ADB

October 2018

Work Program and Budget Framework, 2019–2021

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
COL	–	concessional ordinary capital resources lending
CPS	–	country partnership strategy
DMC	–	developing member country
FCAS	–	fragile and conflict-affected situations
GEM	–	gender equity and mainstreaming
ICT	–	information and communication technology
IED	–	Independent Evaluation Department
IT	–	information and technology
OCR	–	ordinary capital resources
PBL	–	policy-based lending
PPP	–	public–private partnership
PSOD	–	Private Sector Operations Department
RBL	–	results-based lending
RCI	–	regional cooperation and integration
SDCC	–	Sustainable Development and Climate Change Department
SDG	–	Sustainable Development Goal
SIDS	–	small island developing states
SME	–	small and medium-sized enterprise
SOE	–	state-owned enterprise
SRP	–	Staff Retirement Plan
STGs	–	sector and thematic groups
TA	–	technical assistance
TASF	–	Technical Assistance Special Fund
TVET	–	technical and vocational education and training
UMIC	–	upper middle-income country
WPBF	–	work program and budget framework

NOTE

In this report, “$” refers to United States dollars.

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EXECUTIVE SUMMARY

The Asian Development Bank (ADB) has adopted a new long-term strategy to 2030—Strategy 2030—that sets the direction for ADB's efforts to respond effectively to the region's changing needs. The Work Program and Budget Framework, 2019–2021 (WPBF) begins the process of reorienting operational resources and immediate internal administrative resources in support of Strategy 2030, covering the first 3 years of its implementation.

The WPBF presents an indicative projection of ADB's operations. The work program is based on the projected sovereign commitments, taking into account strategic alignments and pipelines in the country operations business plans jointly developed by ADB and its developing member countries, as well as the envisaged program for ADB's nonsovereign operations. These projected commitments are used subsequently to estimate the staff resources and administrative budget required to deliver the work program during the 3-year period.

During 2019–2021, ADB's total sovereign and nonsovereign commitments are projected to be $61.8 billion, an increase of 2.3% from the $60.4 billion projected under the previous WPBF, 2018–2020 and almost 25% higher than the actual commitments of $49.5 billion in 2015–2017.

The projected sovereign commitments for 2019–2021 will total $51.7 billion, 18% higher than the actual commitments of $43.9 billion during 2015–2017 (main text, Table 1). Asian Development Fund grants are projected to increase by 37%, concessional ordinary capital resources (OCR) lending by 35%, and regular OCR lending by 14%. Projected sovereign commitments for group A countries are expected to increase by 60% to $6.4 billion. For group B countries, projected commitments are expected to decline by 8% to $15.5 billion, following the reclassification of Sri Lanka and Viet Nam from group B to group C effective 1 January 2019. Projected sovereign commitments for group C countries are expected to increase by 29%.

The projected nonsovereign commitments are $10.1 billion, 78% higher than the actual commitments of $5.7 billion during 2015–2017. The commitments for nonsovereign operations, which were 13.7% of the total regular OCR during 2015–2017, are projected to exceed 20% by 2020, in line with the transitional results framework. Nonsovereign total investment, including long-term cofinancing, will reach $20.4 billion during the WPBF period, an increase of 49% from $13.7 billion in 2015–2017.

Infrastructure financing will remain a priority for ADB operations, accounting for 68% of the projected sovereign commitments in volume and representing an increase of 26% from 2015–2017. For nonsovereign operations, 50%–60% of the commitments will be for infrastructure.

ADB will focus on the seven operational priorities of Strategy 2030, which cut across sectors and themes. These are: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; (iv) making cities more livable; (v) promoting rural development and food security; (vi) strengthening governance and institutional capacity; and (vii) fostering regional cooperation and integration. Cross-sector teams for each of the operational priorities were established to prepare priority operational plans. The One ADB approach will be employed, encouraging collaboration between sovereign and nonsovereign operations, synergy in knowledge activities between operations and non-operations departments, and integrated solutions through collaboration across the sector and thematic groups.

Among others, during the WPBF period, ADB will focus on climate finance with $6.1 billion in commitments, on an annual average basis, up from $2.9 billion in 2015–2017. The share of the number of projects supporting climate change mitigation and adaptation is expected to increase to 51% during 2019–2021 from 45% during 2015–2017(Strategy 2030 target: 75% by 2030). To promote gender equality, ADB projects 68% of its operations by number will include gender elements, an increase from 65% in 2015–2017 (Strategy 2030 target: 75% by 2030).

ADB will expand the number and volume of private sector operations during the WPBF period. The number of transactions is expected to rise from 27 deals in 2017 to 40 deals by 2021, which is equivalent to 27% of ADB operations (Strategy 2030 target: one third of ADB operations by 2024). Private sector operations will be diversified into areas beyond infrastructure, such as agribusiness and social sectors (including health and education).

Private sector operations will also focus on inclusive business and gender mainstreaming, climate change, and corporate governance and integrity, pursuing the dual mandate to achieve development impact and ensure profitability and commercial sustainability. Private sector operations will give more focus than ever on frontier markets, including fragile and conflict-affected situations, small island developing states, and other small and lower middle-income countries, as well as more challenging sectors with a higher development impact.

ADB will continue to be a trusted knowledge institution. It will strengthen its role as a knowledge provider to its developing member countries through tacit knowledge embedded in projects and programs and its knowledge products and services, or explicit knowledge. Knowledge work will be supported through a combination of staff resources, technical assistance or TA (including trust funds), and knowledge partnership with other institutions.

The projected TA commitments are more than $1 billion in 2019–2021—a 12% increase from the actual commitments in 2015–2017. TA operations will be essential to ensuring the quality of project design and preparation, and knowledge services as ADB starts implementing Strategy 2030.

During the WPBF period, ADB will strengthen human resource management to provide the skilled, highly capable, and motivated workforce necessary to meet the goals of Strategy 2030. Human resource reforms, including the new mobility framework and the strengthening of performance management, will reinforce the One ADB approach by enabling effective cross-departmental and functional coordination. The talent pool will be expanded and strengthened through proactive hiring of experts in priority areas.

ADB continues to attach great importance to promoting diversity and inclusion, providing a respectful workplace. ADB will accelerate progress toward its gender targets of 40% women international staff by 2022, through improved recruitment, career management, training, and retention efforts. As a key enabler of Strategy 2030, ADB will invest in the training and development of its staff, fostering a culture of continuous learning, accountability, innovation, and leadership.

A comprehensive review of compensation and benefits will start in 2019 and conclude with recommendations to the Board of Directors at the end of 2020. This review will provide a cohesive framework for managing compensation and benefits.

ADB will align the budget framework with the strategic and institutional priorities of Strategy 2030. The increases in resource requirements during the WPBF period will be largely driven by (i) more staff to support expanding and more complex operations, (ii) greater support for information and technology (IT) reforms and continuing improvements in organizational resilience, and (iii) support for the decentralization of operations.

ADB remains committed to enhancing productivity and efficiency with more flexible use of staffing and budgetary resources, as well as the modernization of business processes.

A net staff increase of 200 is estimated during 2019–2021 (i.e., gross staff requirements of 325 positions less staff optimization of 125 positions). These additional staff reflect (i) overall operations becoming more resource intensive because of ADB's increasing focus on integrated solutions through innovative and multidisciplinary approaches following Strategy 2030, and (ii) expanded and broadened private sector operations (in terms of sectors and geographical coverage). This net staff increase accounts for gains from staff optimization measures, such as flexible position management, and operational efficiency improvements and automation.

ADB will continue to roll out vital IT reforms during the WPBF period through the Real-Time ADB initiative, and the new Digital Agenda special capital expenditure proposal which will be submitted to the Board for approval in the fourth quarter of 2018. The Digital Agenda builds on the progress made under the Real-Time ADB initiative. The new special capital expenditure for the Digital Agenda will continue the digital transformation of ADB through the use of modern and secure IT systems and digital processes to enhance effectiveness, efficiency, and resilience. Data governance will also be strengthened.

IT costs in ADB's internal administrative expenses budget will increase during the WPBF period, largely as a result of the increased use of cloud-based systems and the depreciation of IT-related capital expenditures. In addition to improving resilience, reducing risk, and improving organizational effectiveness, IT reforms are expected to lead to efficiency gains through staffing optimization and savings arising from business process modernization and replacing old technologies with the use of modern, advanced technologies. These reforms will provide increased opportunity for value-adding activity by staff.

ADB's network of field offices and close partnerships on the ground with clients are vital to ADB's mission. During the WPBF period, the role of field offices will be expanded further, beyond country programming to larger roles in project implementation and knowledge management as well as support for ADB's growing nonsovereign operations. Corporate and administrative support for ADB's field offices will continue to be strengthened.

Driven by business requirements, indicative budget growth is expected to be 4.9% in 2019, 5.7% in 2020, and 4.9% in 2021. For the purpose of the WPBF, the indicative budget growth includes estimates for salary growth in 2019 which are the same as those approved by the Board for 2018. At the conclusion of the discussions on the salary paper later in 2018, the figures for 2019 salaries will be updated.

Budget utilization is expected to be stronger in 2018, supported by both more proactive budget management and streamlined staff recruitment processes. During the WPBF period, ADB will continue to provide user departments with institutional support to promote the effective and timely utilization of the approved budget.

Highlights of the Work Program and Budget Framework, 2019–2021

PROJECTED COMMITMENTS 2019–2021

	SOVEREIGN	NONSOVEREIGN
$61.8 billion	$51.7 BILLION	$10.1 BILLION
428 projects	320	108

COMMITMENTS BY OPERATIONAL PRIORITY, 2019–2021
(by number of projects)

Addressing Remaining Poverty and Reducing Inequality
66% sovereign 55% nonsovereign

Accelerating Progress in Gender Equality
75% sovereign 45% nonsovereign

Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability
68% sovereign 50% nonsovereign

Making Cities More Livable
27% sovereign 8% nonsovereign

Promoting Rural Development and Food Security
20% sovereign 13% nonsovereign

Strengthening Governance and Institutional Capacity
89% sovereign

Fostering Regional Cooperation and Integration
28% sovereign 15% nonsovereign

SOVEREIGN COMMITMENTS BY REGION, 2019–2021

ADB ASSISTANCE
compared to 2015–2017

FRAGILE AND CONFLICT-AFFECTED SITUATIONS 35%

SMALL ISLAND DEVELOPING STATES 68%

LOW-INCOME AND LOWER MIDDLE-INCOME COUNTRIES 21%

UPPER MIDDLE-INCOME COUNTRIES 4%

CLIMATE FINANCE $18.4 billion

TECHNICAL ASSISTANCE $1.0 billion

DISBURSEMENTS $47.7 billion

INVESTMENT IN INFRASTRUCTURE 68% of sovereign commitments

BUDGET REQUIREMENTS, 2019

85 NEW STAFF

4.9% increase from 2018 INTERNAL ADMINISTRATIVE BUDGET

I. INTRODUCTION

1. The Work Program and Budget Framework, 2019–2021 (WPBF) covers the first 3 years of the implementation of the new long-term strategy of the Asian Development Bank (ADB): Strategy 2030.[1] The WPBF will support the initial phase of the operationalization of the Strategy 2030. It includes (i) the projected commitments and operational resource plans during the WPBF period; (ii) strategic priorities in line with Strategy 2030; (iii) measures for delivering a stronger, better, and faster ADB; and (iv) indicative staff resources and administrative budget requirements to support the work program.

2. **The nature of the work program and budget framework.** The WPBF presents an indicative projection of ADB's operations. The work program is based on the sovereign commitments taking into account strategic alignments and pipelines of country operations business plans jointly developed by ADB and its developing member countries (DMCs), as well as the envisaged program for ADB's nonsovereign operations. The project and program pipelines, particularly in the second and third years, are indicative and subject to revisions arising from changes in DMCs' priorities and conditions, and project preparation. These projected commitments are subsequently used to estimate the staff resources and administrative budget required to deliver the work program during the 3-year period. The WPBF follows an iterative planning process that involves consultations with the Board of Directors.

II. PROJECTED COMMITMENTS, 2019–2021

3. In assessing country demand, ADB considers the DMCs' priorities and conditions, and keeps in view the following factors: (i) changes in country classification, (ii) past approvals and commitments, (iii) absorptive capacity, (iv) debt sustainability assessments, (v) changes in DMC borrowing policies, and (vi) disaster and crisis response needs. Demand for ADB assistance remains strong, aligned with Strategy 2030 and the global commitments of ADB's DMCs, such as the Sustainable Development Goals (SDG), the related Financing for Development agenda, the Paris Agreement on climate change, and the Sendai Framework for Disaster Risk Reduction.

4. During the WPBF period (2019–2021), ADB's total sovereign and nonsovereign commitments are projected to be $61.8 billion, an increase of 2.3% from the $60.4 billion projected under the previous WPBF, 2018–2020 and about 25% higher than the actual commitments of $49.5 billion in 2015–2017 (Figure 1).

5. The projected sovereign commitments for 2019–2021 total $51.7 billion, 18% higher than the actual commitments of $43.9 billion during 2015–2017 (Table 1). By fund source, the Asian Development Fund (ADF) grants are projected to increase by 37%, concessional ordinary capital resources lending (COL) by 35%, and regular ordinary capital resources (OCR) by 14%. The allocation of regular OCR for sovereign operations is primarily based on DMC demand and ADB's overall financial capacity. The allocation of concessional resources, comprising ADF grants and COL, follows the Concessional Assistance Policy,[2] which provides for performance-based allocations of concessional resources and defines eligibility for ADF grants.[3] Appendix 1 shows the projected commitments by region and country during the WPBF period.

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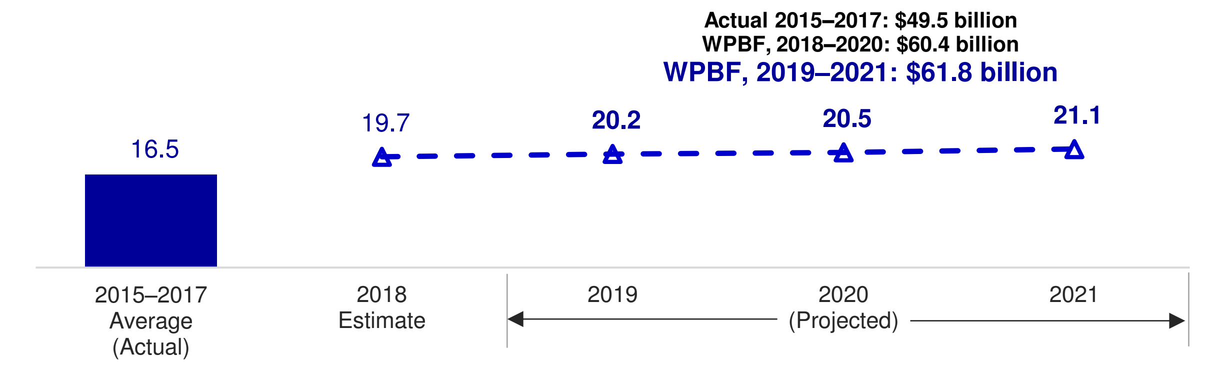
[1] ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

[2] ADB. 2016. *Concessional Assistance Policy*. Manila

[3] The total volume of concessional resources to be delivered during 2017–2020 was principally based on the level of concessional assistance agreed with ADF donors during the ADF 12 replenishment discussions concluded in 2016. The resources for 2019–2021 are indicative and subject to, among others, the available concessional resources, outcome of ADB's country performance assessments, and debt sustainability assessments of the International Monetary Fund and World Bank.

Figure 1: Projected Commitments, 2019–2021
($ billion)



WPBF = work program and budget framework.
Source: Asian Development Bank estimates.

6. The projected nonsovereign commitments are $10.1 billion, 78% higher than the actual commitments of $5.7 billion during 2015–2017. The commitments for nonsovereign operations, which were 13.7% of the total regular OCR during 2015–2017, are projected to exceed 20% by 2020, in line with the transitional results framework.[4]

7. Project cofinancing is projected to reach $34.5 billion during the WPBF period, an increase of 18% from $29.3 billion in actual project cofinancing committed in 2015–2017, based on the new definition of sovereign cofinancing. The new definition focuses on sovereign cofinancing that is necessary to deliver the outcome of a project.[5]

8. Sovereign project cofinancing is projected to be $13.0 billion, a decrease from $14.0 billion in 2015–2017. ADB will undertake several steps to strengthen the management of sovereign cofinancing (para. 59).[6]

9. Nonsovereign project cofinancing, totaling $21.5 billion during the WPBF period, comprises official and commercial cofinancing for private sector operations, both long-term and short-term.[7] The main performance metric for nonsovereign operations will be total investment,[8] which is the sum of ADB's own commitments (less risk transfers) and long-term cofinancing.[9] Nonsovereign total investment is expected to reach $20.4 billion during the WPBF period, which will be an increase of 49% from $13.7 billion in 2015–2017. Strategy 2030 puts emphasis on long-term cofinancing, aiming for a long-term cofinancing ratio of 1:2.5 by 2028–2030. During the WPBF period, the ratio is projected to be 1:1.4. Further efforts will be made to improve this.[10]

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[4] ADB. 2017. *The Asian Development Bank's Transitional Results Framework, 2017–2020*. Manila.

[5] The new definition captures cofinancing necessary to deliver the outcome of the project or program, which has the following features: full or partial administration by ADB, harmonized financial reporting for all sources of financing, joint procurement, joint safeguards that adopts ADB's procurement or safeguards policy, and/or significant participation of ADB in the design of the cofinanced component. The old definition was based on direct value-addition or cofinancing with active coordination and formal agreements among financing partners that bring about defined client benefits, including contractual commitments by ADB.

[6] These criteria are more stringent than the current direct value-added cofinancing.

[7] Short-term cofinancing includes the Trade Finance Program and Supply Chain Finance Program.

[8] ADB. 2018. *Proposal for ADB's New Products and Modalities*. Manila.

[9] Total investment for nonsovereign operations comprises ADB's internal resources (i.e., regular OCR for nonsovereign operations less risk transfers) and long-term cofinancing, which includes parallel loans and equity linked to ADB financing or advisory activities, B loans, uncovered portions of loans guaranteed by ADB, parallel funds, and headroom relief arising out of risk transfer arrangements but excludes short-term cofinancing such as trade finance and supply chain finance.

[10] The target under Strategy 2030 is the ratio of nonsovereign regular OCR commitment less risk transfers to long-term nonsovereign cofinancing to reach 1:2.5 in 2028–2030.

