ADB

Report and Recommendation of the President to the Board of Directors

Project Number: 52329-001
March 2019

Proposed Pacific Renewable Energy Program

This is an abbreviated version of the document approved by ADB's Board of Directors, which excludes information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy.

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
AP3F	–	Asia Pacific Project Preparation Facility
CFPS II	–	Canadian Climate Fund for the Private Sector in Asia II
FAESP	–	Framework for Action on Energy Security in the Pacific 2010-2020
IPP	–	independent power provider
LC	–	letter of credit
OCR	–	ordinary capital resources
OPPP	–	Office of Public-Private Partnership
NSO	–	nonsovereign operations
PARD	–	Pacific Department
PPA	–	power purchase agreement
PREIF	–	Pacific Renewable Energy Investment Facility
PRG	–	partial risk guarantee
PSOD	–	Private Sector Operations Department
PDMC	–	Pacific developing member country
TA	–	Technical Assistance

NOTE

In this report, "$" refers to United States dollars.

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PROGRAM AT A GLANCE

1. Basic Data				Project Number: 52329-001
	Project Name	Pacific Renewable Energy Program	**Department/Division**	PSOD/PSIF2 PARD/PAEN
	Country	REG (COO, FIJ, FSM, KIR, NAU, PAL, PNG, RMI, SAM, SOL, TIM, TON, TUV, VAN)	**Executing Agency**	
	Borrower			
2. Sector		**Subsector(s)**		**ADB Financing ($ million)**
			Total	**100.00**
3. Strategic Agenda	Inclusive economic growth (IEG)	**Subcomponents** Pillar 1: Economic opportunities, including jobs, created and expanded	**Climate Change Information** Climate Change impact on the Project	Low
			ADB Financing Mitigation ($ million)	80.00
4. Drivers of Change	Private sector development (PSD)	**Components** Promotion of private sector investment	**Gender Equity and Mainstreaming** No gender elements (NGE)	✓
5. Poverty and SDG Targeting			**Location Impact** Not Applicable	
	Geographic Targeting	No		
	Household Targeting	No		
	SDG Targeting	Yes		
	SDG Goals	SDG7, SDG13		
6. Nonsovereign Operation Risk Rating:		Not Applicable		
7. Safeguard Categorization		No Safeguards Categorization available.		
8. Financing[a]				

Modality and Sources	Amount ($ million)
ADB	**100.00**
Nonsovereign LIBOR Based Loan (Regular): Ordinary capital resources	50.00
Partial Risk Guarantee	50.00
Cofinancing	**0.00**
None	0.00
Counterpart	**0.00**
None	0.00
Others	**0.00**
Total	**100.00**

Currency of ADB Financing: USD

[a] Cofinancing will be made available to the Pacific Renewable Energy Program consisting of a $3 million grant provided by the Government of New Zealand through the Ministry of Trade and Foreign Affairs. The amount will cover up to twenty-four months of power payments from a utility. Additional Cofinancing of up to $20 million may be available from the Canadian Climate Fund for the Private Sector in Asia II subject to the approval requirements of the fund on a project by project basis.

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed Pacific Renewable Energy Program (Program) of up to $100,000,000 for the issue of guarantees and the provision of loans benefiting renewable power projects in Pacific island countries.

2. The Program will provide a financing structure to support the power payment obligations of power utilities where governments are unable to guarantee a utility's offtake obligations under power purchase agreements (PPAs) due to fiscal constraints.

II. THE PROGRAM

A. Program Description

3. **Rationale.** ADB's 14 Pacific developing member countries (PDMCs) share similar development challenges, including small populations, limited resources, remoteness, susceptibility to natural disasters, and vulnerability to external shocks. They are currently embarking on a structural transition from power generation based on fossil fuels to generation from renewable energy sources, so as to lower power generation costs, reduce greenhouse gas emissions, and improve energy security. However, given the small size of their economies and power utilities, the PDMCs face unique capacity constraints. The lack of technical capacity of the power utilities in the renewable energy segment limits the internal skills available to manage grids that are moving rapidly from relatively simple single-source generation systems (diesel) to grids with multiple intermittent renewable energy sources (wind, solar, and hydropower). This requires more sophisticated integration systems and stronger technical expertise. Moreover, the structural shift entails significant investment. Commercial and public sector funding for power utilities is inadequate. Private sector investment in owning and operating intermittent renewable energy generation facilities is crucial to supplementing local capacity and filling the investment gap in the sector. Most PMDCs are now actively seeking investments from independent power producers (IPPs).[1]

