This Energy Sector Directional Guide (ESDG) provides the strategic direction of the Asian Development Bank (ADB) for the energy sector. The ESDG assesses the current energy sector trends, challenges, and opportunities, and how ADB can best position itself to add value to energy sector development in the Asia and Pacific region. The guide also outlines the priorities and focus for the energy sector in line with ADB’s Strategy 2030.

The guide aims to support ADB staff in conducting energy sector operations in line with the 2021 Energy Policy up to 2030. The five policy principles of the 2021 Energy Policy are also the foundations of this ESDG and comprise the ESDG’s vision and approach. The ESDG aligns with Strategy 2030 and its seven operational priorities.
Where We Are

Energy cuts across all aspects of development and is essential to inclusive socioeconomic development and gender equality. As such, energy plays an important role in supporting development of other sectors such as agriculture, education, health, transport, urban, and water.

On the other hand, energy production and consumption are responsible for almost three-quarters of global greenhouse gas emissions. This places the energy sector at the forefront of global efforts to address the impact of energy use on climate and environment.

The energy landscape has changed radically over the last decade. The Sustainable Development Goals (established in 2015), the Paris Agreement on climate change (adopted in 2015), and ADB's Strategy 2030, published in 2018, set ambitious targets for providing reliable energy access to all, and amplified the calls for action on climate change.

The main challenges and emerging needs for ADB’s developing member countries (DMCs) in the energy sector still lie in ensuring (i) universal access to electricity, and clean cooking, heating, and cooling options for all households; (ii) energy security to support economic growth; (iii) sustainability across the dimensions of financial viability, effective operation and maintenance of infrastructure, resilience to climate change and extreme events, climate mitigation via lower-carbon use, health, and environmental impacts; and (iv) sector governance, including regulations, utilities’ performance, and private sector participation.

ADB’s energy sector operations have played a substantial role in delivering energy access, contributing to economic development, and improving lives throughout the region. However, achieving universal energy access to a reliable, efficient, and affordable energy supply across the region, and supporting a low-carbon transition still require mobilizing substantial efforts and resources.

A sector-wide evaluation in 2020 by ADB’s Independent Evaluation Department found that ADB’s 2009 Energy Policy had been aligned with the needs of the energy sectors in ADB’s DMCs and Strategy 2020 and was relevant to the ADB program during the review period. However, the 2009 Energy Policy was no longer aligned with the Sustainable Development Goals, the Paris Agreement, and ADB’s Strategy 2030, thus needing an update.

The new Energy Policy of ADB was approved in October 2021. The vision of ADB’s 2021 Energy Policy is “supporting low-carbon transition in Asia and the Pacific.” The objectives of the sector operations are to help ADB’s DMCs accelerate the development of sustainable and resilient energy systems that provide reliable and affordable access for all, foster inclusive and environmentally sustainable economic growth and social development, and support the low-carbon transition in Asia and the Pacific.

From left: Children in the Tondo neighborhood in Manila study by compact fluorescent light (CFL) bulb; lower electricity bills help small stall owners.
Where We Want to Be

To achieve the energy sector’s vision and objectives, ADB’s 2021 Energy Policy was developed based on the following five principles:

i. Supporting efforts to bring affordable, reliable, sustainable, and modern energy to all, to eradicate extreme poverty and reduce social inequalities;

ii. Supporting DMCs to tackle climate change, enhance environmental sustainability, and build climate and disaster resilience;

iii. Supporting the institutional development, financial sustainability, and good governance of energy sector institutions, companies, and private sector participation, and assisting in creating the policy frameworks needed to manage the energy transition;

iv. Promoting regional energy cooperation and the integration of energy systems to strengthen energy security and increase cross-border access to cleaner energy sources; and,

v. Continuing to combine finance, knowledge, partnerships, and its country-focused approach to deliver integrated solutions with comprehensive and magnified development impacts.

Recognizing the massive financing needs in the energy sector across the region, ADB’s resources must be prioritized to tackle the most demanding energy challenges. ADB’s assistance will focus on meeting the emerging needs and adding value to its clients in the region.

This ESDG adopts a common but differentiated approach in line with each DMC’s level of economic development, resource endowment, respective capabilities, and nationally determined low-carbon transition pathway.

The areas of delivery will focus on the “4Ds”—decarbonization, decreasing energy intensity, digitalization, and decentralization.

ADB will facilitate the low-carbon transition by assisting its DMCs in

i. accelerating the deployment of renewable energy,

ii. pursuing strategic decarbonization and the phase-out of coal while ensuring a just transition, and

iii. developing policies and regulations to support low-carbon technologies and introducing market-based instruments including carbon pricing.

Likewise, ADB will support its DMCs in increasing energy efficiency investments to reduce energy intensity and expand energy productivity. ADB will support demand-side energy efficiency planning and implementation and promote minimum energy performance standards for appliances and equipment, fuel economy standards for vehicles, standards for electric motors in industry, mandatory energy audits, and energy management policies for large industrial and commercial companies and building codes.
ADB will help deploy digital technologies such as smart meters to reduce technical and commercial losses and encourage demand-side energy efficiency, peer-to-peer trading using blockchain technology for energy markets, and artificial intelligence for predictive grid management and grid resilience.

ADB will support low-carbon, decentralized technologies such as distributed generation, renewable-energy-based micro and/or mini-grids, home systems, and energy storage systems. It will also support increased competition and private sector participation in DMCs’ energy markets to contribute greater dynamism to the energy sector and take advantage of opportunities created by new technologies and business models.

The energy sector will prioritize essential energy access in the poorest and most vulnerable countries through greater use of low-carbon and renewable energy sources and rehabilitate infrastructure to enhance energy security and climate resilience. In low-income and lower-middle-income countries, ADB will continue to support reforms in the energy sector, including reforms of state-owned enterprises; the development of green and inclusive energy infrastructure to enhance productivity and competitiveness; the promotion of gender equality; and greater participation of the private sector in delivering energy infrastructure and services.
What We Will Do


ADB will promote poverty reduction, sustainable and inclusive growth, and regional integration, and facilitate a just low-carbon energy transition in Asia and the Pacific. As a trusted development partner, ADB will combine finance, knowledge, and partnerships to optimize its value addition in its support to sustainable development priorities of its DMCs.

In accordance with the 2021 Energy Policy, ADB’s energy sector operations will support energy access, energy security, environmental sustainability, and sector governance to strengthen the energy sector of the region. Implementation of the 2021 Energy Policy will focus on the following:

i. confronting climate change by facilitating a just low-carbon energy transition through a common but differentiated approach and integrated energy planning;

ii. supporting DMCs in implementing just energy transition and innovative energy transition mechanisms;

iii. expanding support for demand-side energy efficiency including demand response;

iv. supporting digitalization and smart power systems for increased clean energy deployment including demand-response and efficient power system management; and

v. leveraging advanced clean energy technologies and commercial financing to accelerate the energy transition through the One ADB approach, innovative financing mechanisms and business models, and decentralized energy systems.

The ESDG implementation period will be from 2022 to 2030, which aligns with the effectivity of Strategy 2030. The directional guide is designed to be a living document, to be updated as needed to remain relevant to the dynamic energy context of Asia and the Pacific. A midterm review is to be conducted following the expected review of the Energy Policy in 2025.
Download the
Energy Sector Directional Guide.

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