Table 1: Projected Commitments, 2019–2021
($ million)

Operations	Actual Commitment 2015	2016	2017	Total 2015–2017	Projected Commitment 2018	2019	2020	2021	Total 2019–2021
A. Sovereign	**14,552**	**11,510**	**17,810**	**43,872**	**17,015**	**17,058**	**17,094**	**17,540**	**51,692**
ADF Grant [a]	555	481	595	1,632	745	743	743	755	2,240
Concessional OCR [b]	2,570	1,807	2,272	6,649	3,171	2,986	2,986	2,986	8,957
Regular OCR	11,427	9,221	14,943	35,591	13,099	13,330	13,366	13,800	40,496
B. Nonsovereign	**1,632**	**1,750**	**2,287**	**5,669**	**2,700**	**3,150**	**3,400**	**3,560**	**10,110**
Regular OCR	1,632	1,750	2,287	5,669	2,700	3,150	3,400	3,560	10,110
of which, risk transfers [c]	383	141	566	1,089	560	473	510	534	1,517
Regular OCR less risk transfers	1,249	1,610	1,721	4,580	2,140	2,678	2,890	3,026	8,594
C. Subtotal (C = A+B)	**16,184**	**13,260**	**20,097**	**49,541**	**19,715**	**20,208**	**20,494**	**21,100**	**61,802**
Concessional resources	3,125	2,289	2,867	8,281	3,916	3,728	3,728	3,740	11,196
Regular OCR	13,059	10,972	17,230	41,260	15,799	16,480	16,766	17,360	50,606
D. Project Cofinancing	**9,884**	**9,395**	**10,069**	**29,347**	**10,803**	**11,040**	**12,221**	**11,235**	**34,497**
Sovereign (new definition) [d]	6,130	3,743	4,123	13,996	4,403	4,440	5,021	3,585	13,047
Nonsovereign	3,754	5,652	5,946	15,351	6,400	6,600	7,200	7,650	21,450
Short-term [e]	1,462	1,867	2,930	6,258	3,100	3,150	3,200	3,250	9,600
Long-term [f]	2,292	3,785	3,016	9,093	3,300	3,450	4,000	4,400	11,850
Long-term cofinancing ratio [g]	*1.8*	*2.4*	*1.8*	*2.0*	*1.5*	*1.3*	*1.4*	*1.5*	*1.4*
E. Technical Assistance	**259**	**327**	**310**	**896**	**327**	**329**	**335**	**340**	**1,005**
TA Special Fund [a,h]	148	173	192	513	200	191	196	196	583
Other Special Funds	3	8	9	19	9	9	9	9	27
Cofinancing	108	147	109	364	118	130	130	135	395
Trust Funds	63	105	64	233	90	89	90	93	273
Project-specific	45	42	45	132	28	40	40	42	123
F. Total	**26,327**	**22,982**	**30,476**	**79,785**	**30,845**	**31,578**	**33,050**	**32,676**	**97,304**
Memorandum Item									
Sovereign cofinancing (old definition) [i]	6,336	6,224	5,868	18,427	10,200	4,499	5,922	4,946	15,368
Nonsovereign total investments [j]	3,541	5,395	4,737	13,673	5,440	6,128	6,890	7,426	20,444

ADF = Asian Development Fund, OCR = ordinary capital resources, TA = technical assistance.
Note: Numbers may not sum precisely because of rounding.

[a] Projected commitments under the ADF and Technical Assistance Special Fund in 2021 are subject to agreement with ADF donors.
[b] Formerly ADF lending, which was terminated following the combination of ADF lending operations with the OCR balance sheet beginning 1 January 2017.
[c] Refers to transfer arrangements between the Asian Development Bank (ADB) and companies such as reinsurance companies and commercial banks among others whereby a company assumes full or a portion of the risk under the amount of a guarantee or loan provided by ADB.
[d] Sovereign cofinancing is estimated based on a new definition that captures the cofinancing necessary to deliver the outcome of a project, including: full or partial administration by ADB, harmonized financial reporting for all sources of financing, joint procurement, joint safeguards that adopts ADB's procurement or safeguards policy, and/or significant participation of ADB in the design of the cofinanced component. Figures for 2015–2017 were re-estimated retroactively.
[e] Short-term nonsovereign cofinancing includes cofinancing from ADB's revolving funds such as the Trade Finance Program and Supply Chain Finance Program.
[f] Long-term nonsovereign cofinancing includes parallel loans and equity linked to ADB financing or advisory activities, B loans, uncovered portions of loans guaranteed by ADB, parallel funds, and headroom relief arising out of risk-transfer arrangements. It excludes Trade Finance Program and Supply Chain Finance Program.
[g] The long-term cofinancing ratio is a ratio of long-term nonsovereign cofinancing to regular OCR for nonsovereign operations less risk transfers.
[h] Historic figures reported for the Technical Assistance Special Fund include savings and cancellations from previous years and recommitted in the reporting year. During 2019–2021, an annual OCR net income transfer of $80 million is assumed.
[i] Refers to direct value-added cofinancing that involves active coordination and formal agreements among financing partners that bring about defined client benefits.
[j] Refers to the sum of (i) regular OCR for nonsovereign operations less risk transfers, and (ii) long-term nonsovereign cofinancing.
Source: Asian Development Bank estimates.

10. During the WPBF period, group A and group B countries (combined) will account for $21.9 billion or 42% of the sovereign projected commitments, while group C will account for $29.8 billion or 58% (Table 2).[11] Sovereign projected commitments for group A countries are expected to increase by 60% to $6.4 billion during the WPBF period from $4.0 billion in 2015–2017. For group B countries, projected commitments are expected to decline by 8% to $15.5 billion following the reclassification of Sri Lanka and Viet Nam from group B to group C effective 1 January 2019.[12] For group C countries, an increase of 29% in commitments is projected. If Sri Lanka and Viet Nam were to be counted as group B countries during 2019–2021, the projected commitments in group B would increase by 13% and group C countries by 14%. Further, hypothetically, if Sri Lanka and Viet Nam were to remain as group B countries and their lending volume were to stay at the previously projected level under WPBF, 2018–2020, the projected commitments in group B countries would increase by 21% and group C countries by 8%. As Viet Nam moves from group B to group C, and thus will have no access to concessional resources, its borrowing level is projected to be substantially lower.[13]

Table 2: Projected Commitments by Country Group, 2019–2021

($ million)

	Actual 2015–2017		Estimate 2016–2018		Projected 2019–2021					Increase from 2015–2017		Increase from 2016–2018	
Item	**Amount**	**% of Total**	**Amount**	**% of Total**	**ADF**	**COL**	**OCR**	**Total**	**% of Total**	**Amount**	**%**	**Amount**	**%**
A. Sovereign	**43,872**	**89**	**46,335**	**87**	**2,240**	**8,957**	**40,496**	**51,692**	**84**	**7,820**	**18**	**5,357**	**12**
Group A	3,979	8	4,580	9	2,240	4,144		6,384	10	2,404	60	1,803	39
Group B[a]	16,845	34	18,270	34		4,813	10,670	15,483	25	(1,362)	(8)	(2,788)	(15)
Subtotal A and B	***20,824***	***42***	***22,851***	***43***	***2,240***	***8,957***	***10,670***	***21,866***	***35***	***1,042***	***5***	***(985)***	***(4)***
Group C[b]	23,048	47	23,484	44			29,826	29,826	48	6,778	29	6,342	27
B. Nonsovereign	**5,669**	**11**	**6,737**	**13**			**10,110**	**10,110**	**16**	**4,441**	**78**	**3,373**	**50**
Total (A+B)	**49,541**	**100**	**53,072**	**100**	**2,240**	**8,957**	**50,606**	**61,802**	**100**	**12,261**	**25**	**8,730**	**16**
Memorandum Item: Sovereign Operations													
FCAS[c]	2,301	5	3,003	6	839	1,239	1,020	3,098	5	797	35	95	3
SIDS[d]	1,220	2	1,883	4	253	290	1,511	2,055	3	835	68	171	9
LIC and LMIC[e]	35,262	71	37,664	71	1,697	8,666	32,395	42,758	69	7,497	21	5,094	14
UMIC[f]	8,611	17	8,671	16	542	291	8,101	8,934	14	323	4	263	3

( ) = negative, ADF = Asian Development Fund, COL = concessional ordinary capital resources lending, FCAS = fragile and conflict-affected situations, LIC = low-income country, LMIC = lower middle-income country, OCR = ordinary capital resources, SIDS = small island developing states, UMIC = upper middle-income country.

Notes: Sri Lanka and Viet Nam are group B countries until 2018. (ADB. 2017. *Sri Lanka: Review of Classification under ADB's Graduation Policy*. Manila, and ADB. *Viet Nam: Review of Classification under ADB's Graduation Policy*. 2017. Manila.). They are classified group C countries, with total projected commitment of $3.6 billion, during 2019–2021.

[a] Excluding India, which does not have access to concessional resources.

[b] Including India.

[c] The FCAS countries are Afghanistan, the Federated States of Micronesia, Kiribati, the Marshall Islands, Myanmar, Nauru, Papua New Guinea, Solomon Islands, and Tuvalu.

[d] Based on the United Nations' definition, the SIDS are Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, Maldives, the Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

[e] The LICs are Afghanistan and Nepal. The LMICs are Armenia, Bangladesh, Bhutan, Cambodia, the Federated States of Micronesia, Georgia, India, Indonesia, Kiribati, the Kyrgyz Republic, Lao People's Democratic Republic, Mongolia, Myanmar, Pakistan, Papua New Guinea, the Philippines, Solomon Islands, Sri Lanka, Tajikistan, Timor-Leste, Uzbekistan, Vanuatu, and Viet Nam.

[f] The UMICs are Azerbaijan, Cook Islands, Fiji, Kazakhstan, Malaysia, Maldives, the Marshall Islands, Nauru, Palau, People's Republic of China, Samoa, Thailand, Tonga, Turkmenistan, and Tuvalu.

Source: Asian Development Bank estimates.

[11] Group A countries are countries having access to concessional assistance only, while group B counties (excluding India) have access to both concessional and regular OCR assistance. Group C countries have access to regular OCR only.

[12] ADB. 2017. *Sri Lanka: Review of Classification under ADB's Graduation Policy*. Manila, and ADB. *Viet Nam: Review of Classification under ADB's Graduation Policy*. 2017. Manila.

[13] In the WPBF, 2018–2020, additional regular OCR is allocated to Sri Lanka and Viet Nam to compensate for the cessation of concessional resources. However, prior to the preparation of the WPBF, 2019–2021, the Vietnamese authorities indicated limited demand for non-concessional borrowing.

11. To support the differentiated approaches of Strategy 2030 to various groups of countries, the sovereign commitments for DMCs classified as fragile and conflict-affected situations (FCAS)[14] are projected to increase by 35% from 2015–2017, for small island developing states (SIDS) by 68%,[15] for low-income and lower middle-income countries by 21%,[16] and for upper middle-income countries (UMICs) by 4%.[17] Allocations for disaster response and emergencies will be considered on a case-by-case basis. Meanwhile, nonsovereign operations are expected to expand into new and frontier markets, including challenging markets in FCAS countries and SIDS (para. 54).

12. **Modality.** During the WPBF period, investment projects will account for 78% of sovereign commitments, policy-based lending (PBLs) 15%,[18] and results-based lending (RBLs) 7% (Figure 2).[19]

13. **Policy-based lending.** The projected PBL commitments during the WPBF period are within the 20% of sovereign lending, or the PBL ceiling.[20] The projected PBLs using concessional resources at 18% are also within the policy limit of 22.5%. With the global economic conditions becoming increasingly volatile, the headroom for standby PBL of 5% will allow ADB to promptly respond to unforeseen demand for PBL. The projected commitments during the WPBF period exclude countercyclical support facility, which is prepared on an urgent basis to respond to the need for budget support for countercyclical fiscal stimulus packages during an economic crisis.

14. **Results-based lending.** While DMCs continue to show keen interest in RBLs, the operational pipeline presents a constrained demand because the resource allocation ceiling for RBLs was raised from 5% to 10% only in April 2018.[21] Some DMCs may convert the modality of ADB's support from investment projects to RBL during the WPBF period. RBL, which is a performance-based financing modality, is suitable for projects where (i) the country has strong implementation systems and capacity; (ii) there are many small contracts; and (iii) development results are sector-wide, measurable, and can be linked with disbursements of funds.

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[14] The FCAS countries are Afghanistan, the Federated States of Micronesia, Kiribati, the Marshall Islands, Myanmar, Nauru, Papua New Guinea, Solomon Islands, and Tuvalu.

[15] Based on the United Nations' definition, the SIDS are Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, Maldives, the Marshall Islands, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

[16] The low-income countries are Afghanistan and Nepal. The lower middle-income countries are Armenia, Bangladesh, Bhutan, Cambodia, the Federated States of Micronesia, Georgia, India, Indonesia, Kiribati, the Kyrgyz Republic, Lao People's Democratic Republic, Mongolia, Myanmar, Pakistan, Papua New Guinea, the Philippines, Solomon Islands, Sri Lanka, Tajikistan, Timor-Leste, Uzbekistan, Vanuatu, and Viet Nam.

[17] The UMICs are Azerbaijan, Cook Islands, Fiji, Kazakhstan, Malaysia, Maldives, the Marshall Islands, Nauru, Palau, People's Republic of China, Samoa, Thailand, Tonga, Turkmenistan, and Tuvalu.

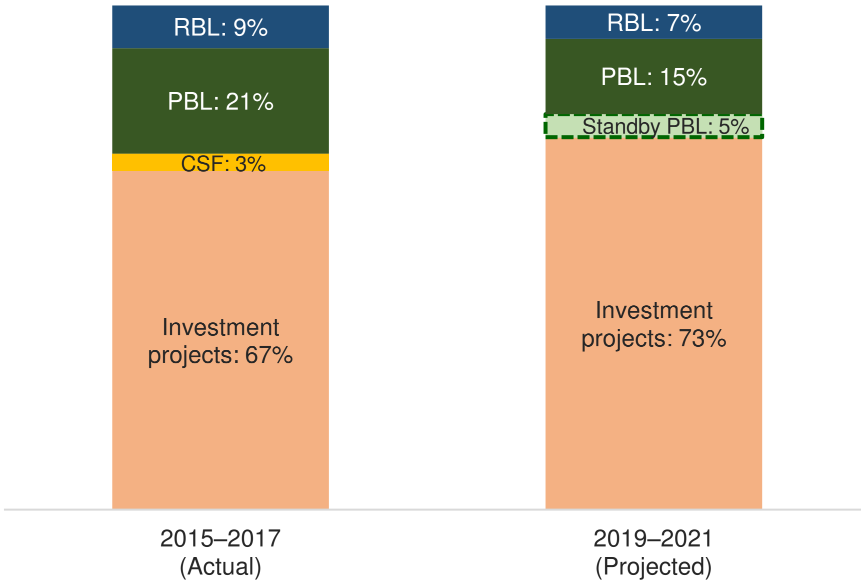
[18] Additional 5% is expected from possible conversion from investment projects to PBL during the WPBF period. While the projected PBL level is within the 20% of sovereign operations (policy ceiling), the demand for PBLs may increase, especially in the event of a DMC experiencing an external economic shock. The PBL pipeline will continue to be closely monitored given their fast-disbursing nature and implications for ADB's sustainable level of lending.

[19] The current RBL pipeline shows a constrained demand given the previous 3-year cap for RBL allocation to 5% of the total resource allocation for the first 3 years of the 6-year pilot period (covering 6 June 2013 to 5 June 2019). This may increase following ADB Board of Directors' approval to increase resource allocation for RBLs to 10% and confirmed during annual country programming exercises with governments.

[20] ADB's PBL policy stipulates ceilings that limit the share of total annual ADF and OCR PBLs to total public sector lending at 20% on a 3-year moving average basis. Further, PBLs financed by concessional resources are subject to a ceiling of 22.5% of total concessional financing on a 3-year moving average basis. Countercyclical support is not counted towards the ceiling on regular PBL.

[21] ADB. 2018. *Piloting Results-Based Lending for Programs: Proposed Increase in Resource Allocation Ceiling*. Manila. ADB increased the resources allocated to RBLs to 10% of the total OCR and ADF resource allocation for the remaining 3 years of the 6-year pilot period (covering 6 June 2013 to 5 June 2019).

Figure 2: Sovereign by Modality, 2015–2017 and 2019–2021
(% of sovereign financing)



CSF = countercyclical support facility, PBL = policy-based lending, RBL = results-based lending.
Notes:
1. The CSF was designed in response to an emergent economic crisis and is therefore not included in 2019–2021.
2. Standby PBL refers to possible conversion from investment projects to PBL.
3. While demand for RBL remains high, the RBL pipeline during 2019–2021 presents a constrained demand given the previous 3-year cap for RBL allocation to 5% of the total resource allocation for the first 3 years of the 6-year pilot period (covering 6 June 2013 to 5 June 2019). Following the Board of Directors' approval to increase resource allocation for RBLs to 10%, the pipeline is expected to reflect higher demand for RBLs when updated during the country programming exercises with governments.
4. The 2019–2021 pipeline is as of 30 June 2018.

Source: Asian Development Bank estimates.

15. **Technical assistance.** ADB will ensure sufficient technical assistance (TA) resources to support operations and knowledge activities under Strategy 2030. During the WPBF period, the projected TA commitments total about $1.0 billion or an annual average of about $335 million—a 12% increase from the actual commitments in 2015–2017. The projected allocation from the Technical Assistance Special Fund (TASF) will increase to $583 million during 2019–2021[22] from $530 million indicated in WPBF, 2018–2020 and $513 million in actual commitments during 2015–2017. Cofinancing for TA is expected at about $395 million, 69% of which are estimated to come from ADB-administered trust funds. Trust funds are an important source of grant resources with specific sector and thematic focus, and thus essential for TA that will promote strategic alignment of operations, delivering quality projects and knowledge outputs.

III. STRATEGIC PRIORITIES, 2019–2021

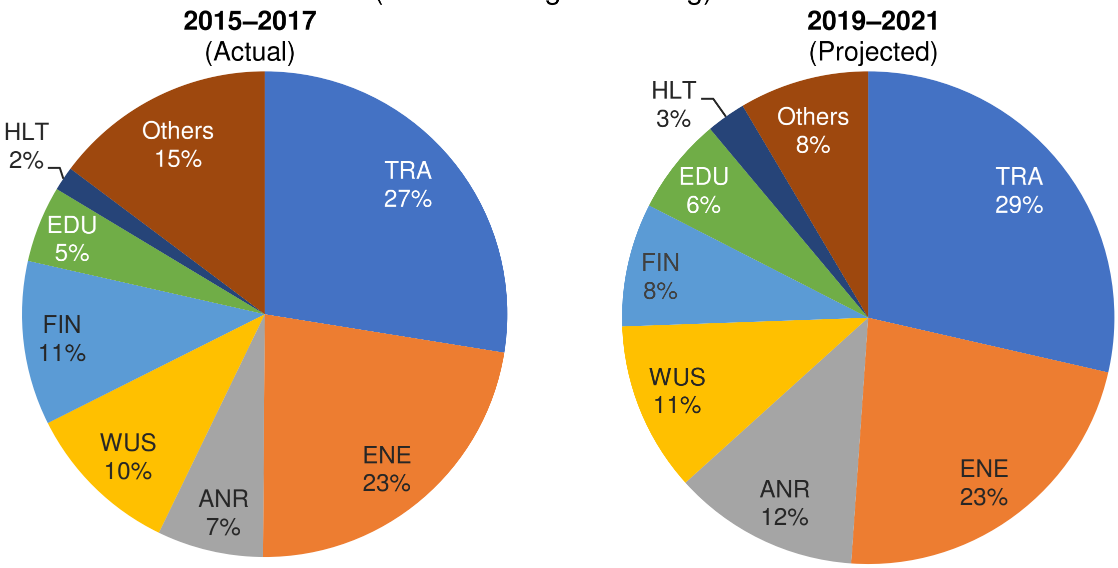
A. Infrastructure

16. Infrastructure financing will remain a priority for ADB operations, accounting for 68% of the projected sovereign commitments in volume and representing an increase of 26% from 2015–2017 (Figure 3). This comprises the following sectors: transport (29%), energy (23%), water and

[22] Including an OCR net income transfer of about $240 million ($80 million annually) compared with $140 million during 2015–2017. The TASF resources for 2019–2021 are indicative and subject to, among others, consultation with ADF donors and ADF 13 replenishment discussion in 2019−2020.

other urban infrastructure and services (11%), irrigation and other rural infrastructure (6%), and information and communication technology or ICT (0.3%). These projected commitments are concentrated in five subsectors: road transport (non-urban), electricity transmission and distribution, urban public transport, rail transport (non-urban), and urban water supply. While the volume share of support for infrastructure will increase, ADB expects to diversify its support into non-infrastructure. In terms of the number of sector operations, the share of support for non-infrastructure will increase from 39% during 2015–2017 to 45% during 2019–2021. The detailed projected sovereign commitments by sector and Strategy 2030 priority areas are in Appendix 2.

