



E3G

ASIAN DEVELOPMENT BANK



This is a dashboard summary for this bank from E3G's major report "Banking on Asia: Alignment with the Paris Agreement at six Development Finance Institutions in Asia". Please see the full report for the detailed analysis behind this summary.

Founded: 1966

Mission: A prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

Total commitments: USD 21.58 billion in loans and grants¹.

Headquarters: Manila, Philippines

Top shareholders: Japan (15.6%), United States (15.6%), China (6.4%), India (6.3%), Australia (5.8%)

Key moments and decisions coming up:

- Annual meetings and Board of Governors meeting (2–5 May 2020, Incheon, South Korea)
- Review of ADB energy policy (due to be concluded in September 2020).
- Internal Evaluation Department report on ADB environmental and other safeguards policy (due early 2020).
- President Takehiko Nakao's stepping down in January 2020

Summary of Paris alignment assessment: The Asian Development Bank has already made significant progress on alignment with the Paris Agreement and integration of climate change in all its operations. The overall commitment and direction have been set, the challenge is now to operationalise these in every aspect and level of the Bank's work. The Bank now needs to focus on improving its green-brown energy ratio which is currently 0.932 clean finance to 1 brown finance, fossil fuel exclusion policies, energy efficiency standards and inclusion of climate in its transport, water, cities and energy strategies.

Paris-aligned project case study: The Sarulla Geothermal Power Generation Project, North Sumatra, Indonesia where three geothermal power generation units produce a total output of about 320 MW².

^{ADB} (2019) **Annual Report 2018**, page 2.

^{ADB} (2019) **Sarulla Geothermal Power Generation Project**



E3G

Misaligned project case study: A USD 305 million loan for what will be Indonesia's largest combined cycle gas turbine power plant producing 1.76 GW, at Cilamaya, Karawang, West Java.³

Recommendations:

- > The Asian Development Bank should use the forthcoming energy policy review to set a target date for 100% of its energy lending to be to zero carbon energy projects, phasing out lending to unabated fossil-related projects.
- > ADB needs to make energy efficiency an infrastructure priority and should consider setting a specific energy efficiency lending target, which excludes energy efficiency improvements of fossil fuel infrastructure.
- > ADB should ramp up its technical assistance to financial regulators in Asia to promote green national financing strategies for mitigation and adaptation.

Leadership area: ADB was the first MDB to set a target date to peak portfolio GHG emissions which is "2030 at the latest". The Bank recognises that earlier peaking would be the "optimal course of action". Other development banks, including the World Bank Group, should follow ADB's lead on this.

³ Natural Gas World (2019) ASDB finances Indonesia's largest CCGT. As set out in the Fossil fuel exclusions chapter, E3G believes that the available evidence and science shows that investments in new gas infrastructure are not aligned with the goals of the Paris Agreement.



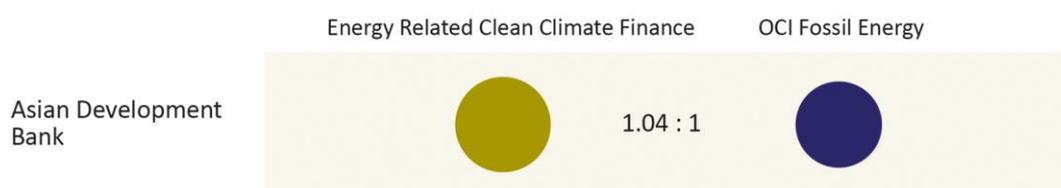
E3G

Figure 1: A summary of the assessment of ADB's Paris Agreement alignment

Indicator	Summary
Overarching climate strategy	Paris aligned – The climate strategy emphasises the need for moving away from the traditional demand-led model. ADB has climate finance commitments until 2030.
Integration of climate mitigation and resilience in key sectoral strategies	Some progress – All strategies consider aspects of mitigation resilience, no official coal exclusion in energy strategy.
Transparency of climate finance data	Some progress – ADB performs well on disclosure of climate finance data but demonstrates a lack of transparency on FI sub-projects.
Energy efficiency strategy, standards and investment	Some progress - Increased investment in energy efficiency priority; relatively weak standards in power generation and for financial intermediaries
Fossil fuel exclusion policies	Some progress – Oil and gas exploration is excluded; there is no official coal exclusion, however, no direct coal investment since 2013 or pipeline.
Greenhouse gas accounting and reduction	Paris aligned – ADB undertakes GHG accounting for the whole portfolio and has a target for GHG emissions to peak by 2030 at the latest.
Climate risk, resilience, and adaptation	Paris-aligned – Dedicated strategy for climate risk at project level. Climate strategy takes beyond-project approach to client resilience
Green/brown energy finance and scaling up climate investment	Some progress – scaled up climate financing but low green-brown ratio close to 1:1
Technical assistance for implementing Paris goals	Some progress – ADB is working to support implementation of Paris goals through the Nationally Determined Contributions (NDC) Advance Platform. However, it is also providing technical assistance in support of fossil fuels.
Promotion of green finance	Some progress – ADB is helping to drive green bond markets through its own issuance and its support of other issuers.

Bank green-brown energy ratio:

Figure 2: ADB's energy-related clean finance versus fossil finance (2016–17 average)



Source: E3G analysis of climate-related finance data from OECD-DAC and fossil finance data from OCI