4. **Barriers.** Private sector investment in renewable energy in the Pacific region is currently restricted by [CONFIDENTIAL INFORMATION DELETED] (ii) lack of bankability of PPAs, (iii) uncertainties over foreign currency availability and convertibility, (iii) political risks, and (iv) low capacity of governments and utilities for engaging the market and preparing bankable PPAs. The private sector relies on sovereign guarantees to backstop the offtake obligations of power utilities. However, many PDMCs are unable to provide guarantees for the following reasons:

(i) Governments are reluctant to provide guarantees because the obligation will be counted as a contingent liability and will contribute to national debt.
(ii) Often, PDMCs do not have any headroom within their mandated debt ceilings or would prefer to utilize available headroom for direct borrowing.
(iii) The small scale of many transactions means that the transaction costs for establishing a guarantee product is prohibitive.

5. **Design.** The Program is designed to work within these constraints and encourage private sector investment by using donor funds to backstop the power payment obligations of power utilities. The design for each project under the Program includes one or more of the following forms of financing support:

[1] A sector overview in presented in Linked Document 1.

(i) A partial risk guarantee (PRG) covering standard political risks and breaches of contract under the PPA, which includes coverage of failure by the utility to make a termination payment in the event of full default by the power utility, as set out in the PPA.[2] Payment for breach of contract is made under the PRG upon arbitral award.[3]

(ii) A direct loan provided to support a private sector IPP borrower; or, where ADB cannot fund a loan in local currency, then an ADB partial credit guarantee benefiting one or more local lenders to the project may be made available to the IPP instead of a direct loan.

(iii) A Letter of Credit (LC) facility to cover short-term liquidity risk, to be drawable by the IPP in an amount covering payments due under the PPA for a specific period. ADB may arrange for a maximum period of 24 months of PPA payments per project. The LC will cover the risk that a power utility as an offtaker fails to make payments to the project in accordance with the terms of the PPA, and the LC will be reinstated once the utility has restored the outstanding payments. The LC, if provided, will be fully funded by development partner funds. The LC will cover the risk that a power utility as offtaker fails to make payments to the project in accordance with the terms of PPA.

(iv) Technical assistance (TA) for transaction advisory support and streamlined processes to reduce high transaction costs associated with relatively small transaction sizes in the Pacific, and to assist with capacity building in environmental and social safeguards.

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6. The above arrangements will benefit projects within the Program by enhancing the creditworthiness of the power utilities in meeting power payment obligations under the PPA and mitigating political risk for lenders. To the extent that concessional financing sources make funds available to the Program, the Program also has the potential to (i) reduce the cost of financing through lenders by providing longer tenors or lower margins, which in turn is expected to feed through to a lower power tariff for consumers; and (ii) attract additional investors and lenders that have traditionally found it difficult to accept power utility offtake risk in the Pacific.

7. Combined ADB Ordinary Capital Resources (OCR) financing (i.e., the combination of both loans and guarantees) for each project under the Program will not exceed $10 million. The PRG and/or loan for each project will be processed and approved under following ADB's standard nonsovereign processes.[4]

8. **Program development.** The Program has been developed by PSOD and PARD under a "One ADB" approach. This approach leverages PARD's close relationship with the Pacific power utilities. The Pacific Renewable Energy Investment Facility (PREIF) was approved in May 2017 to support ADB investment in sovereign renewable energy projects in the smallest 11 Pacific Island member countries and to assist in sector reform. PREIF identified a donor-backed guarantee program as a key activity to promote private investment in the Pacific energy sector, as part of the sector reform agenda. Development of a regional guarantee program is an output

[2] Expropriation, inconvertibility/nontransferability, war and civil disturbance, and breach of contract.

[3] The PRG will not cover PSOD lending.