Figure 3: Sovereign Commitments by Sector, 2015–2017 and 2019–2030
(% of sovereign financing)



ANR = agriculture and natural resources, EDU = education, ENE = energy, FIN = finance; HLT = health; TRA = transport, WUS = water and other urban infrastructure and services.
Note: Others include information and communication technology, industry and trade, and public sector management; and of which, 3% was in the form of countercyclical support during 2015–2017 not included in 2019–2021.
Source: Asian Development Bank estimates.

17. ADB will promote quality infrastructure investments that are green (environmentally-friendly), sustainable, resilient, and inclusive. This will include (i) urban and non-urban transport projects that enhance connectivity, competitiveness, and access to services at the state, district, and rural levels; (ii) smart cities[23] and waste-to-energy projects that emphasize integrated multisector approaches; and (iii) renewable energy and water resource management projects that address climate change and disaster risk management. Infrastructure financing will include high-level technology such as smart grid technology, smart metering, and energy storage in the energy sector, and remote sensing and satellite technology in the water and irrigation sectors. Some projects with large financing needs, such as urban transport, will use time-sliced multitranche financing facilities and seek cofinancing, while some spatially dispersed multiple location projects, such as access to energy and water resource management projects, will use sector loans and RBLs. In addition, about 42% of TA by number will support infrastructure sectors.

[23] A smart city is a city where technology, infrastructure, and people intersect to provide more efficient and reliable services to citizens.

18. For private sector operations, about 50%–60% of the commitments will be for infrastructure. Renewable energy will remain a focus, but more projects are expected in other sectors such as transport, water, waste management, and ICT.

19. For sovereign operations—following the two largest infrastructure sectors (transport and energy)—agriculture and natural resources will account for 12% of the sovereign projected commitments by volume, and by water and other urban infrastructure and services, 11%. The largest non-infrastructure sector is finance, which accounts for 8%. The shares of education and health are expected to increase to 6% and 3% from 5% and 2%, respectively.

B. Operational Priorities

20. Under Strategy 2030, ADB will focus on seven operational priorities that cut across sectors and themes. The operational priorities replace the Strategy 2020 strategic agenda and drivers of change. ADB will prepare operational plans for each priority and identify its approach, subsector foci and subthemes, skill gaps, resource needs, and relevant operational targets. Each operational plan will be used to guide country programing to further align future pipelines with Strategy 2030. Each sector and thematic group (STG) will identify how it will contribute to the operational priorities. Figure 4 shows the share of projected commitments in sovereign operations by number and volume for each of the seven operational priorities during the WPBF period and 2015–2017.[24] The projected commitments during the WPBF period represent an interim plan toward the full alignment of pipelines with the operational priorities of Strategy 2030.

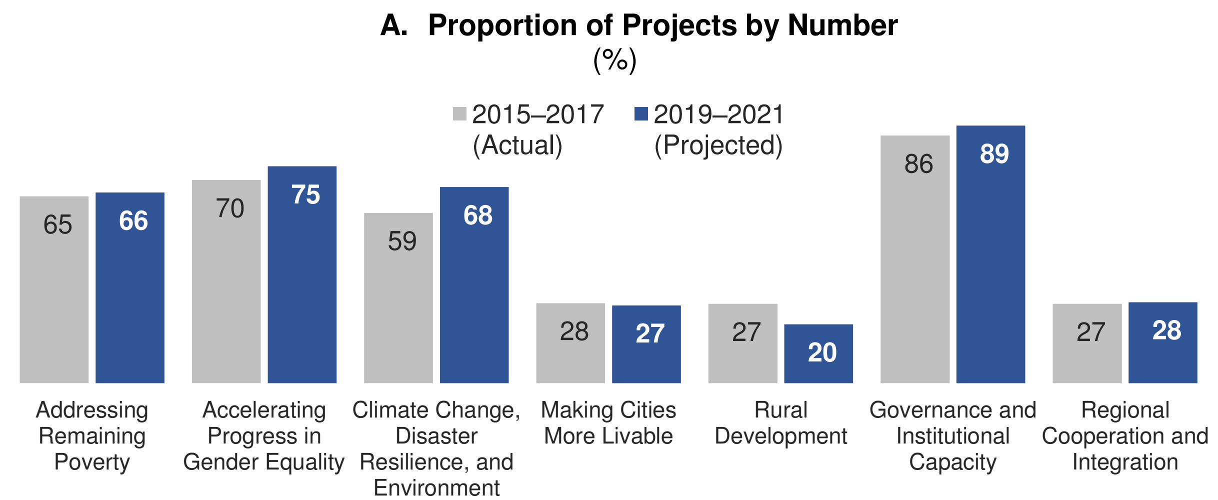
1. Addressing Remaining Poverty and Reducing Inequalities

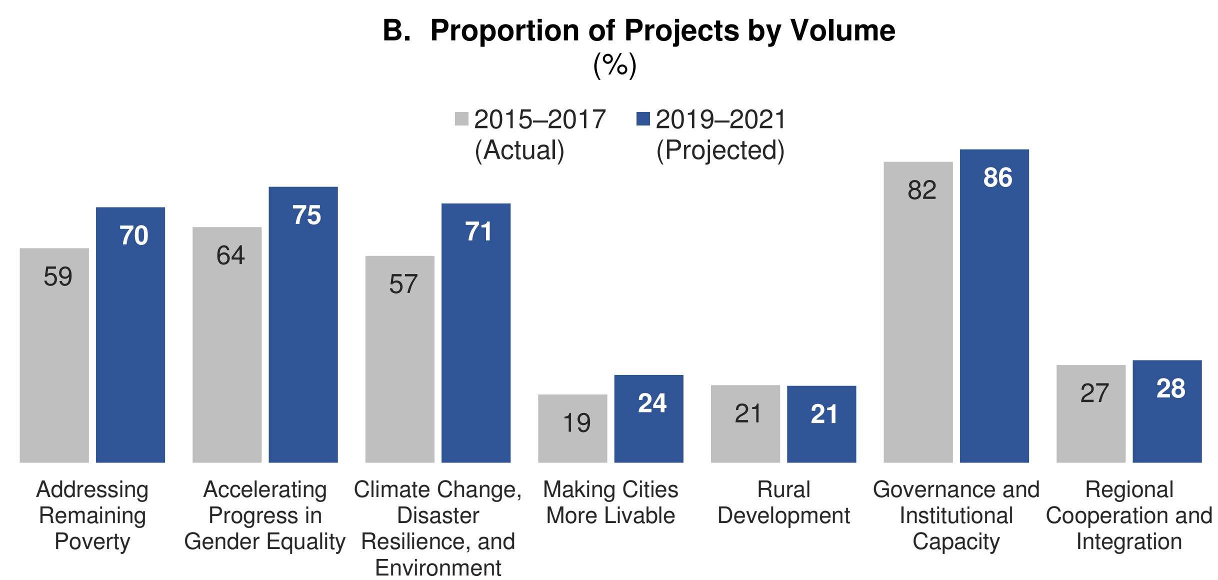
21. Projected commitments addressing poverty and inequalities account for 66% of sovereign operations by number during the WPBF period,[25] a slight increase from 65% in 2015–2017. Private sector operations envisage that 55% of transactions by number and 45% by volume will support this operational priority. Under Strategy 2030, ADB emphasizes enhancing human development and social inclusion, generating quality jobs, improving education and training, achieving better health for all, and ensuring social protection for those in need.

[24] A project may contribute to any or all the Strategy 2030 seven operational priorities subject to meeting the eligibility criteria. Thus, the percentages may sum to more than 100%. The projected commitments for each of the seven operational priorities for sovereign operations in this WPBF were identified following the current project classification system, which was prepared in 2014 (https://www.adb.org/documents/project-classification-system-final-report). Project classification by operational priority may be further refined in the future based on the forthcoming operational priority operational plans and an update of the project classification system.

[25] This includes projects that are expected to generate broader access to economic opportunities such as education, health, water supply, sanitation, other urban infrastructure and services, agriculture, small and medium-sized enterprises (SMEs) finance, and inclusive finance. It also includes social protection projects comprising social assistance, social insurance, and labor market programs.

Figure 4: Sovereign Commitments by Operational Priorities, 2015–2017 and 2019–2021





Note: A project may contribute to any or all the Strategy 2030 seven operational priorities subject to meeting the eligibility criteria. Thus, the percentages may sum to more than 100%.
Source: Asian Development Bank estimates.

22. Education accounts for 8% of projected sovereign commitments by number (compared with 10% during 2015–2017). The education project pipeline includes projects in secondary and tertiary education, and in technical and vocational education and training (TVET). Quality, accessibility, and affordability will be emphasized. To meet the evolving skill needs in industry and enhance the employability of graduates, TVET assistance will emphasize links with industry, small and medium-sized enterprises (SMEs) development, and digital technologies. Among others, Bangladesh, Indonesia, People's Republic of China, and the Philippines have strong education pipelines focused on TVET, and innovation in tertiary education.

23. Health accounts for 4% of projected sovereign commitments by number (compared with 2% during 2015–2017). ADB will support universal health coverage to (i) improve access to basic health care, targeting remote and underserved areas with high poverty incidence; (ii) strengthen

the skills of staff in local health care facilities; and (iii) enhance the quality of health care systems. ADB will invest in a quality health care project in Lao People's Democratic Republic, health services for disadvantaged group in Mongolia, and urban health in India as well as support health sector development programs in Armenia, Pakistan, and Papua New Guinea. With an increasing number of DMCs facing demographic changes, ADB will also support the development of sustainable models for elderly care such as in the People's Republic of China.

24. Social protection—which cuts across sectors, including specific subsectors in education, health, and public sector management—account for 7% of projected sovereign commitments (compared with 6% during 2015–2017). ADB's support will include the expansion of conditional cash transfers and other social assistance programs. Social protection elements will be integrated into projects in education (scholarships, including for girls, and skills training), health (universal health insurance) and water and other urban infrastructure and services (age, gender, and disability-friendly infrastructure). ADB will further support the Benazir Income Support Program in Pakistan, and will also finance skills for competitiveness projects in Cambodia and Tajikistan.

25. All sectors in ADB can contribute to addressing remaining poverty, reducing inequality, and achieving broader social development. ADB will ensure effective design, identify and target beneficiaries, and address key issues such as access, affordability, participation, and quality job creation. Inclusive business, with its focus on impact on SMEs, will remain a strategic area of development of private sector operations. ADB's support will also be extended to pockets of poverty in UMICs, including a city disaster insurance pool and youth school-to-work transition program in the Philippines. Reducing poverty and inequality will be a priority, especially for large countries in South Asia. In addition, about 27% of TA operations by number will support ADB's lending operations in addressing poverty.

2. Accelerating Progress in Gender Equality

26. During the WPBF period, 68% of ADB's sovereign and nonsovereign operations by number will include gender elements,[26] an increase from 65% in 2015–2017 (Figure 5). With nearly half of nonsovereign operations and 75% of sovereign operations having gender elements, ADB is well positioned to achieve the Strategy 2030 target of 75% of ADB's committed operations with gender elements. The share of ADB operations that will support gender equity and mainstreaming (GEM) is projected to rise to 46% from 44% during 2015–2017. Achieving the Strategy 2030 target of 55% for ADB's committed operations supporting GEM by 2030 will require more than one-third of nonsovereign operations to support GEM. With a view of having more nonsovereign operations transactions with GEM, collaboration between the Private Sector Operations Department (PSOD) and the gender equity thematic group will be strengthened; more training on gender will be provided to PSOD staff; and the number of gender specialists in PSOD will be increased.

27. ADB will continue to promote GEM during the preparation of country strategy and pipeline development, and project development. All country partnership strategies (CPSs) will include explicit measures for narrowing gender gaps in respective DMCs.

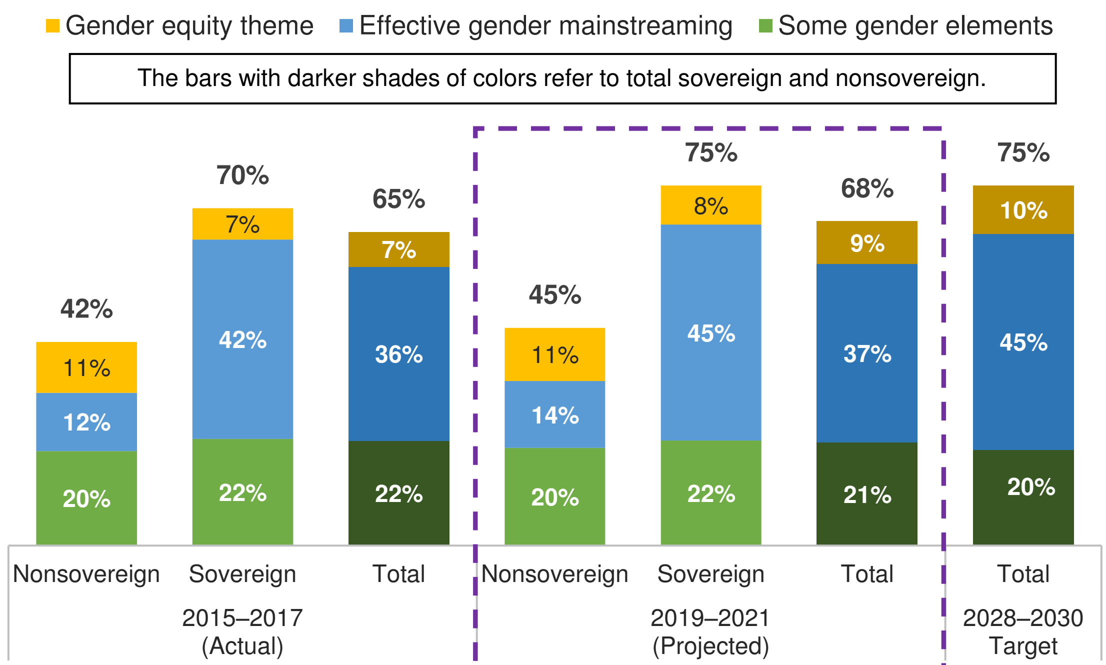
28. ADB will continue to strengthen GEM in the design and implementation of projects and programs. Gender will continue to be mainstreamed in education, health, social protection, financial inclusion, agriculture and natural resources, water supply and sanitation, and urban

[26] Projects with gender elements refer to investments in gender equity, projects involving effective gender mainstreaming, and projects wherein some gender elements are implicit by the nature.

development operations. Additional efforts will be made to identify meaningful opportunities for mainstreaming gender in the more challenging sectors, such as transport, energy, public sector management, SME development, regional cooperation and integration (RCI), climate change, and disaster risk management.

29. Special attention will be given to transformative gender projects by supporting DMCs in implementing and monitoring SDG 5—the stand-alone goal on gender equality and women's empowerment—and its targets (such as access to sexual and reproductive health, and eliminating violence against women and girls. The use of advanced technologies to enhance the safety and mobility of women and their jobs will be explored. With a strong emphasis on results, ADB will continue to monitor rigorously the implementation of projects' gender action plans to ensure the achievement of gender equality outcomes.

Figure 5: Sovereign Commitments Promoting Gender Equality, 2015–2017 and 2019–2021
(Proportion of Projects by Number, %)



Notes:
1. The targets for 2030 include both sovereign and nonsovereign operations.
2. Numbers may not sum precisely because of rounding.
Source: Asian Development Bank estimates.

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

30. ADB will direct 68% of its sovereign operations resources to address climate change, climate and disaster resilience, and environmental sustainability—up from 59% for 2015–2017.[27] Private sector operations expect that 50% of transactions by number and 55% by volume will

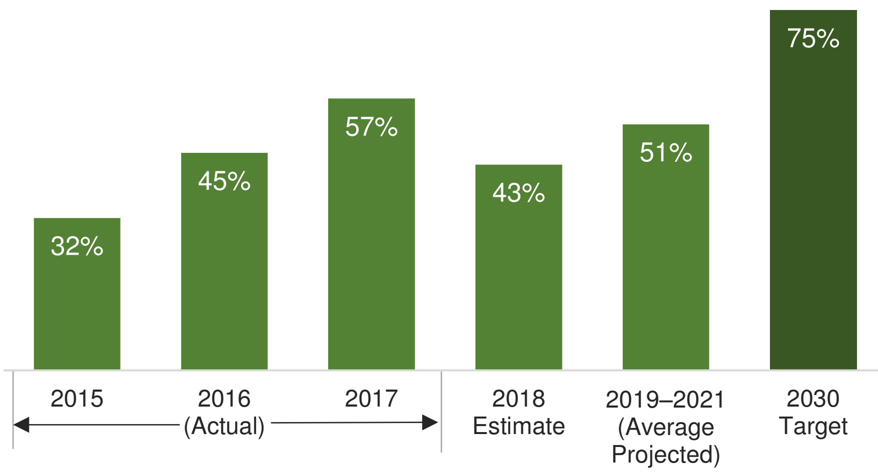
[27] Refers to projects promoting environmentally sustainable growth, which involves shift to low-carbon and climate-resilient interventions, natural resources conservation, and capacity building for environmental policy institutions, among others.

support this operational priority. Renewable energy will continue to be one of the key focus areas for the private sector operations.

