



2019

ASIAN DEVELOPMENT BANK

ANNUAL REPORT

ADB

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www.adb.org/ar2019/digital



The Annual Report of the Asian Development Bank fulfills a requirement under the bank's By-Laws for a report from the Board of Directors to the Annual Meeting of the Board of Governors on the operations and policies of the bank. This Annual Report covers the period January to December 2019 to align with ADB's financial statements for that year. It therefore does not discuss in detail the bank's response to COVID-19. To find out how ADB is supporting its members across Asia and the Pacific to tackle the crisis, please see www.adb.org/covid-19.



ASIAN DEVELOPMENT BANK

2019 ANNUAL REPORT

PRESIDENT'S MESSAGE



I am encouraged by our efforts in 2019. I am heartened by what we have achieved so far in 2020. We will build on these achievements to ensure we remain relevant and responsive to our members' needs as they take action to combat, and then recover from, the COVID-19 pandemic.



This Annual Report provides a comprehensive account of the activities and financial results of the Asian Development Bank (ADB) in 2019. We present this report after the first full year of

implementation of ADB's [Strategy 2030](#), and as I begin my tenure as President.

I am pleased to return to ADB after 30 years, when I served as chief advisor to former President Kimimasa Tarumizu. Asia and the Pacific has made remarkable economic and social progress in that time, and our operations have since evolved to respond to the emerging needs of our developing member countries (DMCs).

However, extreme poverty still exists and income inequality is widening. Globalization and digitization have transformed economies while placing some groups at greater risk, particularly in the face of aging trends and demographic shifts. Despite some progress, gender inequality persists, and climate change, ocean pollution, and disasters have placed a heavy burden on the poor and vulnerable.

These challenges will now magnify as a result of COVID-19. As I write these words in April 2020, the pandemic has become a global health emergency requiring forceful action at the national, regional, and international levels. Working closely with our DMCs and partner institutions, we responded with a \$20 billion package to finance an aggressive set of actions to empower governments and businesses in Asia and the Pacific to tackle the severe health and macroeconomic impacts, address the urgent needs of the poor, sick, and vulnerable; and blaze a path to strong recovery. To deliver the package in a much faster, more tailored, and impactful manner, we further streamlined our business processes, and made the terms and conditions of our lending more flexible. Our swift response was made possible by a strong capital base, capable and motivated staff, and a close relationship with member countries that speaks to our reputation as a steadfast and long-term development partner in Asia and the Pacific.

The demand for ADB assistance remained strong in 2019. We committed \$21.64 billion in loans and

grants to support our DMCs. We provided \$4.49 billion in concessional assistance and \$17.15 billion from our regular ordinary capital resources. This included a \$1 billion special policy-based loan to Pakistan as part of a comprehensive multidonor economic reform program led by the International Monetary Fund to stabilize the country's economy after a major deterioration in its fiscal and financial position.

Our nonsovereign operations exceeded \$3 billion for the second year in a row. This result reflects our plan to expand our private sector investments into new sectors and frontier markets and increase support for fragile and conflict-affected situations, small-island developing states, and low-income countries. Our private operations also mobilized cofinancing of \$6.98 billion. Together with official and commercial cofinancing and technical assistance, ADB's total commitments for 2019 were \$33.74 billion. Disbursements, excluding cofinancing, improved again in 2019, rising 16.1% to a record \$16.47 billion.

Our operations strongly supported the thematic targets of Strategy 2030. We met our 2015 goal of doubling climate financing to \$6 billion—1 year ahead of schedule—and under Strategy 2030 have further strengthened our climate targets to ensure that at least 75% of our operations focus on climate adaptation and mitigation efforts, while providing \$80 billion in cumulative climate financing by 2030. We are also on track to achieve our target of promoting gender equality in at least 75% of ADB's sovereign and nonsovereign operations. This is vital work that tackles the structural challenges that impede women and girls' ability to reach their full potential.

Our knowledge work is an important resource for DMCs. In 2019, to mark the 50th edition of our flagship *Key Indicators for Asia and the Pacific* series, we launched a new database to broaden access to its comprehensive macroeconomic and social indicators. We also hosted events on key development issues, such as the Digital Development Forum and Asia Clean Energy Forum, and continued to share practical knowledge from ADB's development projects to help improve the design and implementation of future projects.

Internally, we strengthened staff mobility and talent development. We accelerated information technology reforms and digital transformation initiatives, which, critically, allowed ADB to transition smoothly and effectively—without disruption to operations—to work-from-home arrangements for all staff beginning March 2020 during the COVID-19 pandemic. We

also increased the number of women international staff. Women now account for 36.6% of ADB's international staff, demonstrating good progress toward the target of 40% by the end of 2022. Further, an independent study found no significant or unexplained gaps in pay between women and men in comparable roles at ADB. These measures helped ADB become the first international financial institution to achieve Economic Dividends for Gender Equality Move (level 2) certification, the leading standard for workplace gender equality.

These activities—and the many others highlighted in this report—strongly align with the priorities of Strategy 2030. I am grateful to former ADB President Takehiko Nakao for overseeing the development of the strategy along with its first year of implementation. I applaud the Board and our members for improving ADB's financing capacity by introducing differentiated financing terms for developing and more developed borrowing countries. I deeply appreciate the commitment of our members to support our poorest and most vulnerable DMCs during the Asian Development Fund 13 replenishment discussions. I thank Fiji for successfully hosting the ADB Annual Meeting in May, the first time our meeting has been hosted by a Pacific-island nation. And I extend a warm welcome to Niue as our newest member, the bank's 68th overall member and 49th from Asia and the Pacific.

Our strategy for the next decade is guided by a vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. Our immediate priority is to provide vital support to DMCs as they address the challenges presented by COVID-19 and seek to return their economies to a path of growth and prosperity. Throughout our interventions, we will collaborate closely with peer organizations, including the International Monetary Fund; the World Bank Group; regional development banks; the World Health Organization, United Nations Children's Fund, and other United Nations agencies; and the global community. And we will continue to follow the roadmap we have set. We will address the need for large-scale infrastructure financing by mobilizing more private sector resources; support domestic resource mobilization through



President Asakawa visits an ADB project to improve living conditions for the poor in Makassar City, Indonesia; his first visit to the country since assuming office.

strengthening tax policy and administration, the finance sector, and domestic capital markets; target high-quality support to our members through differentiated approaches, relevant knowledge, and local currency lending; respond to immediate financial and technical needs of countries due to crisis or disaster; and coordinate among partners to scale up financing and tackle global development agendas.

We will accomplish these through an integrated One ADB approach and by celebrating the diversity of our staff across the organization—both of which are essential to maintaining ADB's country presence and global leadership.

I am encouraged by our efforts in 2019. I am heartened by what we have achieved so far in 2020. We will build on these achievements to ensure we remain relevant and responsive to our members' needs as they take action to combat, and then recover from, the COVID-19 pandemic.

MASATSUGU ASAKAWA
President and Chairperson
of the Board of Directors

MANAGEMENT TEAM



Left to right: Vice-Presidents Bambang Susantono, Diwakar Gupta, Deborah Stokes, Ingrid van Wees, Shixin Chen, Ahmed M. Saeed (succeeded Stephen Groff on 26 February 2019); The Secretary Eugene Zhukov

BOARD OF DIRECTORS



ADB Board of Directors as of 31 December 2019: *Front, left to right:* Directors Warotai Kosolpitsikul, Paul Dominguez, Kris Panday, In-chang Song, Takeshi Kurihara, Kshatrapati Shivaji, President and Chairperson of the Board Takehiko Nakao, Zhijun Cheng, Syurkani Ishak Kasim, Pierre-Emmanuel Beluche, Tony McDonald, Helmut Fischer. *Back, left to right:* Alternate Directors Yuemin Li-Misra, Shahid Mahmood, Leena Viljanen, Yu-Peng Tseng, Kenzo Ohe, Bayrammuhammet Garayev, Jin Lu, Karen Murray, Enrique Galán, Scott Dawson, Burak Müezzinoğlu, Jason Chung.

In 2019, the ADB Board of Directors held 40 formal meetings and 49 informal sessions. It approved 116 loans, grants, financing facilities, equity investments, and guarantees, and endorsed new country partnership strategies for Armenia, Azerbaijan, Bhutan, Cambodia, Fiji, Georgia, Nepal, and Uzbekistan.

MAJOR INITIATIVES

In 2019, the Board endorsed plans that set out how ADB will implement the seven operational priorities of Strategy 2030, the bank's new long term corporate framework. These plans will guide ADB's work on (i) poverty and inequality; (ii) gender equality; (iii) climate change, disaster resilience, and environmental sustainability; (iv) livable cities; (v) rural development and food security; (vi) governance and institutional capacity; and (vii) regional cooperation and integration.

The Board approved a new corporate results framework for 2019–2024 that focuses on outcomes and aligns with Strategy 2030. It includes new indicators for poverty reduction and disability inclusion, digital transformation, knowledge and innovation, renewable energy, and quality infrastructure.

The contingent disaster financing mechanism, approved in August, is an important new tool for disaster resilience. It will help developing member countries (DMCs) prepare for, and respond to, disaster events such as extreme weather.

The Board approved mainstreaming the use of results-based lending to enhance ADB operations in DMCs, drive achievement of development results in government programs, strengthen government institutions, and foster partnerships with other development agencies.

In November, the Board approved the diversification of financing terms for regular ordinary capital resources sovereign lending to countries borrowing only from these resources. New financing terms will take effect on 1 January 2021, in line with Strategy 2030 guidance to apply differentiated approaches to meet diverse client countries' needs.

The first-ever Board forum, held in February, discussed measures to improve Board effectiveness. The forum complements the Board and Management retreat, which in 2019 discussed fostering innovation, transforming the bank into a knowledge-based organization, and expanding private sector operations.

PARTNERSHIPS AND DIALOGUE

The Board values the exchange of ideas and opinions with government and donor partners, private sector groups, civil society organizations, and project beneficiaries. Board members gather first-hand knowledge of development needs by visiting several DMCs each year, where they inspect ADB-financed projects and consult stakeholders, and by engaging with experts in specialist areas.

In February, directors traveled to Papua New Guinea (PNG) and Cambodia, where they met the Prime Minister of PNG and the Deputy Prime Minister of Cambodia. In PNG, the group visited ADB-supported road projects and local communities in Goroka. In Cambodia, directors visited project sites for wastewater treatment, irrigation, and skills training.

In June, directors visited Mongolia and the People's Republic of China (PRC), meeting Mongolia's Deputy Prime Minister and the PRC's Vice Premier. In Mongolia, they visited a hospital, an urban development project for informal settlements, and a solar power plant. In the PRC's Guizhou and Yunnan provinces, directors visited rural poverty reduction, urban development, skills training, and water resource management project sites.

In September, the Board held a colloquium with a high-level advisory group on digital technology. The eight leaders from academia and prominent technology companies provided expert advice on applying digital technologies to ADB's work.

In October, directors also visited Bangladesh, where they met the Prime Minister, and the Lao People's Democratic Republic, where they met the Deputy Prime Minister. In Bangladesh, they visited camps in Cox's Bazar where ADB is providing emergency assistance for displaced people. In the Lao People's Democratic Republic, directors travelled to Vientiane, Bolikhamxay,

and Luang Prabang provinces to observe flood and drought-risk management and mitigation, hydropower and tourism development projects.

COMMITTEE HIGHLIGHTS

Directors serve on committees to oversee and guide ADB's operations.

In 2019, the Audit Committee initiated an action plan to improve oversight of the private sector portfolio. It also recommended the selection of ADB's external auditor and reviewed the Respectful Workplace Unit.

The Development Effectiveness Committee assessed evaluations of ADB's use of private sector equity investments, Asian Development Fund operations, and multitranche financing facilities.

The Budget Review Committee discussed ADB's preparation of the work program for 2020–2022, 2019 budget utilization, reforms in capital expenditure budgeting, and the bank's 2020 budget.

The Board Compliance Review Committee assessed action on complaints raised under the Accountability Mechanism and recommended selection of a new member and chair to the Compliance Review Panel.

The Ethics Committee reviewed the code of conduct, ethics procedures, and associated guidelines applicable to ADB directors and the President. The review recommended amendments to bring these standards and procedures into line with the best practices of comparable institutions.

The Human Resources Committee discussed preparations for the 2020 review of ADB staff benefits. It also reviewed issues of respect in the workplace, staff mobility, use of experts, workforce analysis, and the human resources framework to support Strategy 2030.

FAST FACTS:

116

LOANS, GRANTS, FINANCING FACILITIES, EQUITY INVESTMENTS, AND GUARANTEES WERE APPROVED BY THE BOARD OF DIRECTORS IN 2019. DIRECTORS ALSO ENDORSED 8 NEW COUNTRY PARTNERSHIP STRATEGIES AND 7 NEW OPERATIONAL PRIORITY PLANS.

APPRECIATION FOR FORMER PRESIDENT NAKAO

Members of the Board wish to acknowledge the significant contribution made to ADB by former President and Chairperson of the Board of Directors, Takehiko Nakao, who ended his term on 16 January 2020 after nearly 7 years in office. Under Mr. Nakao's leadership, ADB implemented a number of major reforms and new policies, including Strategy 2030, that strengthened ADB's ability to deliver its core mission to help developing members reduce poverty and improve people's quality of life. The Board will continue to build on Mr. Nakao's legacy under the leadership of his successor, President Masatsugu Asakawa.



Former ADB President Takehiko Nakao delivers his farewell speech at ADB headquarters.

FINANCIAL HIGHLIGHTS

2019 COMMITMENTS

\$21.64 B

LOANS, GRANTS,
EQUITY INVESTMENTS,
AND GUARANTEES

\$237 M

TECHNICAL
ASSISTANCE*

* Excludes cofinancing
(see note e)

\$11.86 B

COFINANCING,
INCLUDING
TRUST FUNDS

OPERATIONAL HIGHLIGHTS

ADB Commitments,^a 2015–2019 (\$ million)

Item	2015	2016	2017	2018	2019
A. Loans, Grants, and Others					
By Source					
Regular Ordinary Capital Resources	13,059	10,967	17,230	16,286	17,155
Loans	12,894	10,703	16,445	16,012	16,824
Equity Investments	152	96	287	274	155
Guarantees	12	168	498	-	175
Concessional Resources	3,125	2,287	2,457	5,290	4,488
Concessional Ordinary Capital Resources Loans ^{b, c}	2,570	1,805	2,267	3,872	3,644
Asian Development Fund Grants	555	481	191	1,418	844
Regular Ordinary Capital and Concessional Resources	16,184	13,253	19,687	21,576	21,643
Special Funds^d	7	9	2	6	-
Grants	7	9	2	6	-
Subtotal (A)	16,191	13,263	19,689	21,581	21,643
By Operations					
Sovereign	14,559	11,512	17,403	18,446	18,643
Loans ^b	13,997	11,021	16,712	17,022	17,799
Guarantees	-	-	498	-	-
Grants	562	491	193	1,423	844
Nonsovereign	1,632	1,750	2,287	3,136	3,000
Loans	1,467	1,486	2,000	2,862	2,670
Equity Investments	152	96	287	274	155
Guarantees	12	168	-	-	175
Subtotal (A)	16,191	13,263	19,689	21,581	21,643
B. Technical Assistance^e					
Sovereign	146	170	192	227	221
Nonsovereign	4	11	9	14	17
Subtotal (B)	151	181	201	241	237
C. Cofinancing Including Trust Funds					
Sovereign^f	6,439	6,369	5,976	6,489	4,887
Trust Funds Administered by ADB	189	399	86	216	181
Bilateral	1,626	2,577	3,460	1,849	3,592
Multilateral	4,330	3,310	2,120	3,304	1,112
Others ^g	294	83	310	1,120	1
Nonsovereign^h	3,759	5,654	5,947	7,152	6,976
Subtotal (C)	10,198	12,022	11,922	13,641	11,863
TOTAL (A + B + C)	26,540	25,466	31,813	35,464	33,743

- = nil.

Note: Numbers may not sum precisely because of rounding.

^a Commitment is the financing approved by ADB's Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB. It is the amount indicated in the investment agreement that may or may not be equal to the approved amount, depending on the exchange rate at the time of signing. In the case of official and commercial cofinancing not administered by ADB for which the signed amount is not readily available, the approved amount is used.

^b The 2016 and 2017 adjusted figures exclude the transfer, respectively, of a \$2 million Bangladesh and a \$5 million Pakistan project design advance to their 2019 ensuing loans.

^c Formerly Asian Development Fund loans. Effective 1 January 2017, ADB transferred loans and other assets from the Asian Development Fund to ordinary capital resources in accordance with the Board of Governors' resolution authorizing the termination of the Asian Development Fund's lending operations and retaining the Asian Development Fund as a grant-only operation.

^d Special funds other than Asian Development Fund such as the Asia Pacific Disaster Response Fund and the Climate Change Fund.

^e Technical assistance in 2019 totaled \$464 million, comprising \$237 million in technical assistance from the Technical Assistance Special Fund and other Special Funds, and \$226 million from partner cofinancing, including trust funds (see Appendix 1).

^f The 2018 adjusted figures include an additional Tajikistan grant cofinancing amounting to \$10 million and exclude a canceled Georgia loan cofinancing amounting to \$349 million.

^g "Others" includes cofinancing for sovereign operations from other sources such as concessionaires, foundations, government entities, commercial banks, and sovereign wealth funds.

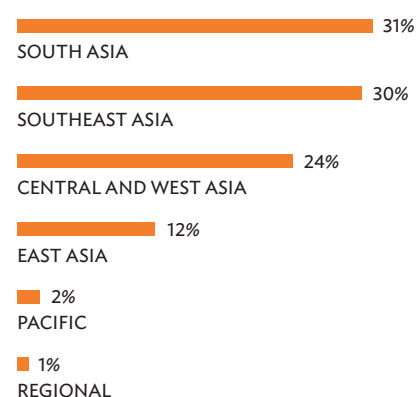
^h Nonsovereign cofinancing includes commercial cofinancing such as Trade Finance Program cofinancing, B loans, and parallel loans, among others. B loans are cofinancing arrangements involving the coordinated process of pooling funds from various sources for a single borrower or grant recipient, and/or distributing related risks among such other financiers. The 2018 adjusted figure excludes a terminated Bangladesh equity cofinancing amounting to \$15 million.

Regular Ordinary Capital and Concessional Resources Commitments by Region, 2015–2019 (\$ million)

Region	2015	2016	2017	2018	2019
Central and West Asia	4,462	3,734	5,314	4,460	5,203
East Asia	2,023	1,873	2,671	3,054	2,617
Pacific	80	381	736	405	453
South Asia	5,168	3,501	6,756	6,978	6,687
Southeast Asia	4,409	3,683	4,039	6,275	6,519
Regional	43	81	171	403	163
TOTAL	16,184	13,253	19,687	21,576	21,643

COMMITMENTS BY REGION, 2019

(REGULAR ORDINARY CAPITAL
AND CONCESSIONAL RESOURCES)

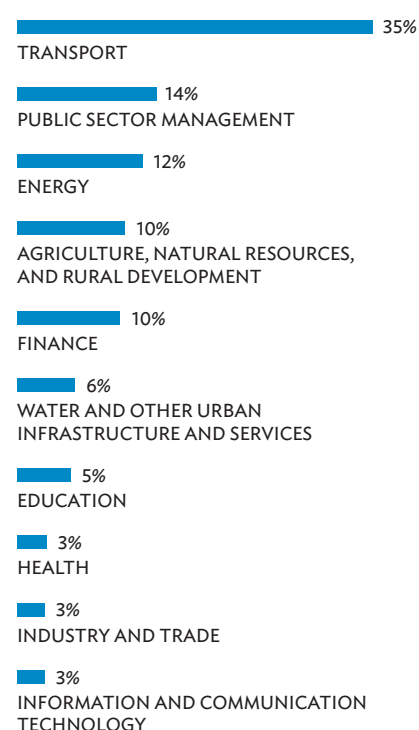


Regular Ordinary Capital and Concessional Resources Commitments by Sector, 2015–2019 (\$ million)

Sector	2015	2016	2017	2018	2019
Agriculture, Natural Resources, and Rural Development	916	976	1,525	2,344	2,271
Education	905	619	710	1,629	1,127
Energy	3,280	2,984	6,211	5,066	2,631
Finance	2,392	1,607	2,761	1,992	2,160
Health	330	226	211	515	636
Industry and Trade	412	552	357	607	576
Information and Communication Technology	169	25	70	59	575
Public Sector Management	2,084	1,755	1,250	2,258	2,945
Transport	3,996	2,852	5,025	4,914	7,502
Water and Other Urban Infrastructure and Services	1,702	1,658	1,567	2,192	1,221
TOTAL	16,184	13,253	19,687	21,576	21,643

COMMITMENTS BY SECTOR, 2019

(REGULAR ORDINARY CAPITAL
AND CONCESSIONAL RESOURCES)



DISBURSEMENTS FOR LOANS, GRANTS, DEBT SECURITIES, AND EQUITY INVESTMENTS, 2015-2019

(\$ MILLION)

2015	12,348
2016	12,489
2017	11,443
2018	14,186
2019	16,470

Portfolio, 2015-2019 (\$ million)

Item	2015	2016	2017	2018 ^a	2019
A. Ongoing Projects^b					
By Source					
Regular Ordinary Capital Resources	55,485	57,970	65,330	72,099	74,726
Concessional Resources					
Loans	12,949	13,685	14,336	15,504	17,907
Grants	4,667	4,601	4,249	5,233	5,321
By Operations					
Sovereign	65,217	67,008	73,074	80,422	84,169
Nonsovereign	7,884	9,249	10,842	12,414	13,785
Total	73,101	76,257	83,916	92,836	97,954
B. Disbursements					
By Source					
Regular Ordinary Capital Resources					
Loans	9,667	9,763	8,717	11,475	13,148
Equity Investments	123	79	242	143	135
Debt Securities	-	148	75	446	161
Concessional Resources					
Loans	2,048	2,027	1,926	1,645	2,512
Grants	503	463	481	476	511
Other Special Funds	7	9	2	2	3
By Operations					
Sovereign ^c	10,781	10,746	10,072	12,234	14,210
Nonsovereign	1,567	1,743	1,371	1,953	2,260
Total	12,348	12,489	11,443	14,186	16,470
C. Net Resources Transfer to Developing Member Countries^d	6,546	5,397	3,608	4,622	5,670

- = nil.

Note: Numbers may not sum precisely because of rounding. Excludes technical assistance and cofinancing.

^a 2018 figures differ from those in the 2018 Annual Report due to adjustments after year-end.

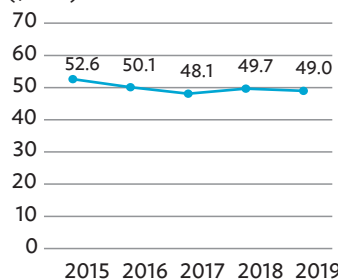
^b Sovereign portfolio consists of loans, grants, equity investments, and guarantees committed and not financially closed. Nonsovereign portfolio consists of outstanding plus undisbursed balances of loans, equities, guarantees, and other debt securities.

^c Includes Asian Development Fund and Other Special Funds grants.

^d Net Resource Transfer includes loans, other debt securities, equity investments, Asian Development Fund, and other Special Fund grants. Net Resource Transfer to developing member countries refers to the net amount of disbursements in excess of payments of principal, interest, and other charges.

INTERNAL ADMINISTRATIVE EXPENSES PER \$1 MILLION DISBURSEMENT

(\$'000)



INSTITUTIONAL HIGHLIGHTS

Item	2015	2016	2017	2018	2019
A. Staff					
Staff^a (number)	3,098	3,085	3,127	3,374	3,548
International Staff and Board Staff	1,104	1,103	1,136	1,242	1,287
National and Administrative Staff	1,994	1,982	1,991	2,132	2,261
National Staff	763	762	790	876	943
Administrative Staff	1,231	1,220	1,201	1,256	1,318
International Staff and Board Staff	1,104	1,103	1,136	1,242	1,287
Location^b (number)					
Resident Missions ^b	150	160	182	194	193
Headquarters	954	943	954	1,048	1,094
International Staff and Board Staff	1,104	1,103	1,136	1,242	1,287
Gender^a (number)					
Male	731	728	736	791	815
Female	373	375	400	451	472
B. Internal Administrative Budget (\$'000)	617,701	635,624	646,988	672,264	690,488

^a "Staff" refers to all international staff, board staff (i.e., Director's Advisors), national staff, and administrative staff. The figures exclude Management, Board of Directors, and Seconded.

^b Includes staff in outposted positions and in ADB's Philippines Country Office.

ADB RESOURCES AND FINANCIAL DATA (\$ million)

Item	2015	2016	2017	2018	2019
Ordinary Capital Resources					
Selected Balance Sheet Data					
Total Assets	117,697	125,854	182,381	191,860	221,866
of which					
Loans Outstanding - Operations	61,941	67,599	101,008	106,405	114,389
Investments for Liquidity Purpose	23,309	26,025	36,478	35,215	39,312
Equity Investments - Operations	862	814	1,185	1,280	1,619
Derivative Assets	29,538	29,143	40,761	45,500	62,619
Total Liabilities	100,251	108,640	132,112	140,876	169,948
of which					
Outstanding Borrowings ^a	66,054	74,476	87,281	90,423	104,996
Derivative Liabilities	32,272	32,079	42,852	48,996	62,569
Total Equity ^b	17,446	17,214	50,269	50,984	51,918
of which					
Paid-in Capital	6,433	6,399	7,002	7,029	7,175
Reserves ^c	11,013	10,815	43,267 ^d	43,955	44,743
Income Statement Data					
Total Revenue	1,029	1,532	2,625	3,741	4,265
Total Expenses	(768)	(1,163)	(1,869)	(2,883)	(3,173)
of which					
Borrowings and Related Expenses	(374)	(751)	(1,247)	(2,159)	(2,530)
Administrative Expenses	(383)	(390)	(578)	(591)	(598)
Net Realized Gains	56	158	9	22	28
Net Unrealized Gains (Losses)	239	(520)	9	(130)	434
Net Income	556	7	774 ^e	750	1,554
Operating Income ^f	343	521	725	889	1,093
Annual Borrowings^g	18,948	20,602	28,593	23,538	24,613
of which					
Thematic Bonds and Green Bonds	687	1,300	1,662	1,822	2,657
Local Currency Funding ^h	245	617	744	535	764
Equity-to-Loans Ratio (%)	27.8	25.9	50.0	47.5	45.3
Capital Utilization Ratio (%)ⁱ	NA	NA	56.0	54.6	62.1
Allocable Net Income	368	488	690	841	1,069^j
Allocation to Ordinary Reserve	208	124	351	499	616
Allocation to ADF	120	259	259	259	259
Allocation to Other Special Funds	40	105	80	83	194
Asian Development Fund Resources - Available Resources^k	32,522	32,581	2,067^d	1,956	2,498
Other Special Fund Resources - Uncommitted Balances					
Technical Assistance Special Fund	147	41	400	304	196
Japan Special Fund ^l	105	106	107	109	112
ADB Institute	9	10	12	16	19
Regional Cooperation and Integration Fund	8	6	14	10	5
Climate Change Fund	11	8	20	18	10
Asia Pacific Disaster Response Fund	17	8	26	21	21
Financial Sector Development Partnership Special Fund	7	7	5	4	5
Total	304	186	584	482	368

ADF = Asian Development Fund, NA = not applicable.

^a Includes accrued interest and commission, unamortized premium and/or discounts.

^b As of 31 December 2019, authorized and subscribed capital amounted to \$147,120 million.

^c Reserves includes ordinary reserve, special reserve, loan loss reserve, surplus, net income after appropriation, nonnegotiable, noninterest-bearing demand obligations and receivables on account of subscribed capital, net notional amounts required to maintain value of currency holdings, cumulative revaluation adjustment and accumulated other comprehensive income or loss. Reserves includes the one-time income from ADF asset transfer on 1 January 2017.

^d The transfer of ADF loans and other assets to ordinary capital resources on 1 January 2017 resulted in the increase in ordinary capital resources reserves and decrease in ADF resources in 2017.

^e 2017 Net Income refers to net income after allocation of one-time income from ADF asset transfer to Ordinary Reserve.

^f Operating income is net income before unrealized gains or losses and ADB's proportionate share of unrealized earnings of equity investments accounted for under the equity method.

^g Excludes short-term borrowings.

^h Local Currency Funding includes bond, swaps, repo.

ⁱ The capital utilization ratio (CUR) is the ratio of total economic capital used (numerator) to equity (denominator).