[4] It is anticipated that ADB will provide both guarantees and financing for most projects, however some projects may only utilize one product or the other.

indicator of PREIF. PREIF funded design work for the Program and is envisaged to provide technical assistance during implementation. PSOD and PARD will work together to implement the Program and identify pipeline transactions. PSOD will be responsible for processing guarantees and project financing for individual private sector projects. Debt financing terms and conditions to sponsors will be determined on a project by project basis. PARD, PSOD, and ADB's Office of Public–Private Partnership (OPPP) will manage TAs to develop upstream capacity and provide transaction advisory services where practical.[5]

9. **Moral hazard.** There is potential moral hazard in providing the Program to power utilities that are unable to access a government guarantee to backstop their offtake obligations because a power utility may choose to default on its obligations and rely on the backstop support provided by the Program. The risk will be mitigated through structures that will differ from project to project but may include (i) cash security from the power utility to cover three months LC on a first-loss basis,[6] (ii) the potential for minority equity ownership by the power utility, and (iii) the potential for equity investment by national superannuation funds.[7]

B. Program Pipeline

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10. **Project origination.** ADB is currently financing, or has a pipeline to finance, energy sector projects (mainly renewable energy) in all the PDMCs. ADB is the largest investor in the Pacific energy sector at present. The Program will leverage this extensive network with Pacific power utilities to identify planned transactions in the early stages under the "One ADB" approach and will build capacity for energy sector expansion and private sector interest in the region. TA funds will be used to originate transactions with power utilities and to help Pacific power utilities and governments to improve the quality of doing business with the private sector. The Program will be made available to all bidders; however, it will include eligibility criteria and is subject to due diligence satisfactory to ADB, internal credit approvals, and final documentation covering each IPP and its sponsors.

C. Development Impact, Outcome, and Outputs

11. **Impact and outcome.** The impact will be increased generation of renewable energy in the Pacific, as stated under the Framework for Action on Energy Security in the Pacific 2010–2020.[8] The outcome will be increased private sector investment in renewable energy in the Pacific.[9]

12. **Outputs.** The Program output is successful establishment of the Pacific Renewable Energy Program. The output will support an estimated 5 separate renewable energy projects in PDMCs over a 5-year period.

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[5] Technical assistance may be provided through (i) Asia Pacific Project Preparation Facility (AP3F), and (ii) through the Pacific Renewable Energy Investment Facility.

[6] Any call under the LC will be first served by the power utility cash balance prior to being served pro-rata by the development partners backstopping the letter of credit.

[7] The design for addressing moral hazard will be considered on a country by country basis and is discussed further in Linked Document 2.

[8] Secretariat of the Pacific Community. 2011. Framework for Action on Energy Security in the Pacific, 2010–2020. Suva. The Secretariat of the Pacific Community is currently completing a review of the Framework for Action on Energy Security in the Pacific 2010-2020 and commencing preparation of the next 10-year framework.

[9] The design and monitoring framework is in Appendix 1.

D. Alignment with ADB Strategy and Operations

13. The development objective is to provide credit enhancement mechanisms to hedge against the key risks inherent in power projects in the PDMCs, which will increase private investment in the energy sector. The Program will (i) lower the cost of financing and encourage financing with longer tenors, which will feed through to lower power tariffs; (ii) attract new investors and lenders to the PDMCs, where they might not otherwise invest; (iii) generate financing opportunities for PSOD; and (iv) increase PSOD's focus on frontier markets in accordance with ADB's Strategy 2030.[10] The Program is aligned with the operational priorities of Strategy 2030 in tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability.

14. The additionality provided by ADB is in sourcing and using available grant funds for the PDMCs from ADB's development partners as a credit enhancement tool that will mobilize private financing. This will spur self-sustaining private sector development, reduce continued reliance of power utilities on grants and subsidies, and increase energy supply. Technical assistance under the Program will assist in strengthening governance and institutional capacity through building skills in financial sustainability, service delivery, capacity and standards.

E. Lessons Learned

15. Studies by the Independent Evaluation Department highlight the following lessons, which were incorporated into the Program design.[11]

- (i) Marketing and origination of potential guarantees to commercial banks is made difficult because ADB's client is the borrower and not the beneficiary of the guarantee. The Program counters this problem through upstream engagement with the power utilities to identify a pipeline.
- (ii) Knowledge of the guarantee business is partially lacking within ADB. The Program overcomes this through a "One ADB" approach, whereby PSOD and PARD work collaboratively to identify and implement projects under the Program.
- (iii) Without forward project identification, programs are often unutilized. This is being avoided by significant work in upstream project identification and market sounding.

