



# FINANCING OPERATIONS

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ADB raised \$9.4 billion through public issues and private placements, with \$10.5 billion in loans approved for 86 projects. Thirteen nonsovereign loans were made to the private sector for \$1.5 billion, 107% more than the \$715.3 million in the previous year, and resources of \$4.3 billion were transferred from ADB to its developing member countries, compared with \$3.2 billion in 2007.

**A**uthorized and subscribed capital stock amounted to \$54.9 billion. Ordinary capital resources (OCR) gross income, which includes revenue and net realized gains, amounted to \$2.0 billion, \$1.4 billion of which was generated from the loan portfolio, \$652.3 million from the investment portfolio, and \$25.7 million from other sources.

ADB's Special Funds are the Asian Development Fund (ADF) with 2008 committed contributions and revenue totaling \$0.7 billion, Technical Assistance Special Fund of \$41.3 million, Japan Special Fund of \$23.9 million, ADB Institute Special Fund of \$8.1 million, Asian Tsunami Fund of \$9.3 million, Pakistan Earthquake Fund of \$13.5 million, Regional Cooperation and Integration Fund of \$1.3 million, and Climate Change Fund of \$40.6 million.

## FUNDING

ADB raised \$9.4 billion in medium- and long-term funds through public issues and private placements. Public offerings amounted to \$4.8 billion, of which \$2.3 billion was through two US-dollar global benchmarks. Private placements totaled \$4.6 billion.

## OVERVIEW OF OPERATIONS

ADB approved 98 loans (86 projects) for \$10.5 billion, 7 equity investments for \$123.1 million, 1 guarantee for \$10.0 million, 3 B-loan projects for \$565.0 million, 49 grant projects for \$811.4 million, 299 technical assistance projects for \$274.5 million, and 12 multitranches financing facilities for \$5.7 billion.

## LOANS

Sovereign lending amounted to \$8.7 billion for 83 loans (72 projects or programs), comprising 46 loans from ADB's OCR for \$6.9 billion and 37 loans from ADF for \$1.8 billion. These amounts include 14 OCR loans for \$1.8 billion and 5 ADF loans for \$178.0 million from multitranches financing facilities. Overall, sovereign lending of \$8.7 billion approved in 2008 decreased by about 6% compared to \$9.2 billion approved in 2007 (a decrease of about 6% for both OCR and ADF lending). Two nonsovereign public sector loans to state-owned enterprises for \$300.0 million were approved. Thirteen nonsovereign loans (12 projects) to the private sector for \$1.5 billion were also approved—107% more than the \$715.3 million for 18 loans (18 projects) in 2007.

Of the 86 projects and programs approved in 2008, 69 (80%) were general interventions and 17 (20%) were targeted interventions. Sustainable economic growth was the most prevalent theme and was associated with 70 projects. Transport and communications, among the sectors, received the largest share of lending (26%).

The 72 investment projects approved in 2008 will result in total investments of about \$34.1 billion—\$8.1 billion (24%) will be financed by ADB; \$9.3 billion (27%) by governments and borrowers; \$15.8 billion (46%) by cofinanciers, equity sponsors, and local financial institutions; and \$946.9 million (3%) by project beneficiaries. Four projects, amounting to \$279.3 million, are financed under sector lending, compared with five projects amounting to \$503.2 million in 2007.

The 14 policy-based programs approved in 2008 were valued at \$2.49 billion, compared with 13 programs for \$2.46 billion in 2007.

**TABLE 2 Top Recipients by Approval, 2008**  
(\$ million)

	Loans		Technical Assistance	Grants	Total
	Sovereign	Nonsovereign			
India	1,808.3	1,068.6	27.4	–	2,904.3
China, People's Republic of	1,526.0	224.1	19.5	5.7	1,775.2
Pakistan	1,171.0	–	7.9	–	1,178.9
Indonesia	1,010.0	75.0	13.0	–	1,098.0
Philippines	620.0	320.0	9.4	1.0	950.4
Viet Nam	764.7	25.0	26.9	5.2	821.8
Bangladesh	592.0	–	4.5	18.5	615.0
Kazakhstan	340.0	–	0.3	–	340.3
Afghanistan	–	60.0	3.0	266.0	329.0
Azerbaijan	215.4	–	1.2	–	216.6
Regional	–	–	116.8	–	116.8
Other DMCs	666.7	7.5	44.8	515.0	1,234.0
<b>Total</b>	<b>8,714.0</b>	<b>1,780.2</b>	<b>274.5</b>	<b>811.4</b>	<b>11,580.1</b>

– = nil, DMC = developing member country.  
Note: Totals may not add up because of rounding.

