

Assessing the Asian Development Bank's progress on just energy transition

This fact sheet evaluates whether the **Asian Development Bank** (ADB) is driving a just, inclusive transition to 100% renewable energy — a process that shifts away from fossil fuels (including oil and gas), while ensuring equitable, democratic energy systems that prioritise human rights, social benefits, and ecological integrity.

We analysed 148 energy projects approved by the ADB between 2022 and 2024, totalling \$8.85bn in investments, by examining publicly available ADB project documentation.

Each project was categorised according to Recourse's taxonomy¹ for a renewable energy transition with social and environmental accountability, as defined by the Banking on Renewables campaign,² and assessed against three criteria:

 <p>CRITERIA 1 Finance a transition to 100% renewable energy</p> <p>Is funding shifting from fossil fuels to clean energy?</p>	 <p>CRITERIA 2 Ensure a democratic energy system for all</p> <p>Are investments accessible, equitable, and community-centred?</p>	 <p>CRITERIA 3 Put people and nature at the heart</p> <p>Do projects protect and promote the rights of communities and protect ecosystems?</p>
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Our assessment maps energy sector commitments across investment flows, financing instruments, risk classifications, social safeguards, and community engagement to reveal whether ADB financing is truly aligned with climate justice principles.

Key findings

Our analysis finds:

- **Substantial but overshadowed renewable investment:** Between 2022 and 2024, the ADB classified \$5.67bn in energy investments as supporting renewable energy. However, based on project documentation, only \$4.14bn of this total is aligned with our criteria for sustainable renewables. The remaining \$1.53bn, over a quarter of the total, was allocated to technologies considered 'false solutions'.³
- **Growth in 'false solutions':** Finance for socially and environmentally risky projects and those that prolong fossil fuel reliance, such as large hydropower⁴ industrial biofuels and hydrogen, increased dramatically from \$45m in 2022 to over \$1bn in 2024 (24% of 2024 energy finance).
- **Rise of 'unclear' projects:** The ADB's funding for 'unclear' energy projects — those lacking transparent disclosure of fuel or technology type — surged from just \$94.83m (3.5% of energy finance) in 2023 to \$1.46bn (35%) in 2024, creating a significant transparency gap that prevents meaningful assessment of climate alignment.
- **Technical assistance transparency gap:** In 2024, the ADB committed \$35.98m in Technical Assistance (TA) for energy, representing 43% of the total number of energy projects. Out of this we classified nearly 46% (\$16.51m) as 'unclear', since they lack disclosure on the type of energy or fuel supported.
- **Loan-heavy financing:** 94% of energy funding (2022–2024) was in loans or equity, with only 4% as grants, creating long-term debt risks for recipient member countries. The loan-to-grant ratio across the three years was 19:1.
- **Declining gender considerations:** Gender equality-related language in project documents decreased from 74% of projects in 2022 to only 46% in 2024, with particularly low rates for fossil fuel projects (40%) and TA (45%).
- **Higher risk, less accountability:** 41.2% of energy projects over the three years were classified as having high or medium social and environmental risk in at least one out of three safeguards (A or B classification). Almost half (45%) of the projects are TA, which are not required to have a risk classification. This means that due diligence, supervision and monitoring may not be effectively calibrated for risk.

¹ Recourse (2023). Harnessing public finance potential to create renewable energy economies, pp.37–39. re-course.org/newsupdates/world-bank-align-investments-with-paris-support-re-economies/

² Recourse (2024). Banking on Renewables criteria for public investment in a 100% renewable energy future. re-course.org/newsupdates/banking-on-renewables-criteria/

³ The Banking on Renewables taxonomy includes the following as 'false solutions': Large hydropower, industrial biofuels, nuclear power, carbon capture and storage, 'blue hydrogen' and 'green hydrogen' for export, carbon markets, and any project that does not consider social and environmental protection.

⁴ Evidence shows that large hydropower projects (as opposed to small-scale decentralised hydropower) have displaced local communities and disrupted ecosystems, while local people have not benefited from jobs or improved energy access. See details in the Banking on Renewables criteria (footnote 2).



