissions come from energy-related activities, while around 70% of electricity is generated from coal. By replacing the coal-fired CHP plant with CCGT technology, the project will cut annual carbon dioxide emissions from 5.1 million tons to

2.3 million tons, substantially reducing greenhouse gases and eliminating sulfur oxide and fly ash, which are particularly harmful pollutants. It will contribute to improved heat supply for the city and provide secondary power reserves to back up sometimes intermittent renewable energy generation, in turn encouraging future renewable power development.

ADB is also providing ALES with in-house technical expertise on the project design and has helped create a gender action plan that will promote career development of women in the company's operations, and a more gender-inclusive workplace for staff. The project marks the third time that ADB is providing private sector support to a state-owned enterprise in Kazakhstan, following transactions in 2017 and 2021.

ALES supplies heat and power to Almaty City and the Almaty Region under the state-owned energy holding company Samruk-Energy, which is the largest power sector company in Kazakhstan and will guarantee the loan. The project will contribute to Kazakhstan's goal of becoming carbon-neutral by 2060 and is expected to set a precedent for future energy transition and modernization initiatives.

Source: Asian Development Bank (Private Sector Operations Department).

An ADB-arranged financing package for a solar power plant in the Indian state of Gujarat will deliver much-needed clean energy at a price well below the average paid by the state for its electricity needs. With the [SAEL Gujarat Solar Power Project](#), ADB has provided a loan of ₹12.2 billion (\$147 million equivalent) to SAEL Solar P4 Private Limited (SAEL Solar P4), a special purpose vehicle of SAEL Industries Limited (SIL), for the construction of a 400-MW solar photovoltaic plant. Cofinancing was also catalyzed in the form of risk transfers and a parallel loan of \$73.5 million provided by Tata Capital.

The plant will generate an average of about 953 GWh of clean power a year, which will be sold to Gujarat Urja Vikas Nigam Limited (GUVNL), a state-owned electricity distribution company under a 25-year power purchase agreement. GUVNL has been an offtaker for power produced from three other ADB-financed renewable energy projects in the state. Annually, the project will help avoid greenhouse gas emissions of 783,855 tons of CO<sub>2</sub> equivalent on average, from FY2026 to FY2051.

As a result of ADB's long tenor (21.5 years) local currency loan and the risk transfer financing,

SAEL Solar P4 will be able to sell electricity to GUVNL at a cost that is significantly lower than its average power purchase cost. Long-term finance with an option to fix the interest rate is hard to obtain in India with financial institutions mostly offering floating rate funds.

The project includes a gender action plan, developed with ADB support, which aims to increase the share of women in management and technical roles at SIL headquarters, and promote career development opportunities for SIL's female staff. A gender, diversity, and inclusion policy will also be promoted at the SAEL Solar P4 plant, along with awareness-raising training on gender equality. SIL is part of the SAEL group of companies, which are involved in renewable energy, including biomass and solar power, as well as warehousing and agri-processing.

The project contributes to ADB's ambition of providing cumulative climate finance of \$100 billion from 2019 to 2030 and is aligned with the Government of India's goal of achieving 500 GW of renewable energy capacity by 2030, with half of its electric power coming from nonfossil fuel sources by the same date.



■ **Solar power facility, Uttar Pradesh.** ADB arranged financing for a SAEL Industries solar power plant in Gujarat to provide a cost-effective, clean source of energy for the state (photo by SAEL Industries Limited).





■ **City bus plies its route, Bangkok, Thailand.** An ADB-led financing package will fund up to 1,500 electric buses in Thailand to replace diesel vehicles that contribute to air and noise pollution (photo by ADB).

The transport sector contributes a third of Thailand's annual CO<sub>2</sub> emissions. The national government is aiming to cut emissions by 20% by 2030 compared to a business-as-usual scenario. It has introduced EV 30@30, a plan to lower emissions in the sector and a key component is increasing the share of electric vehicles made in Thailand to 30% of the total vehicle fleet by 2030.

To assist the national government's plan, ADB has put together a financing package that will fund the procurement of up to 1,200 electric buses (e-buses) to be used for public bus transportation services by the Thai Smile Bus Company Limited (TSB) and its subsidiaries in the capital, Bangkok. Funding for the [Energy Absolute Public Bus Electrification Project](#) includes a 1.3 billion Thai baht (equivalent to \$37 million) ADB loan, along with cofinancing of \$77 million, which has been committed to Energy Absolute Public Company Limited (Energy Absolute) to procure the e-buses that will replace aging diesel buses. The e-buses will be provided to TSB under a 4-year hire purchase arrangement, and at least 40% of the components will be locally sourced.

Public buses in Bangkok account for between 66% and 80% of total public transport journeys. Most have been in operation since the 1990s and are powered by engines using diesel and

natural gas, which contribute to both air and noise pollution. In addition, there are concerns about their lack of safety features and inability to cater to people with disabilities. The e-buses will address these shortcomings by including dedicated seating for people with disabilities and pregnant women, ramp access, improved lighting, and security cameras.

The project involves one of the first major financing packages for e-buses used for public transport in Southeast Asia. ADB led the loan structuring and catalyzed cofinance at a ratio of \$2 for every \$1 of ADB investment. The cofinanciers include development finance institutions, Japan International Cooperation Agency (\$40 million) and Export-Import Bank of Thailand (1.3 billion Thai baht). A successful rollout is expected to help encourage commercial financing support for similar projects in the future.

Energy Absolute, established in 2006, is one of the largest renewable energy companies in Thailand and has long-standing relationships with the bank supporting the company's maiden green bond issuance in 2019, a first green loan financing in 2020, and an electric ferries project in 2022. Along with providing finance, ADB has also helped Energy Absolute put in place strong environmental and social safeguards and strengthen gender equality in its operations.



Expanding the coverage of modern information and communication technology services to include underserved groups helps reduce development gaps. In the Philippines, the [Ison Nationwide Digital Connectivity Project](#) will fund the construction and operation of up to 800 telecommunications towers in underserved areas across the archipelago. ADB has committed a 12-year loan of 2.4 billion pesos, with loan cofinancing of the same amount from a Philippine commercial bank, the Security Bank Corporation, to iSON Tower Limited Incorporate (Ison). Ison is a special purpose vehicle of the iSON Group, which provides telecommunications infrastructure and services across more than 30 countries in Asia, Africa, and the Middle East.

Making telecommunications infrastructure and services available to all communities is vital to support inclusive economic growth and sustainable development. Despite having one of the highest smartphone penetration rates in Southeast Asia, structural challenges in the telecommunications industry and the archipelagic nature of the Philippines have resulted in tower coverage that is significantly lower than other countries in the region.

The project has drawn lessons from previous ADB-assisted telecommunications projects and adopted a portfolio lending approach that enables the bundling of many micro projects that would be too costly to fund on their own. The project also has structural elements that address specific development risks and allow periodic right-sizing of debt based on contracted cash flows achieved.

Long-tenor finance on a nonrecourse basis for greenfield telecommunications tower development is difficult to obtain in the Philippines as local domestic financial institutions lack familiarity with the risks involved in lending to it. ADB, in partnership with Security Bank Corporation, has set a precedent for financing in this new segment, which is expected to encourage other financial institutions to support its development. In addition, ADB's participation in the project helps ensure that iSON adopts international best practices in areas such as financial reporting and environmental and social safeguards, while promoting gender equality by putting in place an action plan to increase job opportunities for women in technical and management roles.



**Telecommunications towers, Philippines.** Expanding access to telecommunications services in the Philippines will be boosted by an ADB project to finance construction of 800 towers in underserved areas of the archipelago (photo by ADB).

## Private Equity Funds

Investments in private equity funds contribute to sustainable development in many ways with capital injections in companies that support job creation, inclusive green growth, and promotion of gender diversity. ADB makes these investments to broaden the reach and development impact of its operations.

Over 2023, investments were made in funds providing growth capital to middle-market companies in India and Southeast Asia. ADB also subscribed to its first private sector sustainability-linked bond issuance in Georgia, with the proceeds earmarked for renewable energy and education investments (Box 10).

In India, private equity platform True North received a \$50 million equity commitment from ADB for investment in **True North (GIFT) Fund VII**, a US dollar-denominated private equity fund established as a trust in Gujarat International Finance Tec-City in India. The fund and its domestic Indian rupee denominated master fund, True North Fund VII, aim to raise up to \$650 million in aggregate capital commitments to invest minority and majority stakes in profitable and fast-growing companies operating in India's health care, financial services, consumer goods and services, and information technology sectors. The fund's investments are expected to support sustainable and inclusive economic growth and development in the targeted sectors in India.

As part of this follow-on investment, ADB's gender team will help True North implement a gender scorecard system, allowing the



**Lab technician at a hospital laboratory, Gurugram, India.**

An ADB investment in Indian private equity platform True North will provide capital for companies in health care and other sectors that promote sustainable and inclusive growth and development (photo by Amit Verma for ADB).


fund to apply a gender lens approach to its investments for the first time. Gender lens screening involves using criteria to ensure investments are genuinely promoting gender equality and women's empowerment. ADB's commitment in True North (GIFT) Fund VII follows ADB's earlier \$50 million investment in the predecessor fund, True North VI, in 2017.

True North, one of India's most experienced private equity platforms, has invested approximately \$2.1 billion across 61 investments since inception. True North is currently evaluating potential investments in businesses that will expand financial inclusion opportunities for underserved groups and strengthen health infrastructure and services. By assuming a seat in the GIFT fund's advisory board, ADB will provide guidance on the fund's governance aspects.



## BOX 10

## First Private Sector Sustainability-Linked Bond Investment in Georgia



■ **Buckswood School, outside of Tbilisi.** ADB's subscription of a sustainability-linked bond issuance in Georgia will help finance investments in renewable energy and education (photo by JSC Georgia Capital).

Sustainability-linked bonds specifically targeted at financing renewable energy, gender equality, education, health, and water and sanitation are increasingly important and powerful tools used by the Asian Development Bank (ADB) to assist its developing member economies in achieving the Sustainable Development Goals.