TABLE 3 Operations by Sector, 2007–2008

	Loans				Grants			
	2007		2008		2007		2008	
	\$ million	%	\$ million	%	\$ million	%	\$ million	%
Agriculture and Natural Resources	146.3	1	443.2	4	22.8	3	85.1	10
Education	145.0	1	130.0	1	61.0	9	27.8	3
Energy	1,403.7	14	2,462.5	23	25.4	4	259.9	32
Finance	1,063.0	11	117.8	1	2.0	0.3	1.0	0.1
Health, Nutrition, and Social Protection	50.0	1	210.6	2	31.0	5	15.7	2
Industry and Trade	50.0	1	167.5	2	17.0	3	10.0	1
Law, Economic Management, and Public Policy	1,179.5	12	1,945.0	19	16.5	2	122.4	15
Transport and Communications	3,925.8	39	2,734.1	26	319.9	48	169.1	21
Water Supply, Sanitation, and Waste Management	408.2	4	401.6	4	7.5	1	59.9	7
Multisector	1,594.1	16	1,882.0	18	169.7	25	60.5	7
<b>Total</b>	<b>9,965.6</b>	<b>100</b>	<b>10,494.3</b>	<b>100</b>	<b>672.7</b>	<b>100</b>	<b>811.4</b>	<b>100</b>

Note: Totals may not add up because of rounding.

## EQUITY OPERATIONS

Seven equity investments for \$123.1 million were approved in 2008, compared with five for \$79.8 million in 2007.

## COFINANCING AND CREDIT ENHANCEMENT OPERATIONS

Cofinancing was further integrated more formally into the 2009–2011 work programming and planning cycle and in annual operations review planning. A programmatic approach through framework agreements indicating areas for cooperation was more vigorously pursued. In addition, project-specific cooperation was further streamlined through the introduction of standardized cofinancing agreement templates. These approaches facilitated moving cofinancing upstream and provided greater predictability, beginning with an institutional understanding of major cofinancing partners' areas of cooperation and resource commitments, and, at the country programming stage, the identification of projects to be potentially cofinanced. The level of direct value-added (DVA) cofinancing against ADB's own lending was also introduced in 2008 as one of the indicators of ADB's development effectiveness in mobilizing additional resources for its assisted projects.

Total DVA cofinancing amounted to about \$1.7 billion for 101 projects, of which \$1.6 billion was for 25 investment projects and \$84.2 million was for 76 technical assistance projects. DVA cofinancing for invest-

ment projects comprised \$925.0 million for 6 official loan cofinancing operations, \$565.0 million in B-loans for 3 projects, \$10.0 million for 1 guarantee operation, and \$70.0 million for 17 grant operations (Tables 4a and 4b). Moreover, about \$14.0 billion discrete (non-DVA) cofinancing in the form of parallel loans and grants was expected for 21 ADB-financed projects and programs.

Three framework cofinancing agreements with the Government of the Republic of Korea and one with the Islamic Development Bank were signed. ADB worked closely on implementing the Accelerated Co-Financing Scheme of Japan with ADB and held discussions with Japan on refining the operation of the scheme. Efforts to match cofinanciers' priorities and regional departments' cofinancing requirements were stepped up, helping ensure prompt commitment of funds under these frameworks.