CRITERIA 1 Towards 100% renewable energy

Assessment:
**Concerning trend towards obscure
energy finance and false solutions**

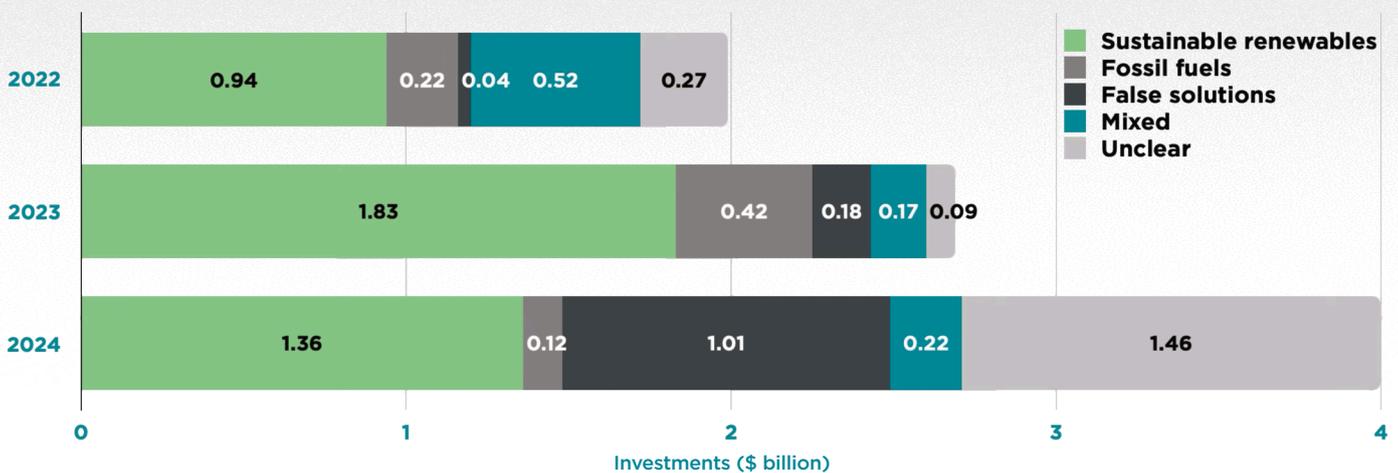
While direct fossil fuel finance has declined slightly, the ADB's energy portfolio reveals a concerning pivot: Renewables are now being rivaled by projects we categorised as 'unclear' and a trend towards funding 'false solutions' — including hydrogen, large hydro, and industrial biofuels.

Snapshot 2024

- 33% of the ADB's energy finance (\$1.36bn) supported sustainable renewables (solar, wind, small-scale hydro, geothermal).
- 24% (> \$1bn) of energy finance went to false solutions (large hydropower, hydrogen, industrial biofuels). False solutions and unclear finance combined accounted for 59% of energy investments, eclipsing support for renewables.
- We classified energy projects worth \$1.46b as 'unclear', 16.7% of the ADB's total energy finance in 2024.

Many of the projects classified as 'unclear' in our analysis include references to "renewable", "low-carbon" or "clean energy" in the project documentation. However, our review of the documentation shows that the project activities and outcomes are much more ambiguous and are as likely to support fossil fuel infrastructure as they are renewables.

ADB energy investments 2022-2024: false solutions and unclear projects on the rise



Technical assistance: A hidden driver of fossil lock-in

Technical assistance (TA) refers to the ADB's advisory, planning, and capacity-building support for governments that shape national energy strategies, sector reforms, and infrastructure pipelines. Despite its modest financial footprint, TA can profoundly influence energy trajectories — including enabling gas infrastructure under ambiguous terms like 'low-carbon' or 'transition'.

Between 2022 and 2024, the ADB committed \$108.43m in TA to energy projects. Although TA accounted for just 1.17% of total energy finance over the three years, it made up 59.5% of the total number of energy projects financed— giving it disproportionate influence over national energy planning.