The ADB Private Sector Operations Department (PSOD) is actively seeking to advance the use of these bonds and in 2023, ADB subscribed to its first private sector sustainability-linked bond issuance in Georgia under the **Georgia Capital Sustainability-Linked Bond Project**. The investment of \$20 million follows ADB's first private sector sustainability-linked financing agreement in 2022, which was a debenture investment in one of India's leading animal protein companies.

The \$150 million 5-year bond issued by Joint Stock Company Georgia Capital (GCAP) is the largest bond listed on the Georgian Stock Exchange and the largest sustainability-linked issuance in Georgia and the Caucasus to date. The bond proceeds will allow GCAP to refinance an eurobond issued in 2018 that raised funds for investments in renewable energy, water, housing, and education. The ADB financing will be earmarked for renewable energy and education

investments, as well as for working capital and corporate measures to be taken by GCAP to meet its sustainability-linked performance targets.

The commitment from ADB at a time of market uncertainty helped provide confidence to other international financial institutions, resulting in investments of \$83 million in the issuance, an unprecedented amount for a Georgian-listed corporate bond. The domestic capital market in Georgia is still relatively small and the bond is expected to have an important demonstration effect, promoting the issuance of further sustainability-linked financial instruments. It will also contribute to Georgia's broader Paris Climate Agreement goal, which aims to reduce total greenhouse gas emissions to 30% below 1990 levels by 2030.

GCAP, one of the largest private investment management companies in Georgia, is also the first business in the country to set a net-zero greenhouse gas emissions target. It aims to achieve the target by 2050 by requiring its main portfolio companies to take climate-friendly actions, including replacing fossil-fuel based energy with renewable power and fuel-based vehicles with electric vehicles. GCAP is a subsidiary of Georgia Capital PLC, a London Stock Exchange-listed company with which ADB has worked together on a number of transactions since 2019.

Source: Asian Development Bank (Private Sector Operations Department).



ADB committed \$25 million equity investment in [Exacta Asia Investment III LP](#), a private equity fund that will provide growth capital to middle-market companies in Southeast Asia. Exacta III will be managed by the Singapore-headquartered equity fund manager Exacta, and will invest primarily minority stakes in companies in Malaysia, the Philippines, Singapore, Thailand, and Viet Nam that operate in the business services, consumer, education, health care, financial services, and manufacturing sectors. Having a target size of up to \$350 million, the fund will invest ticket sizes ranging from \$15 million to \$50 million in 10–12 companies.

Exacta has a strong track record of investing in companies aligned with ADB's development impact mandate and has helped introduce new technology and operational expertise to its investee companies. ADB's investment is its second in a fund managed by Exacta, with \$25 million previously committed to Exacta Asia Investment II LP in 2018.

With ADB guidance, Exacta III will encourage its investee companies to adopt energy efficiency measures that can deliver energy savings and emissions reductions. At least two investee companies are expected to have energy efficiency assessments and commit to a 10% reduction in greenhouse gas emissions. In addition, Exacta III has committed to an ADB action plan to promote gender equality across its operations, and to use a gender lens impact assessment tool to ensure investee companies are incorporating gender-inclusive practices.

The pandemic took a severe toll on the economies of Southeast Asia, exacerbated

by geopolitical tensions and tighter monetary conditions. This has made it harder for companies in the region to raise funds and expand their businesses. With its capital investment, ADB aims to catalyze additional capital into Exacta III to help the company reach its target size. Exacta III's investments will support the growth plans of investee companies, thereby contributing to the post-COVID-19 recovery in the fund's target countries by driving domestic consumption, increasing manufacturing exports, supporting the growth of specialized business support services, and promoting regional expansion.



## Catalyzing Cofinancing

Cofinancing assistance from both commercial and concessional sources is essential to the success of ADB operations. By filling funding gaps, sharing risks, and providing expertise, cofinancing partners increase the development effectiveness of ADB's work. PSOD helps catalyze cofinancing, using financing tools and products that include loans syndication, credit enhancements, risk transfers, guarantees, and blended finance, all of which help to de-risk investments and make them more attractive and bankable.

In 2023, ADB and the Japan International Cooperation Agency signed an agreement to establish the Leading Asia's Private Infrastructure Fund 2, which will be tapped to provide cofinancing for high-quality infrastructure in Asia and the Pacific (Box 11).

## BOX 11

## LEAP 2 Fund to Continue Support for Private Sector Infrastructure Projects

■ **Semsang Khushig Khundi solar power plant, Tuv aimag, Mongolia.** The new LEAP 2 fund will continue to provide finance alongside ADB for high-quality infrastructure like this solar power plant, which was constructed with support from the original LEAP fund (photo by Ariel Javellana/ADB).

The Asian Development Bank (ADB) works with a wide variety of cofinancing partners, including funds, to help finance infrastructure that supports sustainable development, contributes to climate change mitigation and adaptation, and provides employment. One of the funds ADB works with is the Leading Asia's Private Infrastructure Fund (LEAP), first established in 2016 to leverage and complement ADB's private sector infrastructure projects. LEAP investments have had a strong focus on renewable energy and climate mitigation, but have also assisted other sectors including health care, recycling, transport, logistics, and telecommunications. With the initial LEAP fund concluding in August 2023, ADB entered into an agreement with the Japan International Cooperation Agency (JICA) to establish a successor fund, LEAP 2, a single-partner trust fund with a capital investment of \$1.5 billion provided by JICA. Like the original fund, LEAP 2 will be administered by ADB and will continue to help fill financing gaps in infrastructure projects of ADB's Private

Sector Operations Department (PSOD). LEAP 2 will deploy capital in the form of loans, equity investments, and mezzanine finance transactions.

LEAP 2 will provide financing to companies and projects, as well as financial intermediaries that have infrastructure links. Under its commercial program, it will target large infrastructure projects that ADB financing may not be able to fully meet because of exposure limits or other restrictions. Its concessional program will provide finance on terms that differ from funds committed by ADB.

The initial LEAP successfully supported 35 projects across 14 of ADB's developing member countries with commitments totaling \$1 billion as of June 2023. These commitments, supplemented by other capital sources and ADB, have financed \$13.8 billion worth of infrastructure, including \$7.8 billion in the renewable power sector. Development benefits from

*continued on next page*



## Box 11 continued



projects that LEAP financed between 2019 and 2023 include the avoidance of greenhouse gas emissions equivalent to 6.2 million tons of carbon dioxide and the creation of over 7,200 jobs, including 2,794 for women.

LEAP 2 will continue this focused assistance, prioritizing projects that seek to tackle climate change and build climate and disaster resilience, make cities more livable, and boost gender equality. Its creation demonstrates the ongoing and strong relationship between ADB and JICA for the rollout of high-quality infrastructure in Asia and the Pacific, where the infrastructure financing requirements are estimated at around \$1.7 trillion a year.

From 2007 to 2022, ADB has provided almost \$24 billion in commitments for private sector projects. It catalyzed about \$30 billion in cofinancing, of which infrastructure development represented 61% of the total. As private sector operations are expected to grow in volume and significance with the implementation of ADB's new operating model, LEAP 2 will play an important role in helping PSOD meet its objective of funding high-quality, resilient, and sustainable infrastructure projects. By making commitments to private sector projects, LEAP 2 will also help PSOD catalyze additional cofinancing from other sources and increase development impacts.

Sources: ADB. 2023. JICA to Provide Up to \$1.5 Billion for ADB-Managed LEAP 2 Fund to Support Infrastructure in Asia and the Pacific. News release. 8 December; ADB. Establishment of the Leading Asia's Private Sector Infrastructure Fund 2. Manila.



As it moves to scale up assistance from cofinancing partners, ADB is aiming to raise \$2.5 in long-term cofinancing for private sector operations for every \$1 of its own resources. In 2023, the long-term cofinancing ratio reached \$2.7. Overall, long-term project cofinancing reached \$3.4 billion in the form of risk transfers, B loans, guarantees, and parallel and official cofinancing (Figure 8).

### Project Cofinancing

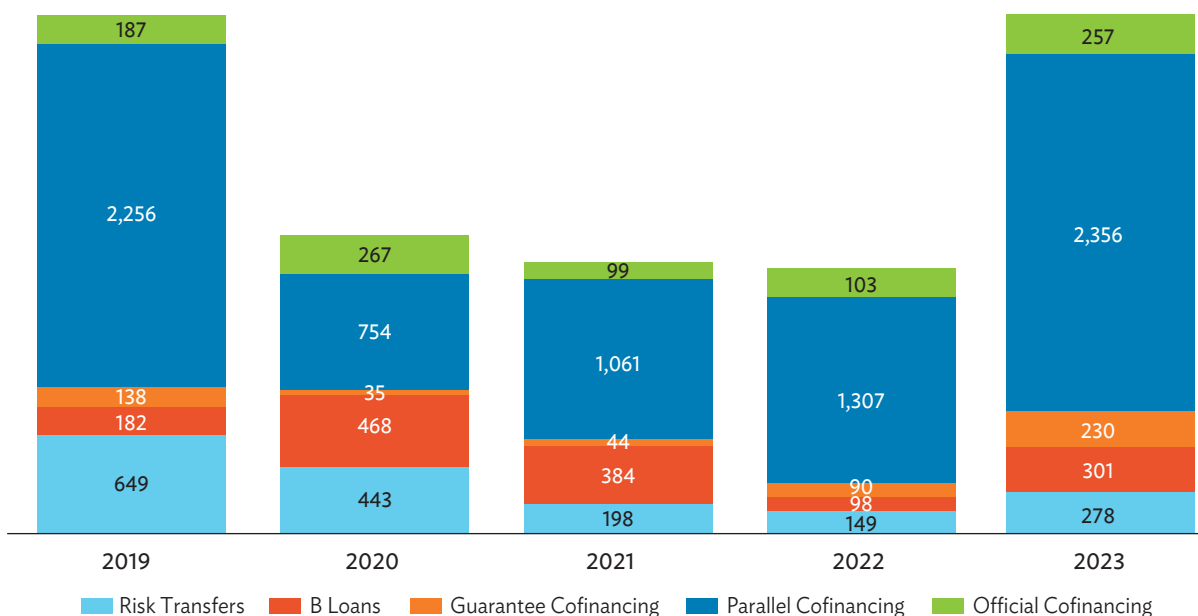
In 2023, there were substantial cofinancing commitments for PSOD projects, particularly in the clean energy sector. One of these projects was the Monsoon Wind Power Project in the Lao People's Democratic Republic, for which ADB arranged, structured, and syndicated the financing. The project catalyzed \$582.6 million in external financing from trust funds, B loans, and parallel loans, alongside ADB resources of \$110 million, highlighting PSOD's ability to mobilize cofinancing support. Once complete,

this wind power plant will be the first in Asia to deliver power across borders (Box 12).