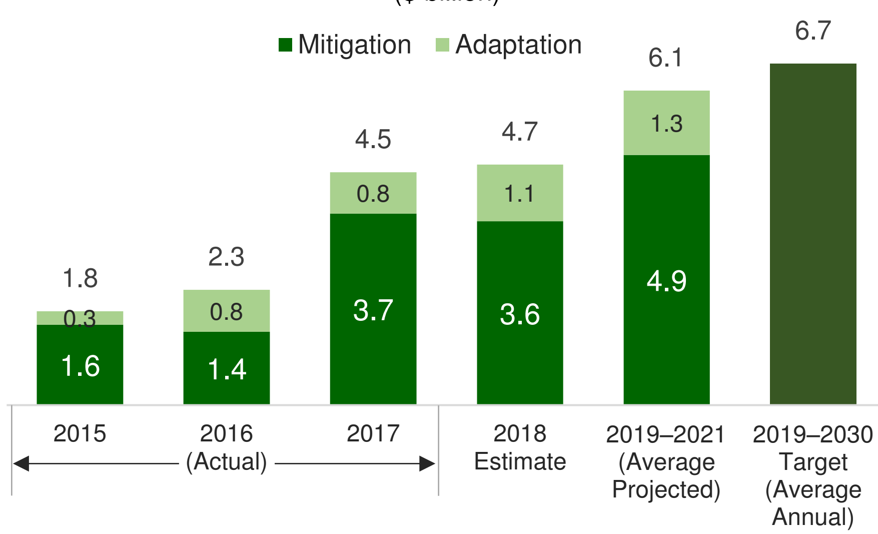
31. The share of the number of projects supporting climate change mitigation and adaptation is expected to increase to 51% during 2019–2021 from 45% during 2015–2017 (Figure 6A). This highlights the shift in ADB's resources toward achieving the Strategy 2030 target of 75% of ADB's commitments operations by number (on a 3-year rolling average, including both sovereign and nonsovereign operations). However, greater efforts are required in both sovereign and nonsovereign operations.[28]

Figure 6: Climate Financing, 2015–2021

A. Climate Operations
(% of Projects by Number)



B. Climate Financing
($ billion)



Note: Under ADB's Strategy 2030, the climate finance target from its own resources is $80 billion cumulatively from 2019 to 2030.
Source: Asian Development Bank estimates.

[28] Typically, only a third of nonsovereign operations support climate change adaptation and mitigation.

32. The climate financing volume in both sovereign and nonsovereign operations ranges from \$4.7 billion to \$7.4 billion annually during the WPBF period, averaging about \$6.1 billion annually (Figure 6B). This indicates that ADB will likely achieve its \$6 billion annual approval target in climate financing by 2020. Climate change mitigation will account for an annual average of \$4.9 billion in commitments during the WPBF period, while adaptation will total \$1.3 billion. Climate change operations will focus on development with low greenhouse gas emissions, green cities,[29] vulnerable segments of economy and people, and regional public goods as a response to DMC's nationally determined contributions in line with the Climate Change Operational Framework, 2017–2030.[30]

33. Climate and disaster resilience operations will strengthen the application of integrated approaches to deploying investments in (i) social protection to enhance livelihoods and skills development targeting poor households, (ii) community-driven development to deliver resilient infrastructure, and (iii) urban governance to improve decentralized services. ADB will operationalize the recently established Asia Pacific Climate Finance Fund for supporting the assessment, development, and provision of financial risk management products that will enhance resilience to the impact of climate change and disasters. ADB will support disaster risk insurance and risk reduction.

34. To support environmental sustainability, ADB will promote sustainable infrastructure, natural capital, and environmental governance. ADB will use ecosystem-based, innovative, and cost-effective approaches (e.g., nature-based solutions, ecosystem-based adaptation, market-based approaches for environmental management, and green business development)[31] in project planning and design. It will also promote, as appropriate, a combination of green and gray (or conventional) infrastructure.[32] Further, ADB will assist judicial and legal reforms to promote environmental justice and help DMCs integrate environment-related SDGs into national and local policies, plans, and programs. ADB will continue to address holistically transboundary, multisector, and interdisciplinary issues, such as air and water pollution and the marine plastic pollution epidemic, by, for example, using integrated ecosystem-based management approaches and promoting sustainable production and consumption patterns. ADB will also continue to uphold environmental and social safeguards in all its projects and programs. In 2019, ADB plans to undertake evaluation of the Safeguards Policy Statement (2009).[33]

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[29] Green cities refer to cities that (i) adopt development that is socially responsible, and environmentally, and economically sustainable; (ii) minimize environmental impact and maximize opportunities to improve and support the natural environment (including restoring and supporting ecosystems functions in urban and peri-urban areas); (iii) are energy efficient, reduce reliance on nonrenewable energy sources, and actively encourage waste reduction and management; (iv) include green and resilient infrastructure, low-carbon transport, and water cycle management; and (v) deliver improved quality of life outcomes for residents.

[30] ADB. 2017. *Climate Change Operational Framework, 2017–2030: Enhanced Actions for Low Greenhouse Gas Emissions and Climate-Resilient Development.* Manila.

[31] Green business broadly refers to any profit-oriented activity that supports environmentally sustainable growth, including production of environmental goods and services and businesses to make products and/or processes more environmentally sustainable.

[32] Green infrastructure refers to natural or semi-natural systems that provide services (such as protection of water resources, soil protection, erosion control, slope stabilization, and coastal protection) that complement, augment, or replace those provided by gray infrastructure. Gray infrastructure refers to constructed or conventionally built structures, such as water treatment plants, sewer systems, and stormwater infrastructure. ADB. Protecting and Investing in Natural Capital in Asia and the Pacific. https://www.adb.org/projects/50159-001/main

[33] This evaluation by ADB's Independent Evaluation Department (IED) will assess (i) the effectiveness of safeguards delivery and implementation, (ii) efficiency of the internal processes and delivery mechanisms, and (iii) the relevance of the Safeguards Policy Statements (2009).

35. ADB will continue to prioritize the water–food–energy security nexus. Climate- and disaster-related priorities for integrated water resources management include support for (i) improving water security, including flood and drought resilience; (ii) increasing water use efficiency and productivity; (iii) promoting water quality management and reuse; and (iv) strengthening cross-sector cooperation for the water–food–energy nexus. In particular, ADB will support the implementation of integrated flood risk management solutions, including basin-scale and nature-based solutions, that strengthen flood resilience and adaptive capacity to climate change, urbanization, and human interventions. In addition, about 31% of TA by number will help promote environmental sustainability.

4. Making Cities More Livable

36. ADB will take a multidisciplinary approach to making cities green, competitive, inclusive, and resilient. During the WPBF period, 27% of sovereign operations by number will contribute to livable cities, a small dip from 28% in 2015–2017.[34] However, the volume share will increase to 24% in 2019–2021 from 19% during 2015–2017, reflecting some large urban transport and other infrastructure projects. Private sector operations plan to include 8% of transactions by number and 10% by volume in support of this operational priority. In addition, about 16% of TA by number will support livable cities.

37. To help cities become more green, competitive, resilient, and inclusive, ADB will incorporate multisector and thematic initiatives. These will include developing the capacities of cities to (i) mobilize adequate resources and innovative financing modalities (finance); (ii) support social programs such as universal health care (health) and technical and vocational education programs for skilled human resource (education); (iii) support the needs of industries and businesses (industry); (iv) promote urban mobility systems (transport); (v) improve accessibility to and within cities, including for vulnerable populations such as older persons, children, and persons with disabilities (social protection); (vi) promote the use of non-motorized transport and low-carbon technologies (climate change); and (vii) incorporate water reuse technologies in wastewater management projects (water and environment). ADB will focus on underserved urban areas and populations with due consideration to coverage, access, and affordability.

38. The design and implementation take into consideration the emerging areas and needs in urban development such as using high-level and innovative technologies, building capacity to strengthen municipal governance, encouraging private sector participation in investment financing, building climate change and disaster risk resilience, and employing partnerships for knowledge development.

39. ADB will also support the preparation of master plans for long-term area and sector development. These plans will focus on integrated multisector solutions, together with policy and regulatory assessments, and identify risks and opportunities for public–private partnerships (PPPs). ADB will help DMCs identify public and private investments, and develop local governments' capacity to plan, coordinate, and implement complex projects involving many stakeholders.

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[34] Comprising urban transport projects; urban water supply, sanitation, and other urban services; and projects in other sectors that have high urban impact.

5. Promoting Rural Development and Food Security

40. ADB will take a multisector and thematic approach to promoting rural development and food security, including farm and nonfarm activities. During the WPBF period, 20% of sovereign operations by number will promote improving market connectivity and agricultural value chain links, increasing agricultural productivity and food security, and enhancing food safety—a drop from 27% during 2015–2017.[35] However, the volume share will remain at 21% during 2019–2021, reflecting investments in large-scale water resource management, irrigation, and rural infrastructure. This includes irrigation projects in Bangladesh, Bhutan, Indonesia, Kazakhstan, Pakistan, and Tajikistan; and water resources development in Afghanistan, Cambodia, and India. ADB will also expand into new and smaller-scale nonfarming activities such as agricultural value chain development. Private sector operations envisage that 13% of transactions by number and 5% by volume will support this operational priority. About 12% of TA by number will support agriculture and rural development.

41. ADB recognizes the important role Fourth Industrial Revolution technologies (e.g., ICT, Internet of Things, drones, satellite imagery, and blockchain) play in improving efficiency and productivity of nonfarm activities and services in rural areas, and thus foster economic growth, generate jobs, and reduce poverty. ADB will support the transformation of rural economies by strengthening links between farm and nonfarm sectors, and urban and rural areas.

42. ADB will strengthen its efforts to (i) increase productivity through improved resource management and climate-resilient practices; (ii) enhance market connectivity and value chain links; and (iii) promote reliable supply of safe, quality, nutritious, and affordable food. It will increase assistance to DMCs to reduce post-harvest losses by constructing new agri-logistics and storage infrastructure and processing facilities in partnership with the private sector. ADB will also help DMCs formulate and implement food safety policies and standards, build quality control facilities such as laboratories, promote the use of ICT for food traceability and tracking, and build large distribution hubs such as wholesale markets. Synergies between different sector operations will be identified, including the promotion of technology- and knowledge-intensive as well as resource-saving agriculture.

6. Strengthening Governance and Institutional Capacity

43. During the WPBF period, 89% of sovereign operations by number will contribute to strengthening governance and institutional capacity, an increase from 86% for 2015–2017. The projected commitments for public sector management will increase to 28% during the WPBF period from 13% of sovereign operations during 2015–2017. Governance and institutional capacity will be primarily supported through sovereign operations.

44. ADB will focus on three key areas. First, ADB will support public management and financial stability. Priority will be given to assisting reforms of state-owned enterprises (SOEs) and improving public expenditure and financial management systems. ADB will also focus on domestic resources mobilization to improve tax collection and business environment. Policy reforms providing incentives for private sector development and PPPs will be supported. Second, ADB will promote the increased use of digital technology in delivering public programs and services, and in improving access to financial services. Lastly, ADB will continue building capacity and strengthening standards to increase the accountability and transparency of public

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[35] Refers to agriculture and natural resources projects, including irrigation, as well as projects in other sectors that have high rural impact.

business processes, including online tax filing, digitization of public records, e-procurement, asset sustainability and cost recovery, and sharing of international best practices in public governance.

45. To strengthen knowledge work and support operations on capacity building for public sector management and good governance, ADB will leverage TA, trust funds (such as the Domestic Resources Mobilization Trust Fund and Governance Cooperation Fund), and knowledge partnerships (such as the Korea Development Institute, Lee Kuan Yew School of Public Policy, Organisation for Economic Co-operation and Development, and the Asia Foundation). About 73% of TA by number will support governance and capacity development, including about 19% in public sector management.

7. Fostering Regional Cooperation and Integration

46. During the WPBF period, ADB will continue to build on the pipeline of sovereign operations supporting regional cooperation and integration (RCI). More efforts will be made to increase RCI activities in nascent areas, including transport and energy, and policy reform that would open up new RCI investment opportunities. By number and volume, ADB's sovereign operations supporting RCI will increase to 28% in 2019–2021 from 27% during 2015–2017. Private sector operations envisage that 15% of transactions by number and 25% by volume will support this operational priority. TA that will support RCI activities, including RCI knowledge operations, accounts for 31% of TA by number during the WPBF period.

47. RCI operations during the period will support the regional cooperation initiatives such as Central Asian Regional Economic Cooperation (CAREC), Greater Mekong Subregion (GMS) Program, and South Asia Subregional Economic Cooperation (SASEC), and will include: (i) connectivity-related projects for multimodal transport systems and clean energy trade, which will expand market access while reducing carbon intensity in the economy; and (ii) competitiveness-related projects. Competitiveness-related projects will support less energy-intensive value chains and economic corridors, which will reduce greenhouse gas emissions while strengthening competitiveness. These will also include investment projects in cross-border economic zones in lagging border areas to make them more accessible to neighboring lower-income communities and widen the distribution of economic benefits. ADB will also promote trade and investment facilitation and skills development directed at SMEs to enable them to expand their access to, and participate in, regional and global merchandise and digital trade.

48. RCI operations will retain a strong focus on infrastructure (physical connectivity), accounting for 87% of projected sovereign RCI operations by number. These operations will target the following sectors: transport 54% (road 56%, rail 16%, ports 12%, and aviation 7%); energy 16%; and ICT 3%. Together, investment in finance, health, education, industry and trade, urban, and agriculture is projected to represent 10% of sovereign RCI operations, but ADB will seek to expand RCI more consistently into these promising areas during the WPBF period.

49. While support for physical connectivity will continue, ADB will also focus on nonphysical connectivity, which is equally important in promoting cross-border movements of goods, vehicles, people, as well as regional competitiveness. ADB's support to address nonphysical barriers to RCI include (i) streamlining and procedure standardization of international trade, people and vehicle mobility, ICT customs modernization and knowledge exchange; (ii) regional diagnostic on sanitary and/or phytosanitary requirements; (iii) piloting inland transit trade arrangements for faster transit movement; and (iv) strengthened regional cooperation on communicable disease control and health security.

50. As a thematic area of operation, RCI is concerned with bridging sectors and linking knowledge-based solutions with investment in cross-border contexts. During the WPBF period, ADB's RCI thematic group will work closely with other sector and thematic groups (STGs) and the operations departments to (i) screen and improve the quality of knowledge solutions through an RCI development perspective; (ii) expand business research studies to identify and assess the potential for new RCI initiatives in economic, social, and environmental areas; and (iii) pilot-test new solutions to meet market contexts and needs, affirm inclusive and sustainable cross-border benefits, and assess the potential for building new and sustainable pipelines of RCI investment projects on a larger scale.

C. Private Sector Operations

51. ADB will expand the number and volume of private sector operations during the WPBF period. While the projected commitments for private sector operations will increase to $10.1 billion in volume from $5.7 billion in 2015–2017, the number of transactions is expected to rise from 27 deals in 2017 to 40 deals by 2021 (32 in 2019 and 36 in 2020)—or 27% of ADB operations by number and 21% of regular OCR operations by volume. Under Strategy 2030, ADB plans to scale up private sector operations to one-third of total operations in number by 2024.

52. ADB will monitor the total investment—the sum of ADB's commitments and cofinancing—as a performance metric for nonsovereign operations. It gives equal weight to ADB's regular OCR and cofinancing, incentivizing the use of cofinancing. During the WPBF period, total investment for nonsovereign operations will be $20.4 billion, comprising $8.6 billion in ADB financing less risk transfers and $11.8 billion in long-term cofinancing.[36] ADB established the guarantee and syndication unit within PSOD in 2017 to ensure sufficient capacity to promote guarantees and cofinancing.

53. Private sector operations will continue to focus on infrastructure, particularly renewable energy, and financial inclusion. In addition, ADB will diversify its nonsovereign operations into other areas, such as agribusiness, private equity funds, social sectors (including health and education), and SOEs and subsovereign entities. With the dual mandate to achieve development impact and ensure profitability and commercial sustainability, private sector operations will focus on inclusive business and gender mainstreaming, climate change, and corporate governance and integrity. ADB's corporate targets on climate change and gender include both public and private sector operations.

54. The geographic coverage of private sector operations will widen during the WPBF period. This will require greater field presence as well as collaboration among ADB's regional departments, the Sustainable Development and Climate Change Department (SDCC), and PSOD to help diversify the sector and geographic coverage of nonsovereign operations and strengthen their development impact. ADB will also consider a portfolio approach using risk management that includes high- and low-risk projects, small and large transactions, as ADB focuses on frontier markets, including FCAS, SIDS, and other small and lower middle-income countries, as well as more challenging sectors with a higher development impact.

[36] Long-term nonsovereign cofinancing includes parallel loans and equity linked to ADB financing or advisory activities, B loans, uncovered portions of loans guaranteed by ADB, parallel funds, and headroom relief arising out of risk transfer arrangements. It excludes trade finance and supply chain finance. The nonsovereign cofinancing ratio is equal to long-term nonsovereign cofinancing divided by regular OCR for nonsovereign operations excluding risk transfers.

55. During the WPBF period, ADB will promote (i) increasing the use of equity, cofinancing, credit enhancement, risk transfer, and trust and third party funds; (ii) expanding the range of local currency solutions; and (iii) addressing short-term financing gaps through trade finance, and supply chain finance.

D. Catalyzation and Mobilization of Financial Resources

56. ADB will mobilize more resources using various tools and innovative instruments. Credit enhancement products, such as partial credit guarantees for project bond issuance, will be used more to attract institutional funds and develop project bond markets. ADB will expand the use of other credit enhancement products, such as B loans, complementary finance facilities where ADB acts as the facilitator and lender of record for commercial financiers, and risk transfers of unfunded exposure to pre-approved third parties beyond ADB's exposure limits.

57. The use of trust funds and third party funds, such as the Green Climate Funds and concessional climate funds from the Government of Canada, will allow blending of concessional finance for nonsovereign operations. ADB will explore third party funds and commercial cofinancing arrangements along the lines of the Leading Asia's Private Sector Infrastructure Fund with the Japan International Cooperation Agency. It will continue to be innovative in issuing thematic bonds and local currency bonds through treasury operations.[37] It will also increase the use of risk transfers to manage concentration risks and bring in new private sector partners. ADB will also look for a balance of large infrastructure projects, often in middle-income countries and UMICs, which typically drive large cofinancing numbers, with the often smaller deals in new sectors and frontier geographies or equity transactions which typically have much lower cofinancing potential.

58. ADB will also prioritize catalyzing investments through PPPs during the WPBF period. ADB is expected to approve 10 transaction advisory service mandates. ADB will help DMC clients develop, structure, and deliver successful PPP projects with good demonstration value, innovation, and potential for replication. Business development efforts during the WPBF period will continue to target key markets where the Office of Public–Private Partnership has yet to secure a mandate with a focus on sectors that have been prioritized under the CPS. In 2018, ADB is implementing 16 transaction advisory service mandates in Bangladesh, Cambodia, Kazakhstan, Malaysia, Myanmar, Pakistan, Papua New Guinea, the Philippines, and Viet Nam.

