PRIVATE SECTOR OPERATIONS IN 2020

REPORT ON DEVELOPMENT EFFECTIVENESS

MAY 2021

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Note:

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Cover photos represent sectors that ADB committed financing to in 2020, including agribusiness, energy, finance, health, water and other urban infrastructure and services (photos by Lu Guang, Deng Jia, Gerhard Joren, Eric Sales for ADB, PT Cisarua Mountain Dairy, and Indorama Ventures).

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FOREWORD

The coronavirus disease (COVID-19) pandemic presented major challenges to governments and their partners in Asia and the Pacific in 2020 as economies contracted, businesses closed, jobs were lost, and household incomes plummeted. Given the gravity of the pandemic and its threat to development progress in the region, the Asian Development Bank (ADB) moved quickly to refocus resources and scale up assistance for its developing member countries.

ADB's Private Sector Operations Department (PSOD) worked in lockstep with other departments to support that goal. It committed \$2.4 billion through its trade, supply chain, and microfinance programs to respond to COVID-19 impacts. To speed up assistance, more than half of all pandemic-related nonsovereign projects were approved through the enhanced Faster Approach to Small Nonsovereign Transactions framework, which reduced processing time.

Committed projects, meanwhile, provided vital working capital and liquidity for companies in the agribusiness, energy, finance, and health sectors that were facing operational and financial problems caused by the pandemic. These interventions kept the flow of lifesaving medical supplies going, helped maintain critical power supplies, kept thousands of workers in employment, and preserved the livelihoods of farmers and small business operators.

Along with COVID-19 responses, PSOD focused on the rollout of its new Operational Plan for Private Sector Operations, 2019–2024, which aims to advance ADB's commitment to climate financing, gender equality, and mobilization in less-developed economies and new sectors by leveraging innovative instruments. Landmark projects in 2020 that highlight PSOD's successful focus on these priorities include the first investment and green loan to establish a large-scale electric vehicle charging network in Thailand; the raising of long-term financing for the first major private sector renewable energy project in Uzbekistan; targeted assistance to micro, small, and medium-sized enterprises run by women in Armenia; and the first blue loan to support the recycling of plastic waste from the ocean and other sources. ADB was also an anchor investor in Georgia's first green bond to support water and renewable energy infrastructure.

The creation of a web-based tool to ease supply chain congestion, a new venture financing platform to help start-up technology companies find solutions to development problems, and the opening of an office in Singapore further illustrate PSOD's efforts to tap new innovations and opportunities to expand and enhance its work.

While 2020 has proved challenging for PSOD, it also highlighted its ability to move swiftly and effectively and to work closely with partners. As the region begins a gradual recovery from the COVID-19 crisis, the operational plan provides a blueprint to help the private sector and developing member countries continue to make progress on the Sustainable Development Goals.

The *Private Sector Operations in 2020—Report on Development Effectiveness* is a key publication for informing stakeholders and partners about our work. It details best practices and development experiences that can be shared. We welcome your feedback and participation as we continue to support and engage with the private sector in economic recovery and development.

A handwritten signature in black ink, appearing to read 'Lavasa', with a long horizontal line extending from the end of the signature.

ASHOK LAVASA

Vice-President, Private Sector Operations and Public–Private Partnerships
Asian Development Bank

ABBREVIATIONS

ADB	Asian Development Bank
CO ₂	carbon dioxide
COVID-19	coronavirus disease
DMC	developing member country
FAST	Faster Approach to Small Nonsovereign Transactions
GDP	gross domestic product
LNG	liquefied natural gas
MSME	micro, small, and medium-sized enterprise
PRC	People's Republic of China
PSOD	Private Sector Operations Department
TSCFP	Trade and Supply Chain Finance Program

WEIGHTS AND MEASURES

GWh	gigawatt-hour
MW	megawatt
MWh	megawatt-hour

EXECUTIVE SUMMARY

The coronavirus disease (COVID-19) pandemic—the worst public health crisis in a century—caused death, illness, and economic devastation across the world in 2020, including Asia and the Pacific.

As governments imposed lockdowns and border closures to contain the spread of the virus, economic activity slumped sharply. In the private sector, much of the impact was felt by micro, small, and medium-sized enterprises (MSMEs), which form the backbone of Asia's economy.

The Private Sector Operations Department (PSOD) of the Asian Development Bank (ADB) moved quickly to refocus its work. Under the Trade and Supply Chain Finance Program and the Microfinance Risk Participation and Guarantee Program, 79% of resources were allocated to respond to COVID-19 impacts through program commitments. A \$500 million import facility was established to support the movement of lifesaving vaccines and related products to developing member countries (DMCs), and an innovative interactive mapping tool was created to keep track of virus-related products along supply chains.

Meanwhile, 39.5% of projects committed in 2020 addressed the health and economic fallout from the pandemic on DMCs. In February 2020, ADB approved COVID-19 emergency assistance for Jointown Pharmaceutical Group Company Limited, a Wuhan-based company in the People's Republic of China, to fund and distribute urgently needed medical supplies for Hubei and other hard-hit provinces. It was ADB's first private sector assistance for health security.

Operational Plan

In January 2020, ADB's Board of Directors endorsed PSOD's operational plan for 2019–2024. The plan fully aligns PSOD's work with ADB's Strategy 2030 priorities, with a focus on empowering women, scaling up support for projects that address climate change, and targeting investments in challenging markets and sectors.

Nearly all projects committed in 2020 contained elements promoting gender equality. PSOD also raised \$5.2 billion in cofinancing, helping ADB achieve \$2.1 in long-term cofinancing for every \$1 of its own resources. That keeps it on track to meet the Strategy 2030 target of attracting \$2.5 in long-term cofinancing for every \$1 of ADB assistance for private sector operations.

Under the operational plan, PSOD is seeking to invest more in agribusiness, a sector that was badly affected by supply chain disruptions caused by the pandemic in 2020. PSOD commitments helped enterprises across the region maintain their operations, preserving the livelihoods of thousands of workers and smallholder farmer suppliers, many of whom live on the brink of poverty.

Extending its reach into underserved markets, ADB committed a loan and raised cofinancing for the first private sector gas-fired power plant in Afghanistan to be financially supported by development finance institutions. This is a major private sector milestone as it supports private infrastructure development in fragile and conflict-affected situations, where risks typically deter investors.

To stay focused on its operational plan, PSOD monitors its performance through a work plan that sets out targets based on its priorities. In 2020, nearly all targets were bettered or achieved. These include the share of projects with gender impacts, which reached 47% of the total against the 25% expected performance; the share of projects with a climate change component (39% versus 35% expected performance); and diversification of projects into frontier economies and new sectors (58% compared with the target of 54%).

Expected Results of Projects Committed in 2020

Transactions committed in 2020 are expected to deliver an additional 12,665 gigawatt-hours of power and reduce carbon dioxide (CO₂) emissions by 7.2 million tons of CO₂ equivalent across developing Asia, with a significant portion of these benefits coming from a portfolio of solar power plants in India that ADB is supporting.

Commitments to help financial companies extend funds and services to clients are expected to benefit almost 185,000 women and more than 46,300 MSMEs, while agribusiness projects will support the livelihoods of nearly 50,000 farmers. Investments for access to water and sanitation services are expected to benefit 2 million people.

Results Delivered

PSOD's active portfolio of projects includes health sector commitments to help companies respond to the COVID-19 crisis. By the end of September 2020, Jointown Pharmaceutical Group Company Limited had distributed 283.9 million units of antiviral medication—well in excess of ADB's targeted output of 40 million—and provided 19.2 million pieces of personal protective equipment, including clothing, helmets, gloves, face shields, goggles, face masks, and respirators.

Other projects in the portfolio created jobs for 514,744 people and delivered benefits to 27.3 million MSMEs. As a result of energy commitments, 234,215 more households now have access to power, 21,703 megawatts of new electricity generation capacity has been created, and CO₂ emissions have been reduced by 36.3 million tons of CO₂ equivalent. More than 825,100 households now have access to potable water and 10.8 million farmers have higher incomes and more secure livelihoods.

Conclusion

Amid the deep economic and social disruption caused by COVID-19, PSOD was able to effectively channel its resources to respond to a wide range of DMC needs in 2020. The year saw the Trade Finance Program support 7,178 transactions, while the launch of a new venture capital financing platform and the opening of an office in Singapore highlight PSOD's continued pursuit of innovation and new opportunities.

Along with its COVID-19 responses, PSOD focused on its operational plan priorities, with landmark projects approved, including the first blue loan to support plastics recycling in developing Asia. It put together funding packages with cofinancing partners' support that were crucial in getting energy projects off the ground. About 95% of projects promoted gender equality and with 58% of its 2020 operations in new sectors or frontier markets, PSOD has already exceeded the ADB target of at least 55% by 2024.