Meanwhile, PSOD played a major role in putting together financing for two wind power projects in Uzbekistan, which drew investments from both institutional and commercial cofinancing sources; and for a solar project in Bangladesh, which is set to be one of the first private sector utility-scale solar power developments in the country funded by international lenders.

Under the Dzhankeldy Wind Power Project, ADB is extending a \$40.4 million loan and will administer a loan of the same amount from the Leading Asia's Private Infrastructure Fund (LEAP) to ACWA Power Dzhankeldy Wind Foreign Enterprise Limited Liability Company (Dzhankeldy) to construct and operate a 500 MW plant with 79 turbines. Separately, ADB made a \$46.3 million loan and will administer a third party loan of the same amount from LEAP to ACWA Power Bash Wind Foreign Enterprise

**Figure 8: Private Sector Operations Department Long-Term Cofinancing, 2019–2023**  
(\$ million)



Source: Asian Development Bank (Private Sector Operations Department).

## BOX 12

## ADB Arranges Financing for Groundbreaking Southeast Asia Wind Project



■ **ADB-assisted wind farm, Southeast Asia.** ADB investments for renewable energy development in Southeast Asia in 2023 included an inaugural wind power project in the Lao People's Democratic Republic (photo by ADB).

The first wind power plant in the Lao People's Democratic Republic (Lao PDR) and the largest in Southeast Asia is to be constructed under the Asian Development Bank (ADB) **Monsoon Wind Power Project**. The ADB-led financing package for the project is also the largest syndicated financial transaction to date for a renewable energy project in the Association of Southeast Asian Nations. The Monsoon Wind Power Company Limited will use the committed funds of \$692.6 million to construct and operate a 600-megawatt wind power plant with 133 wind turbine generators in two southern provinces of the Lao PDR. The electricity will be sold and exported to neighboring Viet Nam via a 22-kilometer-long transmission line, making it the first cross-border wind power project in Asia.

ADB has provided an A loan of \$100 million and a commercial B loan, comprising contributions of \$100 million from Siam Commercial Bank and \$50 million from Sumitomo Mitsui Banking Corporation to the company. Concessional assistance to be administered by ADB includes \$20 million from the Leading Asia's Private Infrastructure Fund, \$10 million from the Canadian Climate Fund for the Private Sector in Asia, and \$20 million from the Canadian Climate Fund for the Private Sector in Asia II. Parallel loans are being provided by the Japan International Cooperation Agency (\$120 million); Kasikorn Bank (\$100 million); Asian Infrastructure Investment Bank (\$72.6 million); Export-Import Bank of Thailand (\$60 million); and Hong Kong Mortgage Corporation Limited (\$30 million).

In addition, a \$10 million grant has been provided through the Asian Development Bank-Private Sector Window.

The funding was arranged, structured, and syndicated by ADB. The provision of concessional assistance and a grant from the Private Sector Window were key in helping to address bankability issues by lowering the overall interest rate, providing back-ended repayment, and creating a reserve account to ensure availability of funds for debt service in case of output curtailment. Addressing these risks helped remove hurdles to entry for commercial lenders.

The project demonstrates the ability of ADB's Private Sector Operations Department to catalyze private capital and put together innovative transactions needed to address viability concerns for complex, large-scale infrastructure development. The involvement of ADB also ensures that the project developer will put in place strong environmental and social standards, take measures to promote gender equality, and set out an action plan with operational job targets and technical internships for women.

The plant will allow the Lao PDR to draw on its untapped wind resources and diversify its energy generation base, which is dominated by hydropower. It is expected to deliver annually at least 1,519 gigawatt-hours of electricity and reduce annual greenhouse gas emissions by at least 748,867 tons of carbon dioxide equivalent.

Source: Asian Development Bank (Private Sector Operations Department).

Limited Liability Company (Bash) for the construction and operation of another 500 MW grid-connected plant with 79 wind turbines.

The two projects are each receiving cofinancing from the European Bank for Reconstruction and Development (Bash \$280.8 million, Dzhankeldy \$259.6 million); German development finance institution, DEG (Bash \$29.8 million, Dzhankeldy \$29.8 million); French development finance institution, Société de Promotion et de Participation pour la Coopération Économique S.A., Proparco (Bash \$40 million, Dzhankeldy \$40 million); and OPEC Fund for International Development (Bash \$19.8 million, Dzhankeldy \$19.9 million).

ADB was mandated by Bash and Dzhankeldy's owner ACWA Power Company (ACWA), a Saudi Arabia-listed business with major power generation and desalination assets across 13 countries, to finance the projects following ADB's successful closing of agreements for the Navoi Solar Power Project in 2020 and the Zarafshan Wind Power Project in 2020.

The provision of up to 20-year tenor United States dollar loans by ADB and LEAP helped to make the two projects bankable. The financial structuring also provides a model for potential replication in future renewable energy projects. Combined, the two plants will have generating capacity of 3,235 GWh of electricity a year, and once in operation will avoid greenhouse gases of nearly 2 million tons of CO<sub>2</sub> equivalent a year.

Replacing aging and inefficient natural gas-fired power facilities with renewable energy is a development priority for Uzbekistan as it has to reduce the carbon intensity of its economy and meet fast rising demand for power. The low domestic price of natural gas relative to international prices has hindered energy sector greening in the past. These projects are a major step forward and will assist the national government in meeting its goal to generate at least 25% of total electricity from renewable energy sources by 2030.

In Bangladesh, ADB is arranging financing for one of the first private sector utility-scale solar power plants to be funded by international lenders. The [Paramount Solar Power Project](#) is expected to pave the way for future private solar power developments in the country. Along with its own loan of up to \$50 million, ADB will catalyze a B loan of \$28 million, totaling up to \$78 million for Dynamic Sun Energy Private Limited to build a 100 MW grid-connected solar photovoltaic power plant and associated infrastructure in Pabna,



**Electricity transmission towers, Uzbekistan.** ADB helped arrange financing for the Bash and Dzhankeldy wind power projects, which will have a combined generating capacity of 3,235 gigawatt-hours of clean electricity a year (photo by Relisa Granovskaya for ADB).



west of the capital Dhaka. The plant will provide electricity to the national grid under a 20-year power purchase agreement.

Private sector solar power projects in Bangladesh have been severely limited in the past due to challenges that include developer capacity and land acquisition issues. Dynamic Sun Energy Private Limited is a special purpose vehicle of Bangladesh-based Paramount Textile PLC, one of the largest textile manufacturers in Bangladesh. Paramount Textile PLC, which has previously developed a 30-MW solar power project, will manage the construction and operation of the plant. The project has already acquired the bulk of land needed, overcoming one of the key hurdles.

As the sole lead arranger, ADB has made the project bankable through its own loan and the mobilization of the B loan and parallel finance by providing long-term funds that are typically unavailable in the market for private sector solar projects. ADB's involvement as an investor and mobilizer of the B loan and parallel finance is expected to have a strong demonstration effect, paving the way for future private sector-financed solar power developments.

There is a substantial pipeline of projects needed to help the Government of Bangladesh achieve its goal of sourcing 40% of the country's energy from renewable sources by 2041. The DSE project will support that target by generating 193.5 GWh of electricity annually, while avoiding greenhouse gas emissions of 93,654 tons of CO<sub>2</sub> equivalent. It also includes a gender action plan for the solar plant that sets female staffing targets in management roles, employment targets for women with disabilities, adoption of a gender equality policy, paid technical or management internships for women, and professional development training for women.

### Third Party Funds and Blended Finance

Blended finance involves a combination of concessional donor funds (third party funds), alongside ADB resources and commercial market-based finance. This mix of financing helps mitigate risk, reduces costs for the borrower, and allows projects that could not move ahead with only commercial funds to proceed.

ADB administers third party funds that make important contributions to operations, both through the provision of additional finance and by helping to catalyze investments from other sources. The funds, such as LEAP and the Canadian Climate Fund for the Private Sector in Asia (I and II), provide assistance for a wide range of activities, which includes financing infrastructure and promoting action on climate change and other activities advancing sustainable development.

Blue loans and bonds specifically targeted at financing the cleanup of oceans and the creation of healthy marine environments are tools that PSOD is actively tapping to promote sustainable development. Following its first independently verified private sector blue loan to Indorama Ventures Global Services Limited in 2020 to expand plastics recycling plants, ADB made a further private sector commitment in 2023 for a polyethylene terephthalate (PET) recycling plant in Central Java, Indonesia that will reduce marine plastic pollution and promote a circular economy for the use of plastics. Under the [Alba Blue Loan for Recycling](#) project, ADB and LEAP have each committed loans of \$22.1 million to PT ALBA Tridi Plastics Recycling to construct and operate the plant that will produce high-quality recycled PET (rPET) flakes and pellets that will be used for new food-grade rPET bottles.



■ **Carrying waste for recycling, Jakarta.** An ADB blue loan to fund a plastics recycling plant in Indonesia will reduce ocean plastic pollution (photo by ADB).

This second certified blue loan project aligns with ADB's Action Plan for Healthy Oceans and Sustainable Blue Economies, as well as its Oceans Financing Initiative, which aims to boost opportunities for the private sector to invest in bankable projects to improve ocean health.