59. Resource mobilization is equally important for sovereign operations to fill the financing gap beyond ADB's resources. ADB is developing a new approach to defining and monitoring sovereign cofinancing performance. This is expected to have a more stringent set of criteria that demonstrate ADB's value addition (para. 8). The new approach envisages to encompass cofinancing necessary to deliver the outcome of the project or program (footnote 5). ADB will implement several measures to promote sovereign cofinancing including (i) strengthening and developing strategic partnerships with both existing and emerging financing partners based on common interests and complementarity principles; (ii) identifying meaningful cofinancing opportunities in consultation with DMCs; and (iii) instituting a robust cofinancing performance measure linking targets, incentives, and work plans.

60. Trust funds for grants and TA will play an increasingly important role as both sovereign and nonsovereign operations undertake more innovative and complex projects. ADB will intensify its effort to attract sector- and thematic-focused trust funds. The Trust Fund Guidelines, which

[37] Including green bonds, water bonds, and clean energy bonds.

were released recently, will strengthen trust fund administration. ADB will also implement a cofinancing information and technology (IT) platform to provide partners with improved reporting on ADB's cofinancing activities.

E. Knowledge Services

61. ADB will continue to be a trusted knowledge institution and will strengthen its role as a knowledge provider to its DMCs. Knowledge will be incorporated into its operations (tacit knowledge), and disseminated through knowledge products and services (explicit knowledge). ADB will draw on more than 50 years of experience in Asia and the Pacific to provide quality knowledge and strengthen the institutional capacity of its DMCs. Knowledge management will be strengthened by prioritizing knowledge work across the institution, promoting the One ADB approach to generate synergy in the lending operations and knowledge activities, and expanding knowledge partnerships with stakeholders. ADB will proactively share lessons learned, best practices, and operational insights with external stakeholders.[38]

62. To enhance value addition of knowledge services, ADB will

(i) combine its staff's skills, its institutional experience and practices, and external consultants' expertise to deliver knowledge-based quality projects and programs that incorporate innovative solutions and technologies with high development impacts;
(ii) take differentiated approaches to build DMCs' institutional capacity by aligning knowledge services with the respective country business operations plans and by strengthening country knowledge plans;
(iii) leverage in-house knowledge in areas that support DMC needs, such as evaluation, results management, anti-corruption and integrity, law, procurement, audit and internal control, risk management, and treasury operations;
(iv) deliver and disseminate in a timely manner more quality knowledge products and services and evidence-based research that are relevant, replicable, and actionable; and
(v) promote country-to-country knowledge sharing to facilitate cooperation among countries in pilot sectors and themes or cross sector-thematic areas.

63. To strengthen knowledge management, ADB will

(i) promote knowledge across the institution by incentivizing staff and departments to include knowledge activities in their work plans and performance metric;
(ii) prioritize knowledge products and services on integrated or cross-sector thematic works that support the operational priorities of Strategy 2030;
(iii) engage operations departments in planning the upstream works of STGs, the Economic Research and Regional Cooperation Department, and the Asian Development Bank Institute to align with the operational priorities of Strategy 2030 and DMC needs;
(iv) expand knowledge partnership by designing and adopting flexible models with institutions such as bilateral and multilateral partners, think tanks, universities, civil society organizations, foundations, and the private sector; and

[38] A knowledge action plan will be prepared to provide specific measures to help operationalize the knowledge provisions of Strategy 2030.

(v) enhance the quality of knowledge through screening and peer review processes, wider access to the knowledge repository, and the knowledge products and services taxonomy.

64. Knowledge work will be supported through a combination of staff resources ("build"), TA (including trust funds) ("buy"), and partnerships with other institutions ("borrow"). ADB will build knowledge resources by investing in its staff to undertake needed knowledge work and enhance internal knowledge capabilities. For specific knowledge that may be required for a short period of time or intermittently, ADB will "buy" by recruiting consultants through TA and "borrow" knowledge resources through knowledge partnerships.

F. Technical Assistance

65. TA is an instrument used to fund consulting services and related facilities, and is vital to supporting the lending operations and knowledge activities. TA enables ADB to provide expertise and knowledge that are difficult to develop internally within a short period and staffing constraints. TA commitments during the WPBF period are projected to exceed $1 billion, including TASF and TA cofinancing, supporting the transition to Strategy 2030 (para. 15).[39] In 2019, 52% of TA by number will be transaction TA and 48% will be knowledge and support TA.[40]

66. TA resource requirements are primarily determined by DMCs' demand, and depend on the number of projects and the complexity of each project, expertise and resources for knowledge work, and the availability of staff resources and partnerships. With the continued implementation of TA reforms, which will improve the operational efficiency of TA and its development impact, combined with a flattening of the number of sovereign projects, the growth of TA resources is projected to be below that of projected project commitments during the WPBF period. The Independent Evaluation Department (IED) will establish a new TA completion report validation process to enhance accountability and learning.

IV. IMMEDIATE MEASURES FOR STRATEGY 2030 IMPLEMENTATION

A. Operationalization of Strategy 2030

67. This WBPF and the forthcoming budget for 2019 partially reflect the changes required in operational resource allocations and immediate internal administrative resources to implement Strategy 2030. Full alignment of resources with Strategy 2030 will be achieved in due course given that many pipeline projects were already being prepared.

68. Preparations to operationalize Strategy 2030 started before approval by the Board of Directors in July 2018 by aligning country programming and country operations business plans with Strategy 2030. A cross-sector team for each of the seven operational priorities was established to prepare the operational priority operational plans.

[39] In 2018, ADB allocated an additional $20 million on top of the previous level of $60 million from its net income to TASF to support the implementation of Strategy 2030, as a result of discussions with the Board on the review of ADB's allocation of 2017 net income in April 2018.

[40] Transaction TA (i) prepares, enhances readiness, develops capacity, and/or provides policy advice for a specific ensuing project; (ii) helps deliver outputs or mitigate the project risks under a specific ongoing project through capacity development and/or policy advice; or (iii) develops a specific PPP project under transaction advisory services. Knowledge and support TA is not directly linked to ADB-financed projects. Examples include capacity development, policy advice, and research and development. The outputs of the knowledge and support TA (i) are often inputs to the preparation of government policies and strategies, and ADB's policies, strategies, and plans; or (ii) may lead to a transaction TA to prepare a specific ensuing project.

69. To raise awareness and understanding of the new directions of Strategy 2030, ADB will communicate frequently with staff in headquarters, resident missions, and representative offices, as well as with its DMC clients. A corporate results framework covering the first 6 years of Strategy 2030, until 2024, will be developed in 2019.

B. One ADB Approach

70. The One ADB approach is critical to expanding nonsovereign operations and PPP operations, delivering integrated multisector solutions, producing high-quality knowledge products and services, responding faster and more effectively to clients' needs, and engaging in more innovative and complex projects. All these require the best skills and expertise available across the bank, greater synergy and complementarity between public and private sector operations, STGs, knowledge and operational departments, and all offices at headquarters and in the resident missions.

71. ADB will substantially strengthen collaboration among regional departments, PSOD, Office of Public–Private Partnership, and SDCC to support the diversification of sector and country coverage of private sector operations and PPP operations, including expansion of SOE nonsovereign lending, and to strengthen its development impact.

72. The seven operational priorities are the platforms across 15 STGs for integrated, multisector solutions and greater development impacts. The 15 STGs will collaborate on knowledge activities and provision of operational support. Sector divisions across operational departments will jointly prepare and implement investment and TA projects.

73. ADB will pursue deeper collaboration by:

(i) improving business processes to involve PSOD in the preparation of CPSs, and require regional departments to review nonsovereign project documents to strengthen development impact;
(ii) sharing best sector specific expertise, experience, lessons, and practices across the regional departments, Department of Communications, Economic Research and Regional Cooperation Department, IED, Office of Cofinancing Operations, Office of Risk Management, PSOD, and SDCC;
(iii) engaging SDCC with operations departments to ensure quality safeguard measures, incorporation of innovative and advanced technology, and promotion of more complex and challenging projects with higher development impact;
(iv) promoting coordination between the regional departments and the Procurement, Portfolio and Financial Management Department in implementing procurement reforms and strengthening project financial management in sovereign operations;
(v) linking knowledge activities of non-operations departments with country program for greater synergy;
(vi) increasing staff mobility for sharing knowledge and closer collaboration across departments for more complex projects; and
(vii) enhancing resident mission functions and capacity, especially for private sector operations. ADB will review the business processes and resident mission functions to promote further interdepartmental collaboration.

C. Innovation and Advanced Technology

74. ADB will promote the adoption of innovative and advanced technologies to deliver high development impacts. The procurement guidance note on high-level technology describes a flexible and agile approach to procurement. A digital technology development unit will work across different sectors and themes, as well as explore opportunities for and support the introduction of artificial intelligence, Internet of Things, and robotics in projects. To facilitate digital transformation, which often entails high costs and skills development, ADB will use trust funds such as the High-Level Technology Fund, to incentivize staff and DMC clients to promote innovative technologies.[41] The STGs will proactively engage in cross-departmental knowledge sharing, hosting brownbag sessions in partnership with external knowledge partners. ADB's Southeast Asia Department set up an innovation hub—a multidisciplinary network of ADB staff—aimed at developing leveraged finance solutions to catalyze larger flows of capital to infrastructure investments in DMCs (Box 1). The corporate results framework will include indicators to monitor the progress on innovation. The operational targets and reward and recognition program will be designed to incentivize staff to deliver projects that incorporate and promote innovation and advanced technology in projects.

Box 1: Innovation Hub

The Southeast Asia Department (SERD) of the Asian Development Bank (ADB) set up an Innovation Hub in early 2018 to directly respond to the emerging needs of SERD's developing member countries (DMCs) for innovative finance solutions, given their large financing gaps, with much-needed private capital and technology not flowing at required scales and with public sector capacities to raise and on-lend funds increasingly constrained. The Hub therefore aims to create project, sector, or thematic and/or national level innovative finance models, which can best leverage funds from the public sector and multilateral development banks to de-risk projects and thus catalyze more capital from non-government sources.

The Innovation Hub is envisioned as a "virtual" platform that allows SERD staff and DMC officials to learn, discuss, develop, and tailor the emerging ideas and solutions to meet both sector and leveraged finance challenges. The created solutions should lead to identifying projects in DMCs for future government or ADB project pipelines. The Hub is structured as an interface between dedicated SERD staff, innovation champions in sector divisions, and external knowledge experts.

The Hub is building momentum in SERD DMCs. It has hosted internal and external roundtables on green and innovative finance, and identified 10 possible concepts for development, and is in the process of developing innovative finance models and approaches around these concepts.

Source: Asian Development Bank.

[41] ADB received $19.4 million in 2017 for the High-Level Technology Fund from the Government of Japan, out of which $16.1 million has been allocated as of the end of August 2018 due to high demand.

D. Procurement Reforms and Financial Management

75. The new procurement framework is fully operational, targeting reduced end-to-end procurement time, improved quality, and greater value for money. The new framework is complemented by a suite of 24 guidance notes, 8 standard bidding documents and 9 user guides, and 4 staff instructions, all published on 30 June 2018. As more and more projects apply the new policy, better project outcomes and greater developmental impact are attainable.

76. E-procurement will be expanded and a modernized complaint handling system will be implemented to further promote transparency. The use of alternative procurement arrangements will reduce transaction costs to the clients by allowing them to use the borrower's system or that of another development bank.

77. ADB will strengthen its financial management practices to better support its DMCs and adhere to the highest standards of transparency and accountability. Financial management fulfills one of ADB's key fiduciary responsibilities, namely ensuring accountability for ADB funds provided to DMCs. In addition, it also contributes to ADB's development objectives by improving project sustainability, strengthening local country capacity, and helping DMCs improve their governance.

78. ADB will implement a broad action plan focused on mainstreaming financial management practices in its sovereign operations, including strengthening internal capacity, training, TA, and engagement with DMCs and other key stakeholders. Such actions to enhance financial management in sovereign operations would allow ADB to help DMCs strengthen their capacity to successfully plan, design, finance, and implement ADB projects and programs.

E. New Projects and Modalities

79. As part of the development of Strategy 2030, ADB introduced new products and modalities to be more agile and responsive, strengthen its catalytic roles, and expand support for PPP projects. Key features of each of the new products and modalities are summarized in Box 2.

80. While initial discussions were undertaken with DMCs, country programming in 2019 will consider the proactive use of the new products and modalities. The next WPBF, 2020–2022 will reflect this. More DMCs will be using project readiness financing during the WPBF period, while some DMCs are already discussing with ADB the possibility of using the small expenditure financing facility, credit enhancement products, and the PPP standby financing facility. Staff training and capacity development of DMC counterparts will follow. Incentives to promote the use of the new products and modalities will be considered, including flexible use of regular OCR above a country allocation.

Box 2: New Products and Modalities: Summary of Key Features

1. Project readiness financing

(i) Supports a high level of project implementation readiness for projects funded by the Asian Development Bank (ADB) by financing activities such as detailed engineering design, procurement support, and pilot-testing.
(ii) Replaces technical assistance loan and project design facility.
(iii) A project readiness financing facility supports multiple projects.

2. Small expenditure financing facility

(i) Supports small expenditures (up to $15 million per activity) in a quick and responsive manner, covering pre-investment and post-investment activities linked to ADB-financed projects, e.g., detailed engineering design, and operations and maintenance activities.
(ii) The small expenditure financing facility may be established at the country level, or by sector or other grouping.
(iii) Maximum facility size is 20% of the average annual commitments of regular ordinary capital resources (OCR) in the previous 3 years, or $150 million, whichever value is smaller for regular OCR; or 20% of the average annual performance-based allocation of concessional OCR for the country.
(iv) Facility has a term of 5 years but can be rolled over for additional 5 years.

3. Credit enhancement products

(i) **Policy-based guarantees.** Financing will be provided for general budget support based on the successful achievement of policy actions. It also provides a credit guarantee for government borrowing from commercial banks or issuance of bonds.
(ii) **Guarantees for group A countries.** A guarantee operation funded by regular OCR and provided to group A developing member countries, i.e., countries that normally only have access to concessional OCR resources, if a country is not classified as being in high debt distress. The country receives an allocation on top of its regular country allocation.

4. Public–private partnership standby financing facility

(i) Supports government payment obligations to a public–private partnership concessionaire on a standby basis.
(ii) The government can withdraw funds from the facility if and when needed, such as during a cash shortage because of revenue fluctuation.
(iii) The facility helps private concessionaire secure timely payments from the government.
(iv) Each facility has a facility agreement not exceeding 15 years and loan agreements to cover government payments for a shorter period (e.g., 1–3 years).

Source: Asian Development Bank.

F. Digital Agenda 2030

81. Critical to the implementation of Strategy 2030 will be the digital transformation of ADB through the use of modern and secure IT systems and digital processes to enhance effectiveness, efficiency, and resilience. Building on the progress made under Real-Time ADB, ADB's digital transformation will facilitate real-time access to data on its operations and administration. It will create digital platforms that facilitate the production of a wide range of knowledge products and services and make them readily accessible to partners and stakeholders. Data governance will be strengthened including through standardized data definitions. It will also support innovative financial products and facilitate a culture of innovation and responsiveness to changing client needs.

82. The Digital Agenda 2030 provides the vision, blueprint and roadmap for ADB's digital transformation, aligned with the aspirations of Strategy 2030. It will be implemented in stages with Stage 1 covering the 5-year period, 2019–2023. A special capital expenditure proposal is being prepared to meet the costs of Stage 1. This will be submitted to the Board for approval in the fourth quarter of 2018. (Box 3).

Box 3: Key Features of Digital Agenda 2030

The Digital Agenda 2030 will deliver reforms under the following six programs:

(i) **Operations.** This program builds on current information and technology (IT) reforms to streamline and automate processes for operations, ensuring systems are integrated, flexible, efficient, inclusive, and transparent. It will include replacing and implementing new systems for sovereign operations and procurement, Board management, as well as automating two key reports: Development Effectiveness Review and the Annual Portfolio Performance Report. It will also further enhance the nonsovereign systems and the partner fund management system. These initiatives will enhance collaboration between ADB and its external stakeholders, enable easy access to information and reports, provide tools for knowledge products to help in project design, and streamline current processes in operations.

(ii) **Financial services.** This program will support flexible, innovative financial products and services to respond to the continuing expansion and diversification of ADB operations. It will include upgrading the current Loan Accounting System and further enhancing the modern disbursement platform to create a comprehensive, end-to-end business process for project and financial operation. This will result in modern, fit-for-purpose tools and increased efficiency in processing loans and disbursements. The financial services program will also provide finance and risk departments with a derivative management solution to enhance valuation, risk management, and financial disclosure. It will consolidate cash flows from various ADB systems for cash management.

(iii) **Administrative and corporate services.** This program will modernize ADB's Enterprise Resource Planning system for all of ADB's corporate and administration systems including finance, human resources, payroll and compensation, benefits and entitlement, travel, resident mission financial system, and reporting tools. The first components of the Enterprise Resource Planning to be modernized will be: the travel system, establishing an integrated budget system that includes workforce planning, salaries and capital expenditure, and an ADB-wide staff learning platform.

(iv) **Digital workplace and connected data.** This program will establish open collaborative platforms to support client, partner, and staff engagement; and improve data governance as well as enterprise search capabilities. This will result in more integrated data, easier access to reliable real-time information, and seamless navigation across systems.

(v) **Enabling the digital backbone.** IT infrastructure and service will be enhanced through the use of secure and modern technologies. This program will include field office systems modernization, conference and board room modernization, enhanced business and IT resiliency, agile software delivery, real-time cyber threat monitoring, and master data management tools. Modern digital training and IT learning facilities will also be delivered. The IT support framework for field offices will be upgraded.

(vi) **Laying the foundation for the future state.** This program will support the adoption of emerging digital technologies in ADB to further increase efficiency and effectiveness of ADB's business processes as well as develop new institutional products and services. ADB will invest in early stage technologies, such as in fintech and robotic process automation, on an experimental basis through an innovation sandbox. Such innovative technologies have the potential to help ADB transform its internal business functions to be agile, responsive, and relevant to its stakeholders.

Source: Asian Development Bank.

83. The Digital Agenda will support the adoption and use of modern and secure IT systems and digital processes to enhance ADB's effectiveness, efficiency, and resilience. IT costs in ADB's internal administrative expenses budget will increase during the WPBF period, largely as a result of the increased use of cloud-based systems and the depreciation of IT-related capital expenditures. In addition to improving resilience, reducing risk and improving organizational effectiveness, IT reforms are expected to lead to efficiency gains through staffing optimization and savings arising from business process modernization and replacing old technologies with the use of modern, advanced technologies. These reforms will provide increased opportunity for value-adding activity by staff.

G. Human Resources Management to Support Strategy 2030

84. ADB's staff are the most valuable asset of the organization. During the WPBF period, ADB will further strengthen human resource management to provide the skilled, highly capable and motivated workforce necessary to meet the goals of Strategy 2030. Human resources reforms will reinforce the One ADB approach by enabling effective cross-departmental and functional coordination.