ADB's Private Sector Operations AT A GLANCE

PRIVATE SECTOR OPERATIONS DEPARTMENT COMMITMENTS, 2020

38 projects, \$1.4 billion

- Agriculture

Clean Energy

Energy (Other)

Education
- Finance

Health

Transport

Water and Other Urban Infrastructure and Services

Afghanistan, \$10 million
● Mazar Gas-Fired Power

Uzbekistan, \$10 million
● Navoi Solar

Armenia, \$35 million
● COVID-19 Working Capital Support for Electric Networks of Armenia*
● Increasing Gender-Inclusive Lending to Micro, Small, and Medium-Sized Enterprises

Georgia, \$24 million
● Georgian Green Bond
● Credo COVID-19 Support for Agricultural Borrowers*

India, \$356 million
● Sustaining Poultry Farmer Income and Food Security*
● Avaada Solar Phase 2
● Azure Power COVID-19 Liquidity Support*
● Gujarat Solar Power
● ReNew Power COVID-19 Liquidity Support*
● NIIF Fund of Funds-I
● Northern Arc COVID-19 Livelihood Support*
● Supporting Access to Housing Finance for Women in Lower-Income Groups and in Lagging States

Bangladesh, \$123 million
● Emergency Working Capital Support for Pran Dairy*
● Reliance Bangladesh Liquefied Natural Gas and Power
● Spectra Solar Power

Regional, \$279 million
● Olam COVID-19 Smallholder Farmer Livelihood Support*
● Asian Sustainable Infrastructure Mobilization
● Equity Investment in Navegar II L.P.
● Follow-on Investment in OrbiMed Asia Partners IV
● Indorama Ventures Regional Blue Loan

People's Republic of China, \$406 million
● COVID-19 Emergency Energy Supply Support for China Gas*
● New Energy Bus Leasing
● Solar Energy Finance
● Far East Horizon Health Care Finance in Rural Areas for COVID-19 Response*
● Jointtown COVID-19 Emergency Response*
● Jointtown COVID-19 Pharmaceutical Distribution Expansion*
● Climate-Resilient and Smart Urban Water Infrastructure

Mongolia, \$15 million
● Tavan Bogd COVID-19 Wheat Supply Chain Liquidity Support*
● Gender Inclusive Dairy Value Chain (2019)

Viet Nam, \$75 million
● B.Grimm Viet Nam Solar Power
● Gulf Solar Power
● Mekong Enterprise Fund IV L.P.
● Imexpharm COVID-19 Generic Pharmaceutical*
● Binh Duong Water Treatment Expansion

Indonesia, \$15 million
● Dairy Farmer Support and Food Security*

Thailand, \$58 million
● Green Loan for Renewable Energy and Electric Vehicle Charging Network
● Southern Thailand Wind Power and Battery Energy Storage

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* COVID-19 Response Project

Results Expected from Projects Committed in 2020

Antiviral
medications
distributed
40.3 million

New PPE
distributed
40 million

Pharmaceutical
products
manufactured
11.8 million

Power delivered
12,665 GWh

CO₂ emissions
reduced
7.2 million tCO₂e

Energy generation
capacity
4,068 MW

Employment
12,775

MSME beneficiaries
46,317

Women benefiting
from financial
services
184,849

Farmers reached
49,841

Water supply
produced
134.9 million m³

Water supply
capacity
500,000 m³/day

Wastewater
treated
40 million m³

Wastewater treatment
capacity
200,000 m³/day

People with access
to water and
sanitation
2 million

Households with
access to water
and sanitation
81,561

CO₂ = carbon dioxide; GWh = gigawatt-hour; m³ = cubic meter; MSME = micro, small, and medium-sized enterprise; MW = megawatt; PPE = personal protective equipment; tCO₂e = tons of carbon dioxide equivalent.

Source: ADB (Private Sector Operations Department).

Results Delivered from PSOD's Active Portfolio, as of 2020

Antiviral
medications
distributed

283.9 million

New PPE
distributed

19.2 million

Power delivered

65,095 GWh

CO₂ emissions
reduced

36.3 million tCO₂e

Energy generation
capacity

21,703 MW

Power transmission
lines installed

2,433.5 km

Households with
access to electricity

234,215

Employment

514,744

Female
Employment

110,011

MSME beneficiaries

27.3 million

Women-owned
MSME
beneficiaries

22.1 million

Farmers reached

10.8 million

Water supply
produced

820 million m³

Water supply
capacity

2.4 million m³/day

Wastewater
treated

767.9 million m³

Wastewater treatment
capacity

1.2 million m³/day

Households with
access to potable
water

825,114

Patients
served

1.6 million

Telecom towers
built

8,668

Telecom subscribers
reached

11.9 million

People trained

321,345

Women trained

253,666

Students
reached

9,248

Government
revenues

\$2,023.6 million

Domestic
purchases

\$9,199.2 million

CO₂ = carbon dioxide; GWh = gigawatt-hour; km = kilometer; m³ = cubic meter; MSME = micro, small, and medium-sized enterprise; MW = megawatt; PPE = personal protective equipment; tCO₂e = tons of carbon dioxide equivalent.

Source: ADB (Private Sector Operations Department).

▲ **Support for agribusiness.** Agribusinesses affected by the pandemic, including Pran Dairy Limited of Bangladesh, are receiving working capital to sustain their operations and keep payments going to workers and farmers (photo by Pran Dairy Limited).

INTRODUCTION

In 2020, the Asian Development Bank (ADB) estimated that Asia and the Pacific's gross domestic product (GDP) contracted for the first time in nearly 6 decades as the coronavirus disease (COVID-19) pandemic deeply undercut growth. The downturn followed tough measures imposed by governments to contain the spread of the virus, which reduced mobility and curtailed business activity. As a result, demand for trade dropped steeply and travel restrictions hit tourism hard. Remittances, a key source of income for many countries in the region, fell by \$54.3 billion from the prior year as millions of migrant workers lost their jobs or had their incomes slashed.

Meanwhile, many micro, small, and medium-sized enterprises (MSMEs) and informal businesses, which employ more than 70% of all workers in the region, saw their operations crippled and revenues plummet.

Overall, ADB estimates that Asia and the Pacific will lose up to 167 million jobs from the pandemic in the immediate term, seven times the number lost during the 2008–2009 global financial crisis.¹ In addition, an extra 162 million people are now estimated to be living below the poverty line of \$3.20 a day and a further 78 million are living in extreme poverty with income of less than \$1.90 a day, undoing the poverty reduction gains of the past 3 to 4 years.²

¹ ADB. 2021. *ADB Annual Report 2020*. Manila. <https://www.adb.org/documents/adb-annual-report-2020>.

² ADB. 2020. *Asian Development Outlook 2020 Update*. Manila. <https://www.adb.org/publications/asian-development-outlook-2020-update>.

ADB now estimates that developing Asia will see GDP growth rebound to 7.3% in 2021 but renewed COVID-19 outbreaks still pose a threat to the recovery.³ As the largest contributor to economic growth in Asia and the Pacific and the main source of jobs, the private sector will need to work with stakeholders to help regain lost ground. The rollout of COVID-19 vaccine programs will see an easing of restrictions on business and travel but uncertainties remain given issues with vaccine allocations and distribution and the emergence of new variant strains of COVID-19.

ADB's Private Sector Operations Department (PSOD) supports the development of the private sector, both through ADB resources, including finance and knowledge, and by raising cofinancing from a wide variety of sources. The onset of COVID-19 saw it adjust its trade-related programs and projects to respond to the immediate needs of financially stressed companies in the agribusiness, energy, health, and financial services sectors.

Of \$16.1 billion committed by ADB for its COVID-19 response operations, \$2.9 billion was allocated for the private sector, with loans and guarantees providing support for trade and supply chains and microfinance borrowers, as well as direct assistance for businesses in need of working capital and liquidity.

In 2020, the Microfinance Risk Participation and Guarantee Program also supported funding needs of microfinance institutions and helped nearly 1.5 million low-income borrowers access micro-loans. Almost 1.4 million of these loans were extended to women borrowers and primarily used for agricultural and rural livelihoods.

With infrastructure, trade, and financing gaps remaining wide across much of the region, PSOD will continue to play an important role in helping developing member countries overcome these challenges by working to improve business conditions, scale up bankable projects, and create the markets needed to support sustainable development and growth. Those interventions have even more impact when ADB leverages its relationships with governments, private sector clients, and financial intermediaries.

³ ADB. 2021. *Asian Development Outlook 2021*. Manila. <https://www.adb.org/publications/asian-development-outlook-2021>.

▲ **Strengthening COVID-19 surveillance.** In Pampanga, Philippines, laboratory equipment from the People's Republic of China, financed with a grant from the Asia Pacific Disaster Response Fund, allows thousands of coronavirus disease (COVID-19) tests to be conducted daily at a testing laboratory set up with ADB assistance (photo by Bases Conversion and Development Authority of the Philippines).

OPERATIONAL OVERVIEW

Operations in 2020 focused heavily on helping developing member countries (DMCs) cope with the impacts of the COVID-19 crisis. At the same time, ADB's Private Sector Operations Department (PSOD) invested in and raised substantial levels of cofinancing for energy, financial institutions, and water and other urban infrastructure and services projects. Equity injections were made in private equity funds and an infrastructure financing platform, that invest in sustainable infrastructure and companies working in priority sectors, such as health and education.

New initiatives included a venture capital facility and the opening of an office in Singapore, while PSOD showed its commitment to innovation with the development of a web-based supply chain mapping tool to help monitor and improve the movement of goods needed to respond to the pandemic.

COVID-19 Response Initiatives

As the ramifications of COVID-19 became apparent in early 2020, ADB declared it a critical corporate priority and PSOD adjusted its project and program resources to support DMC needs.

ADB's trade, supply chain, and microfinance programs, which allow for swift implementation of funds through partner banks, proved to be excellent crisis response tools, with \$2.4 billion in program commitments targeted to respond to COVID-19 impacts. To expand pandemic-related support, ADB approved the reprogramming of \$800 million for the Trade Finance Program and \$260 million for the Microfinance Risk Participation and Guarantee Program, while reallocating funds of \$200 million for the Supply Chain Finance Program.

PSOD's COVID-19 Response Initiatives

A \$300 million expansion for the enhanced Faster Approach to Small Nonsovereign Transactions (FAST) processing framework was also critical to ADB's rapid COVID-19 response, with 13 of 20 nonsovereign COVID-19 transactions approved under the revised FAST envelope between April and the end of December 2020. Under this enhanced system, the processing time from concept clearance to first disbursement for COVID-19 response projects took an average of 3.3 months. By comparison, COVID-19 transactions processed outside FAST took 3.8 months, while non-COVID-19 projects cleared through the standard FAST framework took 12.0 months on average. The FAST framework aims to increase operational efficiency by shortening processing times for smaller private sector transactions.

Among projects committed in 2020, Jointown Pharmaceutical Group Company Limited in the People's Republic of China (PRC) received a loan for working capital needed to procure and distribute vital medications and personal protective

equipment to hospitals and retail pharmacies in Hubei and other provinces in the PRC that were hard hit by the pandemic. ADB committed loans and debt assistance for working capital and liquidity support for other struggling businesses in essential sectors, such as agribusiness, energy, and financial services, to support operations and preserve jobs and livelihoods. In 2020, 15 projects with total investment commitments of \$442 million targeted COVID-19 relief, and 64% of private sector project and program commitments helped DMCs respond to the health and economic impacts of the pandemic.

Projects Committed in 2020

The 38 committed projects—equaling the record set in 2019—spanned 11 DMCs and included 5 regional projects (Figure 1). Investments were earmarked for agribusiness, energy, financial institutions, private equity funds, social sectors, and water and other urban infrastructure and services.