Around 8 million to 12 million tons of plastic end up in the ocean every year with Indonesia as one of the largest contributors. The plant will source waste PET bottles from Java, Kalimantan, and Sulawesi and is expected to recycle up to 48,000 tons annually, diverting waste from the ocean, landfills, and open burning. Along with supporting Indonesia's goal to achieve near-zero plastic pollution and a circular economy for plastics by 2040, it will target a 43.2% reduction in greenhouse gas emissions relative to business-as-usual waste practices.

Sourcing funding for rPET production is challenging in Indonesia. ADB and LEAP loans addressed these challenges, fulfilling the

demand for long-term finance. ADB assisted in establishing a financing structure for the project that seeks to mitigate construction, feedstock, and offtake risks. Along with providing an example for private sector investment in the recycling industry that has the potential for future replication, the project is expected to promote interest in the use of blue loans, a relatively new but promising asset class.

PT ALBA Tridi Plastics Recycling, a company of ALBA Group Asia Limited, headquartered in Hong Kong, China, is an integrated waste management business that is part of the ALBA group with more than 250 waste management and recycling facilities in Europe and Asia.

In Nepal, Global IME Bank Limited (GIBL) received an innovative blended financing package from ADB in 2023 for the [Global IME Supporting Small and Medium-Sized Enterprises Project](#) that will help address funding gaps for SMEs, particularly those owned and led by women. The package includes a \$20 million ADB loan, a grant of up to \$1.3 million from the Asian Development Bank–Private Sector Window (ADB–PSW) facility, and a contingent grant of up to \$1 million from the facility. In addition, ADB will act as lender of record for a commercial B loan of \$10 million.

GIBL will onlend the loan proceeds to SMEs, of which 50% will be directed to the SMEs owned and led by women (WSMEs). Further, half of the loans to WSMEs will be provided on an uncollateralized basis. The \$1.3 million ADB–PSW grant will allow GIBL to extend low-cost loans to vulnerable and disadvantaged WSMEs. The contingent grant will support the pilot introduction of an uncollateralized loan product also for WSMEs with an offer of a partial guarantee covering a portion of the loans.



The project is ADB's first long-term debt exposure to financial institutions in Nepal. By partnering with GIBL, ADB is helping to address the large formal financing gap for WSMEs in the country. Despite contributing to over 20% of Nepal's gross domestic product and employing 2.8 million people, access to credit remains a major challenge for SMEs, with the financing gap for these enterprises estimated to have reached over \$1 billion by 2018. WSMEs face additional barriers because of their low fixed asset ownership levels and perception of high risk among lenders. The only financing product specifically targeting WSMEs in Nepal is a concessional credit scheme introduced by the central bank in 2019 for banks to lend to women entrepreneurs, which has had low take-up with just 800 women benefiting as of mid-2019.

Against this backdrop, ADB decided to assist GIBL given its wide reach, focus on SMEs, and plans to increase loans to women borrowers. With the partial guarantee supporting uncollateralized loans for WSMEs, ADB has enabled GIBL to offer a new lending product to WSMEs. The funding package also provides long-term assistance that will boost GIBL's credit-to-deposit ratio and aid its growth plans. GIBL, which is the largest bank by asset size in Nepal, has over a quarter of its loans in the SME sector and is planning a major expansion of its portfolio, driven by lending in the SME and retail sectors.



**Cafe staff preparing steamed dumplings, Nepal.** An ADB-led package for Nepal's largest bank will expand lending to small businesses, particularly those led by women (photo by ADB).





## Programs and Initiatives of the Private Sector Operations Department

### Trade and Supply Chain Finance Program

The Trade and Supply Chain Finance Program (TSCFP) has a mandate to make global trade and supply chains greener, more resilient, inclusive, transparent, and socially responsible. TSCFP works with partners to achieve this through a combination of trade and supply chain transactions, as well as knowledge initiatives and solutions. It provides guarantees and loans, which along with cofinancing, provide significant amounts of funding to meet shortfalls in trade finance, particularly for SMEs in Asia and the Pacific.

In 2023, TSCFP's trade and supply chain finance business supported 21,416 transactions providing over \$4.7 billion, including \$2.9 billion in cofinancing. The transaction total was up 112% on the 2022 number, largely reflecting growth in the supply chain business. There were 6,988 transactions supporting SMEs; more than 2,800 supporting intraregional trade; and around 1,300 supporting trade between ADB developing member countries. Cofinancing from the private sector made up 62% of the total value of transactions, in line with TSCFP's ongoing commitment to leverage private sector involvement in its work.

The four countries where TSCFP was most active in 2023 were Bangladesh, Pakistan, Viet Nam, and Uzbekistan, with the latter being a major growth market for the program. Macroeconomic challenges in markets in Pakistan and Sri Lanka, compounded by the

overall slowdown of global trade, impacted the dollar value of transactions, which fell from \$7.7 billion in 2022 to \$4.7 billion in 2023. Dollar value support is expected to improve in 2024 as the Pakistan and Sri Lanka markets stabilize and global trade picks up.

In September, the TSCFP launched its 2023 Trade Finance Gaps, Growth, and Jobs Survey, the world's leading barometer of trade finance health. The survey reported that the global trade finance gap grew to a record \$2.5 trillion from \$1.7 trillion in 2020. Rising interest rates, flagging economic prospects, inflation, and geopolitical volatility have all reduced the capacity of banks to deliver sufficient trade financing.

The TSCFP is driving industry-leading initiatives to digitalize global trade in physical goods and to track and report carbon throughout supply chains. It also continues its fight against trade-based money laundering. In 2023, it presented preliminary findings from a pilot initiative implemented in five DMCs to better detect trade-based money laundering. The findings will be published in 2024. TSCFP aims to scale the pilot globally.

In 2023, TSCFP partnered with the US Department of State to host an event in Bangladesh to promote environmental sustainability and social responsibility in trade and supply chains. A workshop with the Vietnam Women Entrepreneurs Council, meanwhile, helped female entrepreneurs to better engage in international trade and benefit from supply chain financing. TSCFP also entered into a risk participation agreement with Deutsche Bank to enhance access to global supply chains for SMEs and another with Nepal Bank Limited to provide guarantees that will boost trade.

## Microfinance Program

Many MSMEs across Asia and the Pacific find it difficult to source funds for their needs from formal financial sources. To address this constraint, ADB's Microfinance Program (MFP) provides a credit enhancement facility that promotes private sector lending to farmers, microborrowers, and small enterprises. The MFP facility allows commercial banks, financial institutions, and funds to expand financing to microfinance institutions and nonbank financial institutions, which in turn provide loans to microborrowers and small businesses. With this mechanism, the MFP helps stimulate rural economic growth, as well as greater financial inclusion in the region.

Since its inception in 2010, the MFP has focused on making credit more accessible to women. A large part of the funding comprises micro loans targeted at women from low-income households who find it especially difficult to access credit, and whose livelihoods are highly vulnerable to impacts of climate change.

In 2023, the MFP supported the delivery of \$477.1 million in loans through 27 microfinance institutions, including cofinancing of \$245.3 million. The financing volume was up 40% from the year earlier, with the assistance benefiting more than 1 million borrowers, most of whom live in rural areas. The MFP has seven active partner financial institutions, supporting microfinance institutions in Bangladesh, Georgia, India, Indonesia, Pakistan, and Uzbekistan.

The MFP also continued to provide technical assistance to microfinance institutions to augment their capacity to offer home improvement loans and microinsurance to clients, enabling them to become more resilient to climate change and disasters.

## ADB Ventures

ADB Ventures, the bank's venture capital investment facility under PSOD, invests in early-stage companies with technology-enabled solutions that have the potential to scale and deliver climate and development impacts in emerging Asia. Since its launch in 2020, ADB Ventures has made equity investments in 12 companies, and in 2023, expanded its portfolio to include three new companies with \$4.4 million in equity commitments.

The new company investments include Revfin, a financial technology company that provides loans for electric vehicles in India driven by data analytics and customized underwriting methods; Chickin, an Indonesia-based company that equips smallholder poultry farmers with digital technologies, facilitates market linkages, and improves efficiencies in supply chains; and Selex Motors, a developer of electric vehicles and battery-swapping solutions in Viet Nam.

Along with these investments, the SEED program of ADB Ventures continued catalytic funding for early-stage companies to validate and deploy their solutions in developing Asia. The SEED program also generates proprietary deal flows for ADB Ventures' investment operation. In 2023, the Republic of Korea's Ministry of Economy and Finance pledged \$3 million to expand the program and support ADB Ventures in lowering barriers to market entry; and to pilot climate, gender, and development impact-focused solutions.

The key anchor investors of ADB Ventures include the Ministry for Foreign Affairs of Finland, the Republic of Korea's Ministry of Economy and Finance, the Korea Venture Investment Corporation, the Climate Investment Fund, and the Nordic Development Fund. The SEED program has funded nearly

40 companies in a range of sectors including climate-smart farming, climate-related financial technology solutions, e-mobility, and energy efficiency, to encourage cross-border technology transfers and knowledge sharing in 13 developing member countries.

### Women's Finance Exchange

One of the ways that PSOD works to reduce the equity gap and uplift the lives of women is by working to ensure their financial inclusion through greater access to finance. Typically, MSMEs particularly those owned and led by women struggle to source funds for their businesses, with the finance gap for MSMEs owned or led by women in emerging economies estimated at approximately \$1.7 trillion. The Women's Finance Exchange (gWFX) was launched in 2021 to support financial institutions and their women borrowers in reducing this gap.

The gWFX helps deliver gender-responsive financing to better serve women's businesses and provides services to financial institutions to support green and inclusive finance. This platform also serves as a forum for sharing knowledge and best practices, generating information on gender-related credit gaps and potential opportunities for financial institutions targeting women-owned businesses, as well as exploring innovations at the nexus of gender and climate finance. The gWFX supports ADB investment transactions and assists financial institutions to integrate sustainability considerations and a gender lens into their credit decisions.