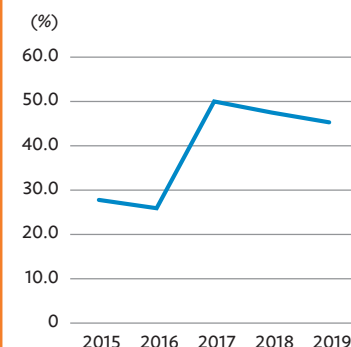
The higher the ratio, the lower the remaining deployable capital or excess risk-bearing capacity.

^j 2019 net income allocation is subject to the approval of the Board of Governors at the ADB Annual Meeting in 2020.

^k Includes the total fund balance and nonnegotiable, noninterest-bearing demand obligations on account of contributions.

^l Japan Special Fund resources include Asian Currency Crisis Support Facility uncommitted balance and net accumulated investment income.

EQUITY-TO-LOANS RATIO



COUNTRY PRESENCE

In 2019,

45% of international and national staff positions in operations departments were in ADB's field offices. Field offices now administer

53% of sovereign operations.

Supporting a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific

1



To continue the region's impressive development trajectory, policymakers will need to identify new growth engines and give greater emphasis to the quality of growth.

Underpinned by robust economic growth and clear development strategies, the Asia and Pacific region has made significant progress in reducing poverty and improving the quality of life. The number of people living in extreme poverty (on less than \$1.90 a day) in the region has reduced from 1.5 billion to 264 million since 1990. Electricity is now available to most households in 80% of countries in the region, compared to 44% in 2000. Between 2000 and 2018, life expectancy at birth increased from 65.8 years to 71.8 years, and the under-5 mortality rate declined from 69.8 to 31.7 deaths per 1,000 live births in the region.

The growth that drove these achievements, though still strong, is beginning to moderate. Economic expansion in Asia and the Pacific was 5.2% in 2019, down from an average of 6.6% across the previous decade. The countries of the region are being affected by sluggish global economic activity, trade tensions, weakening domestic investment, and worsening impacts of disasters. Key development challenges include large infrastructure gaps, rising inequality, and changing demographics.

To continue the region's impressive development trajectory, policymakers will need to identify new growth engines and give greater emphasis to the quality of growth. They will need to harness technological innovation and foster new industries such as sustainable tourism, which can help generate quality jobs. Urbanization can also spur growth, but requires increased infrastructure investments, effective urban planning, and efforts to tackle congestion, rising housing costs, and pollution.

Note: The onset of the COVID-19 pandemic in early 2020 now threatens to severely set back economic, social, and development gains in Asia and the Pacific, reverse progress on poverty reduction, and throw economies into recession. This Annual Report covers the calendar year of 2019 and therefore does not discuss in detail the bank's response to COVID-19. To find out how ADB is supporting its members across the region to tackle the crisis and return to economic growth, please see www.adb.org/covid-19.

IMPLEMENTING STRATEGY 2030

ADB launched Strategy 2030 in 2018 to guide the support given to the bank's developing member countries (DMCs). The strategy's overarching vision is to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining efforts to eradicate extreme poverty.

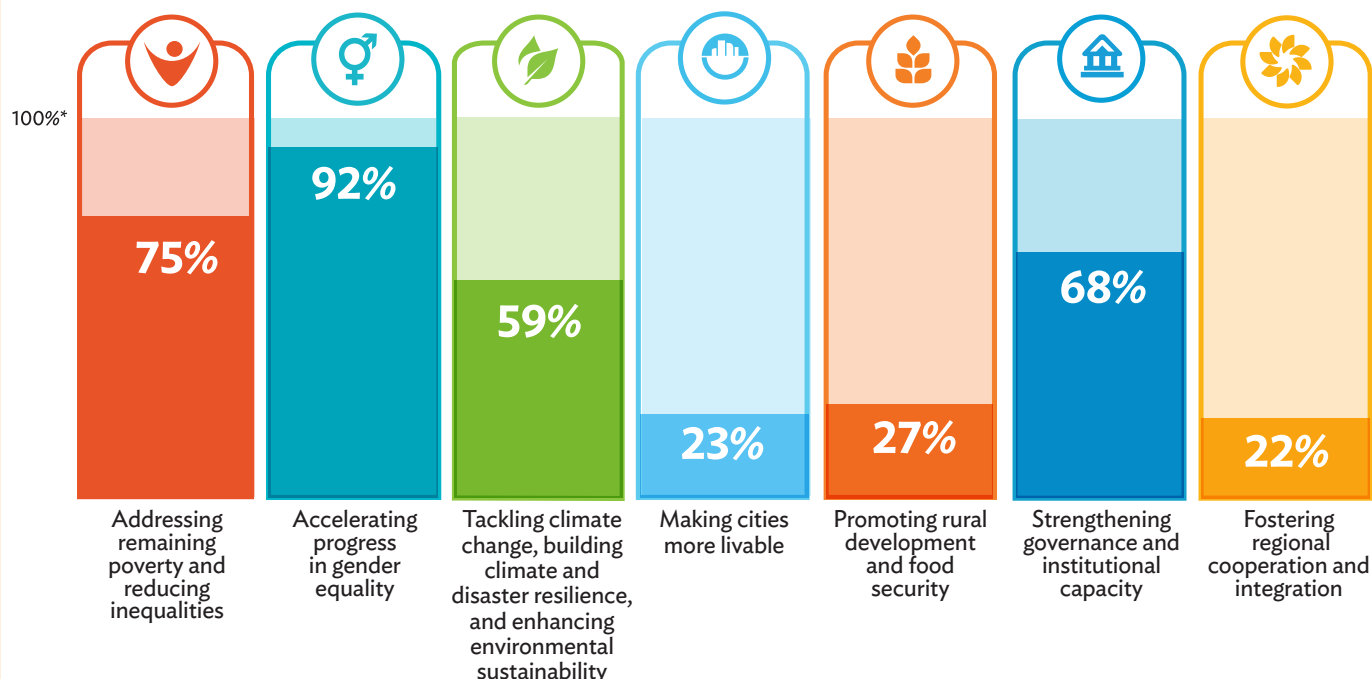
ADB's development objectives are aligned with the Sustainable Development Goals (SDGs) and the Financing for Development agenda, the Paris Agreement on climate change, the Sendai Framework for Disaster Risk Reduction, and the G20 agenda for quality infrastructure.

Under Strategy 2030, the bank aims to continue adding value to its provision of financing by developing new and innovative funding mechanisms, creating insightful knowledge products and services, and building strong development partnerships. ADB will expand its private sector operations and mobilize larger volumes of long-term cofinancing for greater development impact. ADB strives to improve the quality and speed of its services to its DMCs. This includes fostering the One ADB approach, which combines knowledge and expertise from across the organization to provide the best possible solutions to the diverse needs of the bank's developing members.

In 2019, ADB responded to these needs by committing \$33.74 billion in loans, grants, guarantees, equity investments, technical assistance, and cofinancing from partners.

The bank provided \$4.49 billion in concessional assistance and \$17.15 billion from its regular ordinary capital resources, which includes \$3 billion in nonsovereign operations. It also generated \$11.64 billion in project loan cofinancing. ADB extended \$464 million in technical assistance including \$226 million from cofinancing. During 2019, the bank disbursed a record \$16.47 billion in loans, grants, equity investments, guarantees, and debt securities, an increase of 16% from 2018.

STRATEGY 2030 PRIORITIES AS A SHARE OF ADB'S COMMITTED OPERATIONS IN 2019



* Shares sum to more than 100%. Reflecting the more integrated approach to development challenges outlined in Strategy 2030, most new ADB operations address multiple operational priorities.

ACTING ON OPERATIONAL PLANS FOR STRATEGY 2030

Strategy 2030 highlights seven operational priorities that are designed to respond effectively to global and regional development challenges. In September, ADB approved [operational plans for the seven priorities](#). The plans will guide decisions on the selection, design, and implementation of projects, programs, and knowledge work to support the operational priorities of Strategy 2030. The plans identify expected outcomes, likely activities, and the links across sectors and themes to ensure the plans complement and reinforce each other.



Addressing Remaining Poverty and Reducing Inequalities

This operational plan emphasizes support for lagging areas and vulnerable populations to reduce inequalities in access to opportunities; expand investment in human capital through education, universal health coverage, and social protection; and help generate quality jobs to support inclusive growth.

In 2019, for example, ADB provided an additional \$200 million in financing to Pakistan for the government's social protection program, the

Benazir Income Support Program. The program supports the income of more than 5 million poor families across the country and has so far disbursed over \$3.6 billion in cash transfers to improve their living conditions. ADB's support for this, which began in 2013, has enabled the enrollment of over 855,000 women beneficiaries to the program.

As part of broader efforts to reduce poverty by preparing people for job opportunities, ADB committed a \$300 million loan to support the Government of the Philippines to improve access to high-quality secondary education oriented to labor market needs. This results-based program will benefit about 10.6 million students already enrolled in high school nationwide and another 2 million secondary school entrants every year through to 2023.



Accelerating Progress in Gender Equality

This operational plan highlights support for women's economic empowerment and gender equality in human development, decision-making, and leadership. The bank will work to reduce women's time poverty and help increase their resilience to external shocks. ADB investments aim to achieve these goals by supporting safer

PROGRESS AGAINST STRATEGY 2030 TARGETS

GENDER

During 2017–2019, **80%** of ADB committed operations promoted gender equality, on track to achieve the Strategy 2030 target of 75%.

PROGRESS AGAINST STRATEGY 2030 TARGETS

CLIMATE CHANGE

During 2019, ADB
committed
\$6.5B
for climate change
mitigation and
adaptation,
an important step
toward the Strategy
2030 cumulative
targets of \$35 billion
by 2024 and
\$80 billion by 2030.

community infrastructure, greater access to employment and economic opportunities, and equality in skills development and leadership roles. ADB's target is that, by 2030, at least 75% of its committed sovereign and nonsovereign investments will promote gender equality.

In May, the bank signed a \$926 million loan to fund two lines for the Mumbai Metro Rail System in India, which will cater for an estimated 2 million passengers each day. The loan covers the procurement of 63 six-car trains, installation of signaling and safety systems, and establishment of a new dedicated metro operations organization. Features to directly benefit women include women-only carriages, mobile phone applications for women's security, separate ticket counters, and reporting desks to address incidents of harassment. Women will also have improved opportunities for employment along the new lines, including a station staffed only by women.

In April, ADB became the first multilateral development bank to secure a second grant from the Women Entrepreneurs Finance Initiative. The bank is using the \$20.2 million grant to help 5,000 women in Viet Nam and the Pacific establish microenterprises and develop existing businesses. The program will expand access to finance, deliver courses in commercial acceleration and financial literacy, and provide mentoring and networking opportunities.



Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability

In the face of rapidly growing greenhouse gas (GHG) emissions, increasing risks and impacts from climate change and disasters, and accelerating environmental degradation, ADB recognizes that tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability are critical to achieving its Strategy 2030 vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. [This operational plan](#) focuses on scaling up support to address climate change, disaster risks, and environmental degradation; accelerating low GHG emission development; ensuring a comprehensive approach to build climate and disaster resilience; ensuring environmental sustainability; and increasing focus on the water-food-energy nexus. To support these goals, by 2030, at least 75% of ADB's committed operations (on a 3-year rolling average, including sovereign and nonsovereign operations) will address climate change mitigation and adaptation, and climate finance from ADB's own resources will reach \$80 billion for the period 2019–2030.

In May, ADB launched a comprehensive action plan for healthy oceans and sustainable blue economies, targeting \$5 billion in projects by 2024. The plan covers the development of sustainable marine economies, coastal pollution control, sustainable coastal infrastructure and ports, and ecosystem management and rehabilitation. Technical assistance will help DMCs develop policies and regulations to reduce marine plastic pollution and prepare investments in integrated solid waste management. The Republic of Korea pledged \$350 million of cofinancing and \$5 million for technical assistance for the Association of Southeast Asian Nations (ASEAN) Catalytic Green Finance Facility. This financing will support green infrastructure in Southeast Asia, focusing on projects to boost ocean health.

In September, ADB provided a \$100 million loan to help establish the Shandong Green Development Fund, which will attract private, institutional, and commercial finance for investments in climate-friendly development in this eastern province of the People's Republic of China. Shandong is the second most populous province in the country and is home to almost 100 million people. Its carbon-intensive economy has resulted in high GHG emissions. Projects under the fund are expected to reduce emissions by 2.5 million metric tons of carbon dioxide equivalent per year and will build climate resilience for at least 2 million people by 2027 by protecting coastal areas and introducing flood and drought control measures, including in agricultural regions. These investments will demonstrate a shift to a low-carbon and sustainable growth model that could be replicated by other regional economies.

In December, ADB met a key commitment to double its annual climate investments from \$3 billion in 2014, setting a record high of \$6.55 billion in climate-related financing in 2019, 1 year ahead of schedule.



Making Cities More Livable

ADB aims to build cities in Asia and the Pacific that are competitive, green, inclusive, and resilient. [This operational plan](#) strives to improve the accessibility, quality, and reliability of services in urban areas; strengthen urban planning and financial sustainability of cities; and improve cities' environment, climate resilience, and disaster management.

An example of innovative and integrated urban transport planning can be found in an ADB-supported project in Gui'an, a fast-growing

new city of Guizhou Province in the People's Republic of China. The bank committed a \$192.8 million loan for an intelligent transport system that will reduce pollution, cut traffic congestion, and improve transport safety in the city. This investment will finance real-time traffic and road-weather monitoring, a multimodal transport operations center, a traffic safety and emergency management system, and sustainable transport infrastructure such as clean-energy buses and electric-vehicle charging stations. The project will be a pilot for other cities, demonstrating integrated smart transport development.

In Tonga, ADB committed an \$18.3 million grant in 2019 to fund priority urban infrastructure that will also enhance the country's resilience to disasters and the effects of climate change, including rising sea levels. The project is designed to improve living conditions for around 36,000 Tongans in Nuku'alofa and other towns, with investment in flood management and drainage infrastructure, improved water supply services, and better solid waste management. ADB is also supporting the preparation of a climate- and disaster-resilient urban development strategy and investment plan for Tonga.



Promoting Rural Development and Food Security

Under [this operational plan](#), ADB will help transform agriculture and food supply systems to achieve higher incomes for farmers, provide safe and nutritious food to consumers, and spur economic growth in rural areas. The plan also highlights ADB's role in supporting rural development by enhancing connectivity and services; building agriculture value chains with market infrastructure; and improving food security through better irrigation, farm inputs, and capacity building.

ADB will explore opportunities to help develop modern agriculture value chains; improve food safety policy and regulatory frameworks, standards, and certification; promote climate-smart and knowledge-intensive agriculture; enhance water service delivery and efficiency; improve access to rural finance; provide off-grid energy access; and improve rural health and education.

ADB's efforts to improve water resources management and transform farming practices are highlighted in Cambodia, where agriculture contributes 22% of the gross domestic product. In December, the bank committed a \$119.2 million

Solar Panel Training Changes a Woman's Life

Maryam lives in the Multan district of Pakistan. She completed 12th grade education, but could not afford to continue her studies. Before Maryam learned about ADB-supported training on solar energy technology, she had no opportunity to work.

"The solar panel training interested me," Maryam says. "I talked to my father, but he refused because we were to be taught by male teachers. He said it is not right for a female to work outside, and especially on roofs and in buildings."

However, with her mother's help, Maryam was able to get permission and admission to the training.

"During this course, I learned about electrical wiring, basic repair, and how to make electric switchboards."

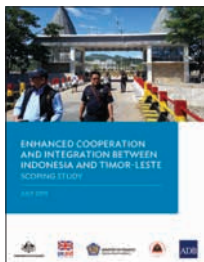
Maryam successfully completed the course and secured a job in the district's premier solar company as a solar panel assistant.

Maryam's story is one of several in ADB's 2019 publication *Gender in Infrastructure: Lessons from Central and West Asia*, which illustrates how gender inclusion contributes to meeting the needs of all beneficiaries and creating opportunities for regional economic growth.



Solar technicians at work in Pakistan's Multan district.

Agency for Technical Cooperation and Development (ACTED)



Enhanced Cooperation and Integration between Indonesia and Timor-Leste

At the request of the governments of Indonesia and Timor-Leste, ADB prepared a study identifying opportunities for cooperation between the two countries, particularly on tourism and livestock. This study led to an agreement between Timor-Leste and Nusa Tenggara Timur Province in Indonesia to reduce barriers to livestock trade, ease cross-border land-and-air transportation, and harmonize procedures at border crossing points.



The Kacific1 satellite supported by ADB was launched on 16 December 2019 to bring low-cost broadband to remote areas of the region. It will boost access to services, information, and economic opportunities.

financing package to help modernize and improve irrigation systems in four provinces, helping supply water to 43,500 hectares of farmland and benefiting 290,000 people. The project will also promote crop diversification through training and the establishment of at least 200 demonstration plots.

During 2019, ADB also continued to raise farming incomes and improve the quality of life in rural areas of Asia and the Pacific. In October, ADB provided a \$45 million financing package for four northern provinces in the Lao People's Democratic Republic, where poverty rates are three times higher than in the country's urban areas. The project will help increase the production of high-value crops, introduce climate-resilient technologies to maximize production with less inputs, and provide up to 200 grants to farmers and entrepreneurs.



Strengthening Governance and Institutional Capacity

This operational plan specifies that ADB will help improve public sector management functions and financial stability, develop institutional capacity to improve service delivery, and strengthen country systems and standards, with a focus on improving the efficient and effective implementation of development projects and programs.

The bank is working to boost revenue collection by broadening countries' tax bases and, through international tax cooperation, is helping protect

them against tax base erosion and profit shifting. ADB is facilitating state-owned enterprise (SOE) reforms to strengthen the accountability and performance of SOEs through improved corporate governance, competition and market contestability, and asset commercialization or divestment. The bank is also building capacity in subnational governments in recognition of the critical role they play in contributing to the SDGs.

In Indonesia, ADB committed a \$500 million policy-based loan to support critical fiscal and public expenditure management reforms that aim to improve the quality of government spending on health, education, social protection, and infrastructure. Consistent with the government's strategy to create sustainable and equitable growth, the program promotes reforms aligning medium-term expenditure with the National Medium-Term Development Plan and SDG targets, enhancing the national public expenditure system, and improving fiscal transfers and subnational governments' spending for service delivery. In Uzbekistan, ADB committed policy-based assistance of \$300 million for an ongoing program to strengthen the country's economic management, leading to greater macroeconomic stability and sustained economic growth. The program is improving the government's economic decision-making by modernizing macroeconomic data management systems. It is helping the government introduce reforms in fiscal and public financial management, strengthen risk-based banking supervision by the central bank,

improve the governance and viability of SOEs, and promote an enabling environment for public-private partnerships (PPPs).

Fostering Regional Cooperation and Integration

This [operational plan](#) specifies that ADB will help build greater and higher-quality connectivity between economies, expand global and regional trade and investment opportunities, and increase and diversify regional public goods such as sustainable management of shared natural resources, access to regional education and health services, and improved mechanisms for regional coordination.

Emphasizing regional cooperation in health, ADB signed agreements with the governments of Samoa and Vanuatu to fund the introduction of new vaccines through an ADB-supported Pacific regional project, which provided grants to Tonga and Tuvalu in 2018. The project will support the delivery of vaccines to reduce the incidence of pneumonia and diarrhea in children and protect young girls against the human papillomavirus, lowering the risk of cervical cancer, a leading cause of death in women in the Pacific. The project will benefit more than 500,000 young women and children across Samoa, Tonga, Tuvalu, and Vanuatu.

ADB committed a \$45 million loan to Viet Nam to develop climate-resilient transport and urban infrastructure for cross-border tourism, including the upgrade of access roads and boat piers. This investment will generate economic opportunities to benefit about 168,000 residents, especially women, who manage or are employed in the majority of tourism-related enterprises, and improve living standards in secondary towns along the Greater Mekong Subregion Eastern Economic Corridor. To strengthen regional infrastructure, ADB formed a partnership with Kacific Broadband Satellites International Limited to help construct, launch, and operate a state-of-the-art satellite that will provide affordable, high-speed broadband internet connections to countries in Asia and the Pacific, especially in remote areas of small island nations in the Pacific; larger island nations like Indonesia and the Philippines; and others. ADB provided a \$25 million loan from its own funds and mobilized a \$25 million loan from the Japan International Cooperation Agency to finance the project.

IMPLEMENTING A NEW CORPORATE RESULTS FRAMEWORK

In September 2019, ADB approved a new [corporate results framework for 2019–2024](#). The framework will be used as a basis for reporting on ADB's operational and organizational performance and

monitoring the implementation of Strategy 2030, including its targets for operations supporting gender equality and addressing climate change as well as increasing nonsovereign operations and commercial cofinancing.

The new framework is well-integrated with global development priorities, with almost three-quarters of its indicators mapped to the SDGs. ADB also reduced the number of results framework indicators by almost one-third while increasing their coverage and relevance. The framework incorporates new areas for measurement, including outcomes from the seven operational priority plans, One ADB collaboration, and knowledge work. More aspects of ADB's nonsovereign operations are also covered by the new results framework.

EXPANDING PRIVATE SECTOR OPERATIONS

Under Strategy 2030, ADB is committed to scaling up its private sector operations to one-third of total operations by 2024. The bank also aims to attract \$2.50 of long-term cofinancing for every \$1.00 of its own financing for private sector operations by 2030.

During 2019, ADB prepared a new Operational Plan for Private Sector Operations, 2019–2024. This was endorsed by the Board in January 2020. While ADB will continue to support energy and finance sector investments, it will also increase its focus on private sector opportunities in agribusiness, education, and health as well as infrastructure projects beyond the energy sector. ADB will increase investments in fragile and conflict-affected situations, small-island

PROGRESS AGAINST STRATEGY 2030 TARGETS

PRIVATE SECTOR

During 2019, the number of ADB private sector operations increased to

24%

of total operations, on track to meet the Strategy 2030 target of 33% by 2024.



In Asia's tropical highlands, a \$20 million ADB private sector loan in 2016 helped Hasfarm expand and replicate its high-value horticulture business. The project is helping to boost jobs in rural areas of Viet Nam, the People's Republic of China, and Indonesia.



ONE ADB FOR RENEWABLE ENERGY



ADB's relationship with public utilities in the Pacific region helped to identify renewable energy projects in the pipeline and provide project financing.

The One ADB approach, introduced as part of Strategy 2030, combines ADB's expertise across a range of sectors, themes, and public and private sector operations to offer integrated solutions to meet the increasingly complex and diverse development challenges facing ADB's developing members.

In 2019, an ADB project to construct a 100-megawatt capacity solar power park in Cambodia applied the One ADB approach to provide end-to-end support to the client. Sovereign financing helped build the solar park and transmission infrastructure, reducing private investment risk in solar generation projects in Cambodia. The bank's Office of Public-Private Partnership's transaction advisory services helped the utility agency design and conduct a competitive tender for procuring the first power plant to be built by the private sector within the park. Private sector operations staff helped in project structuring and design. Nearly 5 million Cambodians still lack access to electricity. Cambodia can add about 200 megawatts of solar energy to the grid by 2021, using available technology and without disrupting the grid.

In the Pacific, ADB extended the adoption of renewable energy through a joint effort by sovereign and nonsovereign operations staff. The bank's Pacific Department used its close relationship with public utilities in the region to identify renewable energy projects in the pipeline. The Private Sector Operations Department developed a program using a credit enhancement structure to deliver project financing to the identified projects without the need for government guarantees.

developing states, and low-income countries. In middle-income and upper middle-income countries, private sector operations will focus more on lagging and poorer areas.

To implement the operational plan, ADB will provide tailored debt and guarantee products, broaden its local currency offerings, and reinforce its equity operations. ADB will use concessional finance to improve project bankability and technical assistance to improve project outcomes. The bank will attract third-party development financing through various credit enhancement products, including B-loans (cofinancing arrangements for a single borrower that are funded by commercial banks and other eligible financial institutions, helping to distribute related risks, with ADB acting as the lender of record), partial credit guarantees, and partial risk guarantees as well as through risk transfers, blended finance structures, third-party funding platforms for co-investment, and PPPs.

One of 38 private sector projects the bank committed in 2019 is a \$14.2 million loan to the PRAN food and agribusiness group in Bangladesh to support the expansion plans of Sylvan Agriculture Limited. Sylvan aims to support inclusive agribusiness by boosting the incomes and skills of farmers, particularly women. ADB assistance will finance new processing facilities to produce potato-based foods and pasta. Under a gender action plan, women will comprise at least half of the 450 people directly employed in the new facilities. Gender wage gaps will be reduced, women's facilities introduced, and greater technological assistance provided to women farmers. Potatoes for the new processing facilities, located in northeastern Bangladesh, will be sourced from around 2,000 contract farmers. Their incomes are expected to increase by at least 50% as they introduce new potato varieties and expand the areas they cultivate.

CATALYZING AND MOBILIZING FINANCIAL RESOURCES

Engaging Development Partners

In line with Strategy 2030, ADB continues to strengthen collaboration with multilateral, bilateral, and private sector partners. In 2019, ADB actively engaged with existing partners to renew collaboration and stepped up its outreach to philanthropic institutions and corporate foundations to catalyze both finance and knowledge to assist its DMCs more effectively.

In total, sovereign cofinancing from bilateral and multilateral agencies and other financing



Fly2Blue (CC0 1.0)

In total, sovereign cofinancing from bilateral and multilateral agencies and other financing partners reached \$4.89 billion in 2019.

A \$926 million ADB loan to operationalize two lines for the Mumbai Metro Rail System in India will ease the distress of millions of commuters each day and help provide a cleaner, less congested city. See page 12 for details.

partners reached \$4.89 billion in 2019, including \$2.01 billion from the Japan International Cooperation Agency for the Malolos–Clark railway project. Several partners expressed their intentions to expand cooperation with ADB. Agence Française de Développement signed a memorandum of understanding to achieve \$2.5 billion in cofinancing during the next 3 years, while Germany’s state-owned development bank KfW signed a memorandum of understanding to achieve \$2 billion in cofinancing during the next 4 years. ADB also signed a new framework agreement with the Asian Infrastructure Investment Bank that will guide overall cofinancing arrangements between the two institutions.

During the year, ADB established two new trust funds. The Ireland Trust Fund for Building Climate Change and Disaster Resilience in Small Island Developing States will provide \$13.4 million for 2019–2024. The ASEAN Australia Smart Cities Trust Fund—which focuses on building livable cities that are green, competitive, inclusive, and resilient—has an initial allocation of \$15.1 million.

To build stronger and more diversified partnerships and expand collaboration with new and emerging partners, ADB is working to align resource planning for external grants and trust funds with ADB’s internal resources and provide better access to financing partnerships data.

Promoting Public–Private Partnerships

ADB supports DMCs to develop sustainable infrastructure projects and deliver efficient and effective public services through PPPs. The bank helps DMCs improve their investment climates, formulate sound market regulations, and build robust legal and institutional frameworks to attract private sector interest in PPPs.

During the year, ADB was appointed as transaction advisor for the preparation of 13 infrastructure projects under the PPP modality, with a total estimated capital investment requirement of over \$3 billion. ADB’s transaction advisory services achieved commercial closure of another PPP transaction in 2019, bringing mobilization of capital investments to \$915 million since the inception of these services in 2014.

ADB also manages the Asia Pacific Project Preparation Facility—a multidonor trust fund with contributions from the governments of Australia, Canada, and Japan—to help prepare and monitor PPP projects, build government capacity, and create an enabling environment for PPPs. In 2019, the bank approved 17 new applications for the fund’s assistance and completed 6 preparatory projects.

Through its support for a solid waste management PPP project in Uzbekistan, ADB established collaboration with the Global Infrastructure Facility. The bank continues to seek further collaboration with other multilateral development banks to promote PPPs.

STRENGTHENING KNOWLEDGE SERVICES

In June, more than 1,600 people from 70 countries attended the 2019 Asia Clean Energy Forum at ADB headquarters in Manila. The annual event attracted private sector entrepreneurs, project developers, and banks and financial institutions, together with government representatives, technical specialists, researchers, youth organizations, and civil society. Cohosted by ADB, the United States Agency for International Development, and the Korea Energy Agency, with the support of the International Energy Agency as knowledge partner, the forum's theme was "Partnering for Impact" and highlighted the need to focus on collaborative partnerships, ideas, and efforts that have market potential, with the goal of delivering tangible clean energy impact across the Asia and Pacific region.



ADB continues to prioritize capacity building in its developing member countries (DMCs), knowledge resources on Asia and the Pacific, and regional and global dialogue and learning on policy challenges.