Landmark 2020 investments included the first blue loan to support recycling of waste plastic, the first PSOD investment to establish a large-scale electric vehicle charging network in Thailand, assistance for a major private sector renewable energy project in Uzbekistan, and a loan for the first private sector gas-fired power plant in Afghanistan to be funded by development finance institutions. The number and variety of project commitments in 2020 underscore PSOD's focus on diversifying and expanding its work into challenging sectors and markets, in line with its operational plan.

Project approvals by amount edged up from the year prior to exceed \$1.6 billion in 2020. At 46, the number of projects approved was the highest in 5 years, with energy (clean and conventional), financial institutions, agribusiness, and the social sectors providing the bulk of the share (Figure 2). The finance sector recorded the highest approved amount (\$654.0 million), followed by energy (\$391.6 million), and water and other urban infrastructure and services (\$278.0 million).

Figure 1: Private Sector Projects Committed by Sector, 2020

Source: ADB (Private Sector Operations Department).

▲ **Floating solar panels in Viet Nam.** In 2020, ADB committed investments for 10 nonsovereign solar and wind power projects (photo by ADB).

Figure 2: Private Sector Projects Approved by Sector, 2020

ICT = information and communication technology.
Source: ADB (Private Sector Operations Department).

Agriculture sector approvals reached their highest level in 5 years. At \$193.8 million, they were more than double the 2019 amount. As ADB focused resources on responding to impacts from COVID-19, health project approvals (\$107.4 million) were also at their highest level since 2016 and more than 15 times higher than in 2019.

Projects by Sector and Region, 2016–2020

In 2020, the amount of committed project financing (Figure 3) fell to \$1.4 billion from \$3.0 billion the year prior, as PSOD shifted priorities and supplied smaller-scale financing for liquidity and working capital to private entities. PSOD was able to maintain the number of committed projects at 38 as it supported DMCs' responses to the impacts of COVID-19 and the rollout of infrastructure and services needed to make progress on the Sustainable Development Goals.

As PSOD moves forward with its operational plan, it will become more selective with its choice of projects and will aim to invest the least amount of ADB resources necessary to raise higher levels of commercial cofinancing. Project selections will prioritize development impact and quality of investment over volume.

Infrastructure was the dominant sector with 18 committed projects in energy and water and other urban infrastructure and services, reflecting the critical role it plays in helping the region grow, reduce poverty, and increase resilience to climate change (Figure 4). Investments were earmarked for both clean (10 projects) and conventional energy (4) and upgrades to water and other urban infrastructure and services (4).

Figure 3: Private Sector Projects Committed, 2016–2020 (\$ million)

Source: ADB (Private Sector Operations Department).

Figure 4: Private Sector Projects Committed by Sector, 2016–2020

Source: ADB (Private Sector Operations Department).

Commitments for energy projects in Afghanistan, Bangladesh, and Uzbekistan highlight PSOD's focus on investing in and raising cofinancing for projects in challenging markets with heightened risk and limited access to long-term capital.

Eight projects committed for financial institutions included assistance for pandemic-affected companies to onlend to MSMEs, support to

increase housing finance for women, and lease financing for solar and new-energy bus projects. In addition, equity investments in four private equity funds and an infrastructure financing platform were committed to support the rollout of low-carbon infrastructure and to grow fledgling companies in sectors including agribusiness, education, and health care.

All five agribusiness projects provided critically needed working capital to bolster the operations of enterprises badly affected by the pandemic. The amount of committed assistance in agribusiness was up 88% from 2019, reflecting PSOD's push to expand investments in a sector that plays a crucial role in poverty reduction and food security.

Committed investments for three health projects helped procure and distribute urgently needed medical supplies in the PRC, boosted stocks of generic medicines in Viet Nam, and supported lease financing for badly needed rural hospital equipment in the PRC. The commitment amount of \$105.7 million is more than 15 times higher than in 2019, demonstrating PSOD's drive to grow its social sector investments.

By region, South Asia had 11 committed projects, followed by East Asia and Southeast Asia with 8 each, Central and West Asia with 6, and 5 regional projects (Figure 5). South Asia also had the largest amount of committed assistance in 2020 at \$479.4 million, with support for solar energy companies; agribusinesses; and housing

finance for women in India, which is expected to benefit tens of thousands of women. East Asia followed with \$420.8 million for urban water and sanitation improvements, gas supplies, and critical assistance for health companies to provide urgent medical supplies and equipment needed by rural hospitals.

Southeast Asia's \$147.9 million in commitments included substantial investments in renewable energy and water supply and sanitation, while in Central and West Asia, commitments reached \$79 million with assistance for a major private sector renewable energy project in Uzbekistan and the first green bond in Georgia, which will rehabilitate water supply and sanitation systems in Tbilisi and neighboring areas, resulting in a system capacity increase of at least 61 million cubic meters a year and at least 15,000 new connections. Five committed regional investments, totaling \$278.8 million, are supporting agribusiness, funding sustainable infrastructure assets, helping grow companies in priority sectors, and building up recycling capacity for plastic waste with ADB's first blue loan.

Cofinancing

Cofinancing to support ADB's work is a core tenet of private sector operations, and in 2020, 87% of long-term cofinancing of \$2 billion raised by PSOD came from commercial cofinancing partners (Figure 6). In total, 22 of the 38 project commitments for the year benefited from commercial and official cofinancing.

This support meant ADB was able to raise \$2.1 in long-term cofinancing for every \$1 of its own committed nonsovereign assistance, up from \$1.5 in 2019. This performance keeps ADB on track to meet its Strategy 2030 target of attracting \$2.5 in long-term cofinancing for every \$1 of ADB finance for private sector operations.

Figure 5: Private Sector Projects Committed by Region, 2016–2020

Source: ADB (Private Sector Operations Department).

▲ **Cofinancing for power development.** ADB's role as a direct lender encouraged cofinancing support for Reliance Power Limited's project to develop a generating plant and liquefied natural gas terminal in Bangladesh (photo by ADB).

Figure 6: PSOD Long-Term Cofinancing, 2016–2020
(\$ million)

Source: ADB (Private Sector Operations Department).

Portfolio Overview

Despite difficult economic conditions in 2020, the number of projects in PSOD's active portfolio reached 246, rising 3% year on year for a total of almost \$14.2 billion (Table 1). The largest shares were in Southeast Asia (35.2%), South Asia (30.2%), and East Asia (14.3%). Almost half (47%) of the portfolio involves clients operating in frontier economies.⁴

During 2016–2020, the infrastructure portfolio grew by 74%, agriculture by 71%, and finance by 28% (Table 1). Other transactions, including industry and trade and the social sectors, rose by 41%. Disbursements rose for a third year in a row, reaching \$2.3 billion in 2020, and the disbursement ratio grew to 44% from 39% in 2019.

Table 1: PSOD Nonsovereign Portfolio by Sector, 2016–2020
(\$ million)

Primary Sector	2016	2017	2018	2019	2020
Infrastructure	4,676	5,941	6,752	8,138	8,138
Clean Energy	1,832	2,084	2,382	2,738	2,661
Conventional Energy	1,690	2,682	3,182	3,047	2,903
Water and Other Urban Infrastructure and Services	542	585	733	512	679
Transport	462	421	327	1,274	1,369
Information and Communication Technology	150	170	128	568	525
Agribusiness	270	231	402	382	460
Finance	4,258	4,615	5,216	4,979	5,431
Financial Institutions	3,637	3,935	4,448	4,250	4,548
Private Equity Funds	621	680	768	729	882
Social Sectors	1	–	12	27	87
Health			11	20	85
Education	1	–	–	7	2
Industry and Trade	111	105	98	85	71
Total	9,316	10,893	12,480	13,610	14,186

Source: ADB (Private Sector Operations Department).

⁴ Frontier economies are low-income and lower middle-income countries, excluding India; fragile and conflict-affected situations; and small island developing states.

Private Sector Operations in 2020

OPERATIONAL PRIORITY

PSO ACHIEVEMENT IN 2020

STRATEGY 2030 ALIGNMENT

Private Sector Operations

21%
of ADB operations

ADB’s private sector operations will reach one-third of operations in number by 2024.

Long-Term Cofinancing

\$2.1
in long-term
cofinancing for every
\$1 of own committed
nonsovereign
financing

ADB will increase long-term cofinancing by 2030, with every \$1 financing for its private sector operations matched by \$2.5 of long-term financing.

New and Frontier Markets

58%
of private sector
operations

At least 55% of ADB’s committed private sector operations will be in new sectors or frontier markets by 2024.

Gender Equality

95%
of private sector
operations

At least 75% of ADB’s committed operations will promote gender equality by 2030.

Climate Change

39%
of private sector
operations

At least 75% of ADB’s committed operations will support climate change mitigation and adaptation by 2030.

▲ **Housing beneficiaries in Kolkata, India.** In 2020, ADB committed debt assistance to Aavas Financiers to provide housing loans to low-income borrowers, including 110,000 women (photo by ADB).

OPERATIONAL PRIORITIES

Alignment and Contribution to Strategy 2030

PSOD's new operational plan fully aligns its work with Strategy 2030's seven operational priorities, which aim to achieve ADB's vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. The plan strengthens efforts to address climate change and empower women, and targets more complex, innovative, and smaller-sized projects with investments in core areas such as clean energy, environmental infrastructure, agribusiness, quality health and education services, and finance.

Addressing Remaining Poverty and Reducing Inequalities

In developing Asia, pandemic-related disruptions to agricultural value chains threatened to plunge many smallholder farmers back into extreme hardship. PSOD responded with badly needed working capital to help keep agribusinesses afloat, allowing them to maintain purchases from their farmer suppliers.

The pandemic caused markets to close and smaller traders to cease buying farm products.

◀ **A coffee farmer in Indonesia.** Working capital for agribusinesses like the Olam Group have been crucial for protecting the livelihoods of smallholder farmers across the region (photo by ADB).

A \$93.8 million ADB loan to Singapore-based Olam International Limited will allow it to continue to boost purchases of coffee, cocoa, and other high-value crops from smallholder farmers in Indonesia, Papua New Guinea, and Viet Nam. The project is expected to benefit at least 100,000 smallholder farmers, nearly 30,000 of them women.