In 2023, the gWFX developed several tools and knowledge products, including the [Steps for Integrating Sex-Disaggregated Data at a Financial Institution](#), a guidance note developed to assist financial institutions in collecting and using this data. The note provides the business case for investments in the women's market and gives step-by-step guidance on how financial institutions can integrate sex-disaggregated data to evaluate women's creditworthiness. The gWFX also collaborated with ADB's Climate Change and Sustainable Development Department to prepare a brief on the gender bond market, which illustrates how this nascent market can effectively channel much-needed capital to women-owned businesses. gWFX held nine knowledge and training events in 2023 with over 550 participants discussing topics that focused on gender and technology, certified gender bonds, business planning, and the unique challenge of climate risks for financial institutions.

During the year, gWFX also launched a publication, [Women-Owned Micro, Small and Medium-Sized Enterprises in Fiji: Opportunities and Challenges for Private Sector Financial Institutions](#), which provides insights into how these institutions can help women-owned MSMEs access credit. Seeking out cutting-edge solutions across the region, gWFX organized a technology innovation challenge in Pakistan and conducted a study to evaluate the financial technology landscape in Indonesia, the Philippines, and Viet Nam to provide an overview of investment opportunities and increase funding for women's businesses.



## Private Sector Window

The ADB Private Sector Window to promote private sector operations in Group A countries is an ADB-managed concessional fund that aims to mobilize private capital for the development of the private sector in targeted economies. Launched as a pilot in 2020, ADB-PSW offers additional resources and financial products to address and reduce common financing constraints that hinder many private sector transactions in Group A (concessional assistance only) countries.

The ADB-PSW fund comprises three blended concessional finance approaches: a local currency solution, a blended finance solution, and a loan guarantee solution. It is available to support a broad range of sectors and themes such as sustainable agribusiness; education; financial services (including SMEs and microfinance institutions); gender equality; health; information and communication technology; and water, sanitation, and waste management.

In 2023, ADB signed four transactions financed by ADB-PSW. This included assistance to mitigate curtailment risks for the Monsoon Wind Power Project in the Lao PDR, support blue tourism development in Maldives, expand lending to MSMEs in the Kyrgyz Republic, and provide credit to underserved WSMEs in Nepal under the Global IME Supporting Small and Medium-Sized Enterprises Project.

The **BML Supporting Recovery of the Small and Medium Enterprise and Blue Economy Tourism Sector Project** will enable the Bank of Maldives Plc (BML) to finance SMEs and help grow the blue economy. Acting as lead arranger and bookrunner, ADB structured and syndicated financing for the project, which includes a \$14 million ADB loan, a parallel loan of \$13 million from the Japan International Cooperation Agency, and a parallel loan of \$5 million from the Development Bank of Austria. BML, the largest of eight banks operating in the country, has consistently supported SMEs and the tourism industry and will use the proceeds to onlend to local businesses and promote blue economy activities.

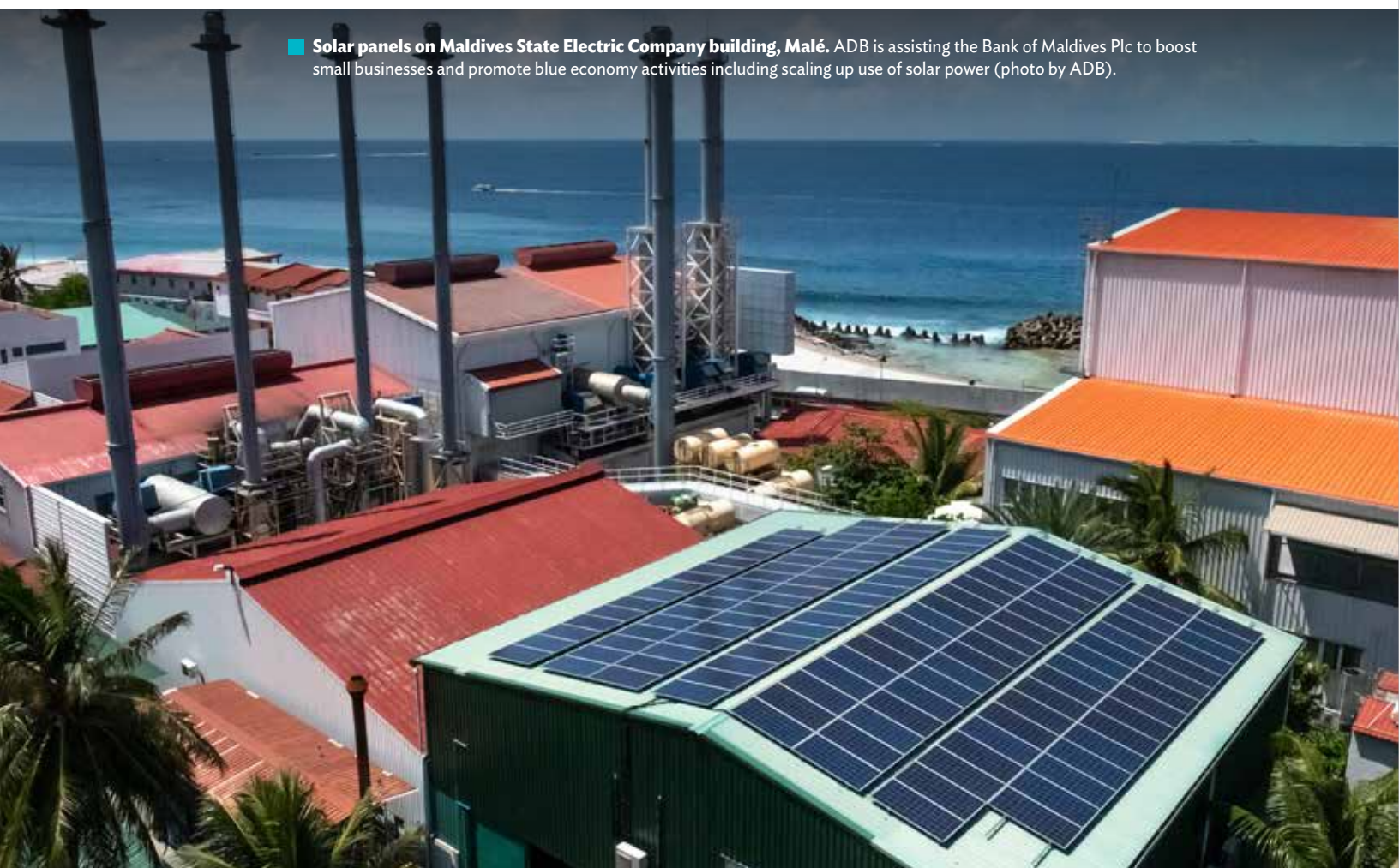
Up to 60% of the proceeds of the loans will be used to finance SMEs and at least 5% will go to firms owned and run by women. In addition, a concessional loan of \$9 million from the Canadian Climate Fund for the Private Sector in Asia II, along with the \$1 million ADB-PSW grant, will be extended to tourism enterprises for blue economy activities that promote climate change mitigation and adaptation. The Canadian Climate Fund for the Private Sector in Asia II is an ADB-managed concessional product designed to support increased private sector participation in climate change mitigation and adaptation activities in developing countries in Asia and the Pacific.

The long-tenor United States dollar financing from ADB will allow tourism businesses to maintain existing operations, while upgrading facilities in anticipation of increased tourist flows, aiding in the broader recovery of the Maldives economy. BML is the only bank with majority ownership by the government.

The project aligns with ADB's Action Plan for Healthy Oceans and Sustainable Blue Economies launched in 2019, under which ADB set a goal to scale up blue investments and technical assistance to \$5 billion over 2019 to 2024. Tourism accounts for about 75% of the Maldives economy, and although the sector has recovered quickly from the impact of the COVID-19 pandemic, it remains highly vulnerable to increasing environmental pressures, including climate change.

The concessional funds will allow BML to step up lending for a range of activities that underpin healthy blue economies, including preserving and restoring marine ecosystems, scaling up the use of solar and other renewable energy power sources, and developing desalination systems.

In the Kyrgyz Republic, ADB committed a \$5 million loan to Kompanion Bank Closed Joint Stock Company (Kompanion Bank) under the [Kompanion Bank Supporting Micro and Small Entrepreneurs Project](#), along with a partial guarantee of up to \$2.3 million. The assistance, including the partial guarantee, will enable Kompanion Bank to expand its MSME portfolio with at least 40% of the loan proceeds allocated for enterprises led or owned by women.



■ **Solar panels on Maldives State Electric Company building, Malé.** ADB is assisting the Bank of Maldives Plc to boost small businesses and promote blue economy activities including scaling up use of solar power (photo by ADB).



Micro, small, and medium-sized enterprises account for over 42% of gross domestic product in the Kyrgyz Republic but despite their economic importance, they face limitations in obtaining finance, with banks viewing them as too high-risk to lend to. Women make up about a third of all entrepreneurs in the Kyrgyz Republic but face significant barriers sourcing finance, in part because they own fewer assets, including land, which can be used as collateral for loans.

The ADB loan gives Kompanion Bank the medium-term financing it needs to grow given the Kyrgyz Republic's underdeveloped finance sector. The partial guarantee from the ADB-PSW, covering nearly half the loan, has overcome bankability hurdles for the project that would not otherwise have been able to proceed solely on a commercial basis. A downgrade in the Kyrgyz Republic's sovereign credit rating and

the threat of another as a result of Russia's war in Ukraine meant that ADB needed to draw on concessional financing to meet its own project credit requirements. The use of the ADB-PSW risk-sharing facility as part of a blended finance solution made the project financially viable.

Kompanion Bank was established in 2004 and has 97 branches across the country. It is the largest provider of loans to MSMEs in the Kyrgyz Republic with loans to the micro and small enterprises segment alone accounting for over 71% of its portfolio. Along with providing resources to boost lending to small businesses, ADB is also extending technical assistance to help Kompanion Bank prepare a digital transformation strategy that will expand financial services to its clients, particularly those in remote rural areas.



■ **Owner and customer in a beauty salon, Kyrgyz Republic.** ADB assistance for the Kyrgyz Republic's largest MSME lender, Kompanion Bank JSC, will allow it to scale up its small business portfolio and especially target enterprises owned by women (photo by ADB).