Building the Knowledge Base of Developing Countries

ADB works closely with its DMCs to provide them with knowledge products and services relevant to their needs.

In 2019, ADB knowledge products and services responded to development challenges as diverse as climate finance, education sector reform, the agriculture–climate–water–energy nexus, and air pollution. The practical focus of ADB's knowledge work is illustrated by a study on the impact of dams on fish in the rivers of Nepal, which mapped the routes of fish in the country's rivers to inform decision-making on dam locations.

ADB also produced the pioneering *Trade Finance Gaps, Growth, and Jobs Survey*, which identifies market gaps for trade finance, provides understanding on why gaps exist, explains their impact on economic growth and job creation, and suggests actions to close them. The study is the first of its kind and has been cited by *The Economist* and *Financial Times*.

Supporting the first rigorous education sector assessment for Myanmar in 2 decades,

ADB provided analytical, policy, and capacity development, as well as pilot testing to help the government's Ministry of Education formulate components of the National Education Strategic Plan.

ADB also introduced programs on futures thinking—a method that considers major changes that may happen in the years ahead and how to prepare for them—to enhance development planning in Armenia, Cambodia, Mongolia, the People's Republic of China, the Philippines, and Timor-Leste. For instance, in developing the new country partnership strategy for Armenia (approved in October 2019), the futures thinking program helped identify how the country can use technology for economic diversification, plan programs in science and technology, and leverage investments in human capital and urban development to become a knowledge-driven economy.

To help DMCs adapt to a rapidly changing information environment, ADB began technical assistance to foster more effective management and implementation of development communications. Development communications has an important role to play in the success of government projects and programs, allowing stakeholders to understand the development outcomes and benefits of projects and programs and build consensus through dialogue. The technical assistance will build capacity among government communications staff.

ADB also began developing a knowledge management action plan for 2020–2024. The plan outlines how the bank can deliver relevant knowledge to its DMCs even more effectively. It is expected to be adopted in 2020.

Informing and Influencing Through Development Research

ADB's development research underpins its role as a knowledge institution.

In 2019, the bank's Tokyo-based think tank, the Asian Development Bank Institute (ADBI), successfully chaired Think20, the G20's policy research and advisory network, under Japan's 2019 G20 presidency. As chair, ADBI launched 10 Think20 policy innovation task forces and led those focused on infrastructure financing, the future of education and work for the digital age, and aging populations.

To expand knowledge sharing, ADBI launched a virtual classroom for development topics in Asia and the Pacific. [ADBI E-Learning](#) provides free, online certificate courses to develop the public policy knowledge of government officials, development professionals, academics, and students. It allows 24/7 access to lectures from experts on key topics such as private financing for infrastructure and sustainable growth; financial inclusion, financial literacy, and financial education; advancing the digital economy for sustainable growth; and more.

Other digital resources launched in 2019 include ADB's new Key Indicators Database, one of the world's most comprehensive online resources for macroeconomic and social indicators from across Asia and the Pacific. The database will broaden access to the development information provided by *Key Indicators for Asia and the Pacific*, an annual flagship publication that marked its 50th year in 2019.

Engaging in Regional and Global Dialogue

In 2019, ADB prepared the Central Asia Regional Economic Cooperation (CAREC) Transport Strategy 2030, which was endorsed by CAREC ministers during the 18th CAREC Ministerial Conference in November. The strategy will guide CAREC member countries and development partners in the aligned development of high-quality, sustainable, and integrated transport infrastructure and logistics operations.

ADB delivered signature knowledge events throughout the year, convening regional and international forums on clean energy, skills, social protection, urban transport, food security, and

finance. It also worked with other development organizations to establish a global community on knowledge management.

ADB, the Japan International Cooperation Agency, the Global Fund, and the World Health Organization joined representatives from 25 DMCs to discuss innovative approaches for mobilizing resources to achieve universal health coverage in Asia and the Pacific.

Sharing Evaluation Knowledge for Better Development Results

ADB's Independent Evaluation Department (IED) helps ensure the bank's accountability for results and supports greater effectiveness in operations. The IED also plays an active role in ensuring that evaluation knowledge is shared within ADB and with other multilateral institutions and development practitioners.

In 2019, the IED conducted key knowledge events and evaluation capacity-building activities. This included What Works, What Doesn't and Why panel discussions, a learning series that communicates evaluation findings to internal and external audiences. The department also introduced a series of [videos](#), Evaluation Bytes and Evaluation Matters, with interviews and feedback from users on the importance and use of evaluation.

In September, the IED collaborated with the Ministry of Finance of the People's Republic of China, through the Asia-Pacific Finance and Development Institute, to organize the fourth Asian Evaluation Week, with the theme "Quality Evaluation for Better Results: Local, National, and Regional Perspectives." Considered the premier evaluation forum in Asia, the event attracted participants from across the region and beyond to discuss the importance and influence of quality evaluation to increase development effectiveness.

ADB works closely with its DMCs to provide them with knowledge products and services relevant to their needs.



Veronique Salze-Lozac'h, IED deputy director general, speaks at the 2019 Asian Evaluation Week, co-organized by ADB.

REGIONS: **Central and West Asia**

Afghanistan, Armenia, Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, Pakistan, Tajikistan, Turkmenistan, Uzbekistan

2

BY THE NUMBERS

\$5.07 B
COMMITTED

\$4.62 B
DISBURSED

\$442.2 M
COFINANCED

\$48.3 M
TECHNICAL ASSISTANCE

Economic growth in Central and West Asia remained broadly stable in 2019, supported by a more expansionary fiscal stance and private sector credit growth.

Infrastructure spending and continued export gains boosted growth in Georgia. In Azerbaijan, fiscal stimulus and a pickup in gas production drove growth, while an expansionary fiscal policy supported growth in Kazakhstan and Tajikistan. In Armenia and the Kyrgyz Republic, the economy accelerated as a result of strong domestic demand and growing mining and manufacturing sectors, while Uzbekistan benefited from an improved investment climate. Faster expansion in hydrocarbon production and gas exports supported growth in Turkmenistan. A robust agricultural sector supported the economy in Afghanistan. In Pakistan, decisive policy measures helped reduce large macroeconomic imbalances and narrow the current account deficit in fiscal year 2019, although growth was constrained due to weaker economic activity.

To foster higher and more inclusive growth and raise living standards, the region must focus on promoting private sector-led growth, while improving the efficiency of state-owned enterprises. Improvements in human capital development through strengthening the quality of education, skills development, health and social protection services are needed in most countries. Continued investment in infrastructure and social services is required, together with policies to achieve stable and low inflation.

In 2019, ADB continued to help developing member countries (DMCs) address these challenges and achieve their development goals. The bank focused on helping to build competitive and inclusive economies, accelerate diversification away from hydrocarbons and other commodities, develop transformative investments in road corridors and municipal projects for livable and prosperous cities across the region, and promote renewable energy projects. ADB closely engaged with its DMCs through policy dialogue, technical assistance, policy-based loans, sector development programs, and financial intermediation projects; and by providing local currency financing.

ADB also endorsed new country partnership strategies for Armenia, Azerbaijan, Georgia, and

Uzbekistan. All four strategies cover 2019–2023 and share the common goals of building market-oriented economies, ensuring inclusive and sustainable growth, and expanding trade.

STRATEGIC FOCUS



Addressing Remaining Poverty and Reducing Inequalities

Across Central and West Asia, ADB focuses on creating economic and social development opportunities to reduce poverty and inequality. This is done through strengthening the investment climate for private sector development, investing in infrastructure, and improving education and health services for citizens.

ADB committed a \$10 million policy-based loan in November as its first social sector investment in Armenia to help improve the quality and accessibility of education and health services for impoverished children and young people. In Tajikistan, implementation began on a \$32 million grant to improve hospital and health-care centers. New infrastructure and equipment will be supplied, and staff and oversight agencies will be trained to plan and deploy human resources more effectively. A system to provide continuous medical education for doctors and midwives to improve the quality of maternal and child health care will also be established. In Pakistan, a \$75 million secondary education improvement project in Sindh Province aims to improve the quality and access to secondary education, especially for girls, and bring in management of public schools by the private sector.



Accelerating Progress in Gender Equality

ADB's operations in Central and West Asia continue to prioritize gender mainstreaming. In 2019 ADB completed country gender assessments for Armenia, Azerbaijan, and the Kyrgyz Republic, which will inform the design of future investments and facilitate policy dialogue with country counterparts on accelerating gender equality.

In Kazakhstan, ADB partnered with the country's National Chamber of Entrepreneurs to conduct a series of workshops on developing women's

entrepreneurship in rural areas, ultimately aimed at improving livelihood opportunities and growing incomes. Since May 2019, 300 women entrepreneurs have participated in the workshops.

Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability

In 2019, ADB continued to advance climate change mitigation and adaptation and disaster resilience in its projects across Central and West Asia. This includes support for climate-resilient transport infrastructure, renewable electricity generation, disaster preparedness, and promotion of advanced climate technologies.

Under its transport investments, ADB integrated climate resilience into a \$410 million road project in Georgia, a country with high exposure to natural hazards, and financed 24 state-of-the-art electric locomotives in a \$170 million railway project that will cut Uzbekistan's greenhouse gas (GHG) emissions by 900,000 metric tons of carbon dioxide equivalent a year.

ADB committed \$100 million to upgrade hydropower generation in the Kyrgyz Republic and

added \$1.5 million in additional financing from the Government of Switzerland for Pakistan's National Disaster Risk Management Fund.

In 2019, ADB signed an agreement with the United Nations Development Programme to pilot, deploy, and scale up the business models of climate change technology ventures in Armenia. Through the agreement, ADB and the United Nations Development Programme will provide technical expertise and funding to help environment-oriented companies market new and emerging technologies that support the Sustainable Development Goals.

Making Cities More Livable

In many parts of Central and West Asia, cities are under intense pressure from rapid urbanization, uncoordinated expansion, and limited infrastructure. ADB's work in the region is prioritizing the transformation of such cities into safe, inclusive, and sustainable urban centers.

In 2019, ADB committed two \$15 million loans and a \$10 million grant from project readiness financing to respectively help fast-track projects delivering urban services in Uzbekistan; support

In 2019, ADB's commitments in this region were primarily in the following sectors:

29%
PUBLIC SECTOR
MANAGEMENT

21%
TRANSPORT

16%
AGRICULTURE,
NATURAL RESOURCES,
AND RURAL
DEVELOPMENT

10%
FINANCE

10%
INDUSTRY AND
TRADE

Pakistan's Natural Solution to Landslides

In 2014, floods devastated thousands of villages and killed hundreds of people in northern Pakistan. More than 2.5 million people were displaced. In the districts of Poonch, Kotli, and Haveli in the mountains near Islamabad, roads, basic services, and livelihoods were washed away. "We were very badly affected," says Saira Ilyas, a nursery owner from Hajira.

ADB responded to this emergency with a reconstruction project that has helped rebuild some of the worst-hit areas, reopening roads, bridges, and other vital infrastructure. The project included innovative bioengineering solutions to protect the new roads against future landslides by planting trees into the steep slopes to stabilize the soil. Local women were encouraged to start nurseries and grow seedlings, which could then be sold and replanted along the roads.

"The forest department needed more plants and, to meet the demand, we expanded our nursery from 30 kanals (around one-eighth of an acre) to 70," says Saira. "It has brought lots of

profit. I am educating my sisters and have opened a school nearby."

By 2019, more than 2.5 million trees had been planted—70% of them grown by women—and over PRs23 million (around \$135,000) had been paid to thriving nurseries. The project employed about 170 people, of which 57 were women. In addition, 107 forest wardens, 31 of them women, were employed to monitor and protect the planted trees.



Saira Ilyas expanded her nursery to meet demand.



RURAL DEVELOPMENT IN THE KYRGYZ REPUBLIC



ADB's investment is helping provide safe and reliable water and sanitation services to more than 64,000 people living in 31 villages in Naryn.

Access to safe drinking water and sanitation services in rural areas of the Kyrgyz Republic has become a crucial social and economic issue. Most of the country's water supply and sanitation infrastructure is outdated, while poor water quality and sanitation costs the government over \$100 million each year.

Only about 20% of rural households in the Kyrgyz Republic have piped water connections and only 10% have access to improved sanitation facilities.

In 2019, ADB committed \$27.4 million to address these significant shortfalls. The investment will help provide safe and reliable water and sanitation services to more than 64,000 people living in 31 villages across the province of Naryn, a mountainous rural area where 29% of the population is living below the poverty line.

The program will contribute toward goals set by the Government of the Kyrgyz Republic to increase national access to safe water supplies from current levels of 40% to 90%, and for sanitation services from 10% to 70%, by 2026.

balanced regional development in Georgia; and prepare a comprehensive tourism development plan in Tajikistan to inform the selection of strategic priorities in the tourism ecosystem and help develop a priority investment pipeline.

In Pakistan, ADB approved a \$235 million loan for a bus rapid transit system in Karachi City. The project will provide quality public transport in the city, shorten travel times for users, reduce vehicle operating costs, and improve air quality and GHG emissions through an innovative waste-to-fuel scheme. In partnership with the Urban Climate Change Resilience Trust Fund, ADB also committed \$9 million to support the preparation and engineering design of urban projects that will improve the quality of life for about 3.5 million people in at least five cities of Khyber Pakhtunkhwa Province.



Promoting Rural Development and Food Security

ADB's support for agricultural enterprises and rural communities in Central and West Asia involves significantly improving irrigation to help increase farming incomes, generating jobs in agricultural value chains, and improving food security in rural and urban populations.

In Afghanistan, ADB committed \$348.8 million to provide a long-term sustainable solution to the availability and management of water in the Arghandab basin of Kandahar Province by increasing the storage capacity of Dahla Dam.

In Uzbekistan, the bank made new commitments to improve horticultural and livestock value chains. A \$197 million loan is helping establish logistics centers in Andijan and Samarkand to improve the processing and distribution of horticultural products. Meanwhile, a \$150 million loan will expand access to finance and markets for Uzbekistan's livestock farmers and help develop veterinary practices.



Strengthening Governance and Institutional Capacity

ADB continued to support its DMCs in Central and West Asia to strengthen their governance and institutional capacities in 2019. This includes measures to support the private sector by improving access to finance, and supporting public financial stability.

In 2019 ADB extended a total of \$1.8 billion to Pakistan to support key economic, energy, and trade reforms. This includes a \$1 billion special policy-based loan approved in December as part of international efforts, led by the International Monetary Fund, to support Pakistan's economic reforms. It is the first time ADB has used this lending modality. The package aims to help Pakistan address

the root causes of its chronic fiscal crisis, diversify avenues to trade, enhance competitiveness, and reform its energy sector.

ADB committed policy-based loans of \$300 million and \$40 million for Uzbekistan and Armenia, respectively, to improve economic management in the two countries by supporting fiscal sustainability, private sector investment, and financial and capital market development.

As part of its ongoing assistance to Azerbaijan, ADB extended \$250 million to strengthen public sector governance and fiscal management and encourage private sector development. This policy-based loan will support the implementation of rule-based fiscal planning, a public debt management strategy, and state-owned-enterprise reforms. It will help to develop non-oil enterprises and reduce the country's vulnerability to external shocks.

ADB committed a \$50 million policy-based grant to the Kyrgyz Republic to help create jobs and raise employment prospects by improving the country's trade and investment climate, facilitating the growth of small and medium-sized enterprises, supporting public-private partnerships, and fostering industry-linked skills.



Fostering Regional Cooperation and Integration

ADB's efforts to promote regional cooperation and integration across Central and West Asia are largely channeled through the Central Asia Regional Economic Cooperation (CAREC) platform.

At the 18th CAREC Ministerial Conference in Uzbekistan in November, ADB emphasized its support for the energy and transport strategies that are part of CAREC Strategy 2030.

ADB committed a \$110 million grant to Tajikistan to improve connectivity and safety along the Obigarm–Nurobod road, part of CAREC Corridors 2, 3, and 5, connecting Tajikistan to the Kyrgyz Republic. The road carries about 2,000 vehicles a day.

In August, the bank also committed \$500 million to introduce important tariff and tax-related policy reforms that will bolster Pakistan's export industries and increase their competitiveness. The investment will also strengthen key trade-facilitating institutions.

In 2019, ADB supported an assessment to determine Afghanistan's readiness to join an expanded Central Asian Power System, joining Kazakhstan, the Kyrgyz Republic, Tajikistan, and Uzbekistan. An expanded Central Asian Power System will enhance regional energy security,

improve regional power trade, and reduce GHG emissions from electricity consumption in the region.

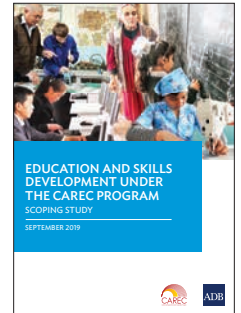
KNOWLEDGE HIGHLIGHTS

In 2019, ADB provided tailored support to national statistical offices in Central and West Asia, assisting evidence-based policymaking and modernization of national statistical systems.

The bank formulated a skills-gap analysis for the Almaty–Bishkek Economic Corridor, suggesting ways to develop sustainable tourism in Kazakhstan and the Kyrgyz Republic, and produced a policy brief to examine the use of public-private partnerships for education in the Pakistan province of Sindh.

Through a joint program for knowledge and experience exchange, ADB is supporting the Government of Kazakhstan's voluntary national review and nationalization of the Sustainable Development Goals.

ADB contributed to the first CAREC forum for capital market regulators, held in Islamabad, Pakistan, to discuss regional cooperation for developing capital markets, enhancing access to finance, and supporting private sector development. A CAREC high-level forum on infrastructure, jointly organized with the International Monetary Fund and the World Bank, discussed infrastructure financing needs, fiscal constraints, debt sustainability, and the need for more private sector involvement in infrastructure financing.



Education and Skills Development under the CAREC Program

ADB produced a scoping study that identified important opportunities in Central Asia Regional Economic Cooperation countries to harmonize education and skill standards, enhance student and worker mobility, strengthen labor market information, and facilitate knowledge exchange.



With ADB support, Tajikistan will upgrade the existing highway connecting its capital to the Kyrgyz Republic.

REGIONS: East Asia

The People's Republic of China, Mongolia

2

BY THE NUMBERS

\$2.19 B
COMMITTED

\$1.75 B
DISBURSED

\$376.1 M
COFINANCED

\$23.1 M
TECHNICAL ASSISTANCE

Economic growth decelerated in East Asia during 2019. In the People's Republic of China (PRC), growth moderated from 6.7% in 2018 to 6.1% in 2019, the lowest since 1990. In Mongolia, economic growth slowed to 5.1% in 2019 from 7.2% in 2018. International trade tensions and other external factors were the key causes of decline.

The countries of East Asia, while confronted by their own specific issues, still face common and long-standing development challenges. Environmental concerns—especially pollution—are significant, with considerable resources needed to mitigate the impacts of climate change. In the PRC, government efforts to eradicate extreme poverty by the end of 2020 were hampered by the recent economic slowdown. The PRC also needs to embrace industrial transformation and accommodate aging populations, while Mongolia needs to address underdeveloped infrastructure, a lack of export diversification, and unemployment.

ADB's investments in East Asia are working to help overcome these challenges, with a focus on reducing pollution, strengthening responses to climate change, providing better access to social services, and boosting transport connectivity and trade in border areas. The bank is also working to improve the well-being of rural residents and promote inclusive economic growth across the region.

In particular, ADB is helping the PRC and Mongolia by informing policies and laws, building more effective institutions, supporting the use of advanced technologies, and establishing innovative green financing mechanisms. Some of this work has resulted in policy and institutional changes that can be shared with, and adapted by, ADB developing member countries (DMCs) in other regions.

STRATEGIC FOCUS



Addressing Remaining Poverty and Reducing Inequalities

ADB's work in East Asia to address poverty and reduce inequalities centers on improving health outcomes for the poor and disadvantaged,

engaging the private sector to create quality jobs and raise income levels, and providing more inclusive services for aging populations.

In Mongolia, where the government has prioritized greater access to health services for impoverished and remote communities, ADB committed \$16 million of additional financing in 2019 to fund the completion of a new district hospital that will directly benefit 320,000 poor residents of Ulaanbaatar. This complements an initial \$76.1 million commitment to a program to improve primary health services in the country.

In the PRC, an example of ADB's work to improve the quality of life for older residents is in the city of Yichang, where around 22% of the population is aged over 60. The bank committed a \$150 million loan to pilot an integrated approach that will improve elderly care services and facilities, including for dementia patients; build a geriatric hospital and nursing home; and develop an advanced patient management and monitoring system.



Accelerating Progress in Gender Equality

As part of broader efforts to advance gender equality in East Asia, ADB is helping develop high-technology transport systems that will ease the burden of travel for women and girls—the most frequent users of public transport—as well as provide them with more job opportunities.

In December 2019, for example, ADB committed a \$192.8 million loan for a transport project in the district of Gui'an in Guizhou Province. The project includes gender-sensitive safety measures such as bright lighting and security cameras at bus stops and stations. The intelligent transport system (ITS) provides real-time traffic and road-weather monitoring and a facility to report incidents on a real-time basis to enhance security and respond to emergencies. At least 30% of people employed in the ITS control center will be women. The project will also run training courses in primary and middle schools to teach ITS coding concepts to at least 600 girls and encourage them to pursue science and technology careers.



Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability

Pollution in general, and air pollution in particular, are serious concerns for the governments of the PRC and Mongolia.

In December, ADB committed a \$160 million policy-based loan to further strengthen the Government of Mongolia's ability to address severe air pollution in Ulaanbaatar. The loan is supporting immediate actions to reduce the burning of coal, together with reforms to promote the use of clean-energy resources for heating.

While ADB takes specialized approaches to address climate, environment, and disaster management challenges across East Asia, the bank prioritizes reducing the region's greenhouse gas emissions.

In May, ADB signed a \$392 million loan to demonstrate the use of advanced clean technologies for heating and cut greenhouse gas emissions by about 4 million metric tons of carbon dioxide equivalent annually in Shandong Province in the PRC. The investment showcases the use of

geothermal, biomass, and waste heat to improve the living conditions and health of around 647,000 people.



Making Cities More Livable

Rapid urbanization is a major development challenge in East Asia and ADB is working to foster inclusive and green urban development in the region. The bank signed a \$200 million loan in May to support the use of advanced technologies to improve the urban environment and livability of Ziyang Municipality in Sichuan Province. The project is expected to benefit an estimated 3.6 million people by building flood control embankments, rehabilitating wetland areas, and turning a polluted landfill site into a park. A research and development center will be constructed and is expected to generate at least 5,000 jobs in the service and lighting industries.

The experience and knowledge gained from wetland rehabilitation, landfill transformation, and sustainable city development can be replicated in other cities along the Yangtze River Basin in the PRC and shared with DMCs in other regions.

In 2019, ADB's commitments in this region were primarily in the following sectors:

21%
ENERGY

19%
WATER AND
OTHER URBAN
INFRASTRUCTURE
AND SERVICES

18%
AGRICULTURE,
NATURAL RESOURCES,
AND RURAL
DEVELOPMENT

16%
HEALTH

13%
TRANSPORT

Cleaning Shandong's Air with Private Sector Support

Shandong is the People's Republic of China's second most populous province. In 2011, it was also the second-ranking province in terms of industrial outputs. Its energy supply relied heavily on high carbon fossil fuels—coal (71%) and oil (26%)—causing high levels of emissions. Industry consumed over 75% of Shandong's total energy supply. To improve energy efficiency and conservation, the province made plans to reduce energy intensity by 17% by 2015 in comparison with 2010 levels, and by 17% by 2020 in comparison with 2015 levels.

To support those goals, in 2011, ADB approved a financial intermediation loan of \$100 million for an energy efficiency and emission reduction project. The project supported industry to invest in technology innovations that lead to reduced energy costs and enhanced market competitiveness. The financial intermediation loan modality helped to accelerate private sector investment in improving energy efficiency and enhanced provincial capacity in financing and managing energy conservation projects.

The investment was a success. The province reduced energy intensity by 19.8% by 2015 in comparison with 2010, and by 16.3% by 2018 compared to 2015. The total energy saved from the investment translated to an annual greenhouse gas emission reduction of almost 680,000 metric tons of carbon dioxide equivalent. The investment's energy efficiency and emissions reduction objectives were achieved. The improvement in air quality particularly benefited the poor who are more exposed to health risks such as air pollution and coal burning.



Lufang subproject

Emissions were reduced in this Shandong copper smelting plant.



POVERTY REDUCTION THROUGH ECO-TOURISM



ADB support is helping Mongolia develop sustainable eco-tourism measures to protect biodiversity in their national parks.

Mongolia's small tourism sector is growing rapidly and presents an opportunity to create quality jobs and help more people move out of poverty. Khuvsgul National Park and Onon-Balj National Park are eco-tourism priorities for the Government of Mongolia, but as major sources of biodiversity, they need to be carefully managed.

In June 2019, ADB signed a \$38 million loan agreement with Mongolia to help the country seize these economic opportunities while also safeguarding the environment. The project will adopt community-based approaches to improve infrastructure, sanitation, and capacity to manage tourism growth in the two national parks and will help develop sustainable tourism activities.

The loan—ADB's first lending product for tourism in the country—is expected to create jobs for over 11,000 largely disadvantaged residents. The project will be closely monitored as a potential model of economically inclusive development and conservation for other ADB developing member countries.



Promoting Rural Development and Food Security

Farmers, rural producers, and agribusiness entrepreneurs in East Asia have enormous potential to tap into high-value markets both domestically and internationally. ADB supports these rural enterprises with project financing and knowledge products that explore new technologies and techniques to maximize agricultural productivity.

In the PRC's Gansu Province, the bank committed a \$130 million loan to develop a web-based platform to enhance market access through a two-way automated information exchange system between farmers and consumers. The approach offers production information for consumers, while farmers will get access to market information and production support services, providing opportunities to improve livelihoods by accessing high-value markets. The project will also help improve food safety and the competitiveness of agricultural goods by using internet-of-things applications such as QR code scanners, soil fertility and moisture sensors, and remote sensing. Nearly 13,000 farming households are likely to be involved in contract farming and around 110,000 rural households are expected to benefit from using the information platform.

As part of ADB's ongoing support for rural vitalization in the PRC, the bank committed a \$300 million loan to address environmental degradation, modernize agricultural production systems, and boost rural incomes for 1.8 million people in the upper and middle reaches of the Yangtze River Basin.



Strengthening Governance and Institutional Capacity

ADB investments help to enhance public financial management and increase stability in the finance sector in East Asia.

ADB committed \$1.2 million in technical assistance to help Mongolia strengthen the capabilities of its national audit office by sharpening the monitoring of use of public funds and improving capacity to conduct financial, performance, and compliance audits. The project will also help develop a digital master plan in audit and financial management.

ADB also signed a memorandum of understanding with the PRC's central bank, the People's Bank of China, to support reforms and knowledge cooperation in the finance sector from 2019 to 2023. This will help the PRC strengthen its legal and regulatory

frameworks for the finance sector and expand the use of technology to increase access to finance, particularly for small and medium-sized enterprises. ADB approved a \$700,000 technical assistance project in December to support the implementation of initiatives under the memorandum of understanding and identify lessons from the PRC's experience that can be applied in other countries.

Fostering Regional Cooperation and Integration

ADB's efforts to foster regional cooperation and integration in East Asia focus on improving transport connectivity and streamlining cross-border trade and travel.

ADB committed a \$27 million loan to expand Mongolia's international trade by upgrading facilities at the border crossings of Bichigt and Borshoo, which connect the country to the PRC and the Russian Federation.

The bank also committed a loan of \$58.5 million, cofinanced by the High-Level Technology Fund, to help improve surfaces and safety along 176 kilometers of Mongolia's Ulaanbaatar–Darkhan and Khuiten Valley–Arvaikheer road sections, which link the PRC and the Russian Federation through Mongolia's capital.

KNOWLEDGE HIGHLIGHTS

ADB emphasizes adding value to its financial investments through knowledge work targeted to the needs of East Asia. This helps to identify innovative approaches that can be replicated both within and outside the region.

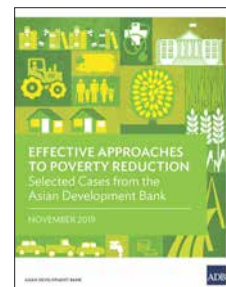
In 2019, in response to a request by the Government of the PRC, ADB supported a series of workshops to promote dialogue on aging, technical and vocational education and training, and rural vitalization. Participants from central and provincial governments and academia shared their knowledge and experiences to help identify priorities for policy reform and investment planning.