Northern Arc Capital Limited is a pioneer of financial inclusion in India, helping microfinance institutions and other inclusive nonbank financial companies raise debt capital and provide loans directly to underserved customer segments. As the pandemic squeezed access to finance, ADB committed debt finance of \$40 million equivalent, giving the company access to long-term (5-year tenor) and stable funding that is not readily available in India. This assistance will allow Northern Arc to both resume lending directly to micro, small, and medium-sized enterprises (MSMEs) and to support nonbank financiers to help MSMEs and micro borrowers, including women, whose incomes and livelihoods have been severely impacted by the pandemic.

Accelerating Progress in Gender Equality

Improving gender equality is a core priority of PSOD's operational plan, and in 2020, 36 of the 38 committed projects had gender considerations in their design (Figure 7). By comparison, only 31 of the 38 projects in 2019 had gender features in their design.

In Armenia, about 130,000 MSMEs employ two-thirds of all salaried workers with many of the businesses owned and/or run by women. Obtaining funding remains difficult with about half of these businesses having no access to commercial finance. In June 2020, ADB committed a \$15 million nonsovereign loan to Armeconombank Open Joint-Stock Company, which will give it resources to expand its lending operations, targeting women and MSMEs in rural areas, where it has a strong footprint. At least 40% of the loan proceeds will go to businesses owned by women and 25% or more will go to enterprises outside the capital Yerevan, where the need is greatest.

Figure 7: Private Sector Projects Committed by Gender Classification, 2016–2020

Source: ADB (Private Sector Operations Department).

India suffers from an acute shortage of homes, particularly affordable ones, and there are limited avenues of finance for home buying especially for low-income borrowers, including women. To support greater access to finance, ADB committed a debt security of \$60 million equivalent to Aavas Financiers Limited. This will give the company the funds it needs to extend housing loans to low-income borrowers,

including 110,000 women, especially in lagging states. Aavas intends to more than double the number of its outstanding housing loans to women by 2028, helping to boost the social status of women and improve their bargaining power within households.

Box 1 highlights the gender benefits of an emergency energy project in the PRC.

◀ **Small business owner in Armenia.**
An ADB loan to Armeconombank Open Joint-Stock Company to finance struggling small businesses will channel at least 40% of the proceeds to enterprises run by women (photo by ADB).

Box 1

Emergency Energy Project Aids Women in the People's Republic of China

On 21 January 2020, the city of Wuhan in the People's Republic of China, home to 11 million people, was effectively shut down as the authorities sought to halt the spread of coronavirus disease (COVID-19). Lunar New Year celebrations were canceled, schools and public facilities closed, and most people were confined to their homes. These actions caused significant challenges, especially for disadvantaged groups, including women who faced increased burdens from caring for children and the elderly, as well as curtailed access to services.

Concerns about the continuity of gas supplies for the city saw the Asian Development Bank (ADB) commit a loan of \$20 million to Wuhan's major gas supplier, China Gas Holdings Limited, to support its short-term working capital needs. This enabled the company's local project units in the city to provide uninterrupted supplies of natural gas and liquefied petroleum gas to households, hospitals, and industrial and commercial users.

In addition to keeping gas supplies flowing, ADB's support allowed China Gas to use its 24-hour online platform and presence as a last-mile service provider to deliver nutritious, market priced food items to households in a timely manner. Having a secure gas supply and food deliveries helped alleviate stresses at home that were felt most keenly by women and children.

With ADB support, the company also conducted a study into the gendered impacts of COVID-19 to ensure women and men receive equitable treatment during the recovery from the pandemic. The information gathered is expected to boost preparedness for similar shocks in future.

▲ **Supporting households during the pandemic.** An ADB loan helped China Gas Holdings Limited maintain gas supplies and deliver nutritious food supplies to burdened residents and disadvantaged groups, including women, in the city of Wuhan (photo by China Gas Holdings Limited).

Source: ADB (Private Sector Operations Department).

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

As ADB works to help the region respond to the worsening impacts of disasters triggered by natural and climate-related hazards, PSOD is playing an increasingly important role in supporting green bond and loan issuances and putting together innovative financing packages to get some large-scale renewable energy projects off the ground.

In 2020, there were 15 projects with committed finance for climate change mitigation and adaptation. This was triple the annual number since 2016 and comprised 39% of the year's total commitments (Figure 8). The projects include 10 clean energy investments, lease financing for new-energy buses in the PRC, an equity investment in an infrastructure financing platform supporting sustainable infrastructure development, and ADB's first independently verified private sector blue loan to expand recycling of waste plastic. Another project in the PRC city of Shenzhen is bringing adaptation benefits by using smart technology to develop urban water and wastewater facilities that absorb and reuse

rainfall and floodwaters, and which will deliver more sustainable and secure water supplies for at least 2 million more people by 2026. These climate-related projects are expected to reduce emissions by 7.2 million tons of carbon dioxide (CO₂) equivalent per year.

Avaada Energy Private Limited is a leading solar developer in India with a pipeline of projects that will contribute to the national government's goal of doubling the country's renewable energy capacity between 2018 and 2030. To help the company maintain momentum for its rollout plans, ADB committed convertible debt of \$7.5 million equivalent and will administer cofinancing of \$7.5 million from Leading Asia's Private Infrastructure Fund. ADB's support, along with assistance from other development institutions, will allow the company to continue its phase 2 projects that will increase solar generating capacity from 666 megawatts (MW) in June 2020 to 2,622 MW by 2023, avoiding 4.9 million tons of CO₂ emissions annually from 2024.

In June 2020, ADB committed a loan of \$13.3 million to Spectra Solar Park Limited to build the first private sector utility-scale solar plant in Bangladesh to be financed by a multilateral institution. The 12-year loan provides long-term finance that is not readily available in Bangladesh for renewable energy development. ADB's participation in the project has helped draw in cofinancing support of \$16.1 million from the Canadian Climate Fund for the Private Sector in Asia II and German development finance institution, DEG. Once complete, the 35 MW grid-connected plant will generate 52.2 gigawatt-hours (GWh) of clean electricity and avoid 33,200 tons of CO₂ emissions annually, helping Bangladesh reduce imports of expensive fossil fuels.

Box 2 outlines how ADB raised finance for a private sector solar project in Uzbekistan.

Figure 8: Private Sector Projects Committed with Climate Financing, 2016–2020

Source: ADB (Private Sector Operations Department).

Box 2

Major Private Sector Solar Project for Uzbekistan

Raising long-term finance for infrastructure projects in markets with limited or no access to such funds remains a significant challenge in many of the developing member countries of the Asian Development Bank (ADB), including Uzbekistan. To overcome this barrier, ADB and other development finance institutions put together a long-term financing package to fund the development, construction, operation, and maintenance of a 100-megawatt grid-connected solar power plant in Uzbekistan's Navoi Region.

ADB signed loans of \$17.5 million with Nur Navoi Solar Foreign Enterprise Limited Liability for the project, including cofinancing from the Canadian Climate Fund for the Private Sector in Asia II, which ADB administers. ADB's loan has a tenor of up to 20 years. Additional finance of up to \$38.8 million is being provided by the International Finance Corporation, while the World Bank has extended a payment guarantee.

As the first major private sector renewables investment in Uzbekistan's history with long-term international financing from development institutions, the project is expected to be a landmark transaction with a significant demonstration effect for private sector participation in the country's energy sector. ADB's presence, including the deployment of concessional finance from the Canadian Climate Fund for the Private Sector in Asia II, improved the project's commercial viability and bankability. The plant will generate at least 258.2 gigawatt-hours of clean energy per year and reduce carbon dioxide emissions by more than 157,500 tons annually by 2023.

▲ **Fields of solar panels.** A long-term loan from ADB paved the way for a financing package that will fund development of a large-scale private sector solar power plant in Uzbekistan (photo by ADB).

Source: ADB (Private Sector Operations Department).

Box 3

First Large-Scale Electric Vehicle Charging Network for Thailand

The transport sector accounts for more than a quarter of Thailand's annual greenhouse gas emissions. To reduce these harmful emissions, the Asian Development Bank (ADB) committed a \$50.4 million equivalent loan to Energy Absolute Public Company Limited, Thailand's largest renewable energy business. The loan will finance operations at two solar and wind energy plants owned by the company and aid its push to establish a comprehensive electric vehicle charging network across the country's major cities. The green loan, with a 3-year tenor, is the first certified climate loan in Thailand and one of the first in Asia. ADB supported the company's first green bond issue in 2019.

Thailand has a long-term goal to become an electric vehicle hub for Southeast Asia and Energy Absolute aims to become a leader in the sector, building at least 3,600 charging stations by 2023.

The project, which is the first investment by ADB's Private Sector Operations Department to develop a large-scale electric vehicle charging network, will establish about 2,800 charging outlets by 2022 that will provide sales of at least 50 gigawatt-hours of electricity a year. This is expected to reduce greenhouse gas emissions by more than 53,200 tons of carbon dioxide equivalent a year by 2022, significantly improving the environment and livability of Thai cities.

ADB's loan is compliant with Green Loan Principles and certification by the Climate Bonds Initiative under the Climate Bonds Standard and Certification Scheme, and will help raise the profile of certified climate loans in Southeast Asia.

▲ **Electric vehicle charging station.** A green loan for an energy project in Thailand is the Private Sector Operations Department's first investment to develop a large-scale electric vehicle charging network (photo by Energy Absolute Public Company Limited).

Source: ADB (Private Sector Operations Department).

Making Cities More Livable

PSOD invests in projects in the energy, transport, and water and other urban infrastructure and services sectors to make urban areas more sustainable, climate-resilient, smart, green, and ultimately more livable. In 2020, PSOD committed funds to support major water and sanitation projects in Georgia, the PRC, and Viet Nam, and to develop a large-scale electric vehicle charging network in Thailand (Box 3).

Building on previous sovereign assistance in Viet Nam, ADB committed an \$8 million loan to Viet Nam's Binh Duong Water Environment Joint Stock Company, ADB's first private sector transaction in the water sector in the Greater Mekong Subregion. It will allow the company to provide additional water capacity of up to 100,000 cubic meters a day at its Tan Hiep treatment plant in Binh Duong Province to meet rising demand from domestic and industrial customers in one of the country's fastest-developing regions.