85. **Flexible position management and strategic staffing.** Reforms adopted in 2018 to increase flexibility in position management and strengthen strategic staff planning by departments are supporting faster recruitment of skills in priority areas. Building on the results of the workforce analysis including information from the time management system, departments' staffing plans reflect, inter alia, the departmental work program, major deliverables, gender targets, efficiency measures, and outposting plans. The strategic staffing plans are regularly updated and provide an important tool for aligning ADB's work force with the needs of Strategy 2030.

86. To support the implementation of Strategy 2030, ADB will continue to strengthen its methodologies for quantifying, optimizing, and projecting the future needs of the workforce and expertise in operations. This includes analysis of staff deployment trends between headquarters and resident missions, and projecting requirements of specific skills and expertise.

87. **Strategic talent acquisition.** ADB will seek to ensure that it has the human capital needed to support its vision, objectives and key operational priorities under Strategy 2030. The bank will expand and strengthen its talent pool, proactively hire experts in new priority areas, and continue to streamline recruitment and staffing processes.

88. The comprehensive recruitment reforms approved in 2017 have streamlined and strengthened ADB's recruitment efforts. These reforms include batch recruitment and direct recruitment of proven external candidates and a shift from a reactive to proactive recruitment approaches. Streamlined processes have reduced hiring time by about a third. Further efficiencies and quality improvements are expected in recruitment processes in 2019–2021.

89. **Diversity and inclusion.** ADB will continue to attach the utmost importance to promoting diversity and inclusion, and providing a respectful workplace. To meet the targets set in 2016, ADB will accelerate progress toward gender equality through improved recruitment, career management, training, and retention efforts.[42]

[42] In 2016, ADB introduced the following new targets for representation of women international staff by the end of 2022: 40% women international staff overall; 35% for levels 9–10; 35% for levels 7–8; and 40% for levels 46.

90. **Mobility framework.** ADB began implementing the new mobility framework in 2018 to support career development as well as to support the One ADB approach by facilitating knowledge and expertise sharing across departments and between headquarters and field offices. The mobility framework comprises a longer-term rotation exercise and shorter-term assignments. The first round of the rotation exercise enabled the rotation of international staff at levels 5 and 6 across 10 departments. Further rotation exercises will be implemented. ADB will capture the lessons learned from the first rotation exercise to feed into the design of future exercises. Short-term assignments will continue to be promoted and enhanced to provide collaboration and learning opportunities for all staff.

91. **Performance management.** ADB's performance management reforms will continue to be implemented to build a high performing culture. Better communication between managers and staff will be promoted. The reforms include (i) improved linkage of performance review with individual work plans aligned to ADB's goals, (ii) more frequent performance feedback, (iii) the introduction of an annual 360-degree assessment for international staff managers at levels 7–10, (iv) clearer recognition for outstanding performance, and (v) training programs for staff on giving and receiving constructive feedback. The 2018 Staff Engagement Survey shows improvements in perceptions by staff in the performance evaluation category since 2015, which reflect a positive trend and impact of the implemented reforms to date. Performance management will be reviewed as one element of the five-yearly Comprehensive Review of Compensation and Benefits to be finalized in 2020.

92. **Develop a culture of continuous learning and accountability.** As a key enabler of Strategy 2030, ADB will invest in the training and development of its staff. ADB will continue the implementation of the career management framework which clarifies roles and responsibilities for different grade levels and defines job families with common competencies and skills requirements. To support staff to become continuous learners and reskill as needed, a mentoring program and career advisory service will be offered. Leadership at all levels are expected to lead change and be accountable to sustain high performance. Leadership training will be updated to strengthen strategic thinking, collaboration, innovation, change management, effective communication, and performance management. Training courses will strengthen knowledge of new technologies and approaches, deepen understanding of synergies between private and public sector operations, and upgrade skills in economic and financial analysis.

93. **Staff Retirement Plan.** ADB will implement the comprehensive pension reforms approved by the Board of Directors on 5 June 2017. This has included the introduction of a Defined Contribution Plan, adoption and implementation of a funding policy, and strengthening the governance of the Staff Retirement Plan (SRP). It has also included strengthened SRP asset liability and risk management, and options and financial incentives for staff to voluntarily switch to the new pension arrangements. ADB will also strengthen the SRP investment function.

94. **Health programs.** ADB will continue implementing the reforms to the Group Medical Insurance Plan including improving the Medical and Dental Retainer Plans in field offices and a pilot program through the GMIP for preventive care and dental services for active staff and their dependents.

95. **Human resources services delivery.** ADB will continue to streamline key business processes to improve the quality, efficiency, and resiliency of human resources operations. A new system "HR4U" that provides detailed information on benefits and human resources services has been launched. ADB will further modernize human resource service delivery through simplified human resource policies, business processes streamlining, and client-centered solutions.

Modern IT solutions and strong human resource analytics capability will be supported by the Digital Agenda.

H. 2020 Comprehensive Review of Compensation and Benefits

96. Every 5 years, ADB conducts a comprehensive review covering all aspects of its compensation and benefit policies. The next review will start in 2019 and conclude with recommendations to the Board of Directors at the end of 2020. This review will provide a cohesive framework for managing compensation and benefits particularly to ensure that ADB's overall remuneration continues to allow ADB to attract and retain the quality talent it needs to implement Strategy 2030. The review will support ADB in:

- (i) developing guiding principles for rewards,
- (ii) defining market comparators for assessing the competitiveness of the compensation package,
- (iii) benchmarking each component of the package to assess current competitiveness, and
- (iv) proposing changes to policies where appropriate to ensure they are supporting ADB and staff in the most effective way.

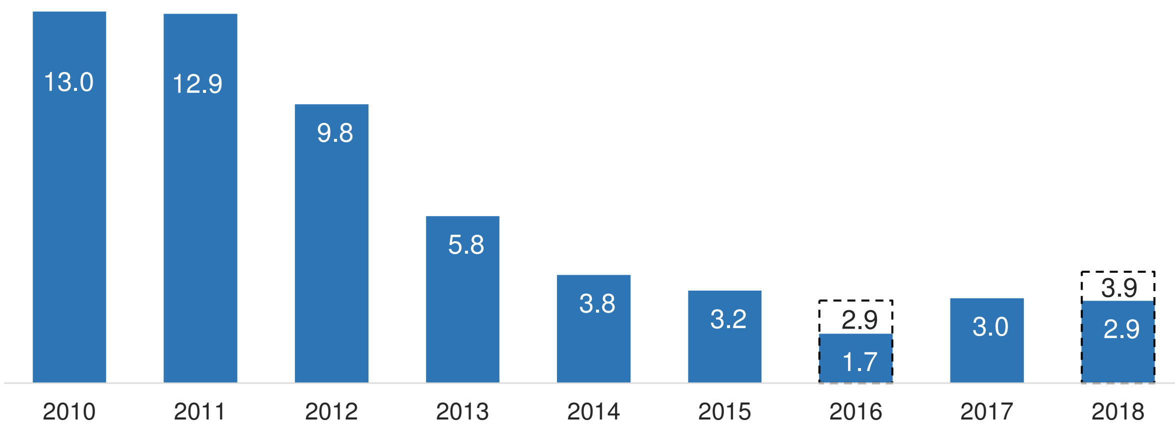
97. Non-financial elements such as recognition schemes will also be reviewed. During 2020, proposals will be developed with approved changes becoming effective from 2021.

V. STAFF RESOURCES AND BUDGET REQUIREMENT

98. **Budget trajectory.** ADB has maintained prudent budget growth, while operations have grown more rapidly in recent years. This has been achieved through cost and efficiency savings including reforms covering operations, administrative services, and human resources, while meeting strong demand from DMCs. All departmental resource requirements including staffing and other administrative expenses are individually identified and subject to rigorous review as part of the budgeting process, to ensure they reflect required business needs. Departments are required to provide substantial assurance to justify inclusion of expected expenditures in the annual budget. Business need must be proven (Figure 7).

99. Staff-related costs are the largest component of the budget. Average salary increase comprises of salary structure adjustment and a merit increase component. Under our market-driven compensation system, structure adjustments are linked to the market movement of salaries and are funded by an increase in the budget. In recent years, merit increases have been funded by salary dilution (savings from the decline of the average salary within the year due to the staff profile change). For the indicative budget estimates, salary growth assumptions are the same as those approved by the Board in 2017, until the conclusion of the discussions on salaries in 2018.

Figure 7: Budget Growth, 2010–2018
(%)



Note: Growth shown is year on year approved budget growth and does not reflect actual budget utilization. The 2016 budget includes one-time early separation program, and the 2018 budget includes one-time staff retirement plan switch incentive scheme. Dotted lines indicate budget growth including these items.
Source: Asian Development Bank.

100. **Historic budget utilization.** Over the last 10 years (2008–2017) ADB's budget utilization has averaged 94%. The budget has been implemented efficiently and prudently with due consideration to exogenous factors including implementation issues, inflation, and foreign exchange fluctuations. These factors all remain fluid throughout the year and impact on the year end budget utilization rate. Flexible budget management ensures that ADB spends only what is required. Through more proactive budget management and streamlined recruitment, the 2018 utilization rate is expected to improve from 91% in 2017, to around the 10-year average level. This expectation is supported by the increase in the utilization in the first 6 months of 2018 compared to the same period in 2017. Departments will continue to be provided with improved institutional support to ensure they utilize the budget prepared based on their business resource requirements. When actual utilization falls short of approved budget however (i.e., unutilized budget), this results in higher net income than expected, thereby improving ADB's capital position. ADB has never exceeded 100% utilization.

A. Cost Drivers

101. ADB's budget framework supports the strategic and institutional priorities in line with Strategy 2030, as described in Sections III–IV, and the projected commitments in Figure 1.

102. The cost drivers for the WPBF period are

- (i) increased staffing to support expanding and more complex operations with an emphasis on delivering a stronger, better, and faster ADB;
- (ii) greater support for IT reforms and continuing improvements in organizational resilience; and,
- (iii) support for the decentralization of operations.

103. **Staff requirements.** The number of projects for commitment and implementation are the key parameters driving resource requirements. Resource intensity per project is affected by variables such as country context (e.g., country classification, FCAS, and implementation capacity), scope of projects, and lending modalities. Following Strategy 2030, operations will

focus on the seven operational priorities, aiming at delivering integrated solutions through innovative and multidisciplinary approaches. Consequently, operations will be more resource intensive due to multisector and interdepartmental collaborations, use of highly specialized experts, and extensive interaction and consultation with the clients. ADB's private sector operations will also be expanded and broadened (i.e., in terms of sectors and geographical coverage). These factors all have implications on the overall cost of ADB operations and will be considered through the annual budget cycle during the WPBF period. Additional details on staffing requirements are discussed in paras. 111–113.

104. **Information and technology reforms.** ADB will continue to roll out IT reforms as part of the Real-Time ADB initiative and the new Digital Agenda, which is in the planning stages. IT costs in ADB's internal administrative expenses budget will increase during the WPBF period, mainly because of higher (i) operations and maintenance costs of cloud systems, and (ii) depreciation related to IT capital investments. As the IT reforms are delivered, benefits and efficiency gains are expected across ADB in the form of operational efficiency, cost avoidance, and risk reduction.

105. **Organizational resilience program.** Further actions to improve ADB's organizational resilience will be implemented. This includes a special capital expenditure budget, approved in 2017,[43] to strengthen security, emergency, and fire management systems in ADB headquarters building. Administrative expenditure for organizational resilience to support safety and security including in field offices will increase during the WPBF period. This includes depreciation costs.

106. **Decentralization of operations.** ADB's network of field offices, and close partnerships on the ground with clients, are vital to ADB's mission. Field offices represent both sovereign and nonsovereign operations. ADB has been progressively increasing the role of field offices, expanding beyond country programming to include a larger role in project implementation and as knowledge custodians. During the WPBF period, the role of field offices will be expanded further, including through the establishment of new Pacific country, and corporate and administrative support for field offices will increase.

B. Workforce Analysis and Projected Staffing Requirements

107. **2017 workforce analysis.** The workforce analysis undertaken in 2017 for WBPF, 2018-2020 noted that (i) operations were projected to continue growing following the 2018–2019 projection in WPBF, 2017–2019, and the growth in 2020 was expected to be slower; (ii) the average processing workload for 2018–2020 would increase and needed further balancing of the workload with staffing; and (iii) the significant increase in the implementation workload for both headquarters and resident missions needed additional staff resources or optimization measures, such as redeployment and outposting, to support growth. The net new staff requirements for 2018–2020 were estimated at 180 after the optimization measures. The gross staff requirements were 300 over the 3-year period and 135 for 2018. After staff optimization of 60 staff, 75 net new positions were provided in 2018.

108. **Progress on staff optimization.** ADB works continually to minimize the need for new positions through optimized use of existing resources. ADB uses four optimization measures: (i) augmenting the workforce without additional cost through conversion of positions into different staff categories under flexible position management, (ii) increasing staff's productivity through operational efficiency improvements, (iii) sharing part of international and national staff's workload with administrative staff who were reskilled to become analysts, and (iv) reducing the workload

[43] ADB. 2017. *Budget of the Asian Development Bank for 2018*. Manila.

by automating and outsourcing routine work. Optimization progress was on track as of 31 July 2018 (Table 3).

Table 3: Progress on Staff Optimization Measures
(number of staff)

Optimization Measures	WPBF, 2018–2020 Targets for end-2018		Achievements as of end July 2018	
	IS and NS	AS	IS and NS	AS
Flexible position management (conversion of positions into different staff category)[a]	15	10	26	16
Operational efficiency improvements[b]	10	5	9	4
Conversion of AS to analysts		10		1
Automation and outsourcing initiatives[c]		10	4	2
Overall	**25**	**35**	**39**	**23**

AS = administrative staff, IS = international staff, NS = national staff, WPBF = work program and budget framework.

[a] Forty two new positions (26+16) were created by converting existing positions from one staff category to other categories without additional cost. For example, converting IS positions to multiple NS and/or AS positions or vice versa (several AS positions converted into one NS position).

[b] Workload would have required additional 13 positions (9+4) if the following business processes were not introduced: (i) use of lending modality-specific templates for reports and recommendations of the President; (ii) simplified documentation on specific implementation arrangements (e.g., project expenditure eligibility for ADB financing); and (iii) consolidation of multiple proposals for transaction technical assistance under a single transaction facility.

[c] Workload equivalent of 6 positions (4+2) were eliminated through (i) the use of e-training on anticorruption and integrity for staff; (ii) the use of corporate credit cards for settlement of corporate airfares; and (iii) standardization of financial statements from clients for automated analysis, so that the staff can be engaged in other activities.

Source: Asian Development Bank.

109. **2018 workforce analysis.** The 2018 workforce analysis for the WPBF, 2019–2021 used an updated methodology from the 2015 approach. The methodological refinements include (i) projections for commitments based on the number of projects, (ii) consideration of increasing emphasis on the innovative and multidisciplinary designs of sovereign projects following the guiding principles for operations and the multiple operational priorities of Strategy 2030, (iii) comparison of future workload distribution between headquarters and resident missions by regional departments, and (iv) a shift from a staff-coefficient based analysis to a staff-to-project based analysis for nonsovereign operations.

110. The analysis found the following: (i) one-third of 2019–2021 project pipelines will focus on five or more of the seven operational priorities of Strategy 2030 at once—and this will require additional staff resources to develop projects with such multisector or multidisciplinary designs; (ii) regional departments adopted different approaches to workload distribution between headquarters and resident missions, thus requiring bespoke strategies for workload rebalancing and staffing (including redeployment and outposting) to meet their unique operational requirements (i.e., no one-size-fits-all strategy); and (iii) nonsovereign operations will be expanded significantly to meet the target of one-third of ADB's operations by 2024, and their complexity will also grow as nonsovereign operations extends to new sectors and frontier markets (e.g., FCAS)—substantial resources will be required to achieve this growth, especially in portfolio management and transaction support. Details on the workforce analysis are in Appendix 3.

111. **Projected staff requirements.** The increasing focus on innovative and multi-disciplinary project design in sovereign operations and the target expansion of nonsovereign operations will require additional staff. In addition, expanded nonsovereign operations will have an impact on departments that support such operations, such as the Office of Risk Management, the Office of the General Counsel, and the Office of Anticorruption and Integrity. Other priority staffing needs

from new initiatives during WPBF, 2019–2021 and carried over from WPBF, 2018–2020 include (i) increasing ADB's presence in 11 Pacific countries, (ii) accelerating ADB's digital transformation, (iii) supporting coordination and planning of Strategy 2030 implementation, (iv) enhancing access to information and related document classification systems, (v) increasing financial management capacity, (vi) further scaling up of the experts pool and young professionals program, (vii) supporting growing treasury operations, (viii) carrying out procurement reforms, and (ix) strengthening capacities to implement human resources and benefits reforms. Considering the operational support and other priority needs, gross staff requirements for 2019–2021 are estimated at 325 (250 for international and national staff; 75 for administrative staff).

Table 4: Indicative Scope of Optimization
(number of staff)

	2019		2020–2021	
Optimization Measures	**IS and NS**	**AS**	**IS and NS**	**AS**
Flexible position management (conversion of positions into different staff category)	10	10	10	10
Operational efficiency improvements[a]	13	7	29	12
Conversion of AS to technical stream		1		1
Automation and outsourcing initiatives[b]	7	2	11	2
Overall	**30**	**20**	**50**	**25**

AS = administrative staff, IS = international staff, NS = national staff.

[a] Operational efficiency improvements are estimated based on (i) the envisaged increase in the ratio of the number of transactions for processing per staff under nonsovereign operations, and (ii) work saved by using (a) lending modality-specific templates for reports and recommendations of the President and simplified documentation on specific implementation arrangements, and (b) technical assistance facilities.

[b] Estimate does not include the impact of Digital Agenda 2030. It is based on the ongoing departmental automation and outsourcing initiatives, such as (i) use of e-training, (ii) improvements in management information systems, (iii) standardization of various submissions from clients for automated analyses, and (iv) other potential outsourcing initiatives including outsourcing the review of procurement documents.

Source: Asian Development Bank

112. **Staff optimization.** Some of the requirements for additional staff could be met through the optimization of existing resources. Table 4 outlines the anticipated scope of staff optimization for 2019–2021. Overall, the optimization efforts are expected to offset the gross staff requirements by 125 (80 international and national staff; 45 administrative staff) for 2019–2021.

113. **Net staff requirements.** Taking into consideration the staff optimization measures, the net new staff requirements for 2019–2021 are estimated at 200, (i.e., gross staff requirements of 325 positions less staff optimization of 125 positions). This comprises 170 international and national staff plus 30 administrative staff, and will be distributed over 3 years (Table 5).

Table 5: Indicative Staff Requirement, 2019–2021
(number of positions)

	2019			2020–2021			2019–2021		
Staff requirements	**IS and NS**	**AS**	**Total**	**IS and NS**	**AS**	**Total**	**IS and NS**	**AS**	**Total**
Gross requirements	105	30	135	145	45	190	250	75	325
Offset through optimization	30	20	50	50	25	75	80	45	125
Net requirements	**75**	**10**	**85**	**95**	**20**	**115**	**170**	**30**	**200**

AS = administrative staff, IS = international staff, NS = national staff.
Source: Asian Development Bank.