To assist the PRC's National Development and Reform Commission, ADB prepared papers giving detailed research and policy recommendations for the country's 14th Five-Year Plan, 2021–2025. These papers focus on climate change, ecosystem services, rural vitalization, urbanization, inclusive development, the role of local government, and the development framework for the PRC's modernization strategy.

ADB signed two significant knowledge collaboration agreements in 2019. It partnered

with Alibaba to better assist the implementation of the PRC's rural vitalization strategy, taking advantage of the latest digital technologies such as e-commerce and cloud computing; and with the Asia-Pacific Finance and Development Institute on South–South knowledge cooperation and capacity building of DMC officials in related areas of finance and development. The bank also organized innovation workshops on topics such as education, elderly care, and green finance to discuss next-generation investments.

In November, using research gathered during an ADB investment project, the bank published a brief, *Integrating Persons with Disabilities into Mongolia's Society*, which suggests reforms to better assess the needs of persons with disabilities and improve their access to infrastructure, transportation, education, and employment.



Effective Approaches to Poverty Reduction: Selected Cases from the Asian Development Bank

These nine case studies from across Asia and the Pacific, including four from East Asia, focus on providing broader access to economic opportunities, promoting resilience, and empowering communities through improved governance. By sharing experiences from successful projects, this report contributes to international efforts to eradicate poverty.



A \$130 million loan to the People's Republic of China's Gansu Province to develop a web-based platform to link farmers with consumers will improve competition and quality, and help farmers get the best prices for their products.

REGIONS: Pacific

The Cook Islands, Fiji, Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, Vanuatu

2

BY THE NUMBERS

\$443.5 M
COMMITTED

\$446.5 M
DISBURSED

\$206.1 M
COFINANCED

\$27.1 M
TECHNICAL ASSISTANCE

In 2019, the combined gross domestic product of Pacific economies expanded by 4%, the region's fastest average growth since 2015. It followed historically low economic growth of 0.4% in 2018, when the Pacific was hit by a major earthquake and tropical cyclones.

This growth story highlights the crucial role played by disaster response and recovery in shaping the region's development progress and explains why ADB moved to expand its financing for disaster resilience in 2019.

On top of the support for disaster response, recovery, and reconstruction, financing is needed for climate change adaptation and to overcome an infrastructure backlog causing gaps in basic services. For example, access to reliable electricity is only about 33% among Pacific developing member countries (DMCs), compared with 87.4% globally. Similarly, provision of safe water (52.6% versus 88.5% globally) and sanitation services (30% versus 68% globally) are lagging.

The 2019 ADB Annual Meeting was the first held in a Pacific DMC, Fiji. It was attended by more than 3,500 representatives from 76 countries. Among the issues discussed at the Annual Meeting were sustainable tourism and its potential to boost national and regional development efforts, the role of private sector financing for disaster risk management and climate resilience, and the importance of actions to improve ocean health. There were also discussions on ways to respond to heightening global economic uncertainty, the role of digital technologies for financial inclusion, new tools for sustainable infrastructure development, and other topics. The event's theme was "Prosperity Through Unity."

During the year, ADB endorsed a new country partnership strategy for Fiji, covering 2019–2023. The strategy aligns with the government's goals for Fiji to become a South Pacific business hub by improving transport and digital connectivity, developing a skilled workforce, and creating productive jobs.

STRATEGIC FOCUS



Addressing Remaining Poverty and Reducing Inequalities

Extreme poverty has declined in the Pacific, but at a rate significantly slower than the overall decline across the Asia and Pacific region. In 2019, ADB accelerated efforts to ensure access to adequate health care, essential infrastructure, and social services.

The bank is working to reduce the incidence of pneumonia and diarrhea in children and minimize outbreaks of vaccine-preventable diseases. In February 2019, ADB committed \$11.3 million to Vanuatu and \$7.5 million to Samoa as part of a \$25.1 million package to deliver a comprehensive vaccination program in the region. This follows commitments to Tonga and Tuvalu in 2018.

In Papua New Guinea (PNG), ADB is administering \$38 million additional financing from the Government of Australia to improve health outcomes in lagging rural areas by upgrading 20 district hospitals.

To advance the delivery of basic services into poor and disadvantaged communities, ADB committed \$11 million to prepare projects for improved urban water supply, sanitation, and solid waste management in the Federated States of Micronesia, Solomon Islands, and Vanuatu. The bank also committed \$37 million in 2019 to improve urban water and sanitation in Solomon Islands, with an additional \$3 million as project readiness financing.



Accelerating Progress in Gender Equality

Empowering women is vital to achieving inclusive, resilient, and sustainable development in the Pacific. Despite progress in advancing gender equality in many Pacific DMCs, a significant proportion of women and girls still face poverty and inequality as well as limitations on their access to essential services and resources. There is a gender gap in labor

force participation—in 2017, the Pacific female labor force participation rate was at 44.3%, more than 8 percentage points lower than for males. Pacific women have limited representation in decision-making structures—in 2017, only 6% of parliamentarians in the Pacific were women. Violence against women and girls remains a concern—in several Pacific DMCs, more than 30% of women reported being sexually abused before 15 years of age.

ADB continues to incorporate gender considerations into its projects, with a view to creating livelihood and career opportunities for women. As part of a \$5 million grant to Tonga, for example, ADB included actions addressing key legislative barriers to employment for women in the labor market.

In Fiji, an ADB loan of \$65 million supports the economic empowerment of women by embedding gender considerations into measures to improve budget systems and institutions, boost the productivity and competitiveness of state-owned enterprises, and generate new business and quality jobs.



Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability

ADB continues to offer innovative solutions for Pacific DMCs to develop renewable energy sources, reduce greenhouse gas emissions, and build environmental sustainability.

Through the Pacific Renewable Energy Investment Facility, ADB has committed \$55.2 million and will administer \$32.4 million in cofinancing from the Government of Australia and the Green Climate Fund, to support renewable energy projects in the Federated States of Micronesia, Nauru, Tonga, and Tuvalu. Under the \$6 million project for Tuvalu—ADB's first-ever assistance to the country's energy sector—the bank is helping install solar power and battery systems to reduce Tuvalu's heavy reliance on fossil fuels for power generation.



Making Cities More Livable

Small island developing states across the Pacific have limited expertise in urban planning, development, and management.

In 2019, ADB's commitments in this region were primarily in the following sectors:

29%

PUBLIC SECTOR MANAGEMENT

24%

HEALTH

18%

ENERGY

14%

WATER AND OTHER URBAN INFRASTRUCTURE AND SERVICES

12%

TRANSPORT

Quick Response Keeps Kaveinga's Family Safe

The Pacific accounts for only 0.1% of the world's population, but the region experiences a disproportionately high share of global disaster impacts relative to its economic and demographic size. Disaster risk is growing because of climate change, poor development planning, unplanned urbanization, and ecosystem decline.

Contingent disaster financing is a leading-edge mechanism designed by ADB to provide quick-disbursing and flexible financing for developing member countries impacted by disaster events.

When Tonga was hit hard by Cyclone Gita in February 2018, Kaveinga Taufua and his family lost their home.

"All that was left was part of the roof and a big pile of rubble," Kaveinga says.

Through contingent disaster financing, funds were released to Tonga for early recovery activities just 3 days after the cyclone struck.

Kaveinga and his family were provided temporary shelter until their house could be rebuilt, and food and drinking water via the National Emergency Management Office.

In 2019, ADB expanded coverage of its contingent disaster financing to include the Federated States of Micronesia, the Marshall Islands, and Solomon Islands, as well as replenished funds for the Cook Islands and Tonga.



Repairing Tonga's electricity network after Cyclone Gita.



GENDER EQUALITY IN PAPUA NEW GUINEA



Maria Talpa runs a rural primary health project in Papua New Guinea, part of the health sector program supported by ADB and Australia.

In Papua New Guinea, ADB is supporting women and girls through the expansion of rural health services and targeted training of health workers to improve the delivery of obstetrics and reproductive health care.

Under a \$195 million sector development program starting in 2018, ADB is supporting the integration of gender equality principles and processes across the health system. This includes ensuring gender considerations in the construction of health facilities, mainstreaming gender in national health strategies, enhancing health workers' skills in reproductive health and safe birthing, and providing training on family planning and sexual health.

In 2019, ADB committed a further \$100 million to support gender policy reforms such as including women in senior decision-making roles in the health sector; ensuring a budget for family, maternal, and child health services; and including contraceptives and maternal and neonatal medication in stocks of essential drugs.

There is an urgent need to improve water and sanitation services in the fast-growing urban populations of Kiribati and the Marshall Islands. ADB is providing a \$13 million grant for Kiribati to address the high incidence of waterborne diseases and improve hygiene practices in South Tarawa. For the Marshall Islands, a \$5 million grant was approved to prepare projects that will improve urban water and sanitation services in Majuro and solid waste management in Ebeye.

In Tonga, ADB committed \$18.3 million to provide high-priority urban infrastructure in Nuku'alofa, supporting flood risk management, water supply and solid waste management, and disaster and climate resilience. The bank is also administering additional financing of \$290,000 from the Government of Australia for an ongoing project to support waste management services in the capital.

In PNG, ADB is administering cofinancing of \$800,000 from the People's Republic of China Poverty Reduction and Regional Cooperation Fund to expand access to safe water in the Tete settlement of Port Moresby.



Promoting Rural Development and Food Security

Rural communities in the Pacific generally have fewer economic opportunities and less access to basic services than the urban population. ADB works to improve livelihoods in rural areas and outer island communities by strengthening their connections to major markets.

In Samoa, for example, ADB committed \$62.3 million in grant funds to upgrade Apia's port, which is the country's only international maritime gateway. Given Samoa's geographical isolation from international markets, maritime connectivity is critical to the economy. The rehabilitation of port infrastructure, along with the construction of a customs facility, will enhance agricultural exports and streamline imports of basic commodities. The project will help stimulate the economy, generate local employment, increase domestic as well as international trade, and improve food security.



Strengthening Governance and Institutional Capacity

Improving public service delivery is a key priority for ADB in the Pacific, alongside support for government reforms to fiscal and monetary policy, state-owned enterprises, revenue mobilization, and private sector development.

ADB is providing \$74.5 million in assistance to Fiji, the Marshall Islands, Tonga, and Tuvalu, along with a \$225,000 technical assistance grant to Niue, to improve government management of public finances; build capacity to respond to external shocks; and expand private investment by streamlining the policy, legislative, and regulatory environments for business.

In Tonga, where lack of information to guide resource allocation has led to poor health services and outcomes, ADB committed \$7.5 million to help design and implement a new digital health information system. The system will improve the quality and reliability of health statistics and promote digital patient records, allowing for more consistent patient care and better strategic decision-making.

Fostering Regional Cooperation and Integration

Transport infrastructure plays a key role in integrating the many small island economies of the Pacific. In addition to the seaport project in Samoa, ADB provided a \$5 million grant to Tonga for preparatory work to construct a bridge across the Fanga'uta Lagoon and upgrade the main wharf of Nuku'alofa Port.

Many of ADB's flagship technical assistance programs for the Pacific are regional in coverage and foster cooperation and dialogue among DMCs. In 2019, ADB committed \$2 million in technical assistance grants to help Pacific member countries improve their business environments and generate inclusive economic growth led by the private sector. The bank also committed \$2 million in grants to the Pacific Region Infrastructure Facility Coordination Office, which helps plan, prioritize, coordinate, and manage infrastructure in the Pacific.

KNOWLEDGE HIGHLIGHTS

In May 2019, ADB published a special 10th anniversary issue of the *Pacific Economic Monitor*, one of the most influential economic publications in the region. It features policy briefs on the effects of climate change, impacts of natural hazards, income and purchasing power, service delivery, women's economic empowerment, and labor markets.

In August, ADB's Pacific Private Sector Development Initiative released *Finding Balance 2019: Benchmarking the Performance of State-Owned Banks in the Pacific*, a report that profiles the roles, performance, market context, and regulatory frameworks of 13 state-owned banks

in 10 Pacific countries. The report suggests these banks can deliver much-needed business financing, particularly for small to medium-sized enterprises and in sectors such as agriculture and fisheries.

ADB's Pacific Fellows Program aims to enhance the capacities of government officials to plan and manage development initiatives and projects. In 2019, officials from PNG, Timor-Leste, and Tonga participated in the program.



Green and Smart Ports: Regional Workshop

In May, government and private sector representatives from the Pacific attended an ADB workshop in Singapore focused on maritime trade and logistics and best practices in green and smart ports, particularly strategies for low-carbon growth and gender equality.



A chore soon to be obsolete in Ebeye, the Marshall Islands. ADB support is now connecting thousands of homes to a 24/7 supply of safe drinking water. A \$5 million grant from ADB in 2015, and a \$4 million grant from Australia, financed the construction of a new desalination plant for the island.

REGIONS: South Asia

Bangladesh, Bhutan, India, Maldives, Nepal, Sri Lanka

2

BY THE NUMBERS

\$5.67 B
COMMITTED

\$3.85 B
DISBURSED

\$1.30 B
COFINANCED

\$42.8 M
TECHNICAL
ASSISTANCE

Reflecting South Asia's economic expansion in recent years, countries within the region have continued to make solid development progress. Bangladesh moved to lower middle-income status in 2015 (joining regional counterparts Bhutan and India), while Sri Lanka achieved upper middle-income status in 2018 (joining the Maldives).

In 2019, domestic demand—particularly private consumption and infrastructure spending—boosted growth in Bhutan, Bangladesh, and Nepal. However, in India, economic growth fell to 5% from 6.1% in the previous year as a credit shortage lowered domestic demand. In the Maldives, weak infrastructure investment dragged on growth, while Sri Lanka's growth also fell following a terrorist attack in April.

South Asia requires significant investment in both economic and social infrastructure to sustain its economic growth, deal with the impacts of climate change, and promote gender equality and social inclusion.

ADB's operations in South Asia are focused on infrastructure connectivity, including developing regional transport corridors, linking farming communities to markets, and developing advanced urban transport infrastructure such as metro and railway connectivity.

In India, ADB committed a record \$3.18 billion for sovereign projects and \$965 million for nonsovereign projects.

South Asia's advanced infrastructure needs require an integrated multisector approach, as well as substantial investment from the private sector. ADB has undertaken economic corridor and other studies to determine where growth centers would be located and ensure coordinated planning of investments for sustainable growth. To help address South Asia's environmental challenges, ADB is also incorporating the latest high-efficiency, low-carbon technologies into its infrastructure projects.

ADB committed more than \$2.2 billion in investments across sovereign and nonsovereign operations to railway development in South Asia in 2019, marking a significant strategic shift in the bank's infrastructure portfolio.

Social services across the region need to address not only areas of market demand, but also barriers to gender equality and social inclusion.

To ensure optimum economic and social impact, development projects ranging from transport and trade to education and technology must consider the impoverished and socially disadvantaged members of South Asian societies.

In 2019, ADB endorsed new country partnership strategies for Bhutan and Nepal. Bhutan's strategy covers 2019–2023 and focuses on fostering economic diversification and reducing spatial and social disparities. Nepal's strategy covers 2020–2024 and aims to improve infrastructure for private sector-led growth, access to devolved services, and environmental sustainability and resilience.

STRATEGIC FOCUS



Addressing Remaining Poverty and Reducing Inequalities

New ADB commitments in 2019 for inclusive skills training and more reliable and competitive power will help tackle poverty and inequalities in the region.

In Bangladesh, where many vulnerable communities lack industry-relevant skills, ADB committed \$150 million for a training program to boost the employment prospects and productivity of the country's young workforce. In Sri Lanka, where the government has prioritized applied science and technology as avenues to better-paid jobs, ADB committed \$145 million for a project that is enabling four universities to equip graduates with technology-oriented skills and entrepreneurial attitudes. It is estimated that 7,250 students (35% of them women) will enroll in these new science and technology programs.

To spur jobs growth and improve livelihoods, India requires a more reliable and competitive power supply for industry and services. ADB

has committed \$451 million for a power investment project along the Chennai–Kanyakumari Industrial Corridor, which will allow more power—including from renewable sources—to be transferred from new generation facilities in the south to the north where it is most in demand.

Accelerating Progress in Gender Equality

ADB is advancing gender equality across South Asia by supporting inclusive infrastructure development, improving financial literacy, and expanding access to commercial capital.

In India, ADB has invested in a project in Chhattisgarh to enhance transport connectivity with bus stops that are accessible to women, children, the elderly, and people with disabilities (many of whom are cared for by women). The project also includes bright streetlighting for better user security.

To foster enterprises led by women in Bangladesh, ADB committed \$50 million to support microenterprise owners and aims for a loan portfolio with at least 70% women borrowers. ADB also committed a \$50 million loan to a Sri Lankan

state-owned bank to promote financial inclusion and support micro, small, and medium-sized enterprises—including women-led businesses—located outside Colombo District.

Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability

In South Asia, ADB’s approach to climate change, disasters, and other environmental issues focuses on investments in economically viable and sustainable projects that promote climate-resilient infrastructure and low-carbon technology.

In Bangladesh, ADB committed \$392.1 million to finance a new railway link connecting the Cox’s Bazar district to the national and regional rail network. By reducing the need for road travel, the project will decrease greenhouse gas emissions by 46,647 metric tons of carbon dioxide equivalent annually.

In Nepal, ADB committed \$63 million in additional financing to improve flood management and river health in the polluted Bagmati River Basin. The funds will rebuild and reinforce riverbanks, construct a wastewater treatment plant,

In 2019, ADB’s commitments in this region were primarily in the following sectors:

56%
TRANSPORT

18%
ENERGY

10%
AGRICULTURE,
NATURAL
RESOURCES,
AND RURAL
DEVELOPMENT

8%
WATER AND
OTHER URBAN
INFRASTRUCTURE
AND SERVICES

5%
EDUCATION

Moving Forward Against Domestic Violence in Nepal

Harina is a 36-year-old woman from Bajhang in western Nepal, who suffered domestic violence for more than 10 years. One day, Harina decided enough was enough. She complained to Sita Singh, who runs a nearby safe shelter for women.

In a country where at least 60% of women who face domestic abuse never report it, ADB has worked with civil society organizations to help police establish a gender-based violence network in 20 districts.

Under the project, police are trained to handle complaints and make women feel more comfortable reporting gender-based crime and domestic violence. The network also runs community awareness campaigns, encouraging the reporting of cases and promoting access to justice.

In the districts in which the network operates, reporting of cases of gender-based violence has increased by more than 46%, indicating a growing trust in the justice system. Due to its

success, plans to extend the project throughout the country are already being made.

The project has so far been backed by a \$950,000 grant from the Japan Fund for Poverty Reduction, a \$3.5 million grant from the Government of the United Kingdom, \$300,000 from ADB’s Gender and Development Cooperation Fund, and \$380,000 from the Government of Nepal.



Sita Singh, left, runs a safe shelter for women in Nepal.



HIGH-TECH SYSTEMS FACILITATE TRADE IN MALDIVES



Blockchain technology and an e-payment gateway will improve the speed and efficiency of cross-border control procedures in the Maldives.

Like many small island economies, the Maldives relies heavily on imports for food, fuel, and other goods, while exports—primarily of fresh fish and fish products—have been increasing. Despite these higher volumes of goods moving in and out of the country, the Maldives is lacking in several areas of trade facilitation.

The flow of imports and exports is hampered by bottlenecks that cause delays and increase the cost of doing business for traders. These include a reliance on paper-based processing, overlapping and redundant document requirements, lengthy cargo procedures caused by limited screening capability, and underuse of technology.

In 2019, ADB committed a financial package totaling \$11 million to provide the Maldives with an innovative solution to its trading environment.

The Maldives will establish a national single window to reduce delays and lower costs associated with the clearance of goods, while maintaining control over fees and duties on imports and exports. The project will pilot-test a blockchain application as part of the project to see how the technology will improve the speed and efficiency of cross-border procedures..

train communities along the river on flood early warning systems, and restore heritage buildings damaged in the 2015 earthquakes.

ADB also collaborated with the Korea Environmental Industry and Technology Institute to prepare a prefeasibility study on solid waste management in the state of Uttarakhand in India.



Making Cities More Livable

ADB is helping build livable cities across South Asia through projects that alleviate congestion and improve water supply and sanitation.

In October 2019, ADB committed two loans totaling \$148 million to finance infrastructure such as roads and drains that will relieve traffic congestion and prevent flooding in Dhaka and Khulna, densely populated and rapidly growing cities in Bangladesh. As part of a \$160 million rail investment in Sri Lanka, ADB will help provide electric locomotives and training in modern railway technologies to improve city services, cut journey times, and reduce air pollution.

As part of further knowledge collaboration with the Republic of Korea, ADB and the Korea Water Resources Corporation (K-water) helped build long-term capacity for enhanced water management in Bangladesh. They assisted the Dhaka Water Supply and Sewerage Authority to plan improved training facilities, a research center, and an integrated water operations center.

In a different kind of living environment, ADB continues to provide amenities for around 632,000 displaced people in temporary camps around Cox's Bazar. In 2019, the bank helped install community bathing facilities, streetlights, and piped water supply; and began work on food distribution centers, cyclone shelters, and storm water drainage systems.



Promoting Rural Development and Food Security

ADB is working to connect rural communities, ensure food safety, and strengthen agricultural trade standards to help guarantee sufficient and sustainable food production in South Asia. Improving farmers' access to markets will help boost agricultural productivity and incomes, as well as promote investment in agribusiness and agriculture value chains.

Across Bangladesh, India, and Sri Lanka, ADB committed a combined \$550 million to connect people living in farming communities to agricultural markets and regional centers

by upgrading rural roads. It also committed \$91 million to improve water management and agricultural productivity in Karnataka, India.

ADB committed a \$50 million policy-based loan to the Government of Nepal to improve its food safety measures, enhance agricultural trade standards, and promote agricultural commercialization. Through a separate \$50 million project, the bank is also helping Nepalese farmers develop collective enterprises such as commercial farming, milk collection centers, mustard oil and rice mills, and seed and tea processing factories, with value chain development and business facilitation support.



Strengthening Governance and Institutional Capacity

Effective and inclusive development in South Asia hinges on strong institutional capacity, good governance, and stable financial markets. ADB supports public sector reforms, helps improve service delivery, and develops governance capacity.

In 2019, the bank committed a \$30 million policy-based loan to develop Bhutan's financial markets. The reforms are expected to lead to a 7% increase in the volume of bonds traded in the capital market through to 2023. Technical assistance will help the government prepare regulatory frameworks and conduct background analyses, build the capacity of government agencies and financial institutions to implement reforms, and improve the financial literacy of disadvantaged people.

As part of major new commitments for road projects in India, ADB has introduced financial concessions that will increase investments and harness private sector expertise in project design, implementation, and operation.



Fostering Regional Cooperation and Integration

South Asia needs to attract investment in cross-border infrastructure to drive regional cooperation and integration. Such investment will help build economic connectivity, lower trade and energy costs, and improve access to social infrastructure and services.

In 2019, ADB committed \$495 million to reduce travel times along regional corridors connecting Nepal with India and Bangladesh and improve connections to Sri Lanka's international port under the South Asia Subregional Economic Cooperation (SASEC) Program.

KNOWLEDGE HIGHLIGHTS

ADB supported the development of an action plan by India's Ministry of Shipping to promote coastal shipping. The plan details the initiatives required to achieve annual cost savings of \$1.19 billion while adding 150–160 million tons of cargo yearly by 2025.

The bank also conducted a study on Asian experience in intergovernmental fiscal transfers, which was submitted to India's 15th Finance Commission to support the country's public financial management.

ADB released the book *Border without Barriers: Facilitating Trade in SASEC Countries*, which examines priorities for trade facilitation in member countries of the SASEC Program. To buttress the case for trade facilitation, the publication discusses the expected development impacts of increased trade for SASEC member countries.



Accounting for Unpaid Care Work in Bhutan

ADB published a first-of-its-kind study on valuation of unpaid care work in Bhutan.

The study finds that the value of unpaid household and care work ranged from 10% to 16% of the gross domestic product. It also finds that women spend more time on unpaid work than men. The study will help shape policy to narrow the gender gap in unpaid care work and increase women's participation in public life and the formal sector.



Student Bibi Marium learns a new skill to boost her job prospects. An ADB-supported program in Bangladesh is helping train more than 320,000 people for jobs relevant to industry needs.

REGIONS: **Southeast Asia**

Cambodia, Indonesia, the Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Thailand, Viet Nam

2

BY THE NUMBERS

\$5.26 B
COMMITTED

\$1.63 B
DISBURSED

\$2.88 B
COFINANCED

\$35.6 M
TECHNICAL ASSISTANCE

Southeast Asia has averaged solid economic growth over the past 15 years, but uncertainties in global trade, weaker investments, and extreme weather have dampened growth performance in the past 3 years. Nevertheless, the number of people living in extreme poverty on less than \$1.90 a day fell from 129 million in 2002 to 33 million in 2015.

Yet countries across the region exhibit the highest levels of economic inequality in all of Asia and the Pacific, and infrastructure investment of \$184 billion a year is needed to support inclusive and sustainable growth.

Southeast Asia's populations are aging rapidly, particularly in Thailand, and Viet Nam, putting pressure on national budgets to pay for pensions and health-care costs. Reforms are needed to ensure a social safety net, adapt to an older workforce, and address rapid urbanization.

The region is also experiencing greenhouse gas emissions and vulnerability to climate change. Four countries in Southeast Asia are among the 36 nations with the highest disaster risk. There is an urgent need for climate-responsive project designs, integrated disaster risk management, and green infrastructure development.

ADB devotes more than half of its portfolio for Southeast Asia to infrastructure development (transport, energy, water and urban services, and agriculture and natural resources). By doing so, it is providing significant support for improved economic productivity and resilience to climate change in the region's developing member countries (DMCs).

The bank is also supporting reforms in public sector management and finance. This is helping to strengthen government institutions, particularly in expanding the delivery of, and access to, public services.

In 2019, ADB approved a new country partnership strategy for Cambodia, covering 2019–2023. The strategy aims to accelerate the country's competitiveness and economic diversification, strengthen human capital and lifelong learning, foster sustainable and inclusive development, and improve governance.

STRATEGIC FOCUS



Addressing Remaining Poverty and Reducing Inequalities

ADB is helping its DMCs in Southeast Asia reduce poverty, expand access to employment and other economic opportunities, and deliver the education and skills training needed to help the disadvantaged acquire better jobs.

In 2019, ADB provided \$748.6 million in policy-based loans to finance measures that will improve government spending on health, education, skills development and training, and social protection in Indonesia, the Lao People's Democratic Republic (Lao PDR), the Philippines, and Viet Nam. The bank also supported reforms in curriculum, assessment, teacher development, technical-vocational-livelihood education, career guidance, public financial management, and school-based management in the Philippine secondary education system through a \$300 million results-based loan to boost the employment prospects of about 20 million students from the poorest 40% of households in the country by 2023.

In Cambodia, ADB supported a \$40 million policy-based loan to increase access to finance and introduce new financial services for poor communities, including in rural areas, the agricultural sector, and small and medium-sized businesses. The program supports the adoption of a national financial inclusion strategy; key legislation, including the Trust Law, e-Commerce Law, and Consumer Protection Law; and incorporation of financial literacy in the school curriculum. In Indonesia, the bank is supporting a program to deliver a 40% increase in access to financial services for the country's poorest 40% by the end of 2020.



Accelerating Progress in Gender Equality

To support gender equality across Southeast Asia, ADB financed projects specifically designed to improve the education and health of women and girls.

In the Lao PDR, ADB committed a \$50 million loan to improve girls' enrollment, retention, and completion rates in formal education in 12 disadvantaged and ethnically diverse districts. The project is upgrading 60 schools to provide additional classrooms, laboratories, libraries, and separate dormitories and washing facilities for girls and boys. The bank is also helping meet the dietary needs of around 9,400 girls and women of reproductive age through a \$45 million watershed management project that, as part of its outputs, will establish 100 nutrition schools.

In Viet Nam, ADB committed \$100.6 million to develop communication and awareness campaigns on sexual and reproductive health, including maternal and child health.

Through a regional initiative, Mekong Innovative Startups in Tourism, ADB is promoting youth- and women-led entrepreneurship. The initiative has so far provided access to a startup ecosystem—including advice from investors, mentors, incubators, and government agencies—for 43 promising tourism technology firms and social enterprises in Cambodia, the Lao PDR, Myanmar, Thailand, and Viet Nam.



Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability

Throughout 2019, ADB scaled up support to address Southeast Asia's unique challenges relating to climate change, disaster risks, and environmental degradation.

In Cambodia, ADB committed \$7.6 million for a solar power project to reduce the cost of electricity through private sector investments in renewable energy. These plants are expected to avoid emissions of at least 148,650 metric tons of carbon dioxide equivalent annually.

To address disaster risk in Viet Nam, ADB committed \$188.4 million, with cofinancing of \$4.5 million from the Government of Australia, for a transport connectivity project that incorporates climate-resilient features into Greater Mekong Subregion (GMS) corridors in northwestern provinces. These features include slope protection in areas prone to landslides and rockfalls and higher standards of road construction to address climate risks.

Meanwhile, regional technical assistance to the GMS is helping to implement climate investment

In 2019, ADB's commitments in this region were primarily in the following sectors:

34%
TRANSPORT

26%
PUBLIC SECTOR
MANAGEMENT

14%
FINANCE

9%
EDUCATION

8%
AGRICULTURE,
NATURAL
RESOURCES,
AND RURAL
DEVELOPMENT

Education for Employability in Myanmar

Since 2012, ADB has engaged with the Government of Myanmar to help formulate and implement education reforms, particularly in secondary education and technical and vocational education and training. ADB's first loan for Myanmar's education sector aims to strengthen the country's education and skills base and promote inclusive growth and job creation. It supports reforms to realign secondary education and technical and vocational education and training to Myanmar's evolving workforce needs. These reforms are vital to equip youth with skills for employment in a modern economy and meet employer skill demands.

The reform of the secondary education curriculum, pedagogy, and student assessments aims to transform the focus of teaching and learning from rote education to flexible soft skills such as critical thinking, problem solving, and communication, better equipping young people to benefit from and contribute to Myanmar's socioeconomic

transformation and more inclusive growth. Roughly 900,000 grade 6 students are benefiting from improved teaching and better textbooks, and nearly 157,000 teachers have received training on the new curriculum. These phased reforms will culminate in the extension of secondary education through grade 12 by 2022.



Learning new skills at a technical high school in Myanmar.



LIVABLE CITIES IN THE PHILIPPINES



The Malolos–Clark railway will ease congestion in densely populated Manila.

In 2019, ADB approved financing of up to \$2.75 billion for the construction of 53.1 kilometers of a 163-kilometer passenger railway connecting Malolos, a suburb north of the country's capital of Manila, to the growing, new city of Clark in Central Luzon. The project is cofinanced by the Japan International Cooperation Agency, which will provide \$2.01 billion for rolling stock and railway systems.

By 2025, when the railway is fully operational, it will also stretch to Calamba in the south. It is expected to cut the travel time from Manila to Clark International Airport to less than 1 hour by rail, compared with 2–3 hours by car or bus.

The impact on densely populated Manila will be immediate. It will help ease chronic road congestion, reduce air pollution, cut the costs of transport and logistics, and encourage a population shift from the capital to growth centers in the north. More than 342,000 passengers are expected to travel daily along the Manila–Clark corridor and up to 696,000 passengers per day to and from Calamba.

The Malolos–Clark railway is ADB's single largest infrastructure investment and a flagship project under the Government of the Philippines' Build, Build, Build program, which is accelerating much-needed infrastructure investment.

plans for the agriculture, energy, and transport sectors; conduct pilots on low-carbon agriculture and green freight; boost capabilities in environmental planning, environmental data management, and pollution control; and foster policy dialogue on reducing the environmental footprints of agricultural practices.



Making Cities More Livable

ADB takes an integrated approach to making Southeast Asia's cities more livable. It is forging long-term partnerships by implementing a structured roadmap with each city and financing projects that address issues such as water security, access to sanitation, flood protection, and urban mobility.

ADB has also begun due diligence for projects to address basic urban services in rapidly urbanizing cities. These projects will also help to mitigate damage from pollution, waste, and development on the environment—especially in coastal cities in Cambodia, the Lao PDR, the Philippines, and Viet Nam, where the urban impact on marine and biodiversity health is a major concern. The projects will strengthen urban development policy and regulatory frameworks and improve institutional effectiveness in cities and public utilities.



Promoting Rural Development and Food Security

ADB is supporting sustainable and resilient rural development and food security for Southeast Asian countries by upgrading irrigation efficiency, water resources management, and flood and drought risk management to enhance agricultural productivity. The bank also invests in agriculture value chain infrastructure and agribusiness development as well as enhancing livelihoods in rural and remote communities.

During 2019, ADB invested \$3 million in a regional technical assistance project to implement climate-smart agriculture, pilot innovative farming technologies, and help mobilize financing for agribusinesses in GMS countries.

In Myanmar, the bank committed \$195 million to reduce the food insecurity and poverty of about 1.8 million people in the regions of Ayeyarwady, Chin, Sagaing, and Tanintharyi. The project will develop and finance at least 15,000 livelihood subprojects that build community resilience. This includes village access or farm roads, small bridges, water supply, electric grid connection, and multipurpose centers.



Strengthening Governance and Institutional Capacity

For some DMCs in Southeast Asia, the challenges of fiscal management, revenue generation, and

financial market stability continue to impede their development. ADB designs and finances programs to help these countries build institutional capabilities and distribute financial resources more appropriately and effectively.

ADB committed \$1.1 billion in 2019 across three investments supporting regulatory reform in Indonesia. The first is designed to underpin financial stability, deepen the financial market, and enhance financial inclusion. The second will help align Indonesia's expenditure program to its national development plan and the Sustainable Development Goals and improve service delivery at the subnational government level. The third will help mobilize private sector investments for much-needed infrastructure projects.

In the Lao PDR and the Philippines, ADB committed policy-based loans of \$45 million and \$300 million, respectively, to bolster public financial management and fiscal consolidation; develop new public debt management and tax laws; improve the governance of planning and budgeting; and enhance resource management, revenue collection, and service delivery by local governments.

In December, ADB committed \$23.3 million to strengthen the capabilities of the recently established Philippine Competition Commission.

Fostering Regional Cooperation and Integration

In Southeast Asia, ADB concentrates on initiatives to develop economic corridors, reduce trade and travel barriers, enhance energy access, develop sustainable tourism, support agribusiness value chains, and create biodiversity corridors. During 2019, ADB committed \$233.4 million to support transport connectivity and strengthen tourism infrastructure in Viet Nam. Policy-based loans to Indonesia and Viet Nam will also enhance finance sector integration.

In April, ADB and the Association of Southeast Asian Nations (ASEAN) launched the ASEAN Catalytic Green Finance Facility in Thailand. The facility has created a truly global partnership for green finance in the ASEAN region and attracted financing commitments of \$1.3 billion, receiving support from 11 development partners across Asia, Europe, and the United States.

ADB also prepared a long-term strategic framework for the GMS to guide the subregion's integration and economic growth. As part of the bank's role as regional development advisor for the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area, ADB supported the creation of a Green City Action Plan for Kota Kinabalu

in Malaysia, making it a pilot for other cities in the subregion.

KNOWLEDGE HIGHLIGHTS

In 2019, ADB and Indonesia's Ministry of National Development Planning conducted a joint study on policies to support the development of the country's manufacturing sector. This study was used in the formulation of Indonesia's new national development plan.

The bank helped leverage regional knowledge and hosted a workshop in Indonesia on e-mobility and electric vehicles to explore opportunities for sovereign and nonsovereign investments.

In the Philippines, ADB and the Organisation for Economic Co-operation and Development conducted a joint review of local job creation and employment skills strategies. The technical study served as the intellectual underpinning of ADB's investment in school-to-work transition programs.

In Myanmar, ADB held a series of workshops and other training activities to build project implementation capacities, including those related to disbursement, procurement, financial management, and monitoring and evaluation. It also conducted workshops during September and November to help strengthen environmental and social safeguards in the country.



Policies for High Quality, Safe, and Sustainable Food Supply in the Greater Mekong Subregion

The book examines means of improving food safety and quality in the Greater Mekong Subregion, enhancing the production of environment-friendly agriculture products, and strengthening value chains. It proposes policy options to help the region become more organic, climate-resilient, and gender-responsive.



Commitments totaling \$1.1 billion in Indonesia will support fiscal and public expenditure management reform, promote finance sector development and inclusion and encourage private infrastructure investment, together bolstering efforts to reduce poverty and income inequality.

Developing the Private Sector

Private Sector Operations and the Promotion of Public–Private Partnerships

3

BY THE NUMBERS

\$3.00 B
COMMITTED

\$2.26 B
DISBURSED

\$6.98 B
COFINANCED

\$16.7 M
TECHNICAL
ASSISTANCE

The private sector is the single-largest contributor to economic growth in developing economies. Private enterprises not only generate most quality jobs, they also contribute to government tax revenues and introduce innovations that heighten efficiency and productivity. Yet significant challenges in business environments and gaps in financial markets in Asia and the Pacific hamper efforts to achieve more inclusive and sustainable growth.

In response, ADB continues to devise innovative approaches and apply critical thinking to maximize the potential of private enterprise to deliver on development goals.

Through policy advice, technical assistance, policy-based lending, guarantees, and project lending, ADB sovereign operations help developing member countries (DMCs) create enabling market conditions and develop the institutional capacity to attract private sector investment. Through its nonsovereign operations, the bank helps raise environmental, social, and governance standards; provide financing that may not be available or is restrictive via commercial markets; and improve development outcomes.

ADB is expanding into new and frontier markets; scaling up its nonsovereign operations beyond traditional energy infrastructure and finance; and moving into environmental infrastructure, transport, information and communication technology, agribusiness, education, and health. The bank is also enhancing its local currency offerings and further developing its equity investments platform, while mobilizing more cofinancing through its credit enhancement, syndications, and asset management activities.

ADB has set a target to expand private sector operations to reach one-third of total operations in number by 2024. Solid progress was made on this undertaking in 2019, when the bank committed private sector investments for 38 projects, covering 16 different DMCs as well as 7 regional projects. Projects committed in 2019 totaled \$3 billion. ADB also generated a record \$6.98 billion in private sector cofinancing, almost half of which was long-term cofinancing, and mobilized \$125 million from transaction advisory services.

STRATEGIC FOCUS



Addressing Remaining Poverty and Reducing Inequalities

In 2019, ADB continued to assist in broadening access to financial services to support health care, education, and business development. The bank focused 21% of its private sector investments on inclusive business initiatives that will improve the lives of poor and disadvantaged people.

In the People's Republic of China (PRC), ADB committed \$150 million to support an innovative agreement with leasing company Far East Horizon Limited to improve 50 public hospitals across the 12 provinces where per capita income is lowest. The project will finance the lease or purchase of modern medical equipment and the construction, expansion, or refurbishment of hospital buildings and associated medical facilities. This scalable financing approach is a means of rapidly delivering improvements in hospital and medical care for people in communities where average health-care expenditure is only 40% of the level in urban areas.

In the Philippines, ADB invested a combined \$12.5 million from its own funds and the Leading Asia's Private Sector Infrastructure Fund (LEAP) to support PHINMA Education Holdings' plan to expand capacity and acquire new tertiary education institutions. The project focuses on students from low-income households and aims to improve their access to quality tertiary education and increase their employability. The investment is projected to help PHINMA Education expand student enrollments from 68,819 to 114,000 during its first 5 years of operation.

In India, where there is an ongoing need to expand financing for micro, small, and medium-sized enterprises (MSMEs), ADB provided \$150 million to Fullerton India Credit Company Limited. Financing will be extended to borrowers in lagging areas and women-led MSMEs. The project aims to reach at least 2.9 million MSME borrowers, including 2.7 million women and 950,000 MSME borrowers from underserved states.

In many remote and less-developed areas of Asia and the Pacific, access to broadband internet connections can stimulate economic growth and generate employment to reduce poverty and

inequality. In December, ADB provided \$50 million in funding to launch the Kacific satellite to deliver high-speed broadband internet to isolated areas across the region. The satellite will deliver internet that will enable better education and health services, improve access to information, and drive more trade and connectivity between countries.

Accelerating Progress in Gender Equality

During 2019, ADB promoted the economic empowerment of women through its private sector operations by expanding their access to housing, finance, and entrepreneurial opportunities.

ADB committed a \$30 million loan to ASA Philippines Foundation, a nongovernment organization that provides microfinance solely to low-income women borrowers, allowing them to meet their livelihood and business needs. The project will support at least 2 million women-owned microenterprises by 2024, especially those in conflict-affected and lagging areas.

In Georgia, where many small businesses are operated by women and basic finance can be scarce, ADB is working to expand access to affordable loans. It committed a \$22.3 million

loan and a \$500,000 technical assistance grant for Credo Bank to launch new products, including home improvement and mortgage loans, to reach lower-income households in rural areas and on the periphery of the country's capital of Tbilisi. The investment will allow Credo to expand its services to customers, most of whom are women, with a target of financing at least 26,000 additional low-income borrowers (half of them women) by 2023.

In Pakistan, ADB provided a \$25 million loan to assist the not-for-profit Kashf Foundation, one of the country's leading microfinance providers, in lending to low-income households and women-led MSMEs. The investment will help women to access market opportunities and maximize their commercial potential.

Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability

Active private sector projects supported by ADB helped reduce greenhouse gas (GHG) emissions by a combined 18.3 million metric tons of carbon dioxide equivalent (CO₂e) in 2019.

In India, ADB committed \$746.2 million equivalent in Indian rupees in long-term financing—the largest

Financial Inclusion Measured on a New Axis

In 2015, ADB provided a loan of up to \$200 million to Axis Bank Limited to strengthen financial inclusion and improve access to markets for farmers in India.

The project was ADB's first nonsovereign initiative to target Indian smallholder farmers and low-income women through private banks. With Axis Bank on-lending the ADB funds to rural borrowers, the project expanded access to capital for micro, small, and medium-sized enterprises and broadened (particularly non-collateralized) lending outside the country's main urban centers.

Loans to farmers have already exceeded the project's 2021 target of ₹150 billion (around \$2 billion), with nonperforming loans at just half of the 7% ceiling. Likewise, the number of borrowing farmers stands at more than 166,000 or 98% of the 2021 target. The project has so far reached over 1 million women, five times the 2021 target of 200,000.

The success of the project has helped enhance financial inclusion for agricultural enterprises and rural communities, establish scalable financing models for sustainable outreach to smallholder farmers and women, expand banking services in remote areas, improve financial literacy for women, and create screening systems to exclude projects with potentially adverse environmental and social impacts.



Malathi Raghu now has the financing to run her own business.

In 2019, ADB's commitments in the private sector were primarily in the following sectors:

36%
TRANSPORT

23%
ENERGY

19%
FINANCE

17%
INFORMATION AND
COMMUNICATION
TECHNOLOGY



Support from ADB's Leading Asia's Private Sector Infrastructure Fund is helping to build the first large-scale floating solar photovoltaic farm in Viet Nam and the largest installation in Southeast Asia.

single nonsovereign loan ever committed by ADB—to Indian Railway Finance Corporation to fund a railways track electrification project. This is part of a broad modernization program that will help India's railway sector transition to electric power and away from dependence on fossil fuels.

In Viet Nam, there is a need to boost the share of renewable energy in the country's power mix and decrease dependence on coal for power generation. ADB is therefore supporting the first large-scale installation of floating solar panels in Viet Nam, which will be the largest installation in Southeast Asia. The bank committed a \$37 million loan to Da Nhim–Ham Thuan–Da Mi Hydro Power Joint Stock Company for the installation of a 47.5-megawatt (MW) facility on the reservoir of the company's existing Da Mi hydropower plant. The package includes a \$17.6 million loan from ADB's own funds, supplemented by \$15 million from the Canadian Climate Fund for the Private Sector in Asia I and II, and \$4.4 million from the LEAP fund, both to be administered by ADB. The project aims to generate 63,000 megawatt-hours of electricity and reduce GHG emissions by at least 30,000 metric tons of CO₂e annually by 2023.

In Nepal, ADB committed a \$60 million loan to Nepal Water and Energy Development Company Private Limited to help build and operate a 216-MW run-of-river hydropower plant on the Trishuli River. One of the largest private sector investments in Nepal to date, the plant is expected to provide over

1,200 gigawatt-hours (GWh) of clean electricity to the grid and reduce GHG emissions by 446,000 metric tons of CO₂e annually. It will enhance Nepal's energy security and reduce imports of electricity.

In Solomon Islands, the government has prioritized replacing diesel-fired power generation to reduce GHG emissions and drive down the electricity tariff by as much as 35% with least-cost energy generation. ADB provided public–private partnership (PPP) advisory services to the Ministry of Finance and Treasury for its first PPP, a hydropower project developed on the Tina River. The project is unique in that six concessional cofinanciers' loans, amounting to \$201 million and with varying terms and conditions, are on-lent to a private entity to construct, operate, and maintain the hydropower plant. ADB helped the ministry set up the fund administration procedure by preparing operations manuals and engaging an administrative agent. It also conformed all bilateral loan terms and conditions to reflect the on-lending agreement, coordinated discussions among cofinanciers, and assisted negotiation of bilateral loans. The advisory services provided helped build the capacity of the ministry to handle potential PPP projects in the future.



Making Cities More Livable

In 2019, ADB facilitated private sector solutions to help make city life more sustainable. These included

projects in waste-to-energy, wastewater, and transport.

Through a \$100 million loan, ADB is helping Shanghai SUS Environment Company Limited deliver integrated urban waste management in the PRC. The loan will finance innovative waste-to-energy facilities in low carbon eco-industrial parks. The facilities will treat 1.8 million tons of municipal solid waste, generate 437.5 GWh of clean energy, and reduce GHG emissions by about 1.2 million metric tons of CO₂e annually. ADB also committed a \$60.7 million loan to Maxwealth Financial Leasing Company Limited to advance industrial and municipal wastewater treatment in the PRC. The investment will finance at least six wastewater treatment plants, helping to increase treatment capacity, improve the urban environment, and enhance quality of life for around 2.2 million residents.

In Thailand, ADB committed a \$310.9 million loan for the construction of two new rail lines as part of Bangkok's mass rapid transit system. The new lines, to be operated by the Northern Bangkok Monorail Company Limited and the Eastern Bangkok Monorail Company Limited, will reduce traffic congestion and air pollution from vehicles. The construction phase will generate 2,000 jobs, with the new lines projected to serve a combined 592,000 passengers every day when operations begin in 2030.

In the Philippines, ADB provided transaction advisory services to the Bases Conversion and Development Authority for the procurement of electric power distribution infrastructure for New Clark City, the country's first technologically smart, environmentally sustainable metropolis. The city's power project will introduce the Philippines' first wide-scale, fully underground smart grid, delivering power generation efficiencies and affordability for customers.

Promoting Rural Development and Food Security

ADB's private sector agribusiness operations in 2019 supported climate-smart agriculture and environmentally responsible rural development.

In Kazakhstan, ADB provided a \$20 million loan to RG Brands, a leading food and beverage company, to modernize its regional distribution chains. The loan will finance the purchase of 18,750 energy-efficient coolers for small convenience stores in Kazakhstan and the Kyrgyz Republic, at least half of which are owned by women. The coolers will help reduce GHG emissions by 4,200 metric tons of CO₂e and improve the livelihoods of shopkeepers.

In Mongolia, the government has set development goals to enhance agricultural productivity, expand local value chains, diversify exports, and create jobs. ADB is providing a \$7.4 million loan to help Milko LLC expand its raw milk and fruit procurement and dairy processing capacity. The increased procurement will benefit around 1,000 smallholder farmers and herders (the majority of them women).

In Indonesia, ADB provided a \$5 million loan to PT SASL and Sons Indonesia to help develop the coconut industry in Central Sulawesi. The project will finance a modern processing plant to manufacture high-value coconut products for export, benefiting about 9,500 smallholder farmers and creating jobs for more than 1,200 people, mostly women.



Strengthening Governance and Institutional Capacity

Through lending and technical assistance operations in 2019, ADB helped strengthen the institutional capacity of DMCs to improve their business environments for private sector development, attract investment, and foster PPPs.

In Solomon Islands and Bhutan, ADB helped expand knowledge of PPPs and develop project pipelines. The bank also helped the government establish a PPP Center of Excellence in Solomon Islands and implemented a pilot project in Bhutan.

In Thailand, where long-term development plans require the expansion of water transport services and investments in water infrastructure, an ADB training program helped the Marine Department improve its capacity to prepare and structure PPP projects for the development, operation, and management of seaport infrastructure with private sector participation. The program educated departmental staff on PPP concepts and models, the potential of PPPs to achieve national targets in the port sector, and the roles and responsibilities of stakeholders in PPP projects.



Fostering Regional Cooperation and Integration

In 2019, ADB committed \$50 million to support regional cooperation and promote financial resilience by enabling corporations and infrastructure projects to access local currency and regional bond markets. The investment is an additional capital contribution to support continuous guarantee operations of the bank's Credit Guarantee and Investment Facility (CGIF). ADB created the facility as a trust fund to help develop local currency and regional bond markets in the Association of Southeast Asian Nations (ASEAN) +3 region. The ASEAN+3 region is composed of Brunei Darussalam, Cambodia, Indonesia, Japan,



MOBILIZING COMMERCIAL FINANCE FOR ENERGY SECURITY



Evening in Bangkok. ADB support for a new power plant in Thailand will provide reliable power to industry and households.

ADB's private sector operations seek to attract widescale financial support from development partners and commercial institutions to help developing Asian countries meet their energy security needs and facilitate a transition to a low-carbon economy.

In 2019, ADB was the anchor lender in financing a 2,500-megawatt combined-cycle gas turbine power plant in the Rojana Rayong 2 Industrial Park, located in the Rayong province of Thailand, about 150 kilometers southeast of Bangkok.

A commitment of just \$50 million from ADB's own resources catalyzed over \$1.1 billion of cofinancing from 12 international and domestic commercial banks (\$849 million), and the Japan Bank for International Cooperation, and Leading Asia's Private Sector Infrastructure Fund (\$253 million combined).

The power plant will be fully operational by 2024, delivering at least 16,000 gigawatt-hours of electricity to users. With the state-of-the-art combined-cycle gas turbine technology in use, the project will help cut greenhouse gas emissions by 1 million metric tons of carbon dioxide equivalent annually compared with current electricity grid emissions.

The plant will be integral to sustaining Thailand's energy security, given that more than 8,500 megawatts of generating capacity—about 20% of the current national energy requirements—in aging, carbon-intensive power plants will be retired by 2025.

the Lao People's Democratic Republic, Malaysia, Myanmar, the People's Republic of China, the Philippines, the Republic of Korea, Thailand, and Viet Nam. As of 31 December, CGIF has been able to issue 35 guarantees, with an outstanding balance of \$1.91 billion. Since its inception, none of the CGIF-guarantee bonds have defaulted and no CGIF guarantee has been called upon.

ADB's Trade Finance Program (TFP) facilitated 4,832 transactions in support of cross-border trade finance during 2019. By providing banks with guarantees and loans, the TFP helps close market gaps for trade finance, estimated in 2019 to be \$1.5 trillion globally. The 2019 transactions were valued at \$5.4 billion, with \$3.5 billion cofinanced by banks, private insurers, and official agencies. Of the TFP's 2019 transactions, 4,069 supported small and medium-sized enterprises (SMEs) and 1,361 supported trade between DMCs. Among the 21 countries covered by the TFP, the most active in 2019 were Armenia, Bangladesh, Mongolia, Pakistan, Sri Lanka, and Viet Nam.

In 2019, ADB's Supply Chain Finance Program supported 577 transactions valued at \$119 million, with \$59.3 million cofinanced by partner financial institutions. This program works with corporates and partner financial institutions to enhance access of SME suppliers to working capital. It complements the TFP by assuming corporate risk and developing both domestic and cross-border trade. For 2019, 78% of the transactions supported SMEs.

OTHER APPROACHES TO DEVELOPING THE PRIVATE SECTOR

Widening Geographic Coverage

In many economies across Asia and the Pacific, development needs go unfinanced and unmet because of real or perceived risks of investment. ADB works to encourage private sector investment in these economies.

In 2019, the bank significantly expanded its private sector operations in new and frontier markets, including fragile and conflict-affected contexts and small island developing states.

In April, ADB approved \$100 million for a renewable energy program in the Pacific, which aims to drive self-sustaining private sector development, reduce continued reliance of power utilities on grants and subsidies, and increase renewable energy supply. The program uses an innovative blend of financing support and credit enhancement to overcome barriers to private investment. It is an umbrella facility that uses donor funds to backstop payment obligations of power utilities. This is combined with a partial risk guarantee to address long-term liquidity

risk and breach of contract. ADB is also sourcing and using available grant funds from development partners as a credit enhancement tool that will mobilize private financing in Pacific DMCs.

In Afghanistan, ADB is promoting renewable energy development and helping 77 Construction, Contracting, and Trading Group become the country's first private sector-financed independent power producer. The bank provided a \$4 million loan to help build a 15.1 MW solar power plant that will generate about 27.5 GWh of electricity and avoid 8,500 metric tons of CO₂e GHG emissions annually. As part of the project, ADB will also administer a \$3.9 million loan from the Canadian Climate Fund for the Private Sector in Asia II.

Strengthening the Finance Sector and Capital Markets

Although domestic capital markets in Asia have developed significantly over the last 20 years, many less developed countries still struggle to foster adequate financial market infrastructure and remain largely dependent on bank lending. Specialized financial products such as project bonds and climate bonds remain generally underdeveloped.

To help overcome these issues, ADB now offers financing in the local currencies of 22 DMCs, with disbursed local currencies in nonsovereign operations almost doubling from \$1.03 billion in 2015 to \$1.99 billion in 2019, and the percentage of local currency operations within the overall disbursed nonsovereign operations portfolio increasing from 22% to nearly 29% over the same period. Local currency loans and investments in 2019 were denominated (in descending order of magnitude) in Indian rupee, Thai baht, Chinese renminbi, Kazakhstan tenge, Georgian lari, Philippine peso and Malaysian ringgit.

In 2019, ADB also invested in two landmark green bond issuances—the AC Energy Green Bond Project (\$20 million committed in January) and the Energy Absolute Green Bond for Wind Power Project (\$98.2 million, or B3 billion, committed in September). Both were the first-ever green bonds for the issuers.

Through ADB's encouragement, AC Energy obtained the Climate Bond Standard Certified status, making the offering the first certified, publicly listed climate bond in Southeast Asia (listed on the Singapore Stock Exchange). This regional project will support private sector financing of green energy options across Southeast Asia. It contributes to the ASEAN's objective of sourcing 23% of its member nations' primary energy from renewable sources by 2025.

The proceeds from Energy Absolute's bond issuance will be used to support long-term financing of the company's 260 MW Hanuman wind farm located in Chaiphum Province in Thailand. The project is expected to generate 450 GWh of electricity annually and reduce GHG emissions by 200,000 metric tons of CO₂e every year.

In Georgia, ADB invested \$6.8 million into JSC Evex Hospitals' corporate bond issuance. The proceeds of the issuance will be used to refinance some of Evex Hospitals' debt and support the company to achieve better operational efficiency, quality of services, and governance. It will also support Georgia's capital market development, particularly the deepening of its corporate debt securities and overall local currency bond market.

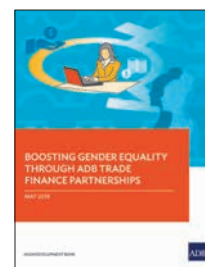
Using Private Equity Funds to Extend Reach

Private equity fund investments enable ADB to leverage the local knowledge of fund managers in unfamiliar markets and sectors. They also diversify risk across companies, industries, and regions to extend development impact and provide more reliable returns. ADB can partner with private equity firms to fulfill joint investment opportunities and complement the bank's direct equity investments.

ADB's current private equity mandate was reinforced by the findings of an independent evaluation report published in 2019. The report suggested refining the bank's private equity funds strategy to ensure financial sustainability while prioritizing value addition and development impact. While ADB targets primarily growth equity funds in the region, it also selectively supports inclusive business and early-stage funds.

Since its first private equity fund investment in 1984, ADB has invested over \$1.8 billion and mobilized \$12 billion of third-party capital into more than 80 private equity funds across DMCs.

In 2019, ADB made a \$5 million equity investment in Kaizen Private Equity II Private Limited, a \$79 million education-focused private equity fund. Kaizen will invest in up to eight education businesses in South Asia and Southeast Asia to improve the access, quality, and affordability of education in the lower middle-market segments in those regions. In particular, Kaizen will make investments in K–12 education, preschools, online education, vocational training, and test preparation. ADB's involvement is expected to help garner the trust of institutional financiers and enhance funding availability for the private education sector.