PSOD developed the project with ADB's Southeast Asia Department under the One ADB approach, enabling the client to transition smoothly from sovereign funding to stand-alone private sector financing. The project has strong potential for replication both in Viet Nam and in other DMCs.

In the PRC, battery-only and plug-in hybrid buses, known as “new-energy” buses, offer a solution to urban pollution and traffic congestion. However, sourcing funds to purchase them is difficult because banks do not usually accept buses as loan collateral. To tackle the problem, ADB is providing a 7-year loan of \$80 million to the PRC's Bank of Communications Financial Leasing Co. Limited—one of the largest financial leasing companies in the country—to fund the leasing of new-energy buses. The loan gives the company long-term financing support not currently available to lease financing firms in the local market. By 2021, the Bank of Communications is expected to have provided lease financing to put 1,600 new-energy buses into operation, saving 338,000 tons of greenhouse gas emissions a year.

Promoting Rural Development and Food Security

The COVID-19 pandemic hit the rural sector hard, undermining businesses and livelihoods throughout the agriculture supply chain. PSOD's work in the sector in 2020 focused on providing agribusinesses with the financial lifelines needed to maintain their operations and protect rural livelihoods and food security.

To safeguard critical wheat supplies in Mongolia, ADB signed a nonsovereign loan of \$15 million to provide liquidity support to Ulaanbaatar Flour Limited Liability Company, the country's leading wheat miller, and Tavan Bogd Foods Limited Liability Company, the country's leading quick service restaurant company. ADB's loans provide the companies with the fast liquidity that they are unable to access in domestic financial markets. The funding was critical to preserve the livelihoods of 4,000 wheat farmers and farm workers, more than 1,200 company employees, and 2,000 sales agents.

▲ **Safeguarding food security.** ADB's provision of liquidity support for Mongolia's leading wheat miller and quick service restaurant chain will help protect jobs and food security in the country (photo by Tavan Bogd Foods Limited Liability Company).

In Bangladesh, ADB committed an emergency working capital loan of \$10 million to Pran Dairy Limited to fund its operations, allowing the company to continue to buy raw milk from its network of 12,000 contract dairy farmers, 3,000 of them women. It also gives Pran Dairy sufficient resources to buy additional milk from 1,200 more farmers, providing an inventory buffer to cope with supply chain disruptions. As well as protecting the livelihoods of workers and farmers, ADB's assistance helps ensure the availability of affordable dairy products, aiding food security.

Strengthening Governance and Institutional Capacity

In 2020, PSOD committed \$1 million from its Technical Assistance Special Fund to conduct corporate governance assessments of companies involved in early and mid-stage equity investments and corporate finance transactions.

The Knowledge and Support Technical Assistance will help up to 10 companies conduct assessments. It will develop better governance action plans for six of these companies, while up to three of them are expected to assess opportunities to improve their gender diversity, and at least four will hold annual nominee director training events.

This important initiative will help ensure that the private companies in which ADB invests adhere to strong governance standards. The work is part of an agreement struck in 2011 with 30 development finance institutions to strengthen private sector governance.

Fostering Regional Cooperation and Integration

The pandemic triggered a major squeeze on the mobility of goods and people across Asia and the Pacific. PSOD used its Trade and Supply Chain Finance Program (TSCFP)⁵ resources and program assistance to help cushion the impacts on the region.

The Trade Finance Program supported 7,178 transactions, valued at \$5.8 billion, with 5,467 of them earmarked to respond to COVID-19 impacts. The Supply Chain Finance Program supported 1,447 transactions valued at \$246 million, including 1,288 for pandemic response.

One of the most important TSCFP initiatives was a facility to purchase lifesaving vaccines and related equipment for DMCs. Logistics problems at the start of the pandemic caused widespread shortages of medical supplies, highlighting the need to improve the efficiency of trade, particularly for temperature-sensitive vaccines. To ensure smooth movement of vaccines and vaccine-related products, ADB made available a \$500 million import facility with AAA guarantees that aims to mitigate payment risks and facilitate the importation of goods.

ADB also committed assistance for regional projects, including working capital for an agribusiness with farmer suppliers in Asia and the Pacific, as well as investments for an infrastructure financing platform, a plastics recycler, and private equity funds investing in companies in India, the People's Republic of China, the Philippines, and Singapore.

⁵ In August 2020, ADB's Trade and Supply Chain Finance Programs announced the merger of their operations. The Trade Finance Program takes bank risk to support cross-border trade, while the Supply Chain Finance Program shares corporate risk with partner financial institutions to support companies, mainly small and medium-sized enterprises, in domestic and cross-border supply chains.

TRADE FINANCE PROGRAM

Total number of transactions

7,178

Total transactions supported

\$5.8 billion

Total commitments

\$2.8 billion

Total cofinancing

\$3.0 billion

SUPPLY CHAIN FINANCE PROGRAM

Total number of transactions

1,447

Total transactions supported

\$246 million

Total commitments

\$84.6 million

Total cofinancing

\$161.7 million

*COVID-19 response initiative

▲ **Pharmaceuticals manufacturing.** ADB is providing Viet Nam's Imexpharm Corporation with working capital to build up its stockpile of generic drugs amid rising demand for medicines caused by the coronavirus disease (COVID-19) pandemic (photo by Imexpharm Corporation).

Sector Focus

An analysis of PSOD's work by sector in 2020 reflects the dominance of responses to COVID-19. All 5 agribusiness projects, all 3 health projects, 4 of 14 energy projects, and 3 of 12 finance projects provided assistance to mitigate the impacts of the pandemic. Elsewhere, sector assistance was committed for energy development and upgrades to water and other urban infrastructure and services, including ADB's first blue loan to support the recycling of plastic waste. Five regional projects included pandemic-related assistance for the agriculture sector, and investments in an infrastructure financing platform and private equity funds that support companies contributing to job growth and women's empowerment.

Social Sectors

As the COVID-19 pandemic strained medical systems to the brink across the region, PSOD focused its social sector assistance on health-related interventions, with commitments

of \$105.7 million, or 7.5% of total project commitments, in 2020. This included working capital support for companies in the PRC (Box 4) and Viet Nam to purchase, manufacture, and distribute drugs and emergency medical supplies, and a loan to help hospitals in underserved areas in the PRC lease medical equipment.

Because of supply chain disruptions caused by the pandemic, Imexpharm Corporation, a leading generic pharmaceuticals maker in Viet Nam, had to stockpile the mostly imported ingredients for its drugs. At the same time, the Government of Viet Nam asked hospitals to increase their inventories of essential drugs to ensure their continued availability during the pandemic. These pressures led to a sudden increase in Imexpharm's financing needs. ADB responded by committing a working capital loan of \$8 million for Imexpharm's operations to ensure an uninterrupted supply of domestically manufactured generic drugs. Generic drugs are crucial in making health care affordable and accessible to all.

Box 4

Support for Urgent Pandemic Needs in the People's Republic of China

In late 2019, a coronavirus outbreak in Wuhan City in Hubei Province, People's Republic of China (PRC) sickened thousands of people. Mounting fatalities and the high transmissibility of the virus, later named COVID-19 by the World Health Organization, prompted the Government of the PRC to impose a range of travel and other restrictions, first in Wuhan City, and then in other areas of Hubei Province and beyond. These measures, along with a sharp spike in demand for drugs and personal protective equipment (PPE), strained supply chains, resulting in shortages for both health workers and the public.

Wuhan-based Jointown Pharmaceutical Group Co. Limited, the fourth-largest pharmaceutical distribution company in the PRC and the only privately owned one in the top five, was one of five entities designated by Hubei Province to procure and distribute medical supplies in response to the pandemic. Jointown controls the country's single largest pharmaceutical distribution center in Wuhan city, along with dozens of others, so it plays a key role in meeting the medical needs of Hubei and other provinces.

As the overwhelming demand for pharmaceutical supplies strained Jointown's finances, ADB responded by committing a 2-year loan of \$18.5 million equivalent in February 2020 to help fund the company's short-term working capital needs. ADB's first private sector assistance to support health security allowed Jointown to successfully distribute urgently needed antiviral drugs, PPE, and other medical supplies to hospitals and retail pharmacies.

This initial support was followed by a loan of \$36.7 million equivalent for further working capital and to fund the construction and expansion of distribution facilities in the provinces of Hainan, Hebei, and Jiangsu. This assistance will increase access to more affordable drugs, medical devices, and PPE for underserved populations in smaller cities and rural areas.

▲ **An assembly line for protective masks.** ADB's support for the People's Republic of China's Jointown Pharmaceutical Group Co. Limited is ensuring vital drugs, personal protective equipment, and other medical supplies are reaching areas badly affected by coronavirus disease (COVID-19) (photo by ADB).

Source: ADB (Private Sector Operations Department).

▲ **Poultry farming support.** ADB debt finance for India's Suguna Foods Private Limited will help support the incomes of 40,000 contract poultry farmers and more than 7,700 employees (photo by ADB).

Agribusiness

Agribusinesses, including production, manufacturing, and services, contribute up to a third of gross domestic product in most ADB developing member countries (DMCs) and play a critical role in poverty reduction and food security. Guided by its operational plan, PSOD is extending its reach in this vital sector. In 2020, all five agribusiness projects targeted providing capital to struggling businesses, enabling them to maintain payments to thousands of workers and vulnerable farmer suppliers.

ADB committed a \$15 million emergency working capital loan to PT Cisarua Mountain Dairy (Cimory), a well-established household food brand in Indonesia. The loan will allow Cimory to sustain its operations, preserving the livelihoods of about 3,300 smallholder dairy farmers, at least 2,100 employees, and more than 1,500 direct sales agents—most of whom are women.

This in turn will support rural livelihoods and gender inclusion and contribute to food security by ensuring continued production and availability of affordable, nutritious dairy products during the pandemic. The project, ADB's first COVID-19 emergency assistance to agribusiness in Indonesia, is part of PSOD's goal of supporting companies that are financially strong, but face temporary liquidity issues because of the pandemic.