C. Indicative Budget Growth for 2019 and Medium-Term Outlook for 2020–2021

114. Based on the work program[44] and key cost drivers, the preliminary and indicative 2019 budget is about $705 million, an increase of $33 million (4.9%) over the 2018 budget. This comprises a price increase of 1.1% and a volume increase of 3.8% (Table 6).

Table 6: Budget Growth, 2019–2021
(%)

Item	2019	2020	2021
Price	1.1	2.9	2.9
Volume	3.8	2.8	2.0
Budget Growth	**4.9**	**5.7**	**4.9**

Source: Asian Development Bank.

115. **2019 Budget.** The budget growth in Table 6 is indicative and forms part of the iterative planning process. ADB remains committed to enhancing productivity and efficiency with more flexible use of staffing and budgetary resources, and modernization of business processes. The 2019 budget will be finalized based on a prudent review of internal administrative expense requirements.

[44] Key deliverables during the WPBF period are in Appendix 4.

PROJECTED COMMITMENTS

Table A1.1: Total Projected Commitments (Regular and Concessional Ordinary Capital Resources Lending and Asian Development Fund Grant) by Region and Country, 2019– 2021

($ million)

Region/Country	Average Actual 2015–2017	Total 2015–2017	Target 2018	Projected 2019	2020	2021	Total 2019–2021
A. Sovereign Operations	**14,624.10**	**43,872.29**	**17,014.93**	**17,058.02**	**17,094.02**	**17,540.13**	**51,692.17**
Operations Group 1	**8,660.19**	**25,980.57**	**9,005.40**	**9,194.36**	**9,319.36**	**9,573.36**	**28,087.08**
Central and West Asia	**4,222.00**	**12,666.00**	**4,095.80**	**4,229.92**	**4,249.92**	**4,413.92**	**12,893.75**
Afghanistan	322.98	968.94	221.59	236.09	236.09	236.09	708.28
Armenia	127.17	381.50	210.00	210.00	210.00	230.00	650.00
Azerbaijan	549.43	1,648.28	260.00	260.00	260.00	280.00	800.00
Georgia	231.37	694.10	200.00	200.00	200.00	220.00	620.00
Kazakhstan	560.60	1,681.79	365.00	365.00	365.00	385.00	1,115.00
Kyrgyz Republic	108.02	324.07	99.26	124.48	124.48	124.48	373.45
Pakistan	1,588.14	4,764.43	1,830.33	1,874.03	1,884.03	1,954.03	5,712.09
Tajikistan	94.01	282.04	112.36	100.52	100.52	100.52	301.56
Turkmenistan			50.00	50.00	50.00	50.00	150.00
Uzbekistan	640.28	1,920.84	747.25	809.79	819.79	833.79	2,463.37
South Asia	**4,438.19**	**13,314.57**	**4,909.60**	**4,964.44**	**5,069.44**	**5,159.44**	**15,193.32**
Bangladesh	1,372.96	4,118.87	1,319.84	1,388.47	1,418.47	1,463.47	4,270.41
Bhutan	61.07	183.22	76.72	69.72	69.72	69.72	209.17
India	2,060.40	6,181.21	2,480.00	2,480.00	2,530.00	2,530.00	7,540.00
Maldives	3.23	9.69	12.42	14.42	14.42	14.42	43.26
Nepal	305.19	915.57	397.20	411.83	411.83	411.83	1,235.49
Sri Lanka	635.34	1,906.01	623.43	600.00	625.00	670.00	1,895.00
Operations Group 2	**5,963.91**	**17,891.72**	**7,440.21**	**7,229.76**	**7,350.76**	**7,530.76**	**22,111.27**
East Asia	**1,935.70**	**5,807.10**	**2,062.28**	**2,072.09**	**2,143.09**	**2,167.09**	**6,382.28**
China, People's Republic of	1,677.88	5,033.65	1,750.00	1,750.00	1,750.00	1,750.00	5,250.00
Mongolia	257.81	773.44	312.28	322.09	393.09	417.09	1,132.28
Pacific	**403.35**	**1,210.06**	**730.95**	**666.85**	**666.85**	**677.85**	**2,011.54**
Cook Islands	6.70	20.09	9.00	6.00	6.00	6.00	18.00
Fiji	30.70	92.11	70.00	64.00	64.00	75.00	203.00
Kiribati	7.07	21.20	15.78	7.81	7.81	7.81	23.44
Marshall Islands	5.17	15.50	7.57	6.58	6.58	6.58	19.75
Micronesia, Federated States of	2.17	6.50	7.70	6.75	6.75	6.75	20.26
Nauru	2.33	7.00	16.84	5.33	5.33	5.33	15.98
Palau	8.27	24.80	29.52	27.33	27.33	27.33	81.98
Papua New Guinea	240.08	720.25	392.73	382.73	382.73	382.73	1,148.18
Samoa	12.00	36.00	29.65	13.82	13.82	13.82	41.46
Solomon Islands	14.47	43.40	17.45	19.05	19.05	19.05	57.16
Timor-Leste	45.78	137.34	94.63	100.23	100.23	100.23	300.70
Tonga	7.81	23.44	16.76	10.53	10.53	10.53	31.59
Tuvalu	6.10	18.30	7.37	5.69	5.69	5.69	17.06
Vanuatu	14.71	44.14	15.96	10.99	10.99	10.99	32.97

Region/Country	Average Actual 2015–2017	Total 2015–2017	Target 2018	Projected 2019	2020	2021	Total 2019–2021
Southeast Asia	**3,624.86**	**10,874.57**	**4,646.98**	**4,490.82**	**4,540.82**	**4,685.82**	**13,717.46**
Cambodia	106.18	318.55	270.22	267.56	267.56	267.56	802.68
Indonesia	1,510.63	4,531.90	2,000.00	2,000.00	2,000.00	2,000.00	6,000.00
Lao People's Democratic Republic	87.21	261.64	118.30	115.57	115.57	115.57	346.72
Myanmar	166.74	500.23	412.14	362.69	362.69	362.69	1,088.06
Philippines	927.77	2,783.30	845.00	1,080.00	1,110.00	1,210.00	3,400.00
Thailand				120.00	130.00	150.00	400.00
Viet Nam	826.32	2,478.95	1,001.33	545.00	555.00	580.00	1,680.00
Regular OCR Regional Set-Aside			**510.00**	**210.00**			**210.00**
Concessional Assistance Regional Pool				**358.12**	**358.12**	**358.12**	**1,074.36**
Regional Health Security				**2.19**	**2.19**	**14.30**	**18.67**
Disaster Response Facility			**59.32**	**63.60**	**63.60**	**63.60**	**190.79**
B. Nonsovereign Operations	**1,889.66**	**5,668.99**	**2,700.00**	**3,150.00**	**3,400.00**	**3,560.00**	**10,110.00**
C. Total (A + B)	**16,513.76**	**49,541.28**	**19,714.93**	**20,208.02**	**20,494.02**	**21,100.13**	**61,802.17**
Memorandum Items:							
Regular OCR	**13,753.45**	**41,260.36**	**15,799.00**	**16,480.00**	**16,766.00**	**17,360.00**	**50,606.00**
Sovereign	11,863.79	35,591.37	13,099.00	13,330.00	13,366.00	13,800.00	40,496.00
Nonsovereign	1,889.66	5,668.99	2,700.00	3,150.00	3,400.00	3,560.00	10,110.00
Concessional Assistance	**2,760.31**	**8,280.92**	**3,915.93**	**3,728.02**	**3,728.02**	**3,740.13**	**11,196.17**
ADF Grant	543.99	1,631.96	744.52	742.51	742.51	754.62	2,239.63
Concessional OCR[a]	2,216.32	6,648.97	3,171.42	2,985.51	2,985.51	2,985.51	8,956.54

ADF = Asian Development Fund, OCR = ordinary capital resources.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. Resources for 2018–2021 include disaster risk reduction allocations for concessional assistance-only countries (Table A1.6).
3. For 2019–2021, allocations are indicative, subject to factors including available concessional resources, outcome of ADB's country performance assessments, and debt sustainability assessments of the International Monetary Fund and the World Bank. The use of the concessional resource biennial allocations is guided by the Concessional Assistance Policy (ADB. 2016. *Concessional Assistance Policy*. Manila.).
4. The reclassification of Sri Lanka and Viet Nam as group C countries is effective 1 January 2019. These countries will become ineligible for concessional resources beginning on that date (ADB. 2017. *Sri Lanka: Review of Classification under ADB's Graduation Policy*. Manila, and ADB. 2017. *Viet Nam: Review of Classification under ADB's Graduation Policy*. Manila.).
5. Under a transition arrangement, Bhutan and the Lao People's Democratic Republic will become ineligible for grants in 2019 instead of 2017.
6. The 2018 commitment target for concessional resources reflects changes in the risk of debt distress for Samoa, Tajikistan, and Tonga; and subsequent reallocation of freed up resources from the volume discount to Cambodia, Myanmar, and Nepal. The 2018 commitment target is assumed at half of the biennial concessional resource allocations for 2017–2018 and includes resources allocated from the regional pool and regional health security grants.
7. Numbers may not sum precisely because of rounding.

[a] Formerly ADF lending, which was terminated following the combination of ADF lending operations with the OCR balance sheet beginning 1 January 2017.

Source: Asian Development Bank estimates.

Table A1.2: Regular Ordinary Capital Resources by Region and Country, 2019–2021
($ million)

Region/Country	Average Actual 2015–2017	Total 2015–2017	Target 2018	Projected 2019	2020	2021	Total 2019–2021
A. Sovereign Operations	**11,863.79**	**35,591.37**	**13,099.00**	**13,330.00**	**13,366.00**	**13,800.00**	**40,496.00**
Operations Group 1	**6,787.66**	**20,362.99**	**6,703.00**	**6,860.00**	**6,985.00**	**7,239.00**	**21,084.00**
Central and West Asia	**3,173.26**	**9,519.78**	**2,974.00**	**2,975.00**	**2,995.00**	**3,159.00**	**9,129.00**
Armenia	97.35	292.04	210.00	210.00	210.00	230.00	650.00
Azerbaijan	549.43	1,648.28	260.00	260.00	260.00	280.00	800.00
Georgia	186.14	558.41	200.00	200.00	200.00	220.00	620.00
Kazakhstan	560.60	1,681.79	365.00	365.00	365.00	385.00	1,115.00
Pakistan	1,253.76	3,761.27	1,389.00	1,400.00	1,410.00	1,480.00	4,290.00
Turkmenistan			50.00	50.00	50.00	50.00	150.00
Uzbekistan	526.00	1,578.00	500.00	490.00	500.00	514.00	1,504.00
South Asia[a]	**3,614.40**	**10,843.21**	**3,729.00**	**3,885.00**	**3,990.00**	**4,080.00**	**11,955.00**
Bangladesh	1,008.33	3,025.00	788.00	805.00	835.00	880.00	2,520.00
India	2,060.40	6,181.21	2,480.00	2,480.00	2,530.00	2,530.00	7,540.00
Sri Lanka	522.33	1,567.00	461.00	600.00	625.00	670.00	1,895.00
Operations Group 2	**5,076.13**	**15,228.38**	**5,886.00**	**6,260.00**	**6,381.00**	**6,561.00**	**19,202.00**
East Asia	**1,879.97**	**5,639.91**	**2,017.00**	**2,015.00**	**2,086.00**	**2,110.00**	**6,211.00**
China, People's Republic of	1,677.88	5,033.65	1,750.00	1,750.00	1,750.00	1,750.00	5,250.00
Mongolia	202.09	606.26	267.00	265.00	336.00	360.00	961.00
Pacific	**268.25**	**804.76**	**519.00**	**500.00**	**500.00**	**511.00**	**1,511.00**
Cook Islands	6.70	20.09	9.00	6.00	6.00	6.00	18.00
Fiji	30.70	92.11	70.00	64.00	64.00	75.00	203.00
Palau	5.49	16.47	20.00	20.00	20.00	20.00	60.00
Papua New Guinea	203.77	611.31	350.00	340.00	340.00	340.00	1,020.00
Timor-Leste	21.59	64.78	70.00	70.00	70.00	70.00	210.00
Southeast Asia	**2,927.90**	**8,783.71**	**3,350.00**	**3,745.00**	**3,795.00**	**3,940.00**	**11,480.00**
Indonesia	1,510.63	4,531.90	2,000.00	2,000.00	2,000.00	2,000.00	6,000.00
Philippines	927.77	2,783.30	845.00	1,080.00	1,110.00	1,210.00	3,400.00
Thailand				120.00	130.00	150.00	400.00
Viet Nam[b]	489.50	1,468.51	505.00	545.00	555.00	580.00	1,680.00
Regular OCR Regional Set-Aside			**510.00**	**210.00**			**210.00**
B. Nonsovereign Operations	**1,889.66**	**5,668.99**	**2,700.00**	**3,150.00**	**3,400.00**	**3,560.00**	**10,110.00**
C. Total (A + B)	**13,753.45**	**41,260.36**	**15,799.00**	**16,480.00**	**16,766.00**	**17,360.00**	**50,606.00**

OCR = ordinary capital resources.
Notes: Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement. Numbers may not sum precisely because of rounding.
[a] South Asia data for 2015–2017 include $70 million for a revenue-generating and foreign exchange earning project in Bhutan.
[b] In the Work Program and Budget Framework, 2018–2020, additional regular OCR is allocated to Sri Lanka and Viet Nam to compensate for the cessation of concessional resources following their reclassification to group C (regular OCR-only country) beginning 1 January 2019. However, prior to the preparation of the Work Program and Budget Framework, 2019–2021, the Vietnamese authorities imposed a debt cap particularly on non-concessional borrowing.
Source: Asian Development Bank estimates.

Table A1.3: Concessional Assistance (Concessional Lending and Grant) by Region and Country, 2019–2021
($ million)

Region/Country	Average Actual 2015–2017	Total 2015–2017	Target 2018	Projected 2019	Projected 2020	Projected 2021	Total 2019–2021
A. Operations Group 1	**1,872.53**	**5,617.58**	**2,302.40**	**2,334.36**	**2,334.36**	**2,334.36**	**7,003.08**
Central and West Asia[a]	**1,048.74**	**3,146.22**	**1,121.80**	**1,254.92**	**1,254.92**	**1,254.92**	**3,764.75**
Afghanistan	322.98	968.94	221.59	236.09	236.09	236.09	708.28
Kyrgyz Republic	108.02	324.07	99.26	124.48	124.48	124.48	373.45
Pakistan	334.39	1,003.17	441.33	474.03	474.03	474.03	1,422.09
Tajikistan	94.01	282.04	112.36	100.52	100.52	100.52	301.56
Uzbekistan	114.28	342.84	247.25	319.79	319.79	319.79	959.37
South Asia	**823.79**	**2,471.36**	**1,180.60**	**1,079.44**	**1,079.44**	**1,079.44**	**3,238.32**
Bangladesh	364.62	1,093.87	531.84	583.47	583.47	583.47	1,750.41
Bhutan	37.74	113.22	76.72	69.72	69.72	69.72	209.17
Maldives	3.23	9.69	12.42	14.42	14.42	14.42	43.26
Nepal	305.19	915.57	397.20	411.83	411.83	411.83	1,235.49
Sri Lanka	113.00	339.01	162.43				
B. Operations Group 2	**887.78**	**2,663.34**	**1,554.21**	**969.76**	**969.76**	**969.76**	**2,909.27**
East Asia	**55.73**	**167.18**	**45.28**	**57.09**	**57.09**	**57.09**	**171.28**
Mongolia	55.73	167.18	45.28	57.09	57.09	57.09	171.28
Pacific	**135.10**	**405.31**	**211.95**	**166.85**	**166.85**	**166.85**	**500.54**
Kiribati	7.07	21.20	15.78	7.81	7.81	7.81	23.44
Marshall Islands	5.17	15.50	7.57	6.58	6.58	6.58	19.75
Micronesia, Federated States of	2.17	6.50	7.70	6.75	6.75	6.75	20.26
Nauru	2.33	7.00	16.84	5.33	5.33	5.33	15.98
Palau	2.78	8.33	9.52	7.33	7.33	7.33	21.98
Papua New Guinea	36.31	108.94	42.73	42.73	42.73	42.73	128.18
Samoa	12.00	36.00	29.65	13.82	13.82	13.82	41.46
Solomon Islands	14.47	43.40	17.45	19.05	19.05	19.05	57.16
Timor-Leste	24.19	72.56	24.63	30.23	30.23	30.23	90.70
Tonga	7.81	23.44	16.76	10.53	10.53	10.53	31.59
Tuvalu	6.10	18.30	7.37	5.69	5.69	5.69	17.06
Vanuatu	14.71	44.14	15.96	10.99	10.99	10.99	32.97
Southeast Asia	**696.95**	**2,090.86**	**1,296.98**	**745.82**	**745.82**	**745.82**	**2,237.46**
Cambodia	106.18	318.55	270.22	267.56	267.56	267.56	802.68
Lao People's Democratic Republic	87.21	261.64	118.30	115.57	115.57	115.57	346.72
Myanmar	166.74	500.23	412.14	362.69	362.69	362.69	1,088.06
Viet Nam	336.81	1,010.44	496.33				
C. Concessional Assistance Regional Pool				**358.12**	**358.12**	**358.12**	**1,074.36**
D. Regional Health Security				**2.19**	**2.19**	**14.30**	**18.67**
E. Disaster Response Facility			**59.32**	**63.60**	**63.60**	**63.60**	**190.79**
F. Total (A + B + C + D + E)	**2,760.31**	**8,280.92**	**3,915.93**	**3,728.02**	**3,728.02**	**3,740.13**	**11,196.17**

Notes:
1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. Resources for 2018–2021 include disaster risk reduction allocations for concessional assistance-only countries (Table A1.6).
3. For 2019–2021, allocations are indicative, subject to factors including the available concessional resources, outcome of ADB's country performance assessments, and debt sustainability assessments of the International Monetary Fund and the World Bank. The use of concessional resource biennial allocations is guided by the Concessional Assistance Policy (ADB. 2016. *Concessional Assistance Policy*. Manila.).
4. The reclassification of Sri Lanka and Viet Nam as group C countries is effective 1 January 2019. These countries will become ineligible for concessional resources beginning on that date (ADB. 2017. *Sri Lanka: Review of Classification under ADB's Graduation Policy*. Manila, and ADB. 2017. *Viet Nam: Review of Classification under ADB's Graduation Policy*. Manila.).
5. Under a transition arrangement, Bhutan and the Lao People's Democratic Republic will become ineligible for grants in 2019 instead of 2017.
6. The 2018 commitment target for concessional resources reflects changes in the risk of debt distress for Samoa, Tajikistan, and Tonga; and subsequent reallocation of freed up resources from the volume discount to Cambodia, Myanmar, and Nepal. The 2018 commitment target is assumed at half of the biennial concessional resource allocations for 2017–2018 and includes resources allocated from the regional pool and regional health security grants.
7. Numbers may not sum precisely because of rounding.