ADB further aligned its resource mobilization efforts by establishing trust and special funds that support the development agenda of Strategy 2020. A new initiative, the Future Carbon Fund, was established during the year to support projects that will use carbon credits generated beyond 2012 to provide urgently needed financing for clean energy projects in Asia and the Pacific. The initial target size of the fund is \$100 million and may be increased to \$200 million if uptake is sufficient. A special fund, the Climate Change Fund, which aims to slow the onset of climate change and help Asia and the Pacific adapt to the expected devastating impact of global warming, was also

**TABLE 4a Direct Value-Added Cofinancing Arrangements,<sup>a</sup> 2005–2008**  
(\$ million)

	2005			2006			2007			2008		
	Sovereign	Nonsovereign	Total	Sovereign	Nonsovereign	Total	Sovereign	Nonsovereign	Total	Sovereign	Nonsovereign	Total
<b>Investment Projects</b>												
Guarantees	18.4	50.0	68.4	0.0	124.8	124.8	0.0	376.0	376.0	0.0	10.0	10.0
Syndications	0.0	0.0	0.0	0.0	405.0 <sup>b</sup>	405.0	0.0	200.0 <sup>b</sup>	200.0	0.0	565.0	565.0
Grants	225.9	0.0	225.9	166.1	0.0	166.1	101.4	0.0	101.4	70.0	0.0	70.0
Official Loans	22.5	0.0	22.5	565.2	0.0	565.2	120.5	0.0	120.5	924.6	0.0	924.6
Subtotal	266.8	50.0	316.8	731.3	529.8	1,261.1	221.9	576.0	797.9	994.6	575.0	1,569.6
<b>Technical Assistance Projects</b>												
Grants	78.9	0.0	78.9	92.7	0.0	92.7	89.7	0.0	89.7	84.2	0.0	84.2
<b>Total DVA Cofinancing</b>	<b>345.6</b>	<b>50.0</b>	<b>395.7</b>	<b>824.1</b>	<b>529.8</b>	<b>1,353.9</b>	<b>311.5</b>	<b>576.0</b>	<b>887.5</b>	<b>1,078.8</b>	<b>575.0</b>	<b>1,653.8</b>

DVA = direct value-added.

Note: Totals may not add up because of rounding.

a Cofinancing for projects with administrative or collaborative arrangements with ADB.

b Net of cancellations.

**TABLE 4b Direct Value-Added Cofinancing Arrangements,<sup>a</sup> 2005–2008**  
(number of projects<sup>b</sup>)

	2005			2006			2007			2008		
	Sovereign	Nonsovereign	Total	Sovereign	Nonsovereign	Total	Sovereign	Nonsovereign	Total	Sovereign	Nonsovereign	Total
<b>Investment Projects</b>												
Guarantees	1	1	2	0	3	3	0	4	4	0	1	1
Syndications	0	0	0	0	4 <sup>c</sup>	4	0	1 <sup>c</sup>	1	0	3	3
Grants	12	0	12	12	0	12	10	0	10	17	0	17
Official Loans	2	0	2	10	0	10	6	0	6	6	0	6
Subtotal	14	1	15	21	6	27	12	5	17	21	4	25
<b>Technical Assistance Projects</b>												
Grants	96	0	96	74	0	74	60	0	60	76	0	76
<b>Total DVA Cofinancing</b>	<b>110</b>	<b>1</b>	<b>111</b>	<b>95</b>	<b>6</b>	<b>101</b>	<b>72</b>	<b>5</b>	<b>77</b>	<b>97</b>	<b>4</b>	<b>101</b>

DVA = direct value-added.

a Cofinancing for projects with administrative or collaborative arrangements with ADB.

b A project with more than one source of cofinancing is counted once.

c Net of cancellations.

established in 2008. ADB provided an initial \$40 million to the fund, which is open for further contributions from countries, other development organizations, foundations, the private sector, and other sources. The fund will be used to provide grant financing for technical assistance, investment projects, research, and other activities that tackle the causes and consequences of global warming.

Japan made its initial contributions of \$23.1 million to the Asian Clean Energy Fund and \$11.5 million to the Investment Climate Facilitation Fund, the two new initiatives that were established in 2008 under the Clean Energy Financing Partnership Facility and Regional Cooperation and Integration Facility. Austria and Spain each contributed \$5.0 million to the Multidonor Water Trust Fund. Spain and Sweden made their first contributions of

**TABLE 5 Top Recipients of Grants by Approval,<sup>a</sup> 2008**

	\$ million
Afghanistan	266.0
Nepal	159.3
Mongolia	82.3
Kyrgyz Republic	67.9
Tajikistan	61.3
Cambodia	36.9
Sri Lanka	27.2
Bhutan	26.3
Solomon Islands	19.7
Bangladesh	18.5
Other DMCs	46.0
<b>Total</b>	<b>811.4</b>

DMC = developing member country.

a Includes cofinanced grants.