False rumors in India that chickens may have been involved in the spread of COVID-19 caused a sharp contraction in demand for poultry, hurting the business of Suguna Foods Private Limited, the largest broiler company in the country. Under its emergency assistance program for companies affected by COVID-19, ADB committed debt finance of \$15 million, giving Suguna Foods working capital to build inventory buffers, retain employees, and make timely payments to contract farmers and suppliers.

▲ **Working capital to safeguard livelihoods.** Indonesia's PT Cisarua Mountain Dairy (Cimory) received an emergency working capital loan that will help protect the livelihoods of thousands of staff, sales agents, and smallholder dairy farmers (photo by Cimory).

This will protect the livelihoods of 40,000 contract poultry farmers and more than 7,700 employees. As one of the largest agribusinesses in India, Suguna Foods plays an important role in the country's overall food security.

Energy

Energy projects made up 31.5% by amount of PSOD's total commitments in 2020. COVID-19 had serious impacts on power companies as they experienced cashflow problems because of delayed payments and struggled to access capital needed to sustain their businesses. Several of PSOD's investments therefore aimed to support energy companies' urgent financing needs to keep their operations running during the pandemic. PSOD also committed long-term finance and raised investment support from commercial sources for solar, wind, and conventional energy projects.

In Armenia, ADB committed a \$20 million loan to Electric Networks of Armenia Closed Joint-Stock Company, the national power distributor, to ease the financial stress caused by delayed payments of electricity bills from customers. The European Bank for Reconstruction and Development provided cofinancing of \$25 million for the project. This assistance provided liquidity unavailable from local commercial banks, without which the company's services could have been severely disrupted with major economic and social consequences. Electric Networks of Armenia is the sole distributor of power and the largest employer in the country.

ADB extended a debt financing facility of \$20.3 million to Azure Power India Private Limited, to partially finance an increase in its working capital needs. The independent solar power producer has been badly affected by payment delays from customers, including state power

distributors, and a slowdown in power demand caused by the country's pandemic-related lockdown. The facility gives it much needed liquidity to continue operating its solar power projects at a time when local commercial banks have become risk-averse and reduced their lending activity.

India's ReNew Power Private Limited is facing similar financing constraints caused by a slowdown in power demand as a result of COVID-19. ADB committed debt financing of \$50.9 million equivalent to the company, in the form of nonconvertible debentures, to partially fund its working capital needs. The company is the largest independent renewable energy company in India and has been a client of ADB since 2014. The assistance will ensure it is able to deliver uninterrupted power supplies to the domestic grid.

Funding large-scale solar power plants entails considerable risk for commercial investors. In Viet Nam, ADB helped overcome those barriers by putting together an innovative financing package for TTC Energy Development Investment Joint Stock Company to develop and operate a 50 megawatt-hour (MWh) photovoltaic solar power plant in Tay Ninh Province. TTC Energy is one of the biggest privately owned conglomerates in Viet Nam and a pioneer in renewable energy development. The package includes an \$11.3 million 17-year tenor direct loan, a 15-year tenor B loan of \$18.9 million from commercial lenders,⁶ and an ADB-administered \$7.6 million loan from Leading Asia's Private Infrastructure Fund.

The financing package with United States dollar-denominated funds makes the project commercially viable. By showing how development risks and challenges in the renewable energy sector in Viet Nam can be overcome through creative financing arrangements, the project is expected to have a positive demonstration effect for future investments in the sector.

Finance

ADB committed finance to help financial service companies continue to meet client needs, particularly, MSMEs, as COVID-19 puts a squeeze on access to finance. Financial leasing companies received support to help industries where accessing bank loans is difficult, while equity funds received capital injections for investments in companies that can drive sustainable development and job creation. Finance commitments totaled \$476.5 million, making up a third of total commitments (\$1.4 billion) in 2020.

In Georgia, the impacts of COVID-19 hit the economy hard with tourism halted, trade disrupted, and remittances temporarily impacted. Credo Bank JSC needed an injection of funds to support the needs of its 308,000 clients, most of them low-income individuals and farm households. With domestic financing scarce, ADB stepped in and committed a loan of \$4 million equivalent, giving Credo resources to onlend to clients to sustain and expand their agriculture activities.

⁶ B loans are funded by commercial banks and other eligible financial institutions with ADB acting as lender of record.

▲ **Agricultural workers in Georgia.** A loan for Georgia's Credo Bank JSC will allow it to extend finance to many low-income rural workers and farm households, whose livelihoods have been badly affected by the pandemic (photo by ADB).

The onset of the COVID-19 crisis caused revenues to slump at Far East Horizon Limited, the third-largest financial leasing company in the PRC. Access to capital also tightened. To give the company the long-term resources it needs to help hospitals in underserved areas, ADB committed a 5-year loan of \$75 million equivalent. The funds will be coursed through a subsidiary, International Far Eastern Leasing Co. Limited, allowing rural county public hospitals to lease modern medical equipment. The target is to expand its client base among rural public hospitals by 25% by 2022. ADB has previously extended assistance to Far East Horizon for health care finance. The new 5-year loan gives the company a stable source of long-term funds that are difficult to obtain locally.

To provide funds for solar power equipment, ADB committed a CNY488 million loan to Citic Financial Leasing Company Limited. The 5-year loan will allow the company to extend long-term lease finance for at least four solar energy projects, and marks ADB's first nonsovereign loan to support clean energy development in the PRC through leasing. It also builds on ADB's previous leasing initiatives in the country to support green transport development. The project aims to add 140 MW of national solar generating capacity by 2022 and reduce 128,000 tons of greenhouse gas emissions a year.

Water and Other Urban Infrastructure and Services

Climate change and urbanization are putting a huge strain on DMCs' water and sanitation resources. In 2020, PSOD committed investments to deliver major upgrades to water and sanitation services in Georgia, the PRC, and Viet Nam, and to support the expansion of a regional plastics recycler.

Since 2015, Asia has become the epicenter of global plastics production, but it also accounts for 80% or more of all plastic waste found in the ocean. To reduce the harmful impacts of plastics on marine environments and promote the circular economy in which waste products

are recycled and reused, ADB committed a \$50 million loan and will administer \$50 million from Leading Asia's Private Infrastructure Fund to help Indorama Ventures Global Services Limited expand the capacity of its plastics recycling plants in India, Indonesia, the Philippines, and Thailand. ADB's first independently verified private sector blue loan showcases its commitment to ocean-friendly investments, while helping position the company as a first mover for a new asset class in the regional loan market. The project is aligned with ADB's Action Plan for Healthy Oceans and Sustainable Blue Economies, which calls for ADB to expand its investments and technical assistance for ocean health and marine economy projects to \$5 billion during 2019–2024.

▲ **Workers at an Indorama Ventures plant sort waste plastic bottles.** ADB is helping Indorama Ventures Global Services Limited scale up its operations in developing Asia to recycle plastic waste recovered from the ocean and other sources (photo by Indorama Ventures).

A \$105.5 million equivalent loan facility to the Shenzhen Water (Group) Co., Limited and Shenzhen Water and Environment Investment Group Co., Limited will finance the development, construction, and operation of urban water and wastewater facilities in the city of Shenzhen and third- and fourth-tier cities in the PRC. The infrastructure will use smart technology to absorb and reuse rainfall and floodwaters and reduce power consumption and water losses, resulting in more sustainable and secure water services for at least 2 million more people in urban areas by 2026. The project is the first joint nonsovereign operation in the PRC undertaken by PSOD and ADB's East Asia Department. It draws on the expertise of both departments, as well as knowledge from ADB's Sustainable Development and Climate Change Department.

Catalyzing Cofinancing

Cofinancing is critical for the success of projects ADB supports, and it uses a wide suite of products to raise resources from commercial and other sources. In 2020, commercial cofinancing totaled \$4.9 billion, contributing to the \$2.1 in long-term cofinancing that ADB raised for every \$1 of its own resources for private sector operations. That exceeded the \$1.5 figure in 2019 and keeps ADB on track to meet its Strategy 2030 target of \$2.5.

B loans are an important tool for raising pooled finance for PSOD's projects. In 2020, ADB committed a \$300 million syndicated B loan facility to China Water Environment Group Limited to rehabilitate polluted lakes and rivers in western PRC through a series of interlinked pollution control subprojects addressing wastewater and sludge treatment, sewage pipelines, and wetland restoration. The loan, which follows an earlier direct ADB loan of \$150 million, was successfully closed in June 2020, despite the

difficult market conditions stemming from COVID-19. The B loan gives the company funds to apply its water and wastewater management expertise to more cities and subprojects. By bringing subprojects together under one syndicated financing facility, ADB helps ensure coordination and cooperation among multiple lenders.

Parallel loans from commercial lenders in tandem with ADB financing have many benefits, including reducing duplication of key tasks, pooling responsibilities, and ultimately creating stronger project outcomes.

Sourcing domestic long-term finance for solar power projects remains difficult in India, and capital conditions were made even worse by the pandemic. In response, ADB committed a 20-year loan of \$62.4 million equivalent to Electro Solaire Private Limited to construct and operate a 200 MW solar power plant in the state of Gujarat. The project was cofinanced with a commercial bank that provided a parallel loan of \$43.6 million. The plant is expected to generate 439 GWh of clean energy a year and avoid emissions of 385,000 tons of CO₂ annually from 2022.

To help tackle Bangladesh's pressing power supply issues, Reliance Power Limited plans to develop a combined cycle gas-fired power plant and an offshore liquefied natural gas (LNG) terminal to import and supply regasified LNG to the national gas network. The company established separate subsidiaries to run the 718 MW power plant and the LNG terminal. To support them, ADB committed loans of \$100 million, and is administering another \$100 million from Leading Asia's Private Infrastructure Fund. ADB's assistance paved the way for the entry of private banks who provided parallel loans. Many of them had never extended finance in Bangladesh before and had concerns about the project's size. By 2021, the project is expected to

increase the amount of electricity produced and delivered to the offtaker to 5,300 GWh a year, avoiding more than 1 million tons of CO₂ emissions annually.

Box 5 shows how ADB put together an innovative financing package for a Viet Nam solar project.

Concessional assistance, when combined with market-based finance, creates blended financial products that reduce risk and increase the bankability of projects by drawing in private investors that might otherwise steer clear.

