

ADB signs loan for first cross-border wind power project in Asia

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The Asian Development Bank (ADB) and Monsoon Wind Power Company Limited (Monsoon) signed a \$ 692.55 million nonrecourse project financing package to build a 600-megawatt wind power plant in Sekong and Attapeu provinces in the southern region of the Lao People's Democratic Republic (Lao PDR) to export and sell power to neighbouring Viet Nam. Comprising 133 wind turbines, the project will be the largest wind power plant in Southeast Asia and the first in the Lao PDR.

As a sole mandated lead arranger and book-runner, ADB has arranged, structured, and syndicated the entire financing package—the largest syndicated renewable project financing transaction among ASEAN countries to date. The package comprises a \$100 million A loan from ADB's ordinary capital resources, a \$150 million syndicated B loan, \$50 million in concessional financing, \$382.55 million in parallel loans, and a \$10 million grant. Cutting-edge use of concessional blended finance was critical in overcoming the project's bankability hurdles to crowd in the commercial capital.

“Developing economies in Asia and the Pacific face shortfalls in climate investments that are needed to clear a pathway to green growth. The syndication of development and commercial financing for this project bridges this gap by mobilizing private capital to develop wind resources which are translated into clean power generation that can spur economic and social advancement in the region,” said Suzanne Gaboury, ADB Private Sector Operations Department Director General. “The financing from ADB and its partners will help unlock the Lao PDR's untapped wind resources, providing a basis for a transition to clean energy and green growth that will have lasting benefits for the economy.”

Cross-border power supply has been a pillar of the Lao PDR's economic growth. Harnessing the country's untapped wind resources can provide energy diversification as the seasonality of the wind resource is countercyclical to the rainy season, which supports the country's hydropower generation. The project will reduce annual greenhouse gas emissions by

at least 748,867 tons of carbon dioxide equivalent.

The B loan comprises \$100 million from Siam Commercial Bank and \$50 million from Sumitomo Mitsui Banking Corporation while the concessional financing administered by ADB comprises \$20 million from Leading Asia's Private Infrastructure Fund (LEAP) and \$30 million from the Canadian Climate Fund for the Private Sector in Asia (CFPS, CFPS II). Parallel loans include \$120 million from the Japan International Cooperation Agency, \$100 million from Kasikorn Bank, \$72.55 million from the Asian Infrastructure Investment Bank, \$60 million from the Export-Import Bank of Thailand, and \$30 million from the Hong Kong Mortgage Corporation Limited. A \$10 million grant from ADB's Asian Development Fund (ADF) - Private Sector Window (ADB-PSW) will help mitigate key project risks, including potential curtailment risk, which is a key bankability issue for lenders.