## Deepening Client Engagement

With the private sector shift at the Asian Development Bank (ADB), PSOD is proactively seeking out clients and originating deals. In this, deepening client engagement is important not only to identify projects, but to attract quality sponsors, project developers, potential investors, and new partners.

To deepen this engagement with existing and potential clients and partners, PSOD has initiated three key actions: hosting client receptions in major cities where ADB has clients, developing a new client management framework, and enhancing ADB's systems and platforms to improve client interactions.

In March 2023, PSOD initiated a pilot program for a new client management framework, which prioritizes allocating resources strategically to clients valuing their relationship with ADB and those needing assistance to grow. This approach guides PSOD's client engagement and enhances its ability to achieve both strategic and operational objectives.

Also in early 2023, PSOD updated its customer relationship management system to facilitate implementation of the new client management framework using a more structured and tailored approach.

The goal of PSOD is to increase repeat businesses, engage in long-term partnerships, and venture into new sectors. It is working on strengthening trust-building and harnessing the power of partnerships with clients as clients are essential partners in achieving development impact.

In 2023, PSOD hosted five client receptions in Bangkok, Manila, Mumbai, Tashkent, and Tbilisi. These events have kick-started several conversations that have enhanced ADB's understanding of the companies and their ability to deliver, and helped the companies themselves gain a better understanding of ADB's value addition. Already, PSOD has seen positive results, with these conversations turning into deals in the pipeline.



▲ Bangkok: PSOD hosted a client reception on 18 January 2023 in Bangkok, Thailand, which was attended by more than 60 guests from the private companies and government agencies.



▲ Mumbai: More than 120 guests from existing and prospective clients, cofinancing partners, law firms, financial intermediaries, and others attended the client reception on 19 October 2023 in Mumbai, India.



▲ Tashkent: More than 60 representatives of ADB clients and partners attended the 12 May 2023 client reception in Tashkent, Uzbekistan.



▲ Tbilisi: In Tbilisi, Georgia, PSOD hosted a client reception on 23 May 2023, which was attended by more than 60 guests from the private sector.



▲ Manila: Close to 100 guests attended the client reception on 21 November 2023 in Manila, Philippines.





The background of the page is a photograph of the interior of Terminal 2 at Mactan Cebu International Airport at night. The image shows a large, modern building with a curved, ribbed roof structure illuminated by warm lights. In the foreground, there is a glass railing and a view of a parking lot filled with cars. The overall atmosphere is modern and well-lit.

# STRENGTHENING DEVELOPMENT EFFECTIVENESS

## Monitoring of Development Results

**T**he PSOD uses several systems and tools to measure and monitor the development performance of its operations. One of these is the Development Effectiveness Flag developed in 2019. Based on annual assessments of progress made toward ADB's development goals, the flag enables identification of projects at risk of not achieving their development targets. This assessment process now covers all projects in PSOD's portfolio.

In 2023, 17.0% of projects in the active portfolio were assessed as *at-risk* of not achieving their intended development results, higher than the 14.9% reported in 2022 but below the 19.3% recorded in 2021.

■ **Terminal 2 of the Mactan Cebu International Airport, Philippines.** PSOD uses extended annual review reports of completed projects to help measure and monitor the development effectiveness of its work. In 2023, 20 PSOD projects were rated *successful*, including the Mactan Cebu International Passenger Terminal Project (photo by Ariel Javellana/ADB).

## Results of Post-Completion Evaluations

Extended annual review reports (XARRs) prepared by PSOD evaluate the success of completed transactions using four criteria: development results achieved, investment profitability, work quality, and additionality. The results are then validated by ADB's Independent Evaluation Department.

Reviews prepared in 2023 covered 26 completed transactions approved during 2010 to 2020, with 20 rated *successful*, 4 *less than successful*, and 2 *unsuccessful* (Figure 9). These ratings must still undergo independent evaluation.

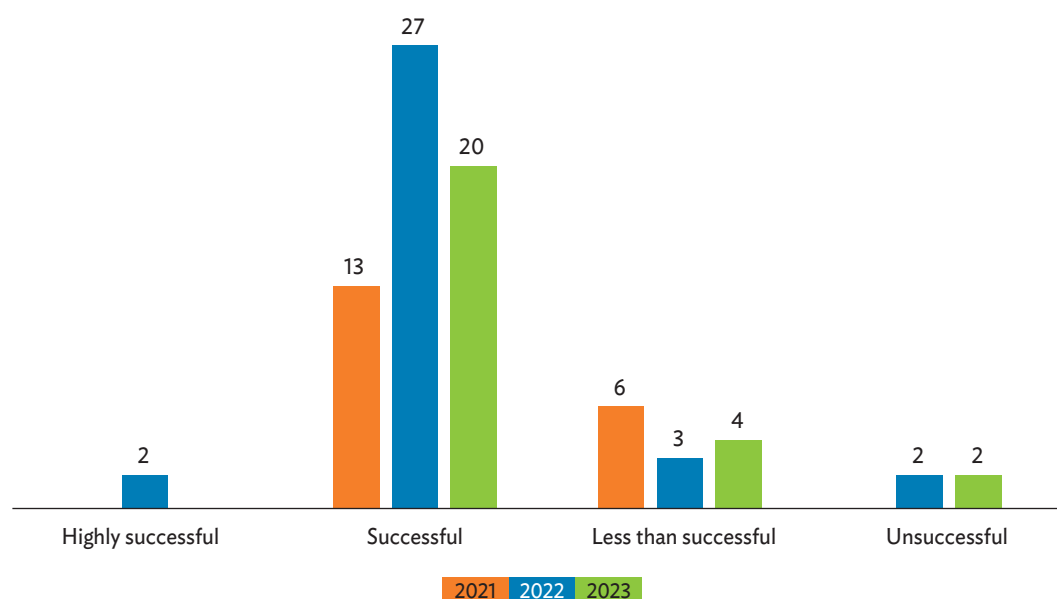
An XARR released in 2023 on an ADB investment in one of India's leading spice producers and global exporters shows that the project gave an important boost to contract farmers in both

Cambodia and India, contributing to new jobs, increased incomes, and poverty reduction (Box 13). The agriculture sector remains a major provider of livelihoods in Asia.

An XARR of one of the first independent power producer-owned utility-scale renewable energy projects in Indonesia, developed with ADB assistance, found that the gender components in the project design provided jobs and entrepreneurial opportunities for women in small rural communities (Box 14).

Water pollution in fast-growing urban centers in developing Asia damages the environment and undermines the health and quality of life of millions of people. An XARR of an ADB investment in the PRC showed that it gave a boost to wastewater treatment at industrial and municipal plants, benefiting over 2.68 million people, while also aiding development of the lease financing sector (Box 15).

**Figure 9: Ratings of Completed Transactions, 2021–2023**



Source: Asian Development Bank (Private Sector Operations Department).



## BOX 13

## Post-Evaluation—Spice Business Investment Benefits Contract Farmers in India and Cambodia



■ **Chili farmer, Karnataka, India.** An ADB project with one of the world's largest spice exporters has provided jobs and increased incomes for contract farmers in India and Cambodia (photo by Rakesh Sahai for ADB).

Contract farming allows agribusiness companies to link smallholder farmers to markets, providing them with new opportunities and income. In 2014, the Asian Development Bank (ADB) approved a financing package to enable India-based Akay Flavours & Aromatics Private Limited (Akay), one of the largest spice exporters in the world serving more than 40 countries, to carry out expansion plans in Cambodia and India. The **Spice Value Chain Development Project** funded the development of spice, nutraceuticals, and seasoning plants and created new contract farming jobs for smallholder farmers supplying raw materials in both Cambodia and India. It also supported the research and development of value-added products and the adoption of climate-resilient farming technologies.

From fiscal year (FY) 2014 to FY2022, the project exceeded all output targets with Akay increasing its contract farmer numbers from 3,000 in FY2014 to 5,400 by FY2022, significantly higher than the target of 4,500. By FY2022, women made up 56% of those contracted, which is above the 50% target. An ADB-assisted study has shown that

smallholder spice farmers contracting to Akay have been able to increase their incomes by 50% on average, thereby helping to alleviate poverty.

Akay had increased its number of employees from 250 in FY2014 to 400 by FY2022, beating the target of 300, while production capacity in two of its plants in India exceeded the targeted levels. By directly engaging farmers and cutting out fees of intermediaries the project helped increase farmer incomes. It also shared improved farming techniques with reduced use of chemicals, which ensures both the quality and the supply of raw materials provided to the company. There have also been other important indirect benefits from the project that have contributed to infrastructure development and the provision of new services in poor and disadvantaged communities.

ADB was the first development finance institution to invest in Akay. It provided the company with the liquidity it needed to expand its contract farming networks, meet financial and development targets, and incorporate social and environmental safeguards in its operations.



## BOX 14

## Post-Evaluation—Indonesia Solar Project Delivers Jobs and Entrepreneurial Opportunities for Women



■ **Entrepreneurs, Lombok, Indonesia.** An ADB project for solar energy development in Eastern Indonesia assisted women entrepreneurs in expanding their businesses like this group selling cassava chips (photo by Achmad Ibrahim for ADB).

The Asian Development Bank (ADB) assisted **Eastern Indonesia Renewable Energy Project (Phase 2)** aimed to demonstrate the viability of utility-scale power development in Indonesia through the private sector and included major gender initiatives that supported women entrepreneurs to expand their businesses.

Vena Energy (formerly known as the Equis Group), the largest renewable energy independent power producer in Asia and the Pacific, approached ADB for assistance to build solar power farms in Lombok and North Sulawesi. In 2018, ADB approved a financing package for the project that included a 20-year \$12.49 million loan from its own resources and loans of \$5.78 million from the Leading Asia's Private Infrastructure Fund and \$21.9 million from the Canadian Climate Fund for the Private Sector in Asia II, which ADB administered. The funds enabled the construction, operation, and maintenance of a solar farm in Likupang, North Sulawesi, and three solar farms in Lombok, West Nusa Tenggara with a combined capacity of 42 megawatts. All four became fully operational in 2019 with the electricity sold to national power utility PT Perusahaan Listrik Negara under a 20-year power purchase agreement.