Boosting Gender Equality Through ADB Trade Finance Partnerships

The Trade Finance Program's Gender Initiative assessed human resources policies to identify enhancements to attract, retain, and promote women in banking. Twelve banks implemented 25 recommendations from the report *Boosting Gender Equality Through ADB Trade Finance Partnerships*. A second phase is now covering additional Trade Finance Program partner banks.



Naseema Kosar, hard at work in her apricot drying plant. A \$25 million syndicated ADB loan is helping women-led micro, small, and medium-sized enterprises in Pakistan access finance.

ADB also made a \$40 million equity investment in Everbridge Partners Fund I, a targeted private equity fund to provide growth capital to middle-market companies in the health-care, business services, and consumer sectors in India, the PRC, and countries of Southeast Asia. The project will help deepen capital markets and support Asia's growing private sector.

In India, ADB made a \$10 million equity investment in Tata Capital Growth Fund II. Tata Capital will use the proceeds to invest equity capital for minority stakes in a portfolio of 10 to 12 lower middle-market companies, including SMEs. Focus sectors for the fund include financial services, health care, manufacturing, and information technology. Through the investment, ADB aims to contribute to India's economic development by providing critical growth capital to well-managed companies, which will generate jobs in sectors servicing the country's increasing domestic consumption and urbanization.

In the PRC, ADB made a \$30 million equity investment in CDH VGC Fund, L.P. The fund will provide growth capital to about 20 private companies focusing on health care, their supply chains and/or their customers, and technology. This will help promote private sector development, encourage entrepreneurship, and support the transition of the PRC's economy from one focused on manufacturing to one driven increasingly by technology and innovation.

SCALING UP SUPPORT FOR PUBLIC-PRIVATE PARTNERSHIPS

ADB encourages project financing in cooperation with the private sector in all its core operations. PPPs can play an important role in addressing the huge shortfall in infrastructure investment across Asia and the Pacific. By investing in new technologies, bringing innovative solutions, and encouraging more transparent organizational structures, the private sector has the potential to improve operational efficiency as well as asset and service quality.

ADB provides transaction advisory services and assists public and private sector clients in structuring and procuring viable projects, particularly PPPs.

During 2019, the bank secured 13 new transaction advisory mandates in Pakistan, Palau, the Philippines, the PRC, and Uzbekistan. These mandates include the development of information and communication technology facilities, transport infrastructure, a health-care facility, solar power plants, the rehabilitation of public schools, and the long-term operations and management of district heating facilities and water supply and sanitation services.

The Asia Pacific Project Preparation Facility (AP3F) and transaction advisory services assist DMCs and their public sector agencies to prepare and structure infrastructure projects with private sector participation, including privatization through PPPs, and bring them to the global market. Technical

assistance through the AP3F was completed in 2019 to Bhutan (project definition for the Ministry of Finance), Thailand (capacity building for the Marine Department), Solomon Islands (capacity building for the PPP Center of Excellence and the Tina River hydro project), Samoa (outsourcing for the Electric Power Corporation), and Timor-Leste (support for the Tibar Bay Port PPP). During the year, the AP3F also approved 15 applications for technical assistance totaling \$15.8 million. Four countries will receive project definition and capacity-building assistance, and six will receive project preparation and monitoring assistance.

CATALYZING AND MOBILIZING FINANCE

A key development challenge for Asia and the Pacific is limited available financing, whether long-term for infrastructure and other productive assets, or short-term for trade, early-stage business development, or microenterprises. Developing Asia alone will require annual infrastructure investments of \$1.7 trillion per year. A notable 30% of the \$1.5 trillion global trade finance gap also originates from developing Asia.

ADB continues its efforts to address these significant financing gaps. In 2019, the bank mobilized long-term cofinancing of \$3.54 billion, with more than 90% coming from commercial cofinancing partners and the rest from official sources. The main cofinancing products used were parallel loans (47%), risk transfers to the private insurance market (18%), parallel equity (17%), B-loans (5%), and guarantees (4%). This cofinancing was against ADB's own nonsovereign financing commitment of \$2.36 billion, net of risk transfers.

In 2019, every \$1.00 of ADB's own committed nonsovereign financing was matched by \$1.50 in long-term cofinancing. This compares with \$1.20 in 2018. The bank aims to mobilize \$2.50 in long-term cofinancing for every \$1.00 of its own nonsovereign financing by 2030.

Of the 38 nonsovereign projects signed in 2019, 19 featured cofinancing from partners.

In Pakistan, ADB extended \$15 million from its own resources and raised cofinancing of \$10 million through a B-loan to help expand the lending operations of microfinance institution the Kashf Foundation. The B-loan comprised \$5 million from the Netherlands Development Finance Company and \$5 million from responsAbility Investments, a Swiss international impact investor, contributing for the first time to an ADB-financed project.

In Indonesia, where there is a priority to use cleaner fuels to generate electricity, ADB provided support

for the construction of a 275 MW combined-cycle gas turbine power plant in Riau Province in central Sumatra. The project is expected to reduce GHG emissions by 375,000 metric tons of CO₂e every year from 2022 onwards. Having committed \$70 million from its own capital resources, ADB catalyzed cofinancing through an \$82 million B-loan from commercial banks by providing a partial risk guarantee and another \$20 million loan from the LEAP fund.

KNOWLEDGE HIGHLIGHTS

In May, ADB released the second edition of the *Public-Private Partnership Monitor*, which sets out the status of the PPP environment in 12 DMCs. With the aim of providing business intelligence to the private sector, the publication assesses 200 quantitative and qualitative indicators relating to regulatory frameworks, institutional capacity for implementation, PPP market maturity, and financial facilities. These assessments are intended to foster dialogue between the public and private sectors and support an enabling environment for PPPs.

Through the Trade Finance Program (TFP), ADB provided training in anti-money laundering and countering the financing of terrorism (AML/CFT) to partner banks in Bangladesh, Fiji, Pakistan, and Uzbekistan. The TFP also expanded its online training to include internationally recognized courses and certifications in AML/CFT. Since regulatory issues around AML/CFT are a major contributor to trade finance market gaps, the TFP developed a diagnostic tool, the Trade Finance Scorecard, to address these.

PROGRESS AGAINST STRATEGY 2030 TARGETS

COFINANCING

In 2019, every \$1.00 of ADB's own committed nonsovereign financing was matched by **\$1.50** in long-term cofinancing. This compares with \$1.20 in 2018. ADB's target is \$2.50 by 2030.



Engineers at a power plant in central Sumatra, Indonesia. ADB provided support for the construction of the 275-megawatt combined-cycle gas turbine power plant.

Organizational Effectiveness

Delivering Through a Stronger, Better, and Faster ADB

4

ENHANCING SERVICE TO ADB MEMBERS

Improving ADB Products and Instruments

In August 2019, ADB introduced contingent disaster financing as a type of policy-based lending to help vulnerable countries prepare for, and respond to, natural hazards such as typhoons, floods, earthquakes, droughts, and tsunamis. Five Pacific island member countries are already using the modality to strengthen disaster preparedness, with quick-disbursing and flexible budget support available when disaster events occur.

In September, ADB approved the use of results-based lending (RBL) as a regular financing modality for its operations. Since it was piloted by the bank in 2013, RBL has supported 19 programs developed by governments of developing member countries (DMCs), enhanced the accountability of these programs, and created incentives to deliver and sustain results. The findings from the pilot phase showed that RBL helped strengthen country ownership of development projects by linking funds disbursement with the achievement of agreed results.

In 2019, ADB increasingly used new financing modalities introduced in 2018, such as project readiness financing and small expenditure financing, in its regional operations. The bank committed over \$107 million in project readiness financing in 2019. Small expenditure financing of \$10 million was also approved for the Kyrgyz Republic, enabling support for small pilot projects to demonstrate new technologies, international standards, and management approaches for possible scale-up.

Throughout the year, ADB continued to provide training to ADB staff and DMC officials on its lending modalities and products. The bank conducted 22 learning events. To reach a wider audience and enhance learning, ADB also developed an e-learning module on lending modalities.

Maintaining a Strong Country Presence Through Field Offices

In 2019, ADB started a review of the operations of its field offices to help build their capacity to

implement Strategy 2030. The review focuses on how ADB, through its field offices, can strengthen the quality and efficiency of its support to DMCs, including its sovereign and nonsovereign operations and knowledge services. The review is scheduled for completion in 2020.

ADB maintained its commitment to strengthen staff numbers in its field offices in 2019. More than 900 staff are based in field offices, with over 80% of the field office staff locally recruited.

Modernizing Business Processes and Improving Operational Efficiency

In 2019, ADB continued efforts to modernize its business processes and improve operational efficiency.

In order to improve process efficiency and reflect the new operational priorities of Strategy 2030, ADB updated operations manuals and staff instructions on bank policies and financing modalities. These included the templates for country partnership strategies and approvals for sovereign operations and the operations manual and staff instructions for small expenditure financing facilities.

Promoting Digital Transformation

Critical to delivering on Strategy 2030, ADB accelerated its information technology (IT) reforms and digital transformation initiatives. It adopted a cloud-based content and telecommunication platform to improve collaboration and sustainability and increase mobility and resiliency. The 27 new digital products introduced include a customer relationship management system that tracks leads and activities and a loan system for guarantees for nonsovereign operations. The e-procurement system was deployed to 25 field offices to increase efficiency. An integrated partner fund accounting system was also delivered, streamlining and automating processes for income and cost allocations reporting. A modern IT service desk system was delivered to improve internal IT support services. A new procurement complaints system was also implemented, while IT services supported the establishment of new ADB offices in the Pacific. These reforms and digital



ADB Indonesia Resident Mission, Jakarta. Indonesia was a founding member of ADB in 1966. Today, it is among the bank's largest shareholders and sovereign borrowers.

“Critical to delivering on Strategy 2030, ADB accelerated its information technology reforms and digital transformation initiatives.”

transformational initiatives, taken together as a whole, allowed ADB to transition smoothly and effectively, without disruption to its operations, to work-from-home arrangements for all staff beginning March 2020 during the COVID-19 pandemic.

Following the approval of the first stage of ADB's Digital Agenda 2030, the bank established governance mechanisms for effective budget and project management and benefits tracking. It initiated 12 new projects, including the design of a new sovereign operations system. ADB also established a digital innovation sandbox program, which will enable the application of artificial intelligence and robotic process automation to be explored. Improving data quality continues to be a priority for the bank, including the establishment of a corporate data dictionary.

ADB received a 2019 CIO 100 Award for its use of cloud computing to optimize business processes. The awards celebrate the innovative use of IT to deliver business value.

Achieving Timely and Value-for-Money Procurement

After signing a procurement framework agreement with the World Bank in December 2018, ADB signed a similar agreement with the European

Bank for Reconstruction and Development in November 2019.

At the project level, ADB signed project implementation agreements that allow the use of the procurement rules and procedures of the World Bank and the European Bank for Reconstruction and Development for two water projects in the Pacific (in Kiribati and Solomon Islands) and one power project in Uzbekistan cofinanced by ADB.

In April 2019, ADB launched e-learning modules on its new procurement framework to help the bank's staff and borrowers apply the framework. This was supported by a series of guidance notes and videos. ADB also held 54 capacity-building events and trained more than 1,800 participants on the new framework.

Strengthening and Use of Country Safeguards

In 2019, ADB continued to support the governments of Indonesia and Sri Lanka in undertaking diagnostic studies for use of country safeguards in ADB-supported operations. The bank also updated preliminary country safeguard assessments for Bangladesh, Bhutan, Myanmar, and Viet Nam. Across the year, ADB delivered safeguards training programs on the environment,

FAST FACTS:

ADB'S
OUTSTANDING
GREEN AND
THEMATIC BONDS
AS AT END-2019:

\$6.8 B

GREEN BOND

\$102 M

WATER BOND

\$189 M

GENDER BOND

\$110 M

HEALTH BOND

indigenous peoples, and resettlement, with each attended by staff, executing and/or implementing agencies, and other stakeholders. The bank also initiated a study of project-level grievance redress mechanisms across ADB-supported projects. Throughout 2019, all ADB projects were assessed for environmental and social impacts, as required by the bank's Safeguard Policy Statement.

Addressing the Concerns of People Affected by ADB Projects

In 2019, the ADB Accountability Mechanism—an independent forum that allows people adversely affected by ADB-supported projects to voice complaints and seek solutions—received 37 complaints (compared to 39 in 2018). Of these, 2 requested compliance review (one was deemed ineligible by the Compliance Review Panel and the other was still being processed at year-end), 10 requested problem-solving, and 3 were identified as eligible by the Special Project Facilitator. There was 1 complaint pending with the Complaint Receiving Officer and 24 were closed for failure to comply with the minimum requirements under the policy.

The Office of the Compliance Review Panel held 10 outreach events in various DMCs and published guidance on compliance review. It also organized workshops that produced a working draft of a regional and national accountability mechanism framework for financial intermediaries. The Office of the Special Project Facilitator conducted 10 training programs on grievance redress mechanisms and problem-solving, attended by ADB staff and executing and/or implementing agencies from DMCs.

A joint learning report—a collaboration between the two offices mentioned above, the Independent Evaluation Department, and the Sustainable Development and Climate Change Department—analyzed the complaints received by the Accountability Mechanism from 2016 to 2018 (when the mechanism received the highest number of complaints since its inception in 2002). The report recommends improving risk screening as part of project-level safeguards and enhancing the effectiveness of project-level grievance redress mechanisms.

Strengthening Collaboration with Civil Society Organizations

During 2019, ADB deepened its engagement with civil society organizations (CSOs) in Mongolia and Georgia. In Mongolia, ADB and CSOs helped community members develop a transport project in *ger* areas (tent communities). In Georgia, CSOs and government officials participated in training

courses to strengthen collaboration on ADB-financed projects. CSOs and ADB staff also worked together to identify the environmental aspects of a proposed transport project in Georgia.

ADB engaged with CSOs at a number of key events in 2019. At the 52nd ADB annual meeting in Fiji, about 140 CSO representatives joined discussions on the bank's draft operational plans for Strategy 2030. At the 7th Asian Youth Forum, ADB project officers and CSO representatives designed 70 youth-led solutions in road safety, ocean health, youth and disability, jobs and livelihoods, and livable cities. The forum attracted over 300 young people and development stakeholders from 28 countries.

ADB also launched an interactive suite of tools for ADB staff, government officials, and CSOs on the bank's Development Asia website. These tools provide a range of options for deepening civil society engagement in the Pacific.

STRENGTHENING ADB AS AN INSTITUTION

Ensuring a Robust Resource Base

In February 2019, ADB completed the midterm review of Asian Development Fund 12 and, in November, the bank began negotiations with donors for the replenishment of Asian Development Fund 13, along with the replenishment of Technical Assistance Special Fund 7.

Treasury

In 2019, the Treasury Department led a new technical assistance project to build capacity in sovereign asset and liability management. It launched its first secured overnight financing rate-linked bond and continued to offer sterling overnight index average-linked bonds and green bonds. Green bonds and thematic bonds provide an opportunity for socially responsible investors to invest in ADB projects in climate financing and development areas such as water, gender, and health. The bank continued to expand its local currency borrowing and initiatives, reaching 23 member currencies.

In 2019, ADB issued thematic bonds and green bonds amounting to \$2.7 billion in Australian dollars, euros, Hong Kong dollars, Norwegian kroner, pounds sterling, and Swedish kronor. The bank's outstanding green bonds at year-end totaled about \$6.8 billion (\$5 billion in 2018), while outstanding thematic bonds totaled \$102 million for water, \$189 million for gender, and \$110 million for health.

Audit

The Office of the Auditor General (OAG) issued 13 audit and 8 advisory reports in 2019. These



ADB's Asian Youth Forum celebrates young people's role as partners and beneficiaries in advancing development throughout the region. The 7th Asian Youth Forum was held at ADB headquarters in August.



The AuditWithoutWalls! online community surpassed 1,000 registered members from all over the world in 2019. ADB created the Yammer-based community in 2017 to help public sector internal auditors ask questions and share specialist knowledge.

covered operations, administration and operations support, finance and risk, and IT.

The OAG continued to support ADB's regional departments in helping DMCs strengthen public sector internal audit offices. In August 2019, the OAG hosted an academic forum on applying digital technology to internal auditing. The dialogue with academic leaders from universities in Asia and the Pacific, Europe, and North America provided insights on practical digital technology solutions for internal auditors in public sector institutions.

During the year, the OAG continued to adopt advanced technology and innovative practices in internal audit. It piloted the use of drones in one of its country portfolio audits to capture bird's-eye views of project sites and is exploring the use of drones to improve asset inventory for complex site visits. The OAG also expanded its annual country risk assessment model and built an automated validation tool for loan covenants.

Risk Management

In 2019, ADB devoted substantial resources to monitoring, mitigating, and managing the risks associated with its operations. These include cyber threats and risks to business continuity, credit, and treasury operations. The bank strengthened the knowledge base of its risk professionals to support ADB's expanding nonsovereign operations, reinforced its risk governance framework, and

implemented a new information system to support and protect the use of structured derivatives.

ADB reviewed its capital adequacy framework in light of Strategy 2030, reassessed its loss provisioning policy to allow for new accounting standards for expected credit losses, and provided technical assistance to regional financial institutions to expand their knowledge and capabilities in risk management.

Administrative Expenses

ADB continues to rationalize internal administrative spending and improve cost efficiency. Among major contributors to cost efficiency are IT reforms, operational efficiency improvements, and measures to strengthen budget management and improve resource efficiency in ADB's administrative services.

Enhancing Human Resources

Human Resource Management

ADB's career opportunities continued to attract strong interest in 2019, with 493 job openings generating 41,275 applications from 66 of its 68 members. ADB implemented various recruitment initiatives to bring in staff with specialist skills in project design for sovereign operations, expand the bank's nonsovereign operations, and increase its staff presence in the Pacific. As a result, ADB recruited 371 specialists in 2019, including 9 new staff for the bank's Pacific country offices. There was also a rise in uptake of ADB's

secondment and internship programs, which hosted 41 secondees and 37 graduate students as interns, respectively.

In December, ADB began using artificial intelligence to enhance its recruitment and selection processes, with the introduction of “MARI,” the bank’s artificial intelligence chatbot. MARI allows ADB to screen applicants more efficiently and enables real-time interaction to improve the recruitment experience for candidates.

ADB also commissioned an independent gender pay gap study. The findings showed that there are no significant or unexplained gaps in pay between women and men in comparable roles at ADB. The bank has continued to focus on hiring and retaining women in senior roles. Women now account for 36.6% of ADB’s international staff, demonstrating good progress toward the target of 40% by the end of 2022.

These initiatives saw ADB receive Economic Dividends for Gender Equality (EDGE) Move (level 2) certification. EDGE is the leading standard for workplace gender equality, and ADB is the first international financial institution certified with EDGE level 2.

Maintaining its strong culture of diversity and inclusion, ADB supported its lesbian, gay, bisexual, transgender, and related communities (LGBT+) in celebrating International Day Against Homophobia, Transphobia, and Biphobia and the LGBT+ Pride celebration month.

ADB also developed a human resource framework to support the implementation of Strategy 2030. The framework includes initiatives on employment agility, talent management, job architecture, investment in human capital, and corporate culture and values.

INDEPENDENT EVALUATION

ADB’s Independent Evaluation Department (IED) supports both accountability and learning. Its goal is to ensure that its evaluations are valued and used by stakeholders and decision-makers to bring about positive changes in perception, attitude, decision-making, and practice.

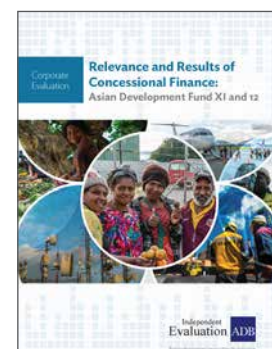
In 2019, the IED produced 1 country evaluation, 2 sector evaluations, 3 corporate evaluations, and 10 project and technical assistance-level evaluations. It also validated 55 project completion reports, 11 extended annual review reports, and 7 country partnership strategy final reviews.

The IED completed a country program evaluation for Indonesia and validated country partnership strategy final reviews for Armenia, Bhutan, Cambodia, Fiji, Georgia, Nepal, and Thailand. The findings contributed to the preparation and design of new country partnership strategies and operational plans for these developing member countries.

The department evaluated the relevance and results of the use of ADB’s concessional resources from Asian Development Fund (ADF) XI and ADF 12. The recommendations of this evaluation contributed to discussions on the ADF 13 replenishment.

The IED also assessed the performance and results of ADB’s use of multitranche financing facilities. These facilities have been used to deliver over \$52 billion in ADB financing from 2005 to 2018. The evaluation supported the use of these facilities, but recommended changes to improve their transformational development impact, improve timely completion of operations, enhance learning, and reduce transaction costs.

Sector-level evaluations examined ADB’s support for Pakistan’s power sector from 2005 to 2017, which totaled \$6.2 billion, and Indonesia’s finance sector from 2005 to 2018, which totaled about \$2 billion. These evaluations provided evidence to help ADB continue to improve project design, operations, and development outcomes. For example, a subsequent policy-based loan for Pakistan benefited from the evaluation’s recommendations to improve financial sustainability, strengthen sector governance and integrated planning, and support physical and technological investments. These became the program’s reform areas.



This evaluation assesses the relevance and results of the use of concessional resources by ADB over 2013–2018, the period covered by Asian Development Fund XI and the first half of Asian Development Fund 12.



FAST FACTS:

72 STAFF

PARTICIPATED
IN ROTATION
PROGRAMS AND
SHORT-TERM
ASSIGNMENTS

82 STAFF

PARTICIPATED
IN LEADERSHIP
PROGRAMS

At ADB, women now account for 36.6% of international staff, demonstrating good progress toward the bank's target of 40% by the end of 2022.

Learning and Development

ADB continued to support the career development and growth of its staff and encouraged the sharing of knowledge and expertise across its departments, locations, and job roles.

In 2019, 72 staff participated in rotation programs and short-term assignments, broadening their skills and knowledge and enhancing their workplace experiences as they engaged in work with a different department or region.

ADB updated its executive leadership program, launched three new leadership programs, and introduced an executive coaching program. The suite of practical programs now targets leaders at all levels of the organization, with a focus on fostering innovation and collaboration. In 2019, 82 staff participated in the leadership programs and 6 staff commenced executive coaching.

To encourage supervisors and their teams to embrace a performance culture, 11% of ADB supervisors completed training to improve team performance in 2019.

Conflict Management

In 2019, ADB sought to manage conflict within the organization more proactively by involving the Office of the Ombudsperson earlier in the conflict resolution process. In 2019, this independent office

helped address approximately 450 cases that involved over 650 individuals.

The office also hosted the 4th annual conference of the Asia Pacific Ombuds Regional Advisory Committee, providing an opportunity to share knowledge with professionals in ADB member countries.

Leading Anticorruption and Integrity Initiatives

ADB's Office of Anticorruption and Integrity (OAI) improved the efficiency of its investigative process in 2019. This resulted in a record number of closed complaints and investigations (up 16% and 93%, respectively, from 2018) and an increase in remedial actions imposed on external parties, including debarments and reprimands (up 47% from 2018).

The OAI expanded its in-country partnerships with eight DMCs in Central and West Asia, Southeast Asia, and the Pacific, helping to strengthen tax integrity policy and law reforms. It also assisted seven DMCs in Central and West Asia, East Asia, South Asia, and Southeast Asia to strengthen governance, institutional capacity, and compliance with international standards for anti-money laundering and combating the financing of terrorism.

A review of ADB's Respectful Workplace Unit's pilot period affirmed the value of the unit, which in 2019 served 107 visitors. Based on the review, an Office of Professional Conduct, which will raise awareness, deliver training, and advise staff on workplace concerns, was established. The OAI will continue to investigate workplace misconduct.

The OAI conducted eight proactive integrity reviews of projects valued at a total of \$1.8 billion, including an emergency assistance project. It organized 98 outreach events catering to over 8,700 participants, supported high-level learning events across Asia, contributed to the G20 anticorruption working group, and launched ADB's first gamified e-learning course.

Strengthening Disclosure and Transparency

ADB's Access to Information Policy came into effect on 1 January 2019. In 2019, ADB proactively disclosed to the public 4,930 project documents.

ADB recognizes the right of people to seek and receive information about its operations. In 2019, the bank received 4,209 formal requests for information. Of these, 3,544 (84%) were deemed valid and the rest were identified as spam. ADB acknowledged 69% of the valid requests within the required 7 days and responded to 83% within the required 30 days. ADB responded to 93% of the valid requests by the end of the year.

Providing Legal Services

The Office of the General Counsel (OGC) contributed legal perspectives to key ADB policies in 2019. It helped develop policies on the diversification of financing terms for regular ordinary capital resources sovereign lending operations and contingent disaster financing, and on the implementation of project readiness financing and the small expenditure financing facility. The OGC successfully concluded host country agreements with Singapore and for six ADB country offices in the Pacific. It also supported the processing of ADB's sovereign,

ASIAN DEVELOPMENT BANK INSTITUTE



Throughout 2019, the Asian Development Bank Institute (ADBI)—ADB's think tank based in Tokyo—continued to advance innovative policy solutions for the bank's developing member countries. Research outputs provided new thinking on the blue economy; climate risk; credit guarantee funds; demographic changes, productivity, and the role of technology; economic integration; energy security; financial technology, inclusion, and literacy; finance for small and medium-sized enterprises; and infrastructure financing.

ADBI's research department published 14 open access books, 154 working papers, 27 blog articles, and 22 journal articles. It also organized 38 research events for an estimated 1,300 policymakers and stakeholders.

The institute also conducted 54 capacity-building and training events—including policy dialogues, workshops, university format courses, and e-learning—all promoting knowledge-sharing among policymakers and stakeholders, development of new policy ideas, and innovative concepts for policy implementation. About one-third were hosted at ADBI in Tokyo and two-thirds in other regions of Asia and the Pacific, convening more than 1,500 participants. The capacity-building and training department also published 4 ADBI-edited books, 7 working papers, 4 policy briefs, and blog articles.

In 2019, ADBI chaired Think20, the G20's policy research and advisory network, under Japan's 2019 G20 presidency.

ADBI was named the world's number one government-affiliated think tank by the 2019 *Global Go To Think Tank Index Report* published by the University of Pennsylvania. The institute also placed 24th in the report's worldwide think tank ranking.



This book outlines how a services economy can help achieve long-term income growth and sustainable development.



ADB staff member at the Tajikistan Resident Mission. ADB established a new team to provide administrative services support to its field offices.

nonsovereign, and transaction advisory projects, and implementation of its borrowing program.

The OGC's role in law and policy reform work in 2019 included supporting Papua New Guinea in its enactment of an arbitration law and accession to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The office also conducted a nationwide judicial training program in Pakistan to prepare judges for the establishment of gender-based violence courts, as well as supporting the Philippines in its enactment of a new Islamic banking law.

Delivering Effective Administrative Services

In January 2019, ADB established a new team to provide administrative services support to its field offices. This team coordinates action on requests that relate to field office creation, expansion, or relocation. The team helped establish a new field office in Singapore and two in the Pacific. It also assisted in relocating five field offices and coordinated the expansion of another seven.

ADB's corporate e-procurement system—which reduces purchase processing times, enhances sourcing, and provides auditable processes—was fully implemented into the bank's Manila headquarters in 2019. The system was launched into ADB field offices starting March 2019.

ADB extended measures to ensure business continuity—responding to unforeseen circumstances or changes in the operational environment—to its regional and operational departments. As well as providing crisis management training for staff, the bank deployed new technologies and training packages to help keep staff apprised of changing security situations and provided assistance when needed. ADB also launched an entry access project that will substantially modernize security arrangements at headquarters and serve as a baseline for security measures at its field offices.

In addition to using renewable energy to power the building, ADB ensures that activities at headquarters are carbon neutral by purchasing credits for unavoidable emissions. In 2019, the bank purchased carbon credits to offset emissions made from 2016 to 2018.

Since ADB promotes a working environment that encourages staff interaction and the exchange of ideas, several workspace fit-outs were completed that showcase modern approaches to more open workplace communication and collaboration.

APPENDIXES



The demand for ADB assistance remained strong in 2019 and our activities strongly aligned with the priorities of Strategy 2030.

Masatsugu Asakawa, ADB President



ADB Armenia Resident Mission, Yerevan.