In 2024, TA totaled \$35.98m, and represented 41% of ADB's energy project approvals. Of that:

- 48.6% supported clearly defined sustainable renewables
- 45.9% was classified as 'unclear' — with limited or no information/disclosure of fuel or technology
- 5.6% went to false solutions like hydrogen and extractive industry strategies
- The ADB didn't label any projects as supporting fossil fuels, despite documentation showing gas planning under 'clean energy' labels

The ADB's revised Environmental and Social Framework (ESF), which comes into effect in 2026 introduces new provisions for TA, but full safeguard coverage does not apply in all circumstances. Without comprehensive safeguards and inclusive consultation, TA may continue enabling fossil infrastructure under a 'clean' label.

Bottom line: TA is not neutral. It systematically shapes energy futures with minimal oversight, for example, driving fossil gas lock-in while appearing as 'clean transition' planning. Done right it could more comprehensively contribute to an 100% renewables energy transition.



CRITERIA 2

Ensure a democratic energy system for all

Assessment:

Loan-heavy and gender-blind finance

Despite growing climate commitments, the ADB's renewable energy finance remains heavily loan-based — even in countries facing debt distress and with limited fiscal flexibility. This undermines rather than enables transformative, accessible energy transitions. Similarly, the limited and inconsistent evidence of gender considerations undermines equitable development outcomes, as women and marginalised communities face disproportionate barriers to energy access and participation in decision-making processes.

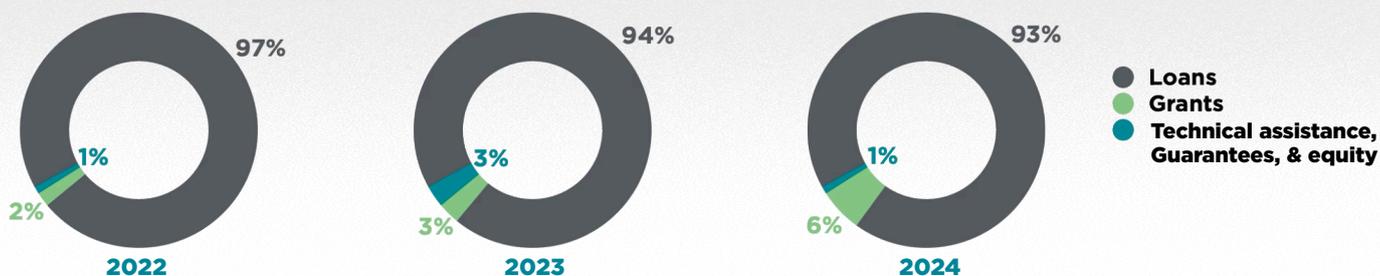
Loans over grants

- Loan-dominated financing persists: 94% of ADB energy finance over the three years comes as loans, with only 4% as grants.
- The loan-to-grant ratio averaged 19:1 over the three years, reaching approximately 14:1 in 2024, adding to debt burdens for developing and middle-income countries.
- Financing for sustainable renewable projects remains heavily loan-based, with grants making up less than 10% of sustainable renewable energy funding.

Gender blind

- Considerations of gender equality remain inconsistent — only 46% of energy projects had gender elements in project documentation in 2024.
- 82% of renewable projects incorporated gender elements compared to just 45% of TA and 40% of fossil fuel projects. But without a gender safeguard, even where gender assessments are recorded it is questionable whether it is sufficiently robust, including in implementation.
- Community-owned and decentralised energy models receive minimal support despite their proven benefits.

Loans dominate ADB energy investments, 2022 to 2024



CRITERIA 3

Put people and nature at the heart of the energy transition

Assessment:

High and untransparent risk; low community consultation

ADB's approach to risk management reveals concerning patterns, with direct investments in energy projects showing rising risk levels. Moreover, nearly half of all energy projects are TA, which means that there is no requirement to classify risk. This will change under the ADB's new Environmental and Social Framework (ESF), operational from 2026, which will apply to TA. This is a welcome change, but it is essential that the associated guidance note require explicit acknowledgment and disclosure of environmental and social (E&S) risks in TA project documentation and more robust due diligence.

Another trend is a sharp decline in references to community consultation in available documentation, potentially revealing a troubling retreat from ADB's own standards for stakeholder engagement. The pattern is even more concerning when paired with rising risk profiles: As projects grow riskier, the mechanisms for community voice are simultaneously weakening.