TABLE 6 Top Recipients of Technical Assistance by Approval, 2008  
(\$ million)

	TASF	JSF	RCIF	CCF	Others	Total	%
India	14.2	9.8	–	–	3.5	27.4	10.0
Viet Nam	6.5	5.6	–	–	14.8	26.9	9.8
China, People's Republic of	15.9	–	–	1.4	2.2	19.5	7.1
Indonesia	4.0	1.3	–	–	7.7	13.0	4.7
Philippines	3.9	3.2	–	–	2.4	9.4	3.4
Pakistan	6.2	1.6	–	–	0.1	7.9	2.9
Mongolia	1.3	3.2	–	–	1.0	5.5	2.0
Lao People's Democratic Republic	3.5	0.6	–	–	1.0	5.1	1.9
Cambodia	3.2	1.8	–	–	–	5.0	1.8
Nepal	2.6	1.3	–	–	0.6	4.5	1.7
Other DMCs	15.5	12.9	1.5	0.6	3.1	33.6	12.2
Regional	42.6	13.7	8.9	3.0	48.5	116.8	42.5
<b>Total</b>	<b>119.3</b>	<b>55.0</b>	<b>10.5</b>	<b>5.0</b>	<b>84.8</b>	<b>274.5</b>	<b>100.0</b>

– = nil, DMC = developing member country, CCF = Climate Change Fund, JSF = Japan Special Fund, RCIF = Regional Cooperation and Integration Fund, TASF = Technical Assistance Special Fund.  
Note: Totals may not add up because of rounding.

TABLE 7 Resource Transfers to Developing Member Countries  
(\$ million)

	2007	2008
<b>OCR</b>		
Loan Disbursements	5,234	6,472
Principal Repayments <sup>a</sup>	(1,454)	(1,923)
Payments of Interest/Charges	(1,395)	(1,416)
Net Equity Investment	(8)	57
<b>Net</b>	<b>2,377</b>	<b>3,190</b>
<b>ADF</b>		
Loan Disbursements	1,618	2,043
Principal Repayments	(586)	(677)
Payments of Interest/Charges	(210)	(256)
<b>Net</b>	<b>821</b>	<b>1,110</b>
<b>TOTAL</b>	<b>3,198</b>	<b>4,300</b>

( ) = resource inflow from developing member countries, ADF = Asian Development Fund, OCR = ordinary capital resources.

a Includes prepayments of \$277.1 million (\$80.1 million in 2007).

**The total outstanding balances and undisbursed commitments of nonsovereign operations amounted to about \$3.8 billion. ADB's nonsovereign exposure is largest in the infrastructure sector, with a total of \$2.4 billion, followed by exposure to the finance sector of \$1.3 billion, and exposure to other sectors of \$79.5 million**

\$5.0 million and \$4.7 million, respectively, to the Multi-donor Clean Energy Fund. Australia expressed its intent to make a total additional contribution of A\$25.0 million each to these multidonor funds by 2011.

## GRANTS

ADB approved 49 grant projects for \$811.4 million. Of this amount, \$707.4 million was funded from the eighth replenishment of ADF and \$104.0 million from external sources with full or partial administration by ADB, comprising \$34.0 million from the Japan Fund for Poverty Reduction and \$70.0 million from other bilateral and multilateral sources.

Of the 49 grant projects, sustainable economic growth was the most prevalent theme, associated with 29 projects. Energy received the largest share among the sectors (32%).

Parallel grants of \$130.3 million, not administered by ADB, were provided from multilateral and bilateral institutions for four projects.