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Appendix 1: Commitments by Country, 2019 (\$ million)

Country	Loans, Grants, and Others					Technical Assistance ^a	Cofinancing ^b			Total
	Regular OCR		Concessional OCR	ADF Grant	Subtotal		Project	TA	Subtotal	
	Sovereign	Nonsovereign								
Afghanistan	-	4.0	-	348.8	352.8	4.7	3.9	-	3.9	361.4
Armenia	50.3	43.9	-	-	94.2	2.1	46.7	-	46.7	142.9
Azerbaijan	250.0	-	-	-	250.0	1.0	-	0.5	0.5	251.5
Bangladesh	915.8	14.2	369.3	-	1,299.2	3.8	804.7	2.7	807.4	2,110.4
Bhutan	-	-	30.0	-	30.0	2.7	-	-	-	32.7
Cambodia	-	-	269.3	6.6	275.8	-	16.6	0.8	17.4	293.2
China, People's Republic of	1,813.6	381.0	-	-	2,194.6	12.0	310.5	8.0	318.5	2,525.1
Federated States of Micronesia	-	-	-	26.0	26.0	-	-	-	-	26.0
Fiji	65.0	-	-	-	65.0	0.7	65.7	2.4	68.1	133.8
Georgia	706.4	29.1	-	-	735.5	5.3	65.7	-	65.7	806.5
India	3,180.0	965.1	-	-	4,145.1	14.8	1,512.7	8.1	1,520.7	5,680.6
Indonesia	1,487.8	152.9	-	-	1,640.7	0.3	709.8	19.3	729.1	2,370.0
Kazakhstan	97.6	41.2	-	-	138.9	1.8	121.6	-	121.6	262.3
Kyrgyz Republic	-	-	73.7	103.7	177.4	2.4	-	-	-	179.8
Lao People's Democratic Republic	-	-	135.0	5.0	140.0	-	4.5	-	4.5	144.5
Malaysia	-	-	-	-	-	-	25.0	-	25.0	25.0
Maldives	-	-	5.0	5.0	10.0	1.0	-	0.5	0.5	11.5
Marshall Islands	-	-	-	6.5	6.5	-	-	-	-	6.5
Mongolia	319.6	47.0	56.0	-	422.6	8.9	180.6	7.3	187.8	619.4
Myanmar	-	597.5	230.4	15.8	843.7	0.2	215.9	2.1	218.0	1,061.9
Nauru	-	-	-	22.0	22.0	-	-	-	-	22.0
Nepal	-	30.0	358.0	-	388.0	5.4	150.6	0.4	151.0	544.4
Niue	-	-	-	-	-	0.2	-	-	-	0.2
Pakistan	1,282.0	15.0	900.0	-	2,197.0	8.1	983.9	3.9	987.8	3,192.9
Papua New Guinea	100.0	10.0	-	-	110.0	4.1	38.8	0.8	39.6	153.6
Philippines	2,523.3	30.0	-	-	2,553.3	2.3	2,011.6	3.0	2,014.6	4,570.1
Samoa	-	-	-	69.8	69.8	-	-	-	-	69.8
Solomon Islands	-	-	49.0	27.0	76.0	0.8	20.3	-	20.3	97.1
Sri Lanka	743.0	-	72.0	-	815.0	3.0	1,199.4	1.2	1,200.6	2,018.6
Tajikistan	-	-	-	120.0	120.0	1.8	41.3	-	41.3	163.0
Thailand	-	459.1	-	-	459.1	-	1,326.1	-	1,326.1	1,785.2
Timor-Leste	-	-	-	-	-	1.9	-	0.5	0.5	2.4
Tonga	-	-	-	54.0	54.0	-	43.2	-	43.2	97.2
Tuvalu	-	-	-	10.0	10.0	-	10.6	-	10.6	20.6
Uzbekistan	620.0	-	517.3	-	1,137.3	14.9	319.1	3.2	322.3	1,474.5
Vanuatu	-	-	2.3	12.0	14.3	1.5	-	-	-	15.8
Viet Nam	-	17.6	577.0	12.0	606.6	0.8	1,091.5	13.9	1,105.4	1,712.8
Regional ^c	-	162.5	-	-	162.5	131.2	316.0	148.1	464.1	757.8
Total ADB	14,154.4	3,000.1	3,644.1	844.1	21,642.7	237.5	11,636.2	226.5	11,862.6	33,742.8

ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources, SF = special funds, TA = technical assistance.

Notes: Commitment is the financing approved by ADB's Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB. It is the amount indicated in the investment agreement that may or may not be equal to the approved amount, depending on the exchange rate at the time of signing. In the case of official and commercial cofinancing not administered by ADB for which the signed amount is not readily available, the approved amount is used.

^a Refers to Technical Assistance Special Fund and other SF.

^b Including trust funds.

^c Regional includes nonsovereign operations, which involve two or more countries, and all regional technical assistance.

Appendix 2: Loans and Grants Committed, 2019
Regular Ordinary Capital and Concessional Resources Commitments (\$ million)

Region/Country/Loan or Grant Title	Modality	Regular OCR	Concessional OCR	ADF Grant	Total
A. SOVEREIGN OPERATIONS		14,154.4	3,644.1	844.1	18,642.6
Central and West Asia		3,006.3	1,491.0	572.5	5,069.8
Afghanistan		-	-	348.8	348.8
Arghandab Integrated Water Resources Development	Project	-	-	348.8	348.8
Armenia		50.3	-	-	50.3
Second Public Efficiency and Financial Markets Program (Subprogram 1)	PBL	40.3	-	-	40.3
Human Development Enhancement Program	PBL	10.0	-	-	10.0
Azerbaijan		250.0	-	-	250.0
Improving Governance and Public Sector Efficiency Program (Subprogram 2)	PBL	250.0	-	-	250.0
Georgia		706.4	-	-	706.4
North-South Corridor (Kvesheti-Kobi) Road	Project	410.2	-	-	410.2
East-West Highway (Shorapani-Argveta Section) Improvement	Project	281.1	-	-	281.1
Livable Cities Investment Program	PRF	15.0	-	-	15.0
Kazakhstan		97.6	-	-	97.6
Promoting Gender Equality in Housing Finance	Project	97.6	-	-	97.6
Kyrgyz Republic		-	73.7	103.7	177.4
Promoting Economic Diversification Program (Subprogram 1)	PBL	-	-	50.0	50.0
Uch-Kurgan Hydropower Plant Modernization	Project	-	60.0	40.0	100.0
Naryn Rural Water Supply and Sanitation Development Program	RBL	-	13.7	13.7	27.4
Pakistan		1,282.0	900.0	-	2,182.0
Balochistan Water Resources Development Sector	Project	-	100.0	-	100.0
Khyber Pakhtunkhwa Provincial Roads Improvement – Additional Financing	Project	75.0	-	-	75.0
Khyber Pakhtunkhwa Cities Improvement Projects	PRF	7.0	-	-	7.0
Trade and Competitiveness Program (Subprogram 1)	PBL	-	500.0	-	500.0
Social Protection Development – Additional Financing	Project	200.0	-	-	200.0
Economic Stabilization Program	PBL	1,000.0	-	-	1,000.0
Energy Sector Reforms and Financial Sustainability Program (Subprogram 1)	PBL	-	300.0	-	300.0
Tajikistan		-	-	120.0	120.0
Central Asia Regional Economic Cooperation Corridors 2, 3, and 5 (Obigarm-Nurobod) Road	Project	-	-	110.0	110.0
Tourism Development	PRF	-	-	10.0	10.0
Uzbekistan		620.0	517.3	-	1,137.3
Horticulture Value Chain Infrastructure	Project	-	197.0	-	197.0
Second Tashkent Province Water Supply Development	Project	-	105.3	-	105.3
Railway Efficiency Improvement	Project	170.0	-	-	170.0
Livestock Value Chain Development	Project	-	150.0	-	150.0
Project Readiness Financing for Urban Services	PRF	-	15.0	-	15.0
Economic Management Improvement Program (Subprogram 2)	PBL	300.0	-	-	300.0
Mortgage Market Sector Development Program	SDP	150.0	50.0	-	200.0
East Asia		2,133.2	56.0	-	2,189.2
China, People's Republic of		1,813.6	-	-	1,813.6
Yunnan Lincang Border Economic Cooperation Zone Development	Project	250.0	-	-	250.0
Yangtze River Green Ecological Corridor Comprehensive Agriculture Development	Project	300.0	-	-	300.0
Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region—Shandong Clean Heating and Cooling	Project	392.0	-	-	392.0
Sichuan Ziyang Inclusive Green Development	Project	200.0	-	-	200.0
Hubei Yichang Comprehensive Elderly Care Demonstration	Project	150.0	-	-	150.0
Demonstration of Guangxi Elderly Care and Health Care Integration and Public-Private Partnership	Project	100.0	-	-	100.0
Gansu Internet-Plus Agriculture Development	Project	130.0	-	-	130.0
Guizhou Gui'an New District New Urbanization Smart Transport System Development	Project	192.8	-	-	192.8
Shandong Green Development Fund	Project	98.8	-	-	98.8
Mongolia		319.6	56.0	-	375.6
Sustainable Tourism Development	Project	19.0	19.0	-	38.0
Fourth Health Sector Development – Additional Financing	Project	16.0	-	-	16.0
Regional Improvement of Border Services – Additional Financing	Project	-	27.0	-	27.0
Regional Road Development and Maintenance – Additional Financing	Project	58.5	-	-	58.5
Ulaanbaatar Air Quality Improvement Program (Phase 2)	PBL	160.0	-	-	160.0
Improving Access to Health Services for Disadvantaged Groups Investment Program – Tranche 1	MFF	66.1	10.0	-	76.1

continued on next page

Region/Country/Loan or Grant Title	Modality	Regular OCR	Concessional OCR	ADF Grant	Total
Pacific		165.0	51.3	227.2	443.5
Federated States of Micronesia		-	-	26.0	26.0
Pacific Disaster Resilience Program (Phase 2)	PBL	-	-	6.0	6.0
Renewable Energy Development	Project	-	-	15.0	15.0
Chuuk Water Supply and Sanitation	PRF	-	-	5.0	5.0
Fiji		65.0	-	-	65.0
Sustained Private Sector-Led Growth Reform Program (Subprogram 2)	PBL	65.0	-	-	65.0
Marshall Islands		-	-	6.5	6.5
Public Financial Management – Additional Financing	Project	-	-	0.5	0.5
Pacific Disaster Resilience Program (Phase 2)	PBL	-	-	6.0	6.0
Nauru		-	-	22.0	22.0
Solar Power Development	Project	-	-	22.0	22.0
Papua New Guinea		100.0	-	-	100.0
Health Services Sector Development Program (Subprogram 2)	PBL	100.0	-	-	100.0
Samoa		-	-	69.8	69.8
Systems Strengthening for Effective Coverage of New Vaccines in the Pacific	Project	-	-	7.5	7.5
Enhancing Safety, Security, and Sustainability of Apia Port	Project	-	-	62.3	62.3
Solomon Islands		-	49.0	27.0	76.0
Urban Water Supply and Sanitation Sector	PRF	-	-	3.0	3.0
Tina River Hydropower	Project	-	18.0	12.0	30.0
Urban Water Supply and Sanitation Sector	Project	-	28.0	9.0	37.0
Pacific Disaster Resilience Program (Phase 2)	PBL	-	3.0	3.0	6.0
Tonga		-	-	54.0	54.0
Building Macroeconomic Resilience (Subprogram 3)	PBL	-	-	5.0	5.0
Transport Project Development Facility	PRF	-	-	5.0	5.0
Introducing eGovernment through Digital Health	Project	-	-	7.5	7.5
Integrated Urban Resilience Sector	Project	-	-	18.3	18.3
Renewable Energy	Project	-	-	12.2	12.2
Pacific Disaster Resilience Program (Phase 2)	PBL	-	-	6.0	6.0
Tuvalu		-	-	10.0	10.0
Improved Fiscal and Infrastructure Management Program	PBL	-	-	4.0	4.0
Increasing Access to Renewable Energy	Project	-	-	6.0	6.0
Vanuatu		-	2.3	12.0	14.3
Systems Strengthening for Effective Coverage of New Vaccines in the Pacific	Project	-	2.3	9.0	11.3
Luganville Urban Water Supply and Sanitation	PRF	-	-	3.0	3.0
South Asia		4,838.8	834.2	5.0	5,678.1
Bangladesh		915.8	369.3	-	1,285.0
Rural Connectivity Improvement	Project	100.0	100.0	-	200.0
Microenterprise Development	Project	50.0	-	-	50.0
South Asia Subregional Economic Cooperation Chittagong–Cox's Bazar Railway Connectivity (Phase 1) – Tranche 2	MFF	392.1	-	-	392.1
Second City Region Development	Project	73.0	75.0	-	148.0
Skills for Employment Investment Program – Tranche 3	MFF	-	150.0	-	150.0
Urban Infrastructure Improvement Preparatory Facility	PRF	-	11.0	-	11.0
Dhaka and Western Zone Transmission Grid Expansion	Project	300.7	-	-	300.7
Dhaka Mass Rapid Transit Development Project Readiness Financing (Line 5, Southern Route)	PRF	-	33.3	-	33.3
Bhutan		-	30.0	-	30.0
Financial Market Development Program (Subprogram 1)	PBL	-	30.0	-	30.0
India		3,180.0	-	-	3,180.0
Mumbai Metro Rail Systems	Project	926.0	-	-	926.0
Assam Urban Infrastructure Investment Program – Tranche 2 (Additional Financing)	MFF	26.0	-	-	26.0
Chhattisgarh Road Connectivity	Project	350.0	-	-	350.0
Maharashtra Rural Connectivity Improvement	Project	200.0	-	-	200.0
Rajasthan State Highway Investment Program – Tranche 2	MFF	190.0	-	-	190.0
Karnataka Integrated and Sustainable Water Resources Management Investment Program – Tranche 2	MFF	91.0	-	-	91.0
Chennai–Kanyakumari Industrial Corridor: Power Sector Investment	Project	451.0	-	-	451.0
Tamil Nadu Urban Flagship Investment Program – Tranche 2	MFF	206.0	-	-	206.0
Scaling Up Demand-Side Energy Efficiency Sector	Project	250.0	-	-	250.0
Public–Private Partnership in Madhya Pradesh Road Sector	Project	490.0	-	-	490.0
Maldives		-	5.0	5.0	10.0
South Asia Subregional Economic Cooperation National Single Window	Project	-	5.0	5.0	10.0
Nepal		-	358.0	-	358.0
Bagmati River Basin Improvement – Additional Financing	Project	-	63.0	-	63.0

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Region/Country/Loan or Grant Title	Modality	Regular OCR	Concessional OCR	ADF Grant	Total
Food Safety and Agriculture Commercialization Program	PBL	-	50.0	-	50.0
Rural Enterprise Financing	Project	-	50.0	-	50.0
South Asia Subregional Economic Cooperation Mugling–Pokhara Highway Improvement (Phase 1)	Project	-	195.0	-	195.0
Sri Lanka		743.0	72.0	-	815.0
Science and Technology Human Resource Development	Project	83.0	62.0	-	145.0
South Asia Subregional Economic Cooperation Port Access Elevated Highway	Project	300.0	-	-	300.0
Urban Project Preparatory Facility	Project	-	10.0	-	10.0
Strengthening the Regional Development Bank	Project	50.0	-	-	50.0
Railway Efficiency Improvement	Project	160.0	-	-	160.0
Second Integrated Road Investment Program – Tranche 2	MFF	150.0	-	-	150.0
Southeast Asia		4,011.1	1,211.6	39.4	5,262.0
Cambodia		-	269.3	6.6	275.8
National Solar Park	Project	-	7.6	-	7.6
Skills for Competitiveness	Project	-	60.0	-	60.0
Inclusive Financial Sector Development Program (Subprogram 2)	PBL	-	40.0	-	40.0
Third Rural Water Supply and Sanitation Service Sector Development Program	SDP	-	44.6	4.4	49.0
Irrigated Agriculture Improvement	Project	-	117.0	2.2	119.2
Indonesia		1,487.8	-	-	1,487.8
Financial Market Development and Inclusion Program (Subprogram 3)	PBL	500.0	-	-	500.0
Emergency Assistance for Rehabilitation and Reconstruction	EAL	297.8	-	-	297.8
Fiscal and Public Expenditure Management Program (Subprogram 3)	PBL	500.0	-	-	500.0
State Accountability Revitalization – Additional Financing	Project	90.0	-	-	90.0
Leveraging Private Infrastructure Investment	Project	100.0	-	-	100.0
Lao People's Democratic Republic		-	135.0	5.0	140.0
Education for Employment Sector Development Program	SDP	-	50.0	-	50.0
Strengthening Public Finance Management Program (Subprogram 1)	PBL	-	45.0	-	45.0
Sustainable Rural Infrastructure and Watershed Management Sector	Project	-	40.0	5.0	45.0
Myanmar		-	230.4	15.8	246.2
Resilient Community Development	Project	-	185.0	10.0	195.0
Rural Roads and Access	Project	-	45.4	5.8	51.2
Philippines		2,523.3	-	-	2,523.3
Secondary Education Support Program	RBL	300.0	-	-	300.0
Malolos–Clark Railway – Tranche 1	MFF	1,300.0	-	-	1,300.0
Local Governance Reform Program (Subprogram 1)	PBL	300.0	-	-	300.0
Capacity Building to Foster Competition	Project	23.3	-	-	23.3
Facilitating Youth School-to-Work Transition Program (Subprogram 2)	PBL	400.0	-	-	400.0
Infrastructure Preparation and Innovation Facility – Additional Financing	Project	200.0	-	-	200.0
Viet Nam		-	577.0	12.0	589.0
Northern Mountain Provinces Transport Connectivity	Project	-	188.4	-	188.4
Financial Sector Development and Inclusion Program (Subprogram 1)	PBL	-	100.0	-	100.0
Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth	Project	-	45.0	-	45.0
Local Health Care Sector Development Program	SDP	-	88.6	12.0	100.6
Second Health Human Resources Development	Project	-	80.0	-	80.0
Skills and Knowledge for Inclusive Economic Growth	Project	-	75.0	-	75.0
B. NONSOVEREIGN OPERATIONS		3,000.1	-	-	3,000.1
Afghanistan		4.0	-	-	4.0
Kandahar Solar Power	Loan	4.0	-	-	4.0
Armenia		43.9	-	-	43.9
Yerevan Gas-Fired Combined-Cycle Power	Loan	43.9	-	-	43.9
Bangladesh		14.2	-	-	14.2
Second PRAN Agribusiness	Loan	14.2	-	-	14.2
China, People's Republic of		381.0	-	-	381.0
Eco-Industrial Park Waste-to-Energy	Loan	100.0	-	-	100.0
Health Care Finance in Underdeveloped Provinces	Loan	150.0	-	-	150.0
Industrial and Municipal Wastewater Treatment	Loan	60.7	-	-	60.7
CDH VGC Fund II, L.P.	Equity	30.0	-	-	30.0
Integrated and Sustainable Livestock Value Chain	Loan	40.2	-	-	40.2
Georgia		29.1	-	-	29.1
Low-Income Housing Finance	Loan	22.3	-	-	22.3
Hospital Bond	Debt	6.8	-	-	6.8
	Security				

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Region/Country/Loan or Grant Title	Modality	Regular OCR	Concessional OCR	ADF Grant	Total
India		965.1	-	-	965.1
Avaada Solar	Debt Security/ Equity	25.0	-	-	25.0
Supporting Access to Finance for Women in Rural Areas	Debt Security	10.9	-	-	10.9
Railways Track Electrification	Loan	746.2	-	-	746.2
Highway Equipment Finance	Debt Security	23.0	-	-	23.0
Tata Capital Growth Fund II	Equity	10.0	-	-	10.0
Expanding Micro, Small, Medium-Sized Enterprise Lending	Debt Security	150.0	-	-	150.0
Indonesia		152.9	-	-	152.9
Riau Natural Gas Power	Loan/ Guarantee	147.9	-	-	147.9
High-Value Coconut Processing	Loan	5.0	-	-	5.0
Kazakhstan		41.2	-	-	41.2
Baikonyr Solar Power	Loan	11.5	-	-	11.5
Total Eren Access M-KAT Solar Power	Loan	29.7	-	-	29.7
Mongolia		47.0	-	-	47.0
Sermsang Khushig Khundii Solar	Loan	9.6	-	-	9.6
Gender Inclusive Dairy Value Chain	Loan	7.4	-	-	7.4
Micro, Small, and Medium-Sized Enterprises Financing	Loan	30.0	-	-	30.0
Myanmar		597.5	-	-	597.5
Myingyan Natural Gas Power	Guarantee	97.5	-	-	97.5
Nationwide Data Connectivity	Loan	500.0	-	-	500.0
Nepal		30.0	-	-	30.0
Upper Trishuli-1 Hydropower	Loan	30.0	-	-	30.0
Pakistan		15.0	-	-	15.0
Expanding Access to Credit for Women	Loan	15.0	-	-	15.0
Papua New Guinea		10.0	-	-	10.0
Supporting Inclusive Finance through the Development of Private Sector Banking	Equity	10.0	-	-	10.0
Philippines		30.0	-	-	30.0
Fostering Women's Empowerment Through Financial Inclusion in Conflict-Impacted and Lagging Provinces	Loan	30.0	-	-	30.0
Regional		162.5	-	-	162.5
AC Energy Green Bond	Debt Security	20.0	-	-	20.0
Tertiary Education	Equity	10.0	-	-	10.0
Proposed Additional Capital Contribution Credit Guarantee and Investment Facility	Equity	50.0	-	-	50.0
Kaizen Private Equity II Pte. Ltd.	Equity	5.0	-	-	5.0
Asia-Pacific Remote Broadband Internet Satellite	Loan	25.0	-	-	25.0
Inclusive Beverage Production and Distribution	Loan	12.5	-	-	12.5
Everbridge Partners Fund I, L.P.	Equity	40.0	-	-	40.0
Thailand		459.1	-	-	459.1
Bangkok Mass Rapid Transit (Pink and Yellow Lines)	Loan	310.9	-	-	310.9
Energy Absolute Green Bond for Wind Power	Debt Security	98.2	-	-	98.2
Eastern Economic Corridor Independent Power	Loan	50.0	-	-	50.0
Viet Nam		17.6	-	-	17.6
Floating Solar Energy	Loan	17.6	-	-	17.6
TOTAL		17,154.5	3,644.1	844.1	21,642.7

ADF = Asian Development Fund, ASEAN = Association of Southeast Asian Nations, EAL = emergency assistance loan, MFF = multitranches financing facility, OCR = ordinary capital resources, PBL = policy-based lending, PDA = project design advance, PRF = project readiness facility, RBL = results-based lending, SDP = sector development program.

Note: Numbers may not sum precisely because of rounding.

Appendix 3: Approvals, 2015–2019 (\$ million)

Item	2015 ^a	2016 ^a	2017 ^a	2018 ^a	2019
Loans, Grants, and Others					
By Source					
Regular Ordinary Capital Resources	12,731	13,911	16,584	14,105	16,011
Loans	12,256	13,369 ^b	15,764 ^c	13,342 ^d	15,671 ^e
Equity Investments	134	27	390	235	290
Guarantees	291	515	330	78	50
Trade Finance Program	-	-	-	350	-
Supply Chain Finance Program	-	-	-	100	-
Microfinance Program	50	-	100	-	-
Concessional Resources	2,869	3,066	2,267	5,205	3,522
Loans	2,514	2,549	1,715	4,165	2,679
Grants	355	518	551	1,040	843
Special Funds ^f	7	9	2	6	-
Grants	7	9	2	6	-
Subtotal	15,607	16,986	18,853	19,316	19,532
By Operations					
Sovereign	13,159	14,625	15,799	15,642	17,892
Loans	12,796	13,598	15,246	14,596	17,049
Guarantees	-	500	-	-	-
Grants	362	527	553	1,046	843
Nonsovereign	2,448	2,361	3,054	3,674	1,641
Loans	1,973	2,320 ^b	2,234 ^c	2,911 ^d	1,301 ^d
Equity Investments	134	27	390	235	290
Guarantees	291	15	330	78	50
Trade Finance Program	-	-	-	350	-
Supply Chain Finance Program	-	-	-	100	-
Microfinance Program	50	-	100	-	-
Subtotal	15,607	16,986	18,853	19,316	19,532
Technical Assistance					
Sovereign	135	162	196	200	220
Nonsovereign	5	7	9	15	17
Subtotal	141	169	205	215	237
Cofinancing Including Trust Funds					
Sovereign	6,092	8,110	3,657	6,111	5,538
Trust Funds Administered by ADB	205	399	143	151	168
Bilateral	2,232	3,258	1,899	1,883	3,711
Multilateral	3,442	4,140	1,214	3,357	1,657
Others ^g	213	311	400	720	1
Nonsovereign ^h	4,568	5,836	5,947	7,343	7,274
Subtotal	10,660	13,947	9,604	13,453	12,812
TOTAL	26,407	31,102	28,663	32,985	32,582

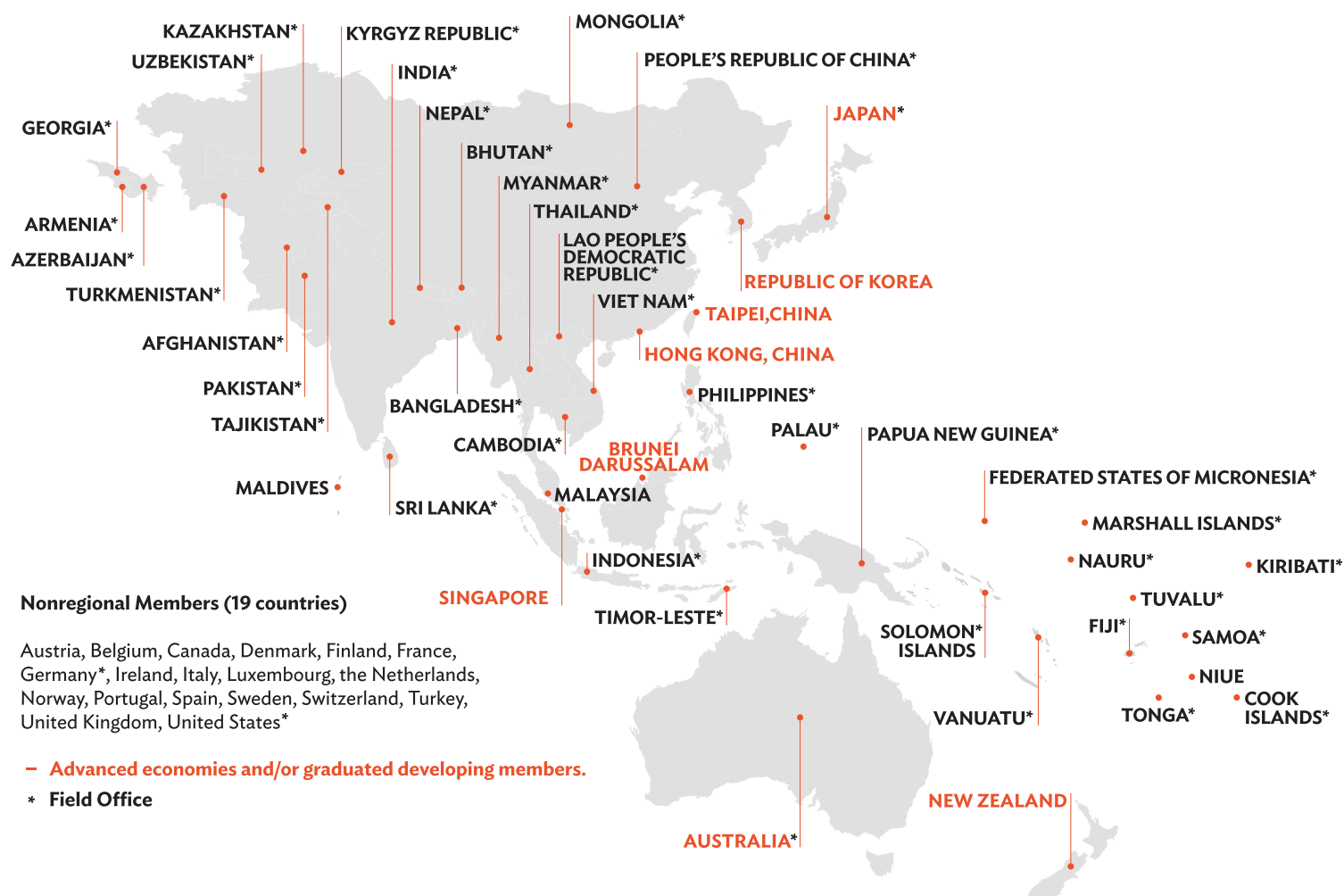
- = nil.
- Note: Numbers may not sum precisely because of rounding.
- ^a Excludes terminated loans, grants, equities, guarantees, and technical assistance.
- ^b Includes \$225 million classified as debt securities in financial statements in accordance with accounting standards.
- ^c Includes \$300 million classified as debt securities in financial statements in accordance with accounting standards.
- ^d Includes \$20 million classified as debt securities in financial statements in accordance with accounting standards.
- ^e Includes \$357 million classified as debt securities in financial statements in accordance with accounting standards.
- ^f Special funds other than Asian Development Fund such as Asia Pacific Disaster Response Fund and Climate Change Fund.
- ^g "Others" includes private sector cofinancing through foundations and corporate social responsibility programs, and any public source, such as national development banks, that do not fall under official cofinancing.
- ^h Nonsovereign cofinancing includes commercial cofinancing such as Trade Finance Program cofinancing, B loans and parallel loans, among others.