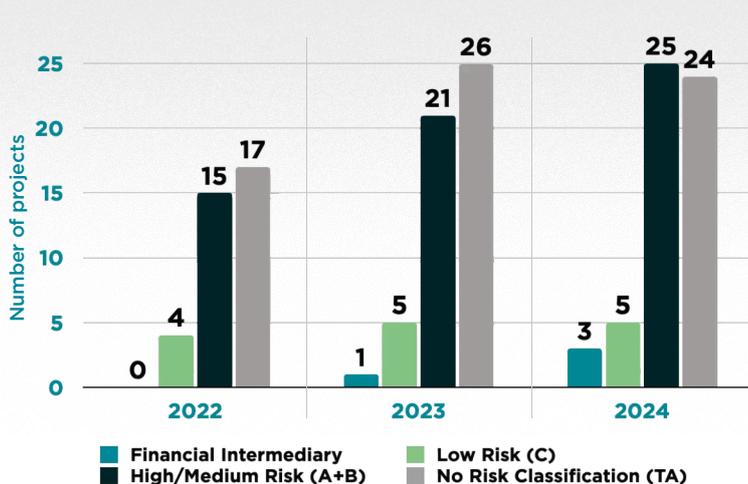
High risk

- 41.2% of ADB energy projects from 2022 to 2024 — 61 out of 148 — were classified as high or substantial risk (A or B classification) in at least one safeguards category. While the share fluctuated slightly year to year, the overall level of risk has remained consistently high, thereby requiring more stringent application of environmental and social safeguards.

Gaps in consultation

- References to requirements for community consultation in the project documentation has decreased from 56% of projects in 2022 to 38% in 2024 — pointing to reduced transparency in stakeholder engagement. This is especially true for TA projects, which are not subject to full safeguards and rarely reference consultation, despite shaping long-term energy planning.

ADB investments marked by high project risk



Policy recommendations for a just energy transition

Towards 100% renewable energy

- End all direct and indirect support for fossil fuels — including through TA, policy-based lending, and financial intermediaries — and redirect all support toward a just, renewable-based energy transition.
- Defund false solutions: Large hydropower, hydrogen, industrial biofuels, and carbon offsets.
- Redirect all energy finance to proven, decentralised renewables, on and off-grid.

Build a democratic energy system

- Shift from loan-heavy finance to more equitable grant-based support.
- Expand grants for community-owned renewables.
- Mandate gender-responsive budgeting, inclusive consultation, and verified community engagement.

People and planet first

- Limit support for 'A' and 'B' risk-rated (high and medium-risk) energy projects.
- Strengthen E&S risk management for all projects, particularly TA, through improved risk classification, monitoring, supervision and management, as well as implementation.
- Document and disclose all E&S project information, require stakeholder engagement and improve documentation of community consultation processes, including stakeholder engagement plans and their implementation, with a particular focus on gender equality. Respect the right of Indigenous peoples to Free, Prior and Informed Consent.

Methodology

Data sources: Analysis of ADB's publicly available project documentation, financial reports, and independent evaluations for projects approved in 2024, 2023, and 2022.

This assessment evaluates only the commitments made in publicly available project documentation from the ADB, and therefore the factsheet assesses the project planning and documentation at approval stage only. We do not assess implementation outcomes or experiences of the project on the ground.

- **Project categorisation:** Energy sector projects classified as Sustainable Renewable Energy, Fossil Fuels, False Solutions, Mixed finance, or Unclear based on technology/fuel descriptions in ADB documentation.
- **Key metrics assessed:** Risk ratings, financing structures (loans, grants, guarantees), gender inclusion, decentralised renewables, and community consultation.

All data used in this factsheet and methodology for calculations are available on the Recourse website (scan the QR code on the right). The analysis was supported by Alessandro Ramazzotti, Mark Moreno Pascual, Lola Allen, and the Banking on Renewables campaign team.

BANKING ON Renewables

Banking on Renewables is a global civil society initiative advocating for public finance institutions to align energy investments with climate goals and just transition principles. Join us in demanding a just energy future that puts people first.



Visit the website to find out more:

re-course.org/banking-on-renewables/

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