The project had entrepreneurship and skills training programs that benefited dozens of women in rural communities. In Likupang, two women's groups received assistance to renovate their banana chips production facility and expand market penetration for their products. Program assistance was also extended to women in Selong and Pringgabaya on Lombok engaged in cassava chips and banana chips enterprises, as well as community-based agriculture groups in Sengkol, Lombok

involved in a hydroponic farming initiative. As a result of these programs, the income of the participating groups rose, allowing members to reinvest and expand their businesses. The success of these enterprises provides a template for other community groups and women to replicate.

The skills development component of the project included training for women in accounting, entrepreneurship, food handling, and marketing, along with a certification course for solar farm operators and technicians. The overall successes of the gender initiatives were showcased in a social media campaign by the Government of Canada in November 2022.

Design targets for the number of women employed during the construction and operational phases of the project were met or exceeded. By 2021, annual electricity output from the farms totaled 63.82 gigawatt-hours and greenhouse gas emissions of 43,349 tons of carbon dioxide equivalent were being avoided, both slightly above target.

The long-tenor ADB loan and mobilization of concessional finance helped make the project bankable, while ADB's presence enabled Vena Energy, a new entrant into the renewable energy market in Indonesia, to directly negotiate with the offtaker, PT Perusahaan Listrik Negara. The project has played an important role in demonstrating the viability of utility-scale renewable energy development by the private sector, while Vena Energy's adoption of ADB safeguards standards enabled the project to obtain Gold Standard Certification, paving the way for the sale of carbon credits and the company's green bond issuance in 2020.

Source: Asian Development Bank (Private Sector Operations Department).

## BOX 15

## Post-Evaluation—Wastewater Project Exceeds Key Performance Targets in the People’s Republic of China



■ **Suzhou Creek, Shanghai.** An ADB project that reduced water pollution in Jiangsu and Zhejiang follows an earlier investment to rehabilitate the Suzhou Creek in the PRC (photo by Ariel Javellana/ADB).

Rapid industrial growth and urbanization in the People’s Republic of China (PRC) has been accompanied by severe pressure on water resources, with the country rated as one of the most water-stressed in the world in 2019. While strong progress has been made in expanding and improving wastewater treatment facilities and strengthening regulations on water pollution, there is still substantial need for investments to upgrade infrastructure. In 2019, the Asian Development Bank (ADB) approved a \$60 million equivalent 5-year loan to Maxwealth Financial Leasing Company Limited (MWFL) to provide long-tenor lease funding for upgrades of industrial and municipal wastewater treatment plants in Zhejiang and Jiangsu provinces.

The **Industrial and Municipal Wastewater Treatment Project** has exceeded key performance targets, with 231.8 million cubic meters of wastewater treatment capacity added or improved by 2022, higher than the 216 million target. As a result, 2.68 million people have benefited from better wastewater services, exceeding the target of 2.2 million. The ADB loan also funded leadership training for middle management staff, along with supervisory training for technical and administrative staff, with women comprising half of the participants in both.

Established in 2015 as a subsidiary of the Bank of Ningbo, MWFL serves state-owned enterprises as well as small and medium-sized enterprises. It had been looking to grow its operations in the wastewater subsector but was struggling to secure long-term funds. ADB, which has been supporting the PRC’s financial leasing sector for several years with investments in areas including transport, health care, and small and medium-sized enterprises, provided the long-term, stable funding assistance that MWFL needed to further grow its presence in the industry.

ADB’s commitment also enhanced MWFL’s reputation and international profile, enabling it to obtain loans from new sources and undertake more investments in wastewater treatment plants with 58 financed as of June 2023, well above the nine that directly benefited from the ADB loan. This strong performance by the company is expected to encourage further development of the leasing finance market in the PRC. As the first international financial institution to provide funding to MWFL, ADB also ensured that the company put in place an environmental and social management system consistent with ADB’s safeguards standards and international best practices.

Source: Asian Development Bank (Private Sector Operations Department).



## Inclusive Business Performance

Nearly half of the world lives on less than \$5.50 a day with a quarter living on less than \$3.20 a day. Even as many live above the poverty line, they are still exposed to vulnerable living conditions and lack access to basic goods and services. Those in the low-income bracket take part in market activities as consumers, producers, laborers, or as microentrepreneurs, but often are not well integrated into local and global markets and do not benefit from socioeconomic development. Inclusive business comprises initiatives that help to integrate people with low incomes and from marginalized and underserved groups into the formal sector and connect them to markets.

ADB defines inclusive business as involving a business entity that generates high development impact by (i) improving access to goods and services for the base-of-the-pyramid population (i.e., low-income people); and/or (ii) providing income and/or employment opportunities to low-income people as producers, suppliers, distributors, employers, and/or employees. PSOD invests in businesses that promote inclusiveness. In 2023, nine projects, or 23% of all committed projects, promoted inclusive business, up from seven projects in 2022.

In India, the [AHFL Access to Affordable Housing for Underserved Segments Project](#) is boosting financial inclusion by extending mortgage loans for affordable homes, particularly for women and lower-income households. Under the project, ADB has made a debt investment in Indian

rupees to Aadhar Housing Finance Limited, equivalent to \$60 million. The company will use all of the proceeds to provide home loans to women borrowers from low-income groups and from economically weak areas of the country. At least 50% of the funds will go to borrowers in the states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, Uttar Pradesh, and West Bengal.

AHFL is one of the largest affordable housing finance companies targeting low-income borrowers in India. It offers home loans for salaried employees and loans for the purchase of land and for improvements and extensions of homes. However, these low-income segments typically do not have sufficient documentation of their income, which is needed to obtain loans from financial institutions. Many financial institutions are not willing to provide loans to the borrowers of these income segments because of the perceived high credit risk and other factors, and women face an even greater challenge as most lack land and properties to use as security for loans. Supporting affordable housing finance companies such as AHFL will help address this bottleneck in accessing housing finance.

The project's gender action plan includes targeted financial literacy training for women borrowers at 45 AHFL branches. The company also aims to increase the proportion of women in its workforce to 7% by FY2028 from 4.6% in FY2023, and to expand the number of its female sales agents to at least 1,000 from 520 over the same period.

# EXPECTED CONTRIBUTIONS OF THE COMMITTED PROJECTS TO THE SUSTAINABLE DEVELOPMENT GOALS

**1** NO  
POVERTY



**170,800** MSME beneficiaries

**2** ZERO  
HUNGER



**76,836** Farmers reached

**25,360** Agricultural products  
tons/year produced (food)

**60,533** Agricultural products  
tons/year produced (nonfood)

**3** GOOD HEALTH  
AND WELL-BEING



**718,261** Patients served

**5** GENDER  
EQUALITY



**3,462** Workers employed  
(female)

**97,810** MSME beneficiaries  
(female)

**11,867** Women trained

**7** AFFORDABLE AND  
CLEAN ENERGY



**3,707**  
**MW** Generation  
capacity

**11,267**  
**GWh** Power delivered

**8** DECENT WORK AND  
ECONOMIC GROWTH



**17,530** Workers  
employed

**19,247** People trained

**\$374**  
**million** Domestic  
purchases

**9** INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



**23**  
**million tons** Bulk cargo

**177,943** Electric vehicles  
produced

**800** Telecom towers  
built

**11** SUSTAINABLE CITIES  
AND COMMUNITIES



**865,000** Passengers  
reached

**12** RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



**22,500**  
**tons/year** Recycled  
materials

**1 million** Sustainable  
products/services

**2,760 m³** Wastewater  
treated

**650,000**  
**tons/year** Solid waste  
treated

**13** CLIMATE  
ACTION



**10.9 million**  
**tCO<sub>2</sub>e** GHG emissions  
reduced

**17** PARTNERSHIPS  
FOR THE GOALS



**\$120**  
**million** Government  
revenues

**\$25**  
**million** Export  
sales

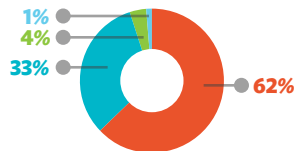
ADB = Asian Development Bank; GWh = gigawatt-hour; m³ = cubic meter; MSMEs = micro, small, and medium-sized enterprises; MW = megawatt; tCO<sub>2</sub>e = tons of carbon dioxide equivalent.  
Source: Asian Development Bank (Private Sector Operations Department).

# MEASURING ADB'S PRIVATE SECTOR OPERATIONS CONTRIBUTIONS TO THE SUSTAINABLE DEVELOPMENT GOALS

## 1 NO POVERTY



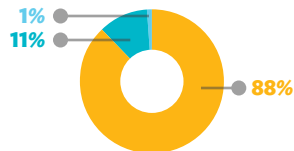
**36.9 million**  
MSME beneficiaries



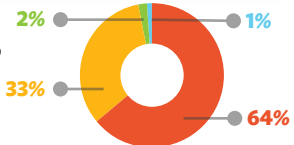
## 2 ZERO HUNGER



**8.6 million**  
Farmers reached



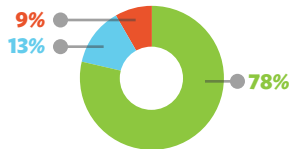
**1.9 million tons**  
Agricultural products produced (food)



## 3 GOOD HEALTH AND WELL-BEING



**2.9 million**  
Patients served



## 4 QUALITY EDUCATION



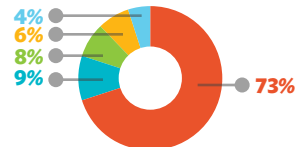
**4 million**  
Students reached



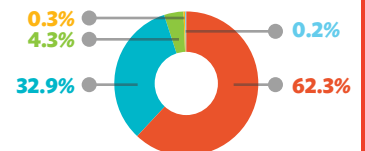
## 5 GENDER EQUALITY



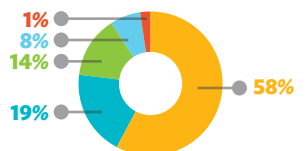
**127,166**  
Workers employed (female)