An ADB-supported wind power plant project in southern Thailand will become the first private sector project in the country to incorporate both large-scale generation and a battery energy storage system. ADB committed a \$7.3 million equivalent loan to Lomligor Company Limited to

build a 1.88 MWh battery energy storage system that will be linked to a 10 MW wind power plant and will feed generated electricity to the grid. As part of its blended finance offering, ADB is administering a \$4.8 million concessional loan provided by the Clean Technology Fund, which was critical in overcoming some of the project's bankability challenges. The success of this project will have a strong demonstration effect, supporting replication. The plant is expected to generate at least 14,870 MWh of electricity and reduce CO₂ emissions by more than 6,300 tons per year.

Green bonds are increasingly important instruments for financing projects with environmental or climate-related benefits. ADB supports the use of these products by acting as an anchor investor and by helping issuers obtain formal green certification for their bonds (Box 6).

▲ **Financing wind power.** Blended financing from ADB and partners helped overcome bankability challenges for an integrated wind power and battery storage project in Southern Thailand (photo by ADB).

Box 5

ADB Financing Deal Clears Path for Viet Nam Solar Project

Sourcing long-term funds for solar power projects in Viet Nam is challenging given constraints in the renewable power purchase agreement in the country. To address these issues and find a solution, B.Grimm Power Public Company Limited held discussions with the Asian Development Bank (ADB) about a potential financing package. B.Grimm is a major Thailand-based private power generation company and is one of ADB's largest private sector clients in the country. As a result of the discussions, ADB put together a partial recourse financing structure that included a direct loan of \$27.9 million and a B loan of \$148.8 million for Phu Yen TTP Joint Stock Company, a subsidiary of B.Grimm, to develop and operate a 257-megawatt solar power plant in Phu Yen Province. Additional cofinancing of up to \$9.3 million from Leading Asia's Private Infrastructure Fund is being administered by ADB. The syndicated loan is the first green B loan in Asia and the Pacific to be certified by the Climate Bonds Initiative.

Despite difficult market conditions in 2020, ADB was able to bring together an innovative financing package that makes the largest single solar power development in the country and one of the largest in Southeast Asia commercially viable. The B loan, funded by six international commercial banks with a tenor of up to 15 years, is one of the largest commercial cofinancing arrangements for a renewable power project in Viet Nam and provides a potential model for future private renewable energy investments projects in the country. The plant will generate 320 gigawatt-hours of electricity a year and avoid 123,000 tons of carbon dioxide annually.

▲ **Renewable energy.** ADB helped put together an innovative financing package to develop Viet Nam's largest single solar power plant and one of the largest in Southeast Asia (photo by B.Grimm Power Public Company Limited).

Source: ADB (Private Sector Operations Department).

Box 6

ADB Supports Georgia's First Green Bond

In 2020, Georgia Global Utilities JSC (GGU), Georgia's largest privately owned utility company and the operator of Tbilisi's water supply and sanitation system, had been looking for capital to renovate aging and dilapidated facilities and to strengthen its own finances. But tight liquidity conditions in capital markets made it difficult to source the necessary funds. To support GGU's needs, the Asian Development Bank (ADB) subscribed to \$17.5 million in bonds as part of a \$250 million green bond issuance by the company. ADB is also administering another \$17.5 million invested by Leading Asia's Private Infrastructure Fund.

The landmark 5-year green bond is the first of its kind in Georgia and in the South Caucasus region. Proceeds will fund improvements to the water network, ensuring 24-hour water supply to the capital city of Tbilisi and neighboring areas. They will also refinance the debt of the company's water and renewable energy assets. (GGU has two main businesses in water and renewable energy.)

ADB's presence as an anchor investor at a time of market uncertainty helped ensure the success of the issuance. The deal provides a benchmark for similar bond issuances in the wider Caucasus region, while raising investor confidence in Georgia for future financing of private sector water and clean energy projects. The bonds comply with International Capital Market Association Green Bond Principles and are listed on the Global Exchange Market of the Irish Stock Exchange.

▲ **Workers at a water treatment plant in Georgia.** ADB's presence as an anchor investor helped ensure the success of Georgia's first green bond issuance to upgrade water facilities in Tbilisi and nearby areas (photo by ADB).

Source: ADB (Private Sector Operations Department).

Other Products and Initiatives

Private Equity Funds

ADB invests in private equity funds which provide capital to companies working in sectors such as agribusiness, clean energy, education, green infrastructure, and health care. By investing in private equity funds, ADB can leverage on its geographic presence and local knowledge of fund managers to broaden access to markets, and diversify risks across companies, industries, and regions.

Given the challenges India's private sector companies face in raising equity and growth capital, ADB approved an equity commitment of \$100 million equivalent in India's National Investment and Infrastructure Fund Limited. The fund sets up and manages the country's first large domestic fund-of-funds platform, NIIF-I, which targets investments in local private equity funds that are channeling growth capital into companies operating in green infrastructure, affordable housing, agribusiness, health care, and education.

ADB's presence in NIIF-I will help catalyze capital support from other international and domestic institutions, which in turn will promote domestic private equity fund managers, improve availability of capital in critical sectors, and assist in the growth of small and medium-sized businesses. This will help drive job creation, increase tax revenue, and catalyze technology transfers. By taking a seat on NIIF-I's advisory board, ADB can provide oversight on governance issues and help ensure that NIIF-I's underlying funds and their investee companies comply with ADB safeguards.

ADB approved an equity commitment of \$20 million in Mekong Enterprise Fund IV Limited Partnership (MEF IV) to support further economic growth

and job creation in Viet Nam, while deepening the country's capital markets. Mekong Capital, one of the most experienced private equity firms in the country, will advise the fund. With a fund size of \$246 million, MEF IV intends to provide growth capital to mid-sized companies in Viet Nam, operating primarily in the consumer, education, financial services, and health care sectors, that need assistance to modernize business practices and improve environmental, social, and governance standards. ADB's investment will help target companies realize their expansion plans, which in turn will support new employment, tax revenue, and skills transfers, and help develop new entrepreneurs. By taking a seat on MEF IV's advisory board, ADB can shape governance and safeguards standards and help the fund incorporate gender inclusiveness in its work.

In the Philippines, ADB committed an equity investment of \$10 million for Navegar II L.P., a major private equity fund. The firm seeks to raise up to \$200 million for investments in middle-market companies in the Philippines and Singapore that have potential for growth and employment creation. Target companies include family-owned and women-operated businesses in industries such as business process outsourcing, information and communication technology, education and health care, and retail and tourism.

OrbiMed Asia Partners IV L.P. is a private equity fund seeking to raise \$650 million for investments in established health care companies in India and the PRC. ADB agreed to support the fund with an equity investment of \$75 million at a time when the COVID-19 pandemic was putting a severe strain on health services and products. OrbiMed Asia IV aims to invest in 15 to 20 health care companies in the two countries in areas including biopharma, medical technology, health care services, diagnostics, and distribution. Targets will include companies operating in large, unserved markets and those developing innovative products or services.

New Venture Financing Initiative

Launched in 2020, the ADB Ventures Financing Partnership Facility is ADB's new venture capital arm providing investment support for early-stage technology companies that can address urgent development problems in emerging Asia and the Pacific. Its goal is to crowd in more than \$1 billion of risk capital to help DMCs achieve the Sustainable Development Goals by 2030.

The first fund, focusing on companies addressing climate change and gender equality, has commitments of \$60 million and has made initial equity investments of \$4 million. It is augmented by a technical assistance program that will provide support through two main channels: ADB Ventures SEED, which offers grants of up to \$200,000 for early-stage companies to validate and commercialize their products and services, giving ADB the option to make future equity investments in the companies;

and ADB Ventures Labs, which offers a suite of corporate innovation programs for start-ups and helps portfolio companies scale and identify investment opportunities.

Inaugural investors in ADB Ventures Investment Fund 1 include Finland's Ministry for Foreign Affairs, the Clean Technology Fund, the Nordic Development Fund, the Korea Venture Investment Corporation, and the Republic of Korea e-Asia and Knowledge Partnership Fund. The ADB Ventures SEED and Labs programs are cofinanced by the Clean Technology Fund, the Asia-Pacific Climate Finance Fund, and the Nordic Development Fund. The Nordic Development Fund, the Clean Technology Fund, and the Government of Australia cofinanced the preparation of ADB Ventures.

ADB Ventures will leverage ADB's operational networks and industry expertise to generate opportunities and it seeks to coinvest with private sector partners.

▲ **Technological solutions.** To support start-ups that can provide technology solutions to sustainable development challenges, ADB's Private Sector Operations Department launched an innovative venture capital facility in 2020 (photo by ADB).

▲ **Singapore's modern urban landscape.** In 2020, ADB committed equity for a Singapore-based infrastructure financing platform investing in low-carbon infrastructure, and for four private equity funds providing capital to companies in Private Sector Operations Department priority sectors (photo by ADB).

Expanding Strategic Collaboration

The opening of ADB's new office in Singapore in March 2020 was an important new initiative. As a financial hub, Singapore's private and public sector ecosystems will help ADB mobilize investments and bring the latest technologies and management skills to development projects across Asia and the Pacific. The new office allows ADB to work more closely with stakeholders, including key investors and sponsors, leveraging the bank's strengths in infrastructure and innovation to support DMCs.

In its first investment in a Singapore entity following the opening of the office, ADB committed equity of \$50 million in Clifford Capital Holdings Pte. Limited and will administer a further \$45 million in equity from Leading Asia's Private Infrastructure Fund. These financial injections, which give ADB a seat on the board of Clifford Capital Holdings, will help the company expand investments in sustainable, green infrastructure assets across the region, supporting its goal to invest at least \$1.4 billion in low-carbon infrastructure by 2025. Clifford Capital Holdings is one of Asia's leading infrastructure financing platforms and ADB is its first multilateral partner.

Box 7

ADB Raises Cofinancing for Landmark Afghanistan Power Plant

In 2020, the Asian Development Bank (ADB) signed loans for the first private sector gas-fired power plant in Afghanistan to be funded by development finance institutions. The plant, which will be located near Mazar-i-Sharif in northern Afghanistan, is a major ADB private sector investment in a country classified as experiencing fragile and conflict-affected situations.

