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**Statement by Pil-Bae Song, Senior Advisor, Asian Development Bank
at the Second Asian and the Pacific Energy Forum**

on

**Policy Perspectives on the Role of Regional Cooperation for Energy Transition towards
Sustainable and Resilient Societies in Asia and the Pacific**

**Mr. Chair,
Excellences, Distinguished delegates,
Ladies and gentleman,**

It is my great pleasure to join this gathering today, which is determined to take forward the sustainable and resilient development agenda, focusing on the role of regional cooperation for energy transition.

Over the past few decades, we witnessed major transformative results in the Asia-Pacific region from a region with high poverty to; a region of growth and innovation, and; a region that accounts for a third of the world's GDP and half of the world's economic growth.

However, the energy sector in the Asia-Pacific countries continues to face enormous challenges such as poor access to energy, energy shortage, and concerns for energy security despite various global and country efforts as well as the growing wealth of Asian economies. More specifically, there are still more than 400 million people without access to electricity in the region and 2 billion people without access to clean cooking fuels and technologies. Even when energy services are available, millions of people cannot afford them. At the same time, energy demand is rising rapidly to maintain high trajectory of economic growth, and most of the new energy demand will be met by fossil fuels under the business-as-usual scenario, resulting in increased CO₂ emissions and significant air pollution. This poses serious concerns on energy security and sustainability of the region.

The Sustainable Development Goals (SDGs) call for a transformative change in production systems, technologies, behaviors, employment patterns, and lifestyles to enable poverty reduction and a transition towards low-carbon production and consumption to achieve sustainable and resilient societies. Access to reliable, clean, and affordable energy remains a key development

imperative for developing Asian countries to meet these Sustainable Development Goals. Business-as-usual solutions such as national grid extension, centralized power generation, dependence on fossil fuels, and low-efficiency end use devices have to be changed to innovative and sustainable solutions including regional energy trade and connectivity, energy efficiency, and renewable energy to realize enhanced energy security and provide universal energy access.

In particular, regional cooperation provides an ideal opportunity to attain sustainable growth by means of developing and sharing energy resources across the region, minimizing suboptimal development of these resources confined to national boundaries.

In the context of energy sector, this is particularly applicable to the Asia-Pacific region where there is vast potential for underexploited renewable energy sources such as hydropower, solar power, and wind power, and where the availability of energy sources varies across the region.

Such cooperation in the energy sector will help countries to strengthen national energy security, reduce the cost of energy supplies, minimize adverse impacts from energy price volatility, and thereby transit towards a sustainable and resilient societies. This regional cooperation in the energy sector will involve a wide range of actions such as construction of cross-border infrastructure, promoting regional forums for sharing knowledge, experience and business models, and establishment of appropriate policy and regulatory framework at national levels and harmonization of such at regional levels.

The Asian Development Bank has attached high priority to regional cooperation and integration for the socioeconomic advancement of its developing member countries. ADB's Strategy 2020 states that *"ADB fosters regional cooperation and integration initiatives in the region with investment in cross-border projects to accelerate growth and economic partnerships, as well as to address shared risks and challenges."*

Consistent with the Strategy 2020, ADB's energy sector policy also aims to help its developing member countries provide reliable, adequate, and affordable energy for inclusive growth in a socially, economically, and environmentally sustainable manner. To achieve this objective, ADB's central role in promoting regional cooperation in the energy sector has been emphasized in its operations.

Recognizing the importance of creating avenues for regional cooperation, ADB has been instrumental in creating and facilitating sub-regional programs. ADB launched the Great-Mekong Subregion (GMS) program in 1992, Central Asia Regional Economic Cooperation (CAREC) program in 1997, and South Asia Subregional Economic Cooperation (SASEC) program in 2001. ADB acts as the secretariat for these programs. In addition, ADB has been an important partner for ASEAN-related initiatives and for cooperation among Pacific island countries.

Public-private partnerships are often essential for large scale cross-border energy projects. The Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline is a flagship PPP of the

ADB supported program. Further, we created a dedicated office with a mandate to rigorously pursue public-private partnerships.

Use of innovative technologies and advanced information and communication technology (ICT) will also help accelerate regional cooperation. As such, ADB is strengthening its efforts to develop and deploy more advanced technologies in the region, especially in the energy sector, including smart grids, energy storage system, waste-to-energy technologies, intelligent transport systems, smart cities, and remote sensing technologies.

Many countries in Asia are moving toward middle-income status or above, and they have the capacity to absorb and develop high-level technologies. And many holders of innovative technologies across the world including emerging economies, are keen to support Asia's dynamic transformation through their technologies. ADB has already implemented necessary internal reforms in our business processes for project preparation and procurement to promote the greater use of advanced technologies.

Mr. Chair.

Asia and the Pacific region became the world's fastest growing region, with 2017 GDP nearly 6.0%, and this trend is likely to continue in the foreseeable future. To help address energy sector challenges in the region, ADB continues to undertake reforms and initiatives that are necessary to provide increased financing to its developing members countries.

From January 2017, we merged the two internal funding sources to deliver much higher levels of assistance to our developing member countries for years to come without seeking a capital increase. ADB has also committed to doubling climate financing from its own resources to \$6 billion a year by 2020 to mainstream climate change adaptation, mitigation, and environmental protection in all major sectors including energy, and make its portfolios much greener and sustainable. In addition, we set a target to increase the regional cooperation and integration related financing to 30% of the total lending volume by 2020, up from 27% in 2016.

As a regional development bank, ADB remains committed to closely working with the ESCAP colleagues and its member states for energy transition to build sustainable and resilient Asian-Pacific societies.

Thank you.