16. The following lessons learnt from development of solar power projects in the Pacific by PARD have also been incorporated into its Program design.

- (i) Land acquisition. Land acquisition is a major risk for development of energy projects in the Pacific. Projects should secure land tenure early in the project cycle to avoid subsequent delays.
- (ii) Power grid strengthening. Some Pacific grids require upgrading of transmission and distribution systems prior to development of renewable energy generation. Renewable energy feasibility studies must assess grid strength to avoid dispatch issues during operation.

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[10] ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific.* Manila.

[11] Internal Evaluations Department. 2017. *Boosting ADB's Mobilization Capacity: The Role of Credit Enhancement Products*. Manila: ADB.

(iii) Battery storage. Many Pacific power grids require installation of battery storage for additional intermittent renewable energy (solar or wind) integration. Feasibility studies should ensure that battery storage is incorporated into project design.

F. Financing Plan

17. The Program will consist of the following instruments:

(i) **Partial Risk Guarantee.** The PRG will support commercial loans with an aggregate principal amount of up to $50 million plus interest and PRG fees thereon under the Program. PRG coverage will wherever possible and appropriate be risk-participated by concessional financing sources to reduce cost, and increase the diversity of PRG cover, to IPPs undertaking projects under the Program.

(ii) **Nonsovereign operations ordinary capital resources loans.** ADB will lend up to $50 million from its OCR to IPPs under the Program. As with the PRG arrangements, in addition to its OCR financing, ADB will seek to draw into each project both parallel cofinancing and, where available and appropriate, third-party concessional financing with ADB as lender-of-record. Where a direct ADB OCR loan is not suitable for an IPP because of a currency mismatch, an ADB partial credit guarantee benefiting a local lender to the project may be made available.

18. Additional support may be made available to the Program, including the following:

(a) **Letter of Credit.** The LC for projects will be funded from a $3 million grant provided by the Government of New Zealand, which has been approved. Further grant funds from development partners may be made available to fund LCs in accordance with their respective trust agreements as the Program matures. Funds from the Asian Development Fund may also be considered. The LC for each project will be in an amount covering up to twenty-four months of power payments from the utility. Where practical, the first three months of power payments in cash collateral for the LC will be obtained from the utility to take the first loss on the LC if it is called.

(b) **Technical Assistance.** TA will be provided on a case-by-case basis for project origination and transaction advisory support through the Asia Pacific Project Preparation Facility (AP3F) and PREIF.[12]

19. The tenor of each PRG will be determined on a case-by-case basis in consultation with prospective lenders. Under current market conditions, it is estimated that the tenor will be up to 15 years. An annual guarantee fee and commitment fee will be charged to the lender, to be determined project by project. The guaranteed percentage would be up to 99% of principal, interest, and guarantee fees. The claims processed under the PRG will follow standard ADB procedures. Loan approval will be processed in accordance with NSO lending guidelines under ADB's standard nonsovereign processes. Details of the guarantee structure are presented in LD2 Guarantee and Debt Structure and will be approved by Management. The Program financing plan is presented in Table 2 below.

[12] To be assessed on a case by case basis. AP3F is managed by Office of Private-Public Partnership (OPPP).

Table 2: Program Financing Plan

Source	PRG ($ million)	LC ($ million)	NSO loans ($ million)	Total ($ million)
PSOD NSO exposure for PRG[a]	50.0	0.0	0.0	50.0
PSOD OCR for NSO loans or partial credit guarantees[b]	0.0	0.0	50.0	50.0

OCR = ordinary capital resources, PRG = partial risk guarantee, PSOD = Private Sector Operations Department, NSO = nonsovereign operations, LC = letter of credit.

[a] Maximum PSOD nonsovereign guarantee exposure, exclusive of interest and guarantee fees. PSOD will provide $50 million OCR for PRG, and CFPS II may risk participate up to $20 million of this, leaving a resultant NSO exposure of $30 million.

[b] Maximum PSOD nonsovereign lending exposure

Source: Asian Development Bank.