ADB committed a \$10 million loan to Afghan Power Plant Company Limited and will administer another \$10 million from Leading Asia's Private Infrastructure Fund. The German development finance institution DEG and the International Finance Corporation will provide additional cofinancing. The funds will allow the company to build, operate, and maintain a 58.56-megawatt gas-fired power plant that will generate at least 404 gigawatt-hours of power annually by 2023. By using domestically sourced gas, the project will reduce the country's overreliance on imported power.

Financial constraints remain a major issue for project funding in Afghanistan, so ADB's involvement was critical for raising much needed long-term finance. The project is also expected to have a strong demonstration effect, encouraging future private sector investment in the country's energy sector.

Source: ADB (Private Sector Operations Department).

▲ **A Soviet era gas plant.** ADB is helping Afghanistan modernize its gas sector by raising cofinancing to build the country's first private sector gas-fired power plant funded by development finance institutions (photo by ADB).

Widening Geographic Coverage

Under its new operational plan, PSOD seeks to extend the reach of its work to cover more economies, including those in fragile and conflict-affected situations (Box 7). These economies struggle to find finance for development because of real or perceived investment risk.

Delivering Knowledge Support

The Trade and Supply Chain Finance Program (TSCFP) used a broad range of knowledge activities to promote increased trade and offset the effects of the COVID-19 pandemic in 2020.

They included development of an innovative online tool to ease supply chain congestion that was hampering the movement of medical supplies and the use of blockchain technology to make trade transactions more efficient. PSOD held many online courses and webinars on topics such as managing COVID-19 trade finance risks, and continued an ongoing gender initiative that is helping 19 partner banks attract, promote, and retain more women.

Interactive Supply Chain Mapping Tool

Early in the COVID-19 outbreak, TSCFP staff wanted to use their banking contacts to speed up the movement of critical medical supplies along supply chains. They discovered, however, that even the banks had no clear picture of which companies were involved in the supply lines. In response, the TSCFP developed a web-based interactive mapping tool in May 2020 to allow governments, banks, investors, health care professionals, and companies to trace every component in products, such as masks and ventilators, down to the metal and rubber that goes into each item.

The tool is available free of charge and has a database of about 25,000 companies involved in supply chains around the world. Within months, major global banks, governments, international organizations, and individual companies had made about 10,000 visits to the site, using it to search for opportunities or offset problems within global supply chains. For example, Hong Kong, China-based trading firm Green Anchor Group Limited used the tool to track down the makers of machines producing personal protective equipment that could be bought by its European clients.

As demands from users expanded, so too has the mapping tool. From an initial 7 products, it now maps about 33, including supply chains for vaccines and equipment needed to keep them cold in transit to where they are needed.

First Pilot Blockchain Transaction

Trade transactions typically involve multiple exchanges of documents, which even in non-pandemic times is a drag on global trade. In a bid to push the digitization of trade transactions and cut down on paperwork, the TSCFP executed the first pilot trade finance transaction using distributed ledger technology (blockchain) by a multilateral development bank in August 2020. This transaction is a major step forward in digitizing the trade process.

Digital Standards Initiative

A lack of standards and use of different technologies among multiple players in the trade system causes inefficiencies and lost opportunities. The TSCFP has been working with governments and the International Chamber of Commerce to create digital standards and protocols for trade, including launching the Digital Standards Initiative. This will improve connectivity between financial technology platforms and the many players in the trade ecosystem. The TSCFP is also promoting the adoption of the Legal Entity Identifier, a unique global identifier for legal entities participating in financial transactions to clearly identify companies and other players involved in trade.

▲ Construction site staff in Bangladesh. Steps being taken to improve project selectivity and monitoring will strengthen the development impacts of PSOD's work (photo by ADB).

STRENGTHENING DEVELOPMENT EFFECTIVENESS

As PSOD moves forward with its operational plan, it is taking steps to ensure that its work is fully aligned with Strategy 2030, which states that development impact should be the key objective for nonsovereign operations. As such, PSOD has begun to implement a program aimed at enhancing the development effectiveness of nonsovereign operations. The program includes the introduction of a system to improve project selectivity in line with Strategy 2030 and strengthening of the monitoring of projects under implementation to better ensure achievement of development results. These two ongoing initiatives that support the execution of PSOD's development impact mandate are described further in the following paragraphs.

Ex-Ante Development Impact Framework Initiative

To strengthen alignment of nonsovereign operations with corporate priorities and enhance project selectivity, PSOD has developed an ex-ante development impact framework to assess projects at entry. The framework is part of an end-to-end system that includes results monitoring of projects under implementation and ex-post evaluation of projects at early operating maturity. It is aligned with the project ex-post evaluation framework and supports the implementation of the portfolio approach by enabling assessment of trade-offs among development impact, risks to development results, and contributions to ADB financial sustainability.

The ex-ante development impact framework is being piloted, with projects submitting preliminary concept review forms beginning in January 2021. PSOD will review the experiences of the pilot during the last quarter of 2021 with a view to mainstreaming the assessment in 2022. The ex-ante assessment is also being applied to projects committed in 2020 and 2019 to enable comparison of results and to develop a representative portfolio.

Monitoring of Development Results

As part of its Corporate Results Framework, 2019–2024, ADB implemented an enhanced methodology for measuring and monitoring the performance of its new and ongoing operations. This was developed to support the tracking of ADB’s operational and organizational performance relative to the achievement of expected development results of projects in operation. It highlights the importance of ensuring the projects are well designed, have clear development impacts, and are closely aligned with ADB’s Strategy 2030 priorities.

For nonsovereign operations, PSOD developed the nonsovereign development effectiveness flag process to track and assess the progress of intended development results of its active portfolio. The tool serves as a guide for PSOD’s monitoring of its operations under implementation. The initiative aims to improve the success rates of nonsovereign projects by flagging and prompting measures to address risks to the achievement of intended development results. In 2020, about 90% of active projects had undergone the development effectiveness flag review process. All projects are expected to have completed the process by early 2021.

Post-Completion Evaluation of Transactions

At project completion, PSOD prepares extended annual review reports that evaluate the success of transactions against four criteria: development results achieved, investment profitability, work quality, and additionality. The reports’ findings are validated by ADB’s Independent Evaluation Department.

The extended annual review reports prepared in 2020 cover 31 completed transactions approved during 2017–2020. This is a historic high, and well above the 23 transactions recorded in 2019. Of the 31 projects, 1 was rated *highly successful*, 17 were *successful*, 5 *less than successful*, and 8 *unsuccessful*.

Among the issues that weighed on projects with less than satisfactory ratings were failure to meet key design outputs, development objectives, and safeguards targets; poor corporate governance; and weaker-than-expected business performances and investment profitability. Lessons learned include the need to better assess political risk; improve integrity and corporate governance due diligence; better identify and respond to early warning signals; stagger investments; tie disbursements to milestone achievements; and have detailed exit strategies in place for early-stage companies, particularly technology start-ups.

With many COVID-19 response transactions due for evaluation in 2022 and 2023, the overall number is expected to continue to rise.

Awards Received by ADB, Its Investees, and Transactions

**Indorama Ventures
Regional Blue Loan
Project**
(Regional)

The Asset Triple A
Sustainable Capital Markets
Country and Regional Awards
Deal of the Year—Manufacturing

**Upper Trishuli-1
Hydropower Project**
(Nepal)

The Asset Triple A
Infrastructure Awards 2020
Power Deal of the Year

**AC Energy Green
Bond Project**
(Regional)

The Asset Triple A
Infrastructure Awards 2020
Power Deal of the Year

**Eastern Economic
Corridor
Independent Power
Project**
(Thailand)

The Asset Triple A
Infrastructure Awards 2020
Power Deal of the Year

**Reliance Bangladesh
Liquefied Natural Gas
and Power Project**
(Bangladesh)

PFI Award 2020
2020 Asia Pacific Power
Deal of the Year

**Trade and
Supply Chain
Finance Program**

Global Trade Review
Leaders in Trade 2020
**Best Trade Finance Bank
(South Asia)**

**Trade and
Supply Chain
Finance Program**

International Trade Awards 2020
**Best Multilateral
Development Bank**

**Trade and
Supply Chain
Finance Program**

Global Finance
The Innovators 2020
**Top Innovations—
Trade Finance**

**Trade and
Supply Chain
Finance Program**

Global Finance
Outstanding Crisis
Leadership 2020
Finance and Business

Measuring ADB's Private Sector Operations Contributions to the Sustainable Development Goals

Number of people employed
514,744
MSME beneficiaries
27.3 million

Number of farmers reached
10.8 million
Agricultural production (tons)
449,013

Number of patients served
1.6 million
Antiviral medications distributed
283.9 million
Number of hospitals constructed and/or expanded
12
Number of hospital beds made available
1,698

Number of students reached
9,248

Women-owned MSME beneficiaries
22.1 million
Number of women trained
253,666
Number of women employed
110,011

Households with access to water
825,114
Potable water produced (m³)
820 million
Wastewater treated (m³)
767.9 million

Households with access to energy
234,215
Power delivered (GWh)
65,095

Number of people trained
321,345
Number of people employed
514,744

Number of telecom towers built
8,668
Telecom subscribers reached
11.9 million
Power transmission lines installed (km)
2,433.5

Number of indigenous people employed
1,137

Greenhouse gas emission reduced (tCO₂e)
36.3 million

Government revenues (\$)
2,023.6 million
Domestic purchases (\$)
9,199.2 million

GWh = gigawatt-hour; km = kilometer; m³ = cubic meter; MSME = micro, small, and medium-sized enterprise; MW = megawatt; tCO₂e = tons of carbon dioxide equivalent.
Source: ADB (Private Sector Operations Department).

Private Sector Operations in 2020

Report on Development Effectiveness

The *Private Sector Operations—Report on Development Effectiveness* series reviews the development effectiveness of private sector operations of the Asian Development Bank (ADB) and their contributions to Strategy 2030 and the Sustainable Development Goals. This 11th edition highlights ADB's Private Sector Operations Department's wide-ranging responses to the coronavirus disease (COVID-19) pandemic, as well as its focus on priorities laid out under ADB's Operational Plan for Private Sector Operations, 2019–2024.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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