## TECHNICAL ASSISTANCE

A total of 299 technical assistance projects for \$274.5 million, including 252 new projects and 47 supplementary projects, were approved, or 9% more than the 242 projects for \$252.8 million approved in 2007. Of the 299 projects, 93 are project preparatory, 104 advisory, and 102 for regional assistance. Of the total amount approved, \$119.3 million is financed from the Technical Assistance

TABLE 8 Cumulative Nonsovereign Operations by Top Countries, 1983–2008<sup>a, b</sup>

	\$ million	%
India	2,268	23.9
China, People's Republic of	1,694	17.9
Indonesia	879	9.3
Philippines	768	8.1
Pakistan	721	7.6
Kazakhstan	550	5.8
Thailand	319	3.4
Viet Nam	305	3.2
Sri Lanka	280	3.0
Bangladesh	242	2.6
Afghanistan	208	2.2
Lao People's Democratic Republic	100	1.1
Other DMCs	87	0.9
Azerbaijan	66	0.7
Nepal	59	0.6
Regional	930	9.8
<b>Total</b>	<b>9,476</b>	<b>100.0</b>

DMC = developing member country.

a Includes nonsovereign projects processed by the Private Sector Operations Department and regional departments of ADB. Regional departments started nonsovereign operations in 2007.

b Net of facilities canceled in full before signing.

Special Fund, \$55.0 million from the Japan Special Fund, \$5.0 million from the Climate Change Fund, \$10.5 million from the Regional Cooperation and Integration Fund, and the remaining \$84.8 million from other multilateral and bilateral sources.

## MULTITRANCHE FINANCING FACILITIES

Twelve multitranche financing facilities totaling \$5.7 billion were approved in 2008, compared with seven for \$4.0 billion in 2007.

## RESOURCE TRANSFERS

During the year, there was a net transfer of resources of \$4.3 billion from ADB to its developing member countries, compared with \$3.2 billion in 2007. Of these, net resource transfers of \$3.2 billion and \$2.4 billion went to OCR borrowers and/or investors in 2008 and 2007, respectively. The four countries with the largest net resource transfers were India, Pakistan, People's Republic of China, and Philippines.

Loan disbursements totaled \$8.5 billion compared with \$6.8 billion in 2007. Of the total, OCR disbursements were \$6.5 billion or 76% and ADF disbursements

TABLE 9 Nonsovereign Operations, 2005–2008<sup>a, b</sup> (\$ million)

	2005	2006	2007	2008
Nonsovereign Loans	513	450	725	1,780
– Private sector	513	375	715	1,480
– Public sector	–	75	10	300
Equity	177	231	80	123
Partial Credit Guarantee	18	110	376	–
Political Risk Guarantee	50	15	–	10
B-Loan	–	330	200	565
– Private sector	–	105	200	340
– Public sector	–	225	–	225
Total Nonsovereign Approvals	758	1,135	1,381	2,478
– Private sector	758	835	1,371	1,953
– Public sector	–	300	10	525
<b>Total Project Cost</b>	<b>8,676</b>	<b>7,678</b>	<b>3,645</b>	<b>12,104</b>

– = nil.

a Includes nonsovereign projects processed by the Private Sector Operations Department and regional departments of ADB. Regional departments started nonsovereign operations in 2007.

b Net of facilities canceled in full before signing.

were \$2.0 billion or 24%. Loan service payments totaled \$4.3 billion in 2008 compared to \$3.6 billion in 2007.

## NONSOVEREIGN OPERATIONS

ADB approved a total of 16 financial market and infrastructure nonsovereign projects, providing \$2.5 billion in assistance (Table 9). The interventions are composed of 13 private sector loans of \$1.5 billion, 2 public sector nonsovereign loans of \$300.0 million, 7 equity investments of \$123.1 million, a political risk guarantee of \$10.0 million, and \$565.0 million in commercial loans under ADB's B-loan program, of which \$340.0 million is for a private sector project while \$225.0 million is for a public sector nonsovereign project.

As of 31 December, the total outstanding balances and undisbursed commitments of nonsovereign operations amounted to about \$3.8 billion, consisting of loans of \$2.4 billion, \$815.0 million in equity investments, and guarantees of \$571.8 million. ADB's nonsovereign exposure is largest in the infrastructure sector, with a total of \$2.4 billion, followed by exposure to the finance sector of \$1.3 billion, and exposure to other sectors of \$79.5 million.

Cumulative nonsovereign operations are largest in India (24%), followed by People's Republic of China (18%), Indonesia (9%), and Philippines (8%). Regional projects account for roughly 10% of the total.