20. Additional financing as shown in Table 3 may also be made available to assist the Program.

Table 3: Additional Program Financing

Source	PRG ($ million)	LC ($ million)	NSO loans ($ million)	Total ($ million)
CFPS II (reimbursable capital)[a]	20.0	0.0	0.0	20.0
New Zealand (grant)	0.0	3.0	0.0	3.0

CFPS II = Canadian Climate Fund for the Private Sector in Asia II, LC = letter of credit, PRG = partial risk guarantee, PSOD = Private Sector Operations Department, NSO = nonsovereign operations

[a] Nauru and Cook Islands are not eligible to be supported by CFPS II.

Source: Asian Development Bank.

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G. Implementation Arrangements

20. The implementation period for the Program will take place over 20 years from April 2019 to April 2039. Loans and guarantees under the Program may be prepared for approval under ADB’s nonsovereign business processes for a 5-year period between April 2019 and April 2024. The deadline for the final approval under the Program will be 30 April 2024. Individual loans and guarantees will have a maximum tenor of 15 years. Multiple projects in a single country deploying guarantees or loans under the Program may be approved. No financing cap applies to an individual country other than the established country exposure limits. Regional projects may also be considered across multiple PDMCs.

21. The proposed guarantees and loans to the projects to be provided under NSO will all be small-volume transactions. They will be prepared and processed following normal due diligence and processing requirements under ADB’s NSO processes. Qualifying criteria for projects under the Program consist of the following:

(i) The project scope includes renewable energy generation and supports energy sector infrastructure.[13]
(ii) The project is in a PDMC.
(iii) Projects that fall under environment category A are excluded.

[13] Supporting infrastructure includes the required power sector infrastructure to maintain grid operation. This includes, but is not limited to, transmission and distribution assets and diesel generation rehabilitation and upgrades.

(iv) The total ADB NSO exposure is limited to $10 million per project, consisting of a combination of direct NSO loans and an amount of PRG exposure. The financing parameters for individual transactions will be approved in accordance with guidelines under Operations Manual section D10 (Nonsovereign Operations).

22. ADB will report progress in Program implementation annually to the ADB Board of Directors (calendar year). The first annual report will be for the period March–December 2019 and will be due in April 2020. Prior to 30 September 2021 or when 50% of the approval limit has been utilized, whichever occurs first, ADB will conduct an interim review of the Program and report to the Board, including recommendations for design modifications (if any).

23. PSOD and PARD will work closely with PDMCs' power utilities to identify suitable transactions and propose transaction advisory services to OPPP (in close coordination with AP3F for TA support). PSOD will oversee the implementation, monitor the progress of the portfolio and respond to any issues arising in the guarantee transaction, and prepare periodic Program progress reports to donors as required.

III. THE PROPOSED ADB ASSISTANCE

A. The Assistance

24. ADB will establish a loan and guarantee program that includes PRGs to cover default on commercial loans for qualifying projects caused by restrictions on convertibility and transferability, political violence, expropriation, and breach of contract (including failure by the utility to make a termination payment in the event of full default by the power utility, as set out in the PPA). ADB's PRGs may benefit from risk transfer arrangements, as appropriate and available, with third-party concessional funds. Such funds will risk-participate with ADB, who will act as guarantor of record. Additionally, nonsovereign loans, or equivalent PRGs to intermediary lenders, may directly support IPPs. Finally, TA for project origination and transaction advisory support will be made available to assist governments in streamlined processing (standardization of PPAs, bidding documents, and bid process) to reduce high transaction costs associated with relatively small transaction sizes in the Pacific. In addition to the core OCR elements of the Program, ADB will seek to bring additional value to the Program by arranging for the benefit of IPPs, where appropriate and available, an LC standby support for power payments due in the event of a breach of payment obligations by the offtaker under the PPA. The extent of the cover of debt service under such LC will differ from project to project based on the credit standing of each offtaker and the extent to which concessional funding sources support the use of funds for such a purpose. An LC will reduce the risk to commercial lenders of borrower default under the PPA, and thus reduce the cost of funds to the IPP.

B. Value Added by ADB Assistance

25. ADB's assistance through the Program is crucial in creating an enabling environment and lowering barriers to promote private sector investment. The Program is an output indicator of PREIF and fulfils a gap identified by the PREIF. The Program will benefit from the energy sector reform under the PREIF and build on synergies with ADB's sovereign energy projects in the region. The Program will improve transparency and governance through upstream TA to identify projects, provide transaction advisory services, and support sector reform to promote the private sector.

