The economic growth of the People’s Republic of China (PRC) in 2021 was driven by dynamic exports, industrial production, and the improved performance of services and consumption, boosting the labor market and decreasing unemployment to pre-pandemic levels. In March 2021, the National People’s Congress approved the country’s 14th Five-Year Plan, which aims at achieving higher-quality development that is more efficient, equitable, sustainable, and secure by 2025.

The Asian Development Bank (ADB) has been working with the PRC since 1986. In 2021, ADB approved the new country partnership strategy (CPS) for the PRC for 2021–2025 with the overarching goal of supporting the country to achieve high-quality, green development. It focuses on three interrelated strategic priorities: environmentally sustainable development, climate change adaptation and mitigation, and addressing an aging society and health security.

To date, ADB has committed 1,160 public sector loans, grants, and technical assistance totaling $41.3 billion to the PRC. Cumulative loan and grant disbursements to the PRC amount to $34.18 billion. These were financed by regular ordinary capital resources, and other special funds. ADB’s ongoing sovereign portfolio in the PRC includes 83 loans worth $13 billion.1

In 2021, ADB committed $1.62 billion for 10 sovereign loans (excluding cofinancing) and $145 million for 4 nonsovereign loans2 for the PRC. This was supplemented by $9.7 million

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1 Sovereign portfolio consists of loans, grants, equity investment, and sovereign guarantee committed and not financially closed. Regional projects with loans/grants to multiple countries are reported separately.
2 The amount excludes cofinancing, Supply Chain Finance Program, and regional projects with the PRC components.
ADB supported ecological protection and holistic development of the Yangtze River Economic Belt with the commitment of $153.98 million in Hunan province to restore wetland areas and establish flood early warning systems benefiting 523,000 people in Pingjiang county. Another $200.52 million loan was committed to improve agricultural incomes and enhance food security benefiting 422,022 residents. ADB also committed $197.8 million in Henan’s Xichuan county for early warning systems for floods.

ADB reinforced government action on air pollution reduction in the greater Beijing–Tianjin–Hebei region, by committing $151.51 million to boost sustainable financing in renewable energy, clean transport, industrial energy efficiency, and cooling system retrofits. ADB, in partnership with KfW, also supported livable and inclusive cities through integrated information and communication technology with a $200.00 million loan in Shaanxi province.

ADB committed a $146.11 million results-based lending program to create skilled jobs for women as teachers, expand their access to different in-service training, and promote leadership roles for women. ADB also committed a $140.78 million loan to strengthen health care services for the elderly in the Xiangyang municipality of Hubei.

Nonsovereign operations. To assist rural farmers and microentrepreneurs hit hard by the COVID-19 pandemic, ADB provided a $40 million equivalent loan to CD Finance Management Co. Ltd. to expand access to microfinance loans for underserved groups in the rural areas. ADB is also providing a $60 million equivalent nonsovereign loan to Zhujiang Financial Leasing Company Limited to help the PRC’s small and medium-sized enterprises recover from the pandemic.

ADB also supported women’s access to affordable energy through a $50 million equivalent nonsovereign loan to natural gas supplier Henan Tian Lun Gas Group Ltd. At least 8,700 households headed by single mothers will receive supplies of natural gas on favorable payment terms under the project.

Total outstanding balances and undisbursed commitments of ADB’s nonsovereign transactions in the PRC as of 31 December 2021 was $1.84 billion representing 13.08% of ADB’s total private sector portfolio.

Operational challenges. As most ADB operations target the PRC’s less-developed regions, operational challenges persist where overall institutional capacity and policies are weaker, and an increasing number of projects are implemented by the lower level of municipality and county governments that have limited experience with ADB procedures. Such challenges may get aggravated since future ADB operations in the country are required to demonstrate strong innovative features and knowledge spillover potentials and focus more on institutional strengthening rather than traditional investments that emphasize civil works.
KNOWLEDGE WORK

Knowledge is central to ADB’s operations in the PRC, with a focus on enhancing institutional capacity to strengthen service delivery for inclusive and environmentally sustainable development. ADB launched the report on Greening Development in the People’s Republic of China as a side event at the UN Biodiversity Conference (CBD COP15), showcasing the dynamic partnership of the PRC and ADB in environmental protection and ecological conservation. ADB also committed a flagship TA cluster to support the resilient ecological protection and high-quality development goals in the Yellow River Basin.

ADB continued providing policy advice through a $300,000 technical assistance on the alignment of the PRC’s current tax structure with the country’s expenditure needs under a high-quality growth model and through timely observations and suggestions on high-quality development and population aging. ADB also published a brief on the PRC’s response to the COVID-19 pandemic.

FINANCING PARTNERSHIPS

Financing partnerships enable ADB’s partner governments or their agencies, multilateral institutions, and private organizations to participate in ADB projects. The additional funds may be in the form of loans and grants, technical assistance, and nonsovereign cofinancing.

Cumulative cofinancing commitments in the PRC:

- Sovereign cofinancing: $2.89 billion for 38 investment projects and $67.09 million for 118 technical assistance projects since 1987
- Nonsovereign cofinancing: $3.27 billion for 32 investment projects since 1991

In 2021, the PRC received a total of $270.93 million loan cofinancing from the KfW for the Hunan Miluo River Disaster Risk Management and Comprehensive Environment Improvement Project, and Shaanxi Green Intelligent Transport and Logistics Management Demonstration Project.