**33.2 million**  
MSME beneficiaries (female)



**844,685**  
Women trained



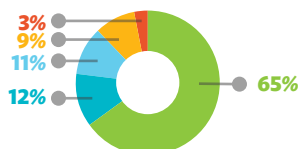
## 7 AFFORDABLE AND CLEAN ENERGY



**14,821 MW**  
Generation capacity



**70,699 GWh**  
Power delivered



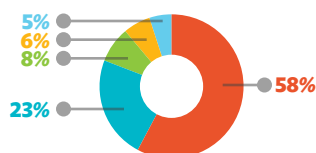


## 8 DECENT WORK AND ECONOMIC GROWTH



**526,502**

Workers employed



**1 million**

People trained



## 11 SUSTAINABLE CITIES AND COMMUNITIES



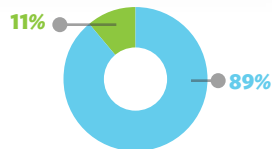
**208,207**

Houses built



**1.5 million**

Passengers reached



## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



**1.3 billion m<sup>3</sup>**

Wastewater treated

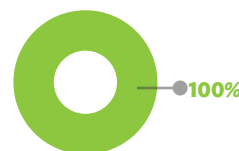


## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



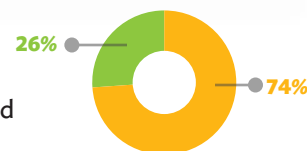
**2,797**

Electric vehicle charging infrastructure installed



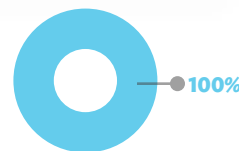
**7,451**

Electric vehicles produced



**2.6 million tons**

Bulk cargo



## 13 CLIMATE ACTION



**21.8 million tCO<sub>2</sub>e**

GHG emissions reduced



## 17 PARTNERSHIPS FOR THE GOALS



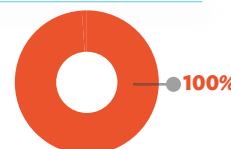
**\$2.7 billion**

Government revenues



**\$861.5 million**

Export sales



ADB = Asian Development Bank; GWh = gigawatt-hour; m<sup>3</sup> = cubic meter; MSMEs = micro, small, and medium-sized enterprises; MW = megawatt; tCO<sub>2</sub>e = tons of carbon dioxide equivalent.

Notes: Results are based on reports received as of 31 March 2024. Numbers may not sum precisely because of rounding.

Source: Asian Development Bank (Private Sector Operations Department).

# AWARDS RECEIVED BY ADB, ITS INVESTEEES, AND TRANSACTIONS



**The Asset Triple A  
Sustainable  
Infrastructure  
Awards 2023**

**Multilateral Agency  
of the Year**



**Asian Development Bank  
Asia-Pacific**



**The Asset Triple A  
Sustainable  
Infrastructure  
Awards 2023**

**Central Asia Deal of the Year**



**Zarafshan Wind Power Project  
Uzbekistan**



**The Asset Triple A  
Sustainable  
Infrastructure  
Awards 2023**

**Utilities Deal of the Year**



**Delhi Power Distribution Project  
India**



**The Asset Triple A  
Sustainable  
Infrastructure  
Awards 2023**

**Transport Deal of the Year—  
Electric Mobility**



**GreenCell Electric Bus  
Financing Project  
India**



**The Asset Triple A  
Sustainable  
Infrastructure  
Awards 2023**

**Transport Deal of the Year—  
Electric Mobility**



**E Smart Bangkok Mass Rapid  
Transit Electric Ferries Project  
Thailand**



**The Asset Triple A  
Sustainable  
Infrastructure  
Awards 2023**

**Transport Deal of the Year—  
Electric Mobility**



**VinFast Electric Mobility Green  
Loan Project  
Viet Nam**



**The Asset Triple A  
Sustainable  
Infrastructure  
Awards 2023**

**Water Deal of the Year**



**Wabag Clean Water  
Supply Project  
India**



**The Asset Triple A  
Sustainable  
Infrastructure  
Awards 2023**

**Telecom Deal of the Year**



**Dhiraagu Telecommunication  
Connectivity Enhancement Project  
Maldives**



**The Asset Triple A  
Sustainable  
Infrastructure  
Awards 2023**

**Renewable Energy Deal  
of the Year—Wind**



**AC Energy Wind Power Project  
Viet Nam**



**The Asset Triple A Sustainable Infrastructure Awards 2023**

**Renewable Energy Deal of the Year—Waste-to-Energy**



**Asian Development Bank for Binh Duong Water Treatment Expansion Project Viet Nam**



**The Asset Triple A Sustainable Infrastructure Awards 2023**

**Renewable Energy Deal of the Year—Waste-to-Energy**



**Leading Asia's Private Infrastructure Fund (LEAP) for Binh Duong Water Treatment Expansion Project Viet Nam**



**IJ Global Awards 2023**

**Deal of the Year for APAC**

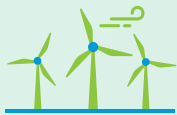


**Asian Development Bank Asia-Pacific**



**IJGlobal ESG Awards 2023**

**ESG Award—Wind**



**Zarafshan Wind Power Project Asia-Pacific**



**IJGlobal ESG Awards 2023**

**ESG Award—Biomass, APAC**



**Binh Duong Waste Management and Energy Efficiency Project Asia-Pacific**



**UXOLO Awards 2023**

**Development Deal of the Year**



**AC Energy Wind Power Project Viet Nam**



**PFI Awards 2023**

**Central Asian Deal of the Year**



**Zarafshan Wind Power Project Uzbekistan**



**PFI Awards 2023**

**Wind Deal of the Year—Asia-Pacific**



**Monsoon Wind Power Project Lao People's Democratic Republic**



**International Finance Review Asia Awards 2023**

**Frontier Markets Issue of the Year**



**Monsoon Wind Power Project Lao People's Democratic Republic**



**S&P Global Platts Global Energy Awards**

**Platts Global Energy Awards**

**Deal of the Year—Strategic**



**Monsoon Wind Power Project Lao People's Democratic Republic**



# PUBLICATIONS OF THE PRIVATE SECTOR OPERATIONS DEPARTMENT IN 2023



## Private Sector Operations in 2022: Report on Development Effectiveness

This report, the 13th edition of the series, highlights the scaling up of commitments for climate action and support for projects and programs to address food insecurity, advance gender equality, and assist small businesses, particularly those led by women. The publication details progress on operational priorities as well as new cofinancing partnerships and collaborations, special initiatives, and innovative project financing arrangements, all of which help maximize the development effectiveness of PSOD's operations.

## Asian Development Bank Private Sector Operations

This brochure showcases how the Private Sector Operations Department facilitates financing for private and state-owned companies across diverse industries in developing Asia and the Pacific that promote sustainable and inclusive economic growth.



## Measuring the Impact of a Dairy Value Chain Project in Mongolia: A Baseline Study

This working paper presents the results of the baseline evaluation survey conducted to document the current conditions of project beneficiaries—primarily dairy farmers—before the project was implemented. This paper provides and analyzes the baseline data of the beneficiaries, which will be used as inputs for the impact evaluation study that will be carried out after the project is completed.

## Improving the Livelihood of Poultry Farmers in India through Contract Farming: How Effective?

This brief looks at how contract farmers benefit from economies of scale, shorter poultry farming cycles, and higher labor and capital productivity, noting the rapid growth of India's poultry sector. Drawing on data from farmers in Uttar Pradesh and Rajasthan, it analyzes the impact of the pandemic, looks at the barriers to working with a major producer, and shows how contract farming can reduce a poultry farmer's risk exposure.



## Countering Trade-Based Money Laundering

This publication shows how ADB's Trade and Supply Chain Finance Program is driving a crackdown on trade-based money laundering and training banks, regulators, and law enforcers to spot illicit transactions and transform trade transparency.

## Supply Chain Finance in Central Asia and Caucasus

This brief presents analyses of the state of supply chain finance in Central Asia and the Caucasus and the frameworks required for further market development.





### 2023 Trade Finance Gaps, Growth, and Jobs Survey

This survey is the world's leading barometer of trade finance health with responses reflecting over 60% of the global market for bank-intermediated trade financing. It includes data from 137 banks from 54 countries and 185 companies based in 43 countries. Although demand for trade finance surged on the back of the sharp post-pandemic recovery, heightened economic risks have made it more difficult to secure than before, the survey shows.

### Driving Digitalization of Global Trade: UNCITRAL Model Law on Electronic Transferable Records

This brief points to the growing momentum of digitalization and shows how ADB is supporting some of its developing member countries as they look to align with MLETR. This brief is a call to action for governments, policymakers, and other stakeholders to help mobilize global efforts to digitalize global trade.



### Gender Bonds: From Incidental to Center Stage

This brief highlights the potential of the nascent gender bond market in effectively directing capital toward women-owned small businesses, promoting financial inclusion, and contributing to the advancement of gender equality in the Asia and Pacific region.

### Women-Owned Micro, Small, and Medium-Sized Enterprises in Fiji: Opportunities and Challenges for Private Sector Financial Institutions

This publication shares insights on how private sector financial institutions in Fiji can help women who own micro, small, and medium-sized enterprises to access credit, estimating unmet demand at \$111 million.



### Steps for Integrating Sex-Disaggregated Data in a Financial Institution

This guidance note was developed to support financial institutions in collecting and using sex-disaggregated data.







## **Private Sector Operations in 2023**

### *Report on Development Effectiveness*

This report reviews the development impacts of the 2023 private sector operations of the Asian Development Bank (ADB). It notes a stronger emphasis on private sector development under the bank's new operating model. The report highlights the diverse contributions of ADB's private sector projects and programs in areas including addressing climate change, promoting gender equality, strengthening food security, and supporting small businesses. It outlines how the bank has catalyzed cofinancing, established innovative project financing structures, and strengthened partnerships to boost the effectiveness of its operations and contributions to sustainable development.

### **About the Asian Development Bank**

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



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