C. Risks and Mitigations

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IV. POLICY COMPLIANCE

26. **Environment and Social Safeguards.** The Program will support renewable energy projects, each of which will be separately assessed and processed depending on the financial structure (i.e. LC and PRG, or in combination with a nonsovereign loan). Desk environmental and social screening will be conducted for each transaction to determine the significance of environmental, involuntary resettlement, and indigenous peoples risks and impacts. Projects categorized as Category A for environment will not be included in the Program. Projects under the Program are anticipated to be Environment Category B, Involuntary Resettlement Category B, and Indigenous Peoples Category C.

27. Environmental and social due diligence will be carried out in accordance with ADB's Safeguard Policy Statement (2009) and social requirements. The IPPs will engage environmental and social experts to prepare environmental and social assessment reports and management plans for their projects, such as an Initial Environmental Examination report and Resettlement Plan (if required). An Environmental and Social Audit report to be filed by an external expert will assess the environmental, social, health and safety, and gender risks and impacts associated with the project in cases where the project involves land acquisition or resettlement. Recommended mitigation measures and monitoring requirements will be implemented under an environmental and social management plan. The Implementation of any corrective action plans in response to audit findings will also be monitored by and reported to ADB.

28. Transactions with an NSO loan component will be processed in line with project finance transactions wherein preparation, review and approval of environmental and social requirements will be conducted prior to approval by the ADB Management. For projects benefiting only from a PRG, compliance with safeguards and social requirements will be a condition precedent for the availability of the guarantees to the IPPs or partner financial institutions.

29. **Social dimensions.** The Program is categorized as having no gender element given the nature of the Program. Each project approved under the Program will aim to achieve some gender elements. However, each project sponsor or IPP will comply with the gender related requirements of ADB's Safeguard Policy Statement (2009) and Social Protection Strategy (2001) such as ensuring women's active participation in consultation activities; inclusion of gender issues in the conduct of social analysis; use of culturally appropriate and gender sensitive methods in the assessment of potential project impacts, including indigenous peoples; and development of gender sensitive consultation, participation, and grievance mechanisms for communities and workers, among others.[14] Each project sponsor will be asked to commit to identifying and implementing measures that benefit women in accordance with ADB's Policy on Gender and Development.[15] Each project sponsor or IPP will comply with national labor laws and take measures to comply with internationally recognized core labor standards, pursuant to ADB's Social Protection Strategy (2003).[16] Each IPP or project sponsor will undertake information disclosure and consultation, as applicable following ADB requirements.

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[14] ADB. 2003. *Social Protection.* Manila (adopted in 2001).
[15] ADB. 2003. *Our Framework Policies and Strategies: Gender and Development.* Manila (adopted in 1998).
[16] ADB. 2003. *Social Protection Strategy.* Manila (adopted in 2001).

V. RECOMMENDATION

36. I am satisfied that the proposed Program would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve

(i) the Pacific Renewable Energy Program in an aggregate amount of up to $100,000,000 as described in paragraphs 20 to 23 of this report on such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board; and

(ii) the authorization for the President to approve loans and guarantees for renewable power projects under the Program in accordance with the terms set forth in this paper.

DESIGN AND MONITORING FRAMEWORK

Impact the Program is Aligned with: Increased generation of renewable energy in the Pacific (Framework for Action on Energy Security in the Pacific, 2010–2020)[a]

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Private sector investment in renewable energy in the Pacific increased	**By 2024** Five investments in renewable energy generation are supported by the Program and at least two projects of which will be categorized as some gender elements. (baseline 2019: 0)	Program progress report	Political support for renewable energy declines Commercial financing unwilling to finance IPPs in PDMCs, despite the Program
Outputs Pacific Renewable Energy Program successfully established	**By 2022** Loans and guarantees obligations of the Program reached $50 million (2019 baseline: 0).	Program progress reports	Insufficient demand for loans and guarantees within target PDMCs

Key Activities with Milestones

Output 1: Pacific Renewable Energy Program established

Guarantee Program is operational when Financing Agreements are signed by 2020.

[a] Secretariat of the Pacific Community. 2011. *Framework for Action on Energy Security in the Pacific, 2010–2020*. Suva.

Source: Asian Development Bank.