Approvals by Region, 2015–2019 (\$ million)

Region	2015	2016	2017	2018	2019
Central and West Asia	7,276	8,056	7,517	5,582	7,781
East Asia	3,125	3,065	4,291	3,849	3,118
Pacific	403	817	532	512	883
South Asia	7,497	7,859	7,809	10,782	9,118
Southeast Asia	7,569	11,110	7,280	11,370	10,813
Regional	537	195	1,234	890	868
TOTAL	26,407	31,102	28,663	32,985	32,582

Appendix 4: ADB Regional and Nonregional Members

(as of 31 December 2019)



Appendix 5: Members, Capital Stock, and Voting Power (as of 31 December 2019)

	Year of Membership	Subscribed Capital ^a (% of total)	Voting Power ^b (% of total)
REGIONAL			
Afghanistan	1966	0.034	0.321
Armenia	2005	0.298	0.532
Australia	1966	5.773	4.913
Azerbaijan	1999	0.444	0.649
Bangladesh	1973	1.019	1.109
Bhutan	1982	0.006	0.299
Brunei Darussalam	2006	0.351	0.575
Cambodia	1966	0.049	0.334
China, People's Republic of	1986	6.429	5.437
Cook Islands	1976	0.003	0.296
Fiji	1970	0.068	0.348
Georgia	2007	0.341	0.567
Hong Kong, China	1969	0.543	0.729
India	1966	6.317	5.347
Indonesia	1966	5.434	4.641
Japan	1966	15.571	12.751
Kazakhstan	1994	0.805	0.938
Kiribati	1974	0.004	0.297
Korea, Republic of	1966	5.026	4.315
Kyrgyz Republic	1994	0.298	0.533
Lao People's Democratic Republic	1966	0.014	0.305
Malaysia	1966	2.717	2.468
Maldives	1978	0.004	0.297
Marshall Islands	1990	0.003	0.296
Micronesia, Federated States of	1990	0.004	0.297
Mongolia	1991	0.015	0.306
Myanmar	1973	0.543	0.729
Nauru	1991	0.004	0.297
Nepal	1966	0.147	0.411
New Zealand	1966	1.532	1.520
Niue	2019	0.001	0.295
Pakistan	1966	2.174	2.033
Palau	2003	0.003	0.297
Papua New Guinea	1971	0.094	0.369
Philippines	1966	2.377	2.196
Samoa	1966	0.003	0.297
Singapore	1966	0.340	0.566
Solomon Islands	1973	0.007	0.299
Sri Lanka	1966	0.579	0.757
Taipei, China	1966	1.087	1.164
Tajikistan	1998	0.286	0.523
Thailand	1966	1.358	1.381
Timor-Leste	2002	0.010	0.302
Tonga	1972	0.004	0.297
Turkmenistan	2000	0.253	0.496
Tuvalu	1993	0.001	0.295
Uzbekistan	1995	0.672	0.832
Vanuatu	1981	0.007	0.299
Viet Nam	1966	0.341	0.567
Subtotal		63.390	65.124

	Year of Membership	Subscribed Capital ^a (% of total)	Voting Power ^b (% of total)
NONREGIONAL			
Austria	1966	0.340	0.566
Belgium	1966	0.340	0.566
Canada	1966	5.219	4.469
Denmark	1966	0.340	0.566
Finland	1966	0.340	0.566
France	1970	2.322	2.152
Germany	1966	4.316	3.747
Ireland	2006	0.340	0.566
Italy	1966	1.803	1.737
Luxembourg	2003	0.340	0.566
The Netherlands	1966	1.023	1.113
Norway	1966	0.340	0.566
Portugal	2002	0.340	0.566
Spain	1986	0.340	0.566
Sweden	1966	0.340	0.566
Switzerland	1967	0.582	0.760
Turkey	1991	0.340	0.566
United Kingdom	1966	2.038	1.924
United States	1966	15.571	12.751
Subtotal		36.610	34.876
TOTAL		100.000	100.000

Notes: Numbers may not sum precisely because of rounding. For other details, see table on Statement of Subscriptions to Capital Stock and Voting Power (OCR-8) in the *Financial Statements of Annual Report 2019*.

^a Subscribed capital refers to a member's subscription to shares of the capital stock of ADB.

^b The total voting power of each member consists of the sum of its basic votes and proportional votes. The basic votes of each member consist of such number of votes as results from the equal distribution among all members of 20% of the aggregate sum of the basic votes and proportional votes of all members. The number of proportional votes of each member is equal to the number of shares of the capital stock of ADB held by that member.

Appendix 6: Contributions to Asian Development Fund (\$ million)

Contributor	Cumulative Effective Amounts Committed ^a	of which, ADF XI (2013-2016)	of which, ADF 12 (2017-2020) ^b
Australia	2,668	589	276
Austria	294	40	19
Belgium	244	32	-
Brunei Darussalam	21	6	0
Canada	2,035	179	84
China, People's Republic of	183	41	82
Denmark	265	23	11
Finland	201	27	11
France	1,410	119	47
Germany	1,933	179	71
Hong Kong, China	123	31	14
India	64	30	34
Indonesia	26	-	12
Ireland	107	25	12
Italy	1,193	85	40
Japan	12,888	1,875	929
Kazakhstan	8	5	3
Korea, Republic of	643	155	73
Luxembourg	60	10	7
Malaysia	33	9	4
Nauru	0	-	-
The Netherlands	774	75	13
New Zealand	187	30	13
Norway	310	47	22
Portugal	92	0	0
Singapore	25	8	4
Spain	482	62	6
Sweden	490	73	20
Switzerland	405	49	23
Taipei, China	115	21	10
Thailand	19	4	2
Turkey	124	5	2
United Kingdom	1,692	290	136
United States	4,677	331	155
TOTAL	33,793	4,455	2,133

- = nil, 0 = less than \$0.5 million, ADF = Asian Development Fund.

Note: Numbers may not sum precisely because of rounding.

^a Valued at Board of Governors' Resolutions exchange rates. Based on submitted and acknowledged instruments of contribution of ADF I to ADF 12 as of 31 December 2019. Includes the proportionate share of ADF donors in the transferred assets as of 1 January 2017 of \$29,309 million and excludes the allocation to the Technical Assistance Special Fund of \$1,612 million.

^b Following the combination of certain ADF assets with the ordinary capital resources and retaining the ADF as a grant-only operation beginning 1 January 2017, there was a reduction of 52% in donor contributions for ADF 12 as compared with ADF XI.

Appendix 7A: 2019 Project-Specific Sovereign Cofinancing Commitments

(\$ million)

Financing Partner	Loans	Grants	TA
Bilaterals			
Australia	-	49	34
France	115	-	-
Germany	892	-	0
Japan	2,354	-	-
Korea, Republic of	140	-	1
New Zealand	-	2	3
Norway	-	-	0
Switzerland	-	2	0
United States	-	-	1
Subtotal - Bilaterals	3,500	53	40
Multilateral			
Asian Infrastructure Investment Bank	200	-	-
Climate Investment Fund	57	3	4
European Bank for Reconstruction and Development	300	-	-
European Union	-	29	-
Global Agriculture and Food Security Program	-	-	1
Global Environment Facility	-	-	11
Green Climate Fund	95	30	-
New Development Bank	260	-	-
OPEC Fund for International Development	40	-	-
United Nations Development Programme	-	-	0
Women Entrepreneurs Finance Initiative	-	-	6
World Bank	64	13	-
Subtotal - Multilaterals	1,016	74	22
Private Partners			
JP Morgan Chase Foundation	-	-	1
Subtotal - Private Partners	-	-	1
Total	4,516	127	63

0 = less than \$1 million, TA = technical assistance.

Note: Totals may not add up due to rounding.

Appendix 7B: Active Trust Funds and Special Funds

(\$ million)

Fund Name	Partner(s)	Year of Establishment	Contributions for 2019 ^b	Cumulative Contribution as of 31 December 2019 ^c	Uncommitted Balance as of 31 December 2019 ^d	Committed (Signed Agreements) for 2019
Single Partner Trust Funds^a						
Japan Scholarship Program ^g	Japan	1988	4.3	186.6	7.4	NA
Australian Technical Assistance Grant	Australia	1993	-	61.4	3.7	-
Japan Fund for Poverty Reduction ^g	Japan	2000	17.8	832.0	105.4	37.8
Spanish Cooperation Fund for Technical Assistance ^g	Spain	2000	1.7	14.4	4.1	-
Japan Fund for Information and Communication Technology ^g	Japan	2001	-	10.7	2.0	0.8
Cooperation Fund for Project Preparation in the Greater Mekong Subregion and in Other Specific Asian Countries ^g	France	2004	1.1	7.4	1.7	0.5
Japan Fund for Public Policy Training ^g	Japan	2004	-	22.0	7.5	-
People's Republic of China Poverty Reduction and Regional Cooperation Fund ^g	People's Republic of China	2005	-	90.0	36.3	7.2
Republic of Korea e-Asia and Knowledge Partnership Fund ^g	Republic of Korea	2006	16.6	118.8	52.9	8.0
Netherlands Trust Fund under Water Financing Partnership Facility ^g	Netherlands	2006	-	44.2	6.2	1.8
Asian Clean Energy Fund under Clean Energy Financing Partnership Facility ^g	Japan	2008	-	55.7	10.6	2.0
Investment Climate Facilitation Fund under Regional Cooperation and Integration Financing Partnership Facility ^g	Japan	2008	-	31.5	8.1	1.5
Canadian Climate Fund for the Private Sector in Asia under Clean Energy Financing Partnership Facility ^g	Canada	2013		80.7	8.1	11.8
Sanitation Financing Partnership Trust Fund under Water Financing Partnership Facility ^g	Bill and Melinda Gates Foundation	2013	3.0	19.0	2.0	4.1
Japan Fund for the Joint Crediting Mechanism ^g	Japan	2014	9.2	71.1	39.5	3.5
Leading Asia's Private Sector Infrastructure Fund	Japan	2016	109.0	419.7 ^e	NA	138.5
Canadian Climate Fund for the Private Sector in Asia II ^g	Canada	2017	16.2 ^f	126.9 ^e	58.2	37.9
United Kingdom Fund for Asia Regional Trade and Connectivity ^g	United Kingdom	2018	-	27.9	14.9	9.2
ASEAN Australia Smart Cities Trust Fund ^g	Australia	2019	15.1	15.1	4.5	10.0
Ireland Trust Fund for Building Climate Change and Disaster Resilience in Small Island Developing State ^g	Ireland	2019	13.4	13.4	13.3	-
Multi-Partner Trust Funds^h						
Multi-Donor Trust Fund under Water Financing Partnership Facility ^g	Australia, Austria, Norway, Spain, Switzerland	2006	0.7	52.4	0.6	1.6
Clean Energy Fund under Clean Energy Financing Partnership Facility ^g	Australia, Norway, Spain, Sweden, United Kingdom	2007	20.8	131.0	39.4	5.9
Future Carbon Fund ^g	Belgium, ENECO Energy Trade, Finland, Republic of Korea, POSCO, Sweden	2008	-	82.0	72.5	-
Carbon Capture and Storage Fund under Clean Energy Financing Partnership Facility ^g	Australia, United Kingdom	2009	-	64.9	45.4	4.3

continued on next page

Fund Name	Partner(s)	Year of Establishment	Contributions for 2019 ^b	Cumulative Contribution as of 31 December 2019 ^c	Uncommitted Balance as of 31 December 2019 ^d	Committed (Signed Agreements) for 2019
Afghanistan Infrastructure Trust Fund	ANA Trust Fund, Japan, Germany, United Kingdom, United States	2010	93.0	740.5	305.3	-
Credit Guarantee Investment Facility	ADB, Brunei Darussalam, Cambodia, Indonesia, Japan, Republic of Korea, Lao People's Democratic Republic, Malaysia, Myanmar, People's Republic of China, Philippines, Singapore, Thailand, Viet Nam	2010	50.8	1,149.0	NA	-
Urban Climate Change Resilience Trust Fund under Urban Financing Partnership Facility ^e	Rockefeller Foundation, Switzerland, United Kingdom,	2013	-	140.5	20.0	23.3
Asia Pacific Project Preparation Facility ^e	Australia, Canada, Japan	2014	10.2	63.3	(1.3)	45.0
Domestic Resource Mobilization Trust Fund ^e	Japan	2017	1.8	5.7	3.1	-
High Level Technology Fund ^e	Japan	2017	15.2	54.5	28.9	12.1
Asia Pacific Climate Finance Fund ^e	Germany	2017	-	32.0	32.1	-
Cities Development Initiative for Asia Trust Fund ^e	Austria, Germany, Switzerland	2017	2.8	9.1	4.3	4.6
Special Funds^a						
Japan Special Fund	Japan	1988	-	1,124.7	111.8	-
ADB Institute	ADB, Australia, Indonesia, Japan, Republic of Korea, People's Republic of China	1996	15.8	298.0	18.8	NA
Regional Cooperation and Infrastructure Fund	ADB, Japan	2007	-	69.6	4.9	5.6
Financial Sector Development Partnership Special Fund	ADB, Luxembourg	2013	4.7	21.0	4.6	4.6

- = nil, 0.0 = less than \$50,000; NA = not applicable

Note:

^a Special funds (except the Japan Special Fund) get contributions from ADB through transfers from ordinary capital resources. The list of special funds excludes Asian Development Fund (ADF), Technical Assistance Special Fund (TASF), Climate Change Fund, and Asia Pacific Disaster Response Fund. Contributions to the ADF are presented in Appendix 6.

Contributions to the TASF are made through direct and voluntary contributions from members and through allocations from the ADF replenishments. Finally, no external partners contribute to the Climate Change Fund and Asia Pacific Disaster Response Fund.

^b Contributions for 2019 include only additional and new commitments made during the year revalued at reporting date, as applicable.

^c Cumulative Contribution as of 31 December 2019 is net of cancellation of the commitments, if any, and revalued at reporting date, as applicable.

^d Represents balances available for new projects; excludes funding request allocations by fund managers not yet approved by ADB. Amount is inclusive of contribution receivable, if any, and revalued at reporting date, as applicable.

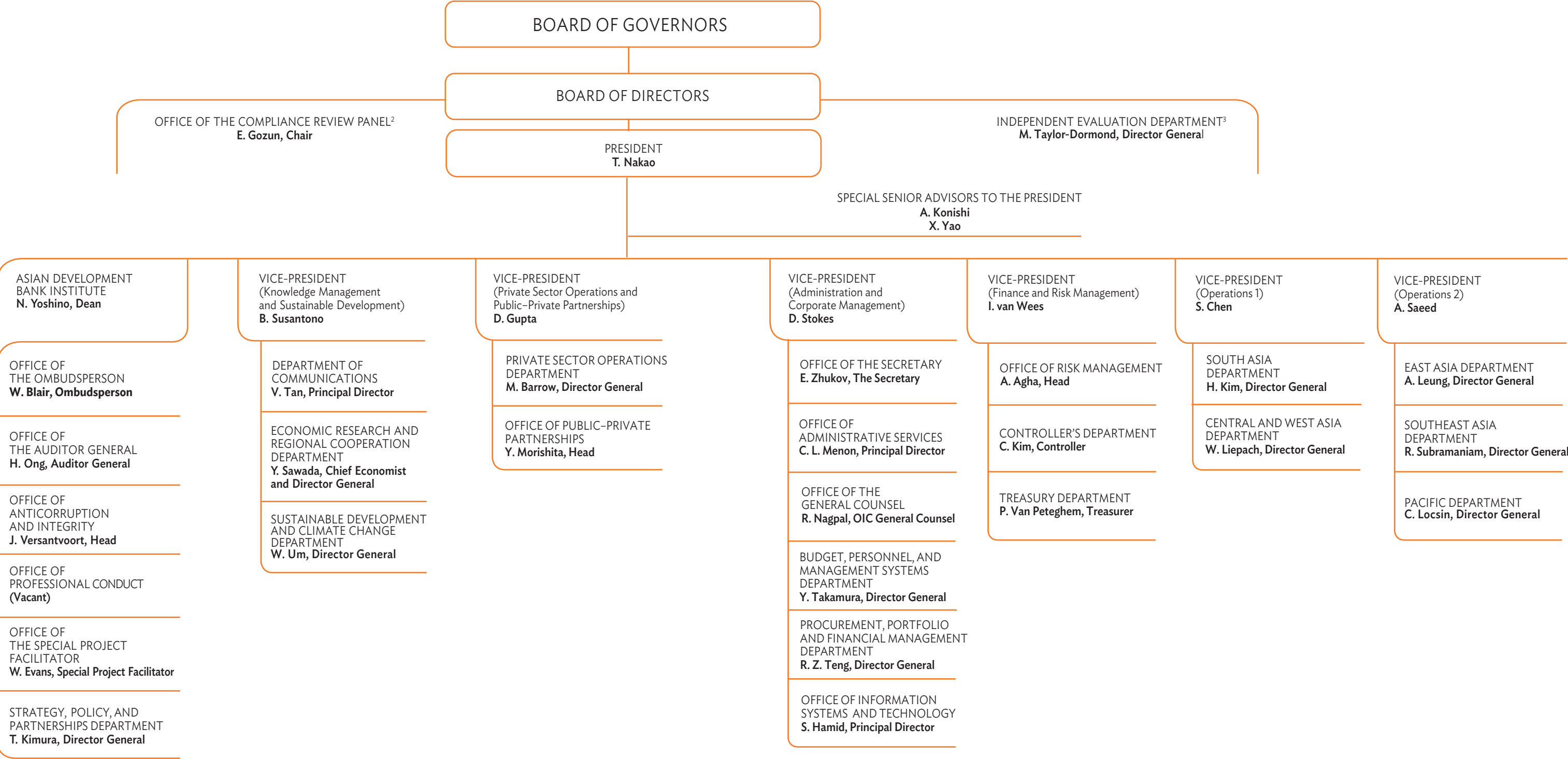
^e Represents actual amount remitted from partner.

^f Represents Can\$170 million actual amount remitted from partner.

^g Trust funds with balances for new project/initiatives.

^h Excludes the following active trust funds with no contribution for 2019 and less than \$1 million uncommitted balance as of 31 December 2019: Canadian Cooperation Fund on Climate Change, Cooperation Fund for Regional Trade and Financial Security Initiative, Cooperation Fund in Support of Managing for Development Results, Denmark Cooperation Fund for Renewable Energy and Energy Efficiency in Rural Areas, Financial Sector Development Partnership Fund, Gender and Development Cooperation Fund, Governance Cooperation Fund, Integrated Disaster Risk Management Fund, Project Readiness Improvement Trust Fund, Regional Malaria and other Communicable Disease Threats Trust Fund under Health Financing Partnership Facility, Technical Assistance Grant Fund (France), and Urban Environmental Infrastructure Fund under Urban Financing Partnership Facility.

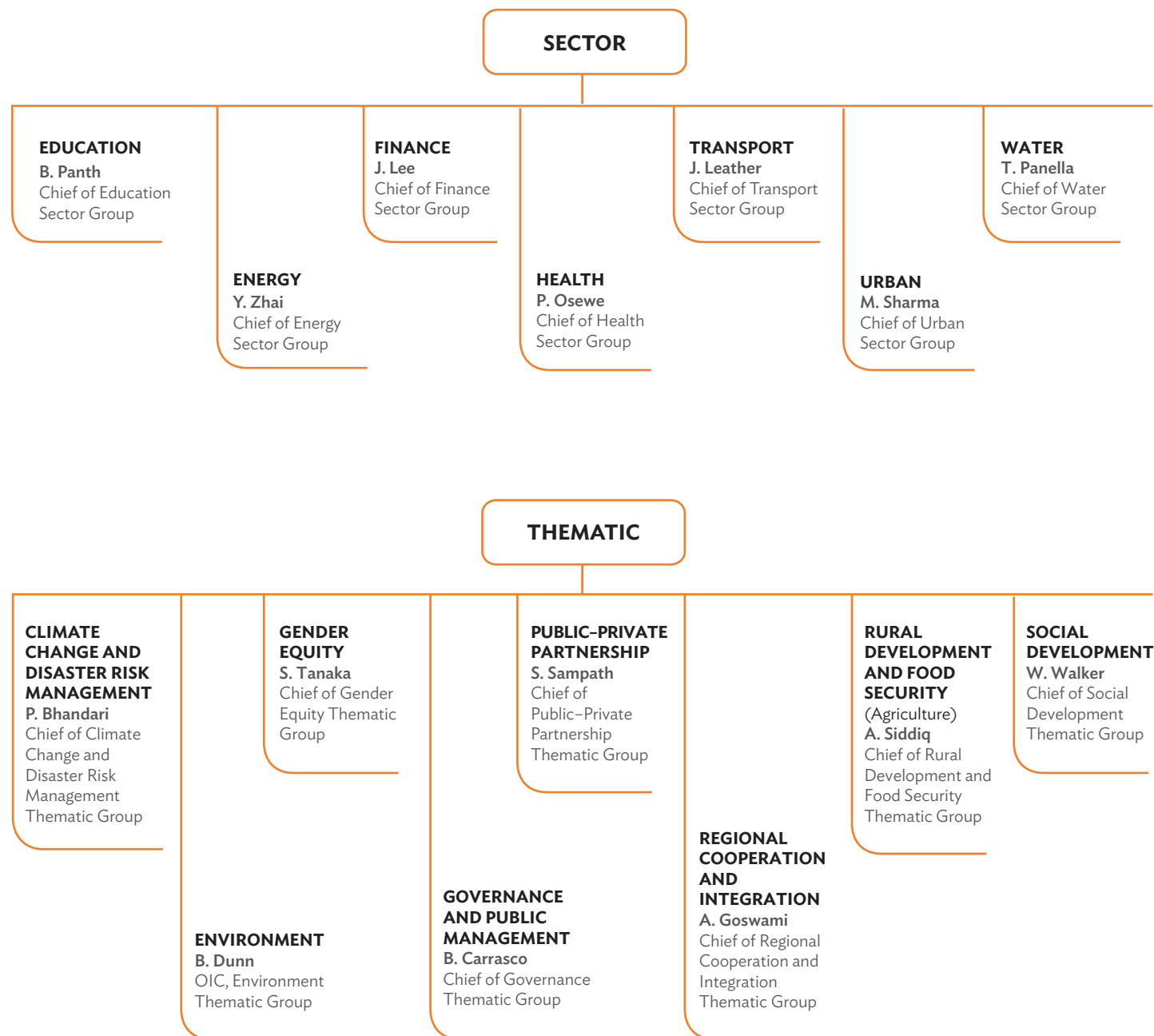
Appendix 8A: Organizational Structure¹
(as of 31 December 2019)



¹ To contact ADB Management and senior staff, go to <http://www.adb.org/contacts/management-senior-staff>.
² The Compliance Review Panel reports to the Board of Directors.
³ The Independent Evaluation Department reports to the Board of Directors through the Development Effectiveness Committee.

Appendix 8B: ADB Sector and Thematic Groups

(as of 31 December 2019)



Appendix 9: ADB Corporate Reports

A. Key Corporate Overview Reports

- Development Effectiveness Review
- Development Effectiveness Report (Private Sector Operations)
- ADB Sustainability Report
- Annual Evaluation Review

B. Board Committee Reports

- Annual Report of the Audit Committee of the Board, 2018-2019
- Annual Report of the Human Resources Committee, 2018-2019

C. Treasury, Finance, and Risk Management

- 2019 Information Statement

D. Operations

1. Overview of ADB Operations

- Statement of the Asian Development Bank's Operations
- ADB Projects and Tenders: Project Data Sheets for Loans, Grants, Technical Assistance

2. Portfolio Reports

- Annual Portfolio Performance Report
- Quarterly Portfolio Updates

3. Country Operations

- ADB Members Fact Sheets
- Report on the Country Performance Assessment Exercise

4. Partnership Reports

- Partnering for Development: Annual Donors' Report
- Annual Report of ADB–Japan Scholarship Program
- Japan Fund for Poverty Reduction Annual Report
- People's Republic of China Regional Cooperation and Poverty Reduction Fund: Annual Report
- Clean Energy Financing Partnership Facility Annual Report
- Annual Report of the e-Asia and Knowledge Partnership Fund
- Financial Sector Development Partnership Special Fund Annual Report
- Future Carbon Fund (print only)
- Gender and Development Cooperation Fund Progress Report
- Japan Fund for Joint Crediting Mechanism (print only)
- Urban Financing Partnership Facility Annual Report
- Water Financing Partnership Facility Annual Report and Semiannual Progress Report
- High-Level Technology Fund Annual Progress Report (print only)

E. Planning and Budget

- Work Program and Budget Framework
- Budget of the Asian Development Bank

F. Accountability

- ADB Accountability Mechanism Annual Report
- Learning Report on the Implementation of the Accountability Mechanism Policy

G. Key Economic and Financial Research

- Asian Development Outlook
- Asia Bond Monitor
- Key Indicators for Asia and the Pacific
- Basic Statistics
- Asian Economic Integration Report
- Asian Development Review
- ADB Economics Working Papers
- Aid for Trade in Asia and the Pacific: Promoting Economic Diversification and Empowerment

H. ADB Institute

- ADBI Three-Year Rolling Work Program and Budget
- ADBI Working Papers
- ADBI Policy Briefs

I. Other Reports

- Office of Anticorruption and Integrity (OAI): Annual Report
- Highlights of the ADB Annual Meeting
- Highlights of ADB's Cooperation with Civil Society Organizations

Appendix 10: Operational Data and Organizational Information as of 31 December 2019

The tables and other information listed below are available for download in PDF and XLS format from <https://www.adb.org/documents/adb-annual-report-2019>

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- 3 Selected Policy, Strategy, and Financial Papers Discussed by the Board in 2019
- 4 Board of Governors
- 5 Board of Directors and Voting Groups
- 6 Committees of the Board of Directors
- 7 ADB Institute Advisory Council
- 8 Organizational Structure
- 9 Summary of Internal Administrative Expenses—2018 and Budget for 2019
- 10 2019 Annual Base Salary of the Board of Directors and Management
- 11 Staff Representation of ADB Members
- 12 Number of Authorized Positions in Resident Missions
- 13 Growth in Resident Missions and Assigned Staff Positions at Resident Missions

Financial statements incorporated by reference. Management's Discussion and Analysis and the Annual Financial Statements of the Asian Development Bank shall be deemed to be incorporated in and to form part of this Annual Report. The Financial Report, organizational information, and operational data are available at <https://www.adb.org/documents/adb-annual-report-2019> and via the QR code on this page.



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Every effort has been made to ensure the accuracy of the data used in this publication. Variations in data in ADB publications often result from different publication dates, although differences may also come from the source and interpretation of data. ADB accepts no responsibility from any consequence of their use.

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All photos by ADB unless otherwise indicated.

COVER: ADB-supported projects (in order of appearance) in Mongolia (Sermang Khushig Khundii Solar Project), Kazakhstan (RG Brands Agribusiness Project), Fiji (Fiji Ports Development Project); Row 2: Tajikistan (Maternal and Child Health Integrated Care Project), Lao People’s Democratic Republic (Results for Malaria Elimination and Control of Communicable Disease Threats in Asia and the Pacific); Row 3: India (West Bengal Drinking Water Sector Improvement Project), Bangladesh (Chittagong Hill Tracts Rural Development Project); Row 4: the People’s Republic of China (Hubei-Yichang Sustainable Urban Transport Project), Nauru (Improving Internet Connectivity for Micronesia Project), and the Philippines (Fisheries Resource Management Project).



Our strategy for the next decade is guided by a vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. Our immediate priority is to provide vital support to our developing members as they address the challenges presented by COVID-19 and seek to return their economies to a path of growth and prosperity.

- **Masatsugu Asakawa**, ADB President