A summary of projects with cofinancing from 1 January 2017 to 31 December 2021 is available at www.adb.org/countries/prc/cofinancing.

FUTURE DIRECTIONS

Under the current CPS, 2021–2025, ADB is committed to fostering a more focused and multifaceted partnership with the PRC to enable the country to increasingly showcase and help replicate successful development outcomes and innovative models. The evolution of the ADB–PRC partnership requires ADB operations to be more selective and catalytic, focusing on value added through innovative and demonstrative projects. Specific areas of engagement will be determined by ADB’s ability to strengthen policies and institutions, support the generation of regional and global public goods, and disseminate knowledge on the PRC’s development experience and ADB’s learnings from its engagement with the country. Close coordination between sovereign and nonsovereign operations and the One ADB approach will help develop knowledge solutions to the PRC’s complex development issues that can be replicated in ADB’s other DMCs.
ADB AT A GLANCE

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. It has 68 members—of which 49 are from Asia and the Pacific and 19 outside. ADB headquarters is in Manila, Philippines and has 43 offices around the world, with 3,693 staff from 65 of its members as of 31 December 2021.

ADB maximizes the development impact of its assistance to its developing members by providing financing and tailored knowledge solutions through policy dialogue and advisory services, among others. It mobilizes financial resources through cofinancing from official, commercial, and export credit sources.

ADB pivoted swiftly to answer the needs of its developing members and will remain agile and responsive in the years ahead. It has started to see the shoots of a green recovery, but the long-term effects of the COVID-19 pandemic, climate change, and the outbreak of conflicts still threaten lives and prosperity. ADB will continue to work closely with members and development partners through these challenges to achieve a better future for all in Asia and the Pacific.

ADB operations. In 2021, ADB committed $22.8 billion in loans, grants, equity investments, private sector programs, and technical assistance both to the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $12.9 billion.

As of 31 December 2021, ADB’s cumulative commitments in 45 countries stood at $342 billion covering 4,061 loans, $11.7 billion in 521 grants, and $5.2 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses guarantees and equity investments to help its developing member countries.

Total commitments in nonsovereign loans and equity investments from ADB’s own funds in 2021 amounted to $1.2 billion for 35 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2021, ADB mobilized $1.7 billion of long-term project cofinancing and $5.8 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and undisbursed commitments of nonsovereign transactions funded by ADB’s own resources stood at $14 billion as of 31 December 2021.

FINANCING PARTNERSHIPS

Total sovereign and nonsovereign cofinancing commitments, 2021

- $12.93 billion for 187 projects, of which:
  - $12.38 billion, 75 investment projects,
  - $134.67 million, 110 technical assistance projects,
  - $422.87 million transaction advisory services for 2 projects.

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2021

- $140.43 billion for 3,165 projects, of which:
  - $136.6 billion, 1,098 investment projects,
  - $2.8 billion, 2,061 technical assistance projects,
  - $1.07 billion transaction advisory services for 6 projects.

PROCUREMENT

ADB’s Procurement Contracts, 2021

Goods, Works, and Related Services

ADB’s procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations:

- $22.93 billion in 2020
- $15.6 billion in 2021
- $232.16 billion covering 225,336 contracts, cumulative procurement since 1966

Consulting Services

ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations:

- $730.78 million in 2020
- $697.03 million in 2021
- $14.86 billion covering 71,348 contracts, cumulative procurement since 1966

MORE ABOUT THE PEOPLE’S REPUBLIC OF CHINA AND ADB

Shareholding and Voting Power

- Number of shares held: 684,000 (6.43% of total shares)
- Votes: 723,114 (5.44% of total membership, 8.35% of total regional membership)
- *Overall capital subscription: $9.57 billion
- *Paid-in capital subscription: $478.81 million

*United States dollar figures are valued at rate as of 31 December 2021.

Contributions to Special Funds Resources

The People’s Republic of China (PRC) contributes to the Asian Development Fund (ADF) and the Technical Assistance Special Fund (TASF). The ADF provides grants to ADB’s lower-income developing member countries. The TASF provides technical assistance grants to developing member countries to help prepare projects and undertake technical or policy studies. The PRC also contributes to the Asian Development Bank Institute (ADBI).

- Contributions to the ADF (committed): $276.59 million
- Contributions to the TASF (committed): $55.01 million
- Contributions to ADBI (committed): $2 million

ADB Governor: Liu Kun
ADB Alternate Governor: Zou Jiayi
ADB Director: Weihua Liu
ADB Alternate Director: Xia Lyu

Annual Meeting

Shanghai, 35th Annual Meeting, 10–12 May 2002
Beijing, 22nd Annual Meeting, 4–6 May 1989

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Useful ADB websites

- Asian Development Bank
  www.adb.org
- Annual Report
  www.adb.org/documents/series/adb-annual-reports
- Asian Development Outlook
  www.adb.org/publications/series/asian-development-outlook
- ADB Data Library
  data.adb.org

Notes: (i) Figures are estimated by ADB unless otherwise stated. “$” refers to United States dollars. (ii) Data are updated as of 31 December 2021 unless otherwise indicated. (iii) ADB recognizes “China” as the People’s Republic of China.