

**Pacific Department**  
**Scope for Private Sector Involvement in the Energy Sector**

- Significant private sector investment into the oil and gas sector in East Timor and PNG (and possibly Palau), however ADB focus is on the power sector.
- ADB's primary focus is on-grid development of the electricity infrastructure including
  - core power sector infrastructure (diesel generation, transmission and distribution),
  - renewable energy,
  - energy efficiency, and
  - enabling environments (regulators, tariff reform, revision of legislation etc).
- Pacific power sector – ADB has 7 ongoing loan/grant projects (approx \$280 million) and 6 pipelined loan/grant infrastructure projects 2011/12 (approx \$133 million)

**Main Areas of Potential Private Sector Involvement**

1. Consulting Services

- 10 ongoing TA grant in power sector (approx \$10.1 million) – mainly consulting contracts
- Lack of local engineering capacity means heavy reliance on external consulting companies

2. Operation and Maintenance Contracts

- Due to small size, many utilities rely on O&M contracts of various forms.

3. Equipment and Civil Works Contracts

- ADB procures a range of equipment and civil works contracts (largely ICB) – all advertised on ADB website

4. Public/Private Partnerships/Independent Power Producers

- Region is moving from a single source (mainly diesel) power generation environment to a multi-generation source environment (renewable energy) – private sector engagement is important
  - i. current investment flows are inadequate to make this transaction – private sector capital is required, and
  - ii. technical capacity of utilities is often inadequate to manage renewable energy generation – private sector technical expertise is required
- ADB invests directly in IPP's through our private sector operations
- ADB offers guarantee tools to lower investment risk for private sector