INFRASTRUCTURE
FINANCE IN ADB

INFRASTRUCTURE’S PIVOTAL ROLE IN DEVELOPING
ASIA’S ECONOMIC GROWTH AND POVERTY REDUCTION

The region’s infrastructure has improved rapidly
but remains far from adequate

- 400 million Asians lack electricity
- 300 million Asians lack access to safe drinking water
- 1.5 billion Asians lack basic sanitation

Developing Asia needs to invest

$26 trillion from 2016 to 2030, or $1.7 trillion per year,
to maintain growth momentum, eradicate poverty, and respond to climate change

ADB’s key challenges

- 70% Infrastructure such as transport, energy, and water accounts for about 70% of ADBs operations.
- 50% ADB has committed to increase private sector lending to 50% of total spending by 2020, and ADB is well on track to meeting this target.
- 6 billion ADB will double its annual climate financing to $6 billion by 2020, up from $3 billion in 2015.

Scaling up ADB’s operations through a multipronged approach

1. Promoting public-private partnerships (PPP). The private sector is crucial in filling infrastructure gaps and ADB is helping developing member countries (DMCs) put in place investment-friendly policies and regulatory and institutional reforms to build a pipeline of bankable projects for PPP. ADB has established an Office of Public–Private Partnership to coordinate support and provide transaction advisory services directly to government and private sector clients.

2. Committing to climate finance and to the Sustainable Development Goals. Extreme weather events and other climate-related impacts pose significant risks to infrastructure and must be incorporated in the design of infrastructure projects.

3. Integrating high-level technology in infrastructure investments. These solutions are critical in helping developing countries transition to low-carbon and climate-resilient development; and for ADB to achieve its commitment to double its climate finance to $6 billion by 2020.

4. Supporting the DMCs deepen debt and equity capital markets by developing market infrastructure for secondary market activity, promoting credible credit rating agencies, and installing effective bankruptcy resolution mechanisms.
In member countries as diverse as Bangladesh, Papua New Guinea, the Philippines, and Viet Nam, ADB provides technical assistance to governments to strengthen their legal and institutional frameworks that are critical for delivery of PPP programs.

**Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline**
- 1,700 km long pipeline connects resource-rich Turkmenistan with energy hungry neighbors
- Enables exports of up to 33 billion cubic meters of natural gas per year from Turkmenistan to Afghanistan, India, and Pakistan
- Strengthens regional cooperation, particularly energy trading

ADB has issued the first green bond and approved its first policy-based loan in the People’s Republic of China to improve air quality in the Beijing-Tianjin-Hebei area.

**Green Financing Platform for Accelerated Air Quality Improvement in the Greater Beijing-Tianjin-Hubei Region**
- Loan of $499.6 million, expected to leverage $4.1 billion equivalent domestic commercial financing
- Promotes air pollution-reduction investments
- Introduce innovative financial instruments to mobilize private and social capital for green investments

**Tiwi and MakBang Geothermal Power Green Bonds Project in the Philippines**
- Issuance of $225 million local currency bond, with assistance of $37.7 million loan and partial credit guarantee
- First Climate Bond in Asia and the Pacific and the Philippines’ first peso-denominated green project bond
- Refinancing of capital expenditure and ongoing operations and maintenance at Tiwi and Makiling-Banahaw, the 7th and 4th largest geothermal facilities in the world

**Solar Rooftop Investment Program in India**
- $330 million loan from ADB, $170 million administered by ADB from Clean Technology Fund
- Facilitates financing for solar rooftop systems to help Indian government expand energy access using renewable energy
- 11 million fewer tons of greenhouse gases are emitted over the typical 25-year lifetime of solar rooftop systems

**Vientiane Sustainable Urban Transport Project in the Lao People’s Democratic Republic**
- $35 million loan to finance a bus rapid transit system and other transport innovations to improve traffic flows
- Over 11 kilometers of dedicated bus corridor lanes, 24 enclosed stations, and over 90 new low-carbon emitting buses
- Will support fund traffic management improvements and private sector involvement
- Draws on the design and lessons of other state-of-the-art sustainable urban transport systems supported by ADB

**Capital Market Development Program in Thailand**
- Loan of $300 million, technical assistance of $900,000
- Capital markets have become (i) deeper and more active, with innovative new products introduced; and (ii) prudentially sound
- Stock market capital rose and domestic bond market steadily developed
- Wider varieties of equity, debt, and derivative products have been available to better serve the needs of investors
- Implemented strategy to create liquidity in the secondary market
- Share of long term government bonds increased from 15% in 2007 to 24% in 2014

**Financial Sector Development and Financial Inclusion Program in Viet Nam**
- Loan of $200 million, technical assistance of $1 million
- Institutionalize and strengthen financial stability and crisis response mechanisms
- Further develop the money market, deepen and enlarge the government bond market, and develop an institutional investor base
- Provide framework to promote noncash payment services, as a prerequisite to promoting financial technology for greater financial inclusion