[a] Central and West Asia data for 2015–2017 include Armenia and Georgia. Armenia's average was \$29.82 million and its total was \$89.46 million. Georgia's average was \$45.23 million and its total was \$135.69 million.

Source: Asian Development Bank estimates.

Table A1.4: Concessional Lending (Ordinary Capital Resources) by Region and Country, 2019–2021
($ million)

Region/Country	Average Actual 2015–2017	Total 2015–2017	Target 2018	Projected 2019	2020	2021	Total 2019–2021
A. Operations Group 1	**1,408.28**	**4,224.83**	**1,842.87**	**1,900.73**	**1,900.73**	**1,900.73**	**5,702.19**
Central and West Asia[a]	**605.92**	**1,817.77**	**738.17**	**857.42**	**857.42**	**857.42**	**2,572.26**
Kyrgyz Republic	42.62	127.85	49.59	63.60	63.60	63.60	190.80
Pakistan	334.39	1,003.17	441.33	474.03	474.03	474.03	1,422.09
Tajikistan	39.58	118.75					
Uzbekistan	114.28	342.84	247.25	319.79	319.79	319.79	959.37
South Asia	**802.35**	**2,407.06**	**1,104.70**	**1,043.31**	**1,043.31**	**1,043.31**	**3,129.93**
Bangladesh	364.62	1,093.87	531.84	583.47	583.47	583.47	1,750.41
Bhutan	19.54	58.61	34.48	63.01	63.01	63.01	189.04
Nepal	305.19	915.57	382.20	396.83	396.83	396.83	1,190.49
Sri Lanka	113.00	339.01	156.18				
B. Operations Group 2	**808.05**	**2,424.14**	**1,288.06**	**871.20**	**871.20**	**871.20**	**2,613.59**
East Asia	**55.73**	**167.18**	**45.28**	**57.09**	**57.09**	**57.09**	**171.28**
Mongolia	55.73	167.18	45.28	57.09	57.09	57.09	171.28
Pacific	**89.39**	**268.17**	**91.61**	**95.37**	**95.37**	**95.37**	**286.11**
Palau	2.78	8.33	9.52	7.33	7.33	7.33	21.98
Papua New Guinea	36.31	108.94	42.73	42.73	42.73	42.73	128.18
Samoa	1.03	3.10					
Solomon Islands	12.05	36.16	8.55	9.57	9.57	9.57	28.70
Timor-Leste	24.19	72.56	24.63	30.23	30.23	30.23	90.70
Tonga	3.78	11.35					
Vanuatu	9.25	27.74	6.19	5.52	5.52	5.52	16.55
Southeast Asia	**662.93**	**1,988.79**	**1,151.16**	**718.73**	**718.73**	**718.73**	**2,156.20**
Cambodia	106.18	318.55	257.40	254.39	254.39	254.39	763.16
Lao People's Democratic Republic	53.19	159.57		110.57	110.57	110.57	331.72
Myanmar	166.74	500.23	403.44	353.78	353.78	353.78	1,061.33
Viet Nam	336.81	1,010.44	490.33				
C. Concessional OCR Regional Pool				**179.06**	**179.06**	**179.06**	**537.18**
D. Disaster Risk Reduction			**40.49**	**34.52**	**34.52**	**34.52**	**103.57**
E. Total (A + B + C + D)	**2,216.32**	**6,648.97**	**3,171.42**	**2,985.51**	**2,985.51**	**2,985.51**	**8,956.54**

OCR = ordinary capital resources.
Notes:
1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. For 2019–2021, allocations are indicative, subject to factors including the available concessional resources, outcome of ADB's country performance assessments, and debt sustainability assessments of the International Monetary Fund and the World Bank. The use of concessional resource biennial allocations is guided by the Concessional Assistance Policy (ADB. 2016. *Concessional Assistance Policy*. Manila.). Concessional resource allocations reflect half of projected resources available for a biennial period. The use of concessional resource biennial allocations is guided by the Concessional Assistance Policy (ADB. 2016. *Concessional Assistance Policy*. Manila.).

3. The reclassification of Sri Lanka and Viet Nam as group C countries is effective 1 January 2019. These countries will become ineligible for concessional resources beginning on that date (ADB. 2017. *Sri Lanka: Review of Classification under ADB's Graduation Policy*. Manila, and ADB. 2017. *Viet Nam: Review of Classification under ADB's Graduation Policy*. Manila.).
4. Under a transition arrangement, Bhutan and the Lao People's Democratic Republic will become ineligible for grants in 2019 instead of 2017.
5. The 2018 commitment target for concessional resources reflects changes in the risk of debt distress for Samoa, Tajikistan, and Tonga; and subsequent reallocation of freed up resources from the volume discount to Cambodia, Myanmar, and Nepal. The 2018 commitment target is assumed at half of the biennial concessional resource allocations for 2017–2018 and includes resources allocated from the regional pool.
6. Numbers may not sum precisely because of rounding.

[a] Central and West Asia data for 2015–2017 include Armenia and Georgia. Armenia's average was $29.82 million and its total was $89.46 million. Georgia's average was $45.23 million and its total was $135.69 million.

Source: Asian Development Bank estimates.

Table A1.5: Asian Development Fund Grant by Region and Country, 2019–2021
($ million)

Region/Country	Average Actual 2015–2017	Total 2015–2017	Target 2018	Projected 2019	Projected 2020	Projected 2021	Projected Total 2019–2021
A. Operations Group 1	**464.25**	**1,392.75**	**412.67**	**391.19**	**391.19**	**391.19**	**1,173.56**
Central and West Asia	**442.82**	**1,328.45**	**358.62**	**377.50**	**377.50**	**377.50**	**1,132.49**
Afghanistan	322.98	968.94	216.59	231.09	231.09	231.09	693.28
Kyrgyz Republic	65.41	196.22	39.67	50.88	50.88	50.88	152.64
Tajikistan	54.43	163.29	102.36	95.52	95.52	95.52	286.56
South Asia	**21.43**	**64.30**	**54.05**	**13.69**	**13.69**	**13.69**	**41.07**
Bhutan	18.20	54.61	36.16				
Maldives	3.23	9.69	11.63	13.69	13.69	13.69	41.07
Sri Lanka			6.25				
B. Operations Group 2	**79.74**	**239.21**	**231.78**	**65.73**	**65.73**	**65.73**	**197.18**
East Asia							
Pacific	**45.71**	**137.14**	**112.16**	**65.73**	**65.73**	**65.73**	**197.18**
Kiribati	7.07	21.20	15.31	7.42	7.42	7.42	22.26
Marshall Islands	5.17	15.50	7.17	6.25	6.25	6.25	18.76
Micronesia, Federated States of	2.17	6.50	7.29	6.41	6.41	6.41	19.23
Nauru	2.33	7.00	16.50	5.06	5.06	5.06	15.17
Samoa	10.97	32.90	27.95	13.12	13.12	13.12	39.37
Solomon Islands	2.41	7.24	6.94	7.65	7.65	7.65	22.96
Tonga	4.03	12.09	15.42	10.00	10.00	10.00	29.99
Tuvalu	6.10	18.30	7.01	5.40	5.40	5.40	16.20
Vanuatu	5.47	16.41	8.57	4.41	4.41	4.41	13.24
Southeast Asia	**34.02**	**102.07**	**119.62**				
Cambodia							
Lao People's Democratic Republic	34.02	102.07	113.62				
Myanmar							
Viet Nam			6.00				
C. ADF Regional Pool				**179.06**	**179.06**	**179.06**	**537.18**
D. Disaster Response Facility			**59.32**	**63.60**	**63.60**	**63.60**	**190.79**
E. Disaster Risk Reduction			**40.75**	**40.75**	**40.75**	**40.75**	**122.25**
F. Regional Health Security				**2.19**	**2.19**	**14.30**	**18.67**
G. Total (A + B + C + D + E + F)	**543.99**	**1,631.96**	**744.52**	**742.51**	**742.51**	**754.62**	**2,239.63**

ADF = Asian Development Fund.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.

2. For 2019–2021, allocations are indicative, subject to factors including the available concessional resources, outcome of ADB's country performance assessments, and debt sustainability assessments of the International Monetary Fund and the World Bank. The use of concessional resource biennial allocations is guided by the Concessional Assistance Policy (ADB. 2016. *Concessional Assistance Policy*. Manila.).
3. The reclassification of Sri Lanka and Viet Nam as group C countries is effective 1 January 2019. These countries will become ineligible for concessional resources beginning on that date (ADB. 2017. *Sri Lanka: Review of Classification under ADB's Graduation Policy*. Manila, and ADB. 2017. *Viet Nam: Review of Classification under ADB's Graduation Policy*. Manila.).
4. Under a transition arrangement, Bhutan and the Lao People's Democratic Republic will become ineligible for grants in 2019 instead of 2017.
5. The 2018 commitment target for concessional resources reflects changes in the risk of debt distress for Samoa, Tajikistan, and Tonga; and subsequent reallocation of freed up resources from the volume discount to Cambodia, Myanmar, and Nepal. The 2018 commitment target is assumed at half of the biennial concessional resource allocations for 2017–2018 and includes resources allocated from the regional pool and regional health security grants. The ADF commitment target reflected for Sri Lanka and Viet Nam are resources allocated from the regional health security grant.
6. Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

Table A1.6: Disaster Risk Reduction through Concessional Assistance (Concessional Lending and Grant) by Region and Country, 2019–2021
($ million)

Region/Country	2019 COL	2019 ADF	2019 Total	2020 COL	2020 ADF	2020 Total	2021 COL	2021 ADF	2021 Total	Total 2019–2021
A. Operations Group 1	**18.36**	**24.08**	**42.44**	**18.36**	**24.08**	**42.44**	**18.36**	**24.08**	**42.44**	**127.32**
Central and West Asia	**5.00**	**15.00**	**20.00**	**5 .00**	**15.00**	**20.00**	**5.00**	**15.00**	**20.00**	**60.00**
Afghanistan		5.00	5.00		5.00	5.00		5.00	5.00	15.00
Kyrgyz Republic	5.00	5.00	10.00	5.00	5.00	10.00	5.00	5.00	10.00	30.00
Tajikistan		5.00	5.00		5.00	5.00		5.00	5.00	15.00
South Asia	**13.36**	**9.08**	**22.44**	**13.36**	**9.08**	**22.44**	**13.36**	**9.08**	**22.44**	**67.32**
Bhutan	3.36	3.36	6.71	3.36	3.36	6.71	3.36	3.36	6.71	20.13
Maldives		0.73	0.73		0.73	0.73		0.73	0.73	2.19
Nepal	10.00	5.00	15.00	10.00	5.00	15.00	10.00	5.00	15.00	45.00
B. Operations Group 2	**16.17**	**16.67**	**32.83**	**16.17**	**16.67**	**32.83**	**16.17**	**16.67**	**32.83**	**98.50**
East Asia										
Pacific	**1.45**	**4.30**	**5.75**	**1.45**	**4.30**	**5.75**	**1.45**	**4.30**	**5.75**	**17.25**
Kiribati		0.40	0.40		0.40	0.40		0.40	0.40	1.19
Marshall Islands		0.33	0.33		0.33	0.33		0.33	0.33	1.00
Micronesia, Federated States of		0.34	0.34		0.34	0.34		0.34	0.34	1.02
Nauru		0.27	0.27		0.27	0.27		0.27	0.27	0.81
Samoa		0.70	0.70		0.70	0.70		0.70	0.70	2.10
Solomon Islands	0.92	0.92	1.83	0.92	0.92	1.83	0.92	0.92	1.83	5.50
Tonga		0.53	0.53		0.53	0.53		0.53	0.53	1.60
Tuvalu		0.29	0.29		0.29	0.29		0.29	0.29	0.86
Vanuatu	0.53	0.53	1.06	0.53	0.53	1.06	0.53	0.53	1.06	3.17
Southeast Asia	**14.72**	**12.36**	**27.08**	**14.72**	**12.36**	**27.08**	**14.72**	**12.36**	**27.08**	**81.25**
Cambodia	8.78	4.39	13.17	8.78	4.39	13.17	8.78	4.39	13.17	39.52
Lao People's Democratic Republic		5.00	5.00		5.00	5.00		5.00	5.00	15.00
Myanmar	5.94	2.97	8.91	5.94	2.97	8.91	5.94	2.97	8.91	26.73
C. Total (A + B)	**34.52**	**40.75**	**75.27**	**34.52**	**40.75**	**75.27**	**34.52**	**40.75**	**75.27**	**225.82**

ADF = Asian Development Fund, COL = concessional ordinary capital resources lending.
Notes:
1. For 2019–2021, allocations are indicative, subject to factors including the available concessional resources, outcome of ADB's country performance assessments, and debt sustainability assessments of the International Monetary Fund and the World Bank. The use of concessional resource biennial allocations is guided by the Concessional Assistance Policy (ADB. 2016. *Concessional Assistance Policy*. Manila.).
2. Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

SOVEREIGN OPERATIONS PIPELINE PROJECTED COMMITMENTS BY SECTOR AND OPERATIONAL PRIORITY

Table A2.1: Total Sovereign Operations Pipeline Projected Commitments (Regular and Concessional Ordinary Capital Resources Lending and Asian Development Fund Grant) by Sector, 2015–2021

	2015–2017 (Total)[a]				2018 (Estimate)				2019–2021 (Estimated Total)[b]			
Sector	**No.**	**%**	**$ million**	**%**	**No.**	**%**	**$ million**	**%**	**No.**	**%**	**$ million**	**%**
Agriculture, Natural Resources, and Rural Development	40	10	3,104	7	26	14	2,194	13	60	12	6,315	12
Education	30	8	2,234	5	15	8	1,482	9	34	7	3,294	6
Energy	56	14	9,906	23	22	12	3,176	19	70	14	11,646	23
Finance	32	8	4,795	11	10	5	1,147	7	34	7	4,187	8
Health	7	2	707	2	14	8	478	3	18	4	1,333	3
Industry and Trade	17	4	1,321	3	4	2	796	5	14	3	926	2
ICT	3	1	71	0.2	3	2	56	0.3	6	1	137	0.3
PSM	41	11	5,088	12	21	11	1,236	7	89	18	3,339	6
Transport	107	28	12,079	28	39	21	4,569	27	102	21	14,767	29
Water and Other Urban Infrastructure and Services	54	14	4,568	10	32	17	1,881	11	65	13	5,748	11
Total	**387**	**100**	**43,872**	**100**	**186**	**100**	**17,015**	**100**	**492**	**100**	**51,692**[c]	**100**
Memorandum item												
Infrastructure	249	61	27,944	64	114	58	10,861	64	280	55	35,281	68

ICT = information and communication technology, No. = number of operations, PSM = public sector management.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. The number of operations refers to sector components within projects and does not represent the number of projects.
3. Numbers may not sum precisely because of rounding.

[a] Reflects actual commitments by sector breakdown during 2015–2017.

[b] Estimates based on the pipelines of country operations business plans jointly developed by developing member countries and ADB.

[c] In addition, the projected nonsovereign commitments during the Work Program and Budget Framework, 2019–2021 total $10.1 billion for an overall projected commitment level of $61.8 billion (main text, para. 4 and Figure 1).

Source: Asian Development Bank estimates.

Table A2.2: Regular Ordinary Capital Resources Operations Pipeline Projected Commitments by Sector, 2015–2021

Sector	2015–2017 (Total)[a]				2018 (Estimate)				2019–2021 (Estimated Total)[b]			
	No.	**%**	**$ million**	**%**	**No.**	**%**	**$ million**	**%**	**No.**	**%**	**$ million**	**%**
Agriculture, Natural Resources, and Rural Development	28	12	2,531	7	12	12	1,483	11	34	11	4,156	10
Education	9	4	1,099	3	7	7	809	6	18	6	2,249	6
Energy	40	17	8,445	24	12	12	2,864	22	47	15	10,015	25
Finance	24	10	4,169	12	9	9	1,096	8	20	6	2,891	7
Health	3	1	555	2	3	3	158	1	10	3	1,107	3
Industry and Trade	5	2	1,135	3	3	3	590	5	10	3	643	2
ICT	2	1	44	0.1	2	2	19	0.1	4	1	103	0.3
PSM	22	9	4,262	12	12	12	1,191	9	51	17	2,821	7
Transport	69	29	9,846	28	25	25	3,659	28	76	25	12,660	31
Water and Other Urban Infrastructure and Services	36	15	3,506	10	15	15	1,231	9	39	13	3,853	10
Total	**238**	**100**	**35,591**	**100**	**100**	**100**	**13,099**	**100**	**309**	**100**	**40,496[c]**	**100**
Memorandum item												
Infrastructure	166	66	22,876	64	62	60	8,685	66	187	59	28,646	71

ICT = information and communication technology, No. = number of operations, PSM = public sector management.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. The number of operations refers to sector components within projects and does not represent the number of projects.
3. Numbers may not sum precisely because of rounding.

[a] Reflects actual commitments by sector breakdown during 2015–2017.

[b] Estimates based on the pipelines of country operations business plans jointly developed by developing member countries and ADB.

[c] In addition, the projected nonsovereign commitments during the Work Program and Budget Framework, 2019–2021 total $10.1 billion for total projected regular ordinary capital resources commitments of $50.6 billion (main text, Table 1).

Source: Asian Development Bank estimates.

Table A2.3: Concessional Lending (Ordinary Capital Resources) Operations Pipeline Projected Commitments by Sector, 2015–2021

	2015–2017 (Total)[a]				2018 (Estimate)				2019–2021 (Estimated Total)[b]			
Sector	**No.**	**%**	**$ million**	**%**	**No.**	**%**	**$ million**	**%**	**No.**	**%**	**$ million**	**%**
Agriculture, Natural Resources, and Rural Development	12	9	507	8	12	18	606	19	27	17	1,545	17
Education	15	11	1,002	15	9	13	658	21	14	9	972	11
Energy	15	11	879	13	3	4	173	5	21	13	1,317	15
Finance	11	8	592	9	1	1	51	2	13	8	1,228	14
Health	3	2	137	2	8	12	225	7	6	4	159	2
Industry and Trade	7	5	96	1	1	1	206	6	7	4	276	3
ICT	1	1	8	0.1					1	1	25	0.3
PSM	16	11	765	12	7	10	38	1	18	11	280	3
Transport	39	28	1,611	24	13	19	722	23	25	16	1,491	17
Water and Other Urban Infrastructure and Services	21	15	1,052	16	13	19	492	16	29	18	1,663	19
Total	**140**	**100**	**6,649**	**100**	**67**	**100**	**3,171**	**100**	**161**	**100**	**8,957**	**100**
Memorandum item												
Infrastructure	85	58	3,785	57	38	51	1,638	52	93	54	5,074	57

ICT = information and communication technology, No. = number of operations, PSM = public sector management.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. The number of operations refers to sector components within projects and does not represent the number of projects.
3. Numbers may not sum precisely because of rounding.

[a] Reflects actual commitments by sector breakdown during 2015–2017.

[b] Estimates based on the pipelines of country operations business plans jointly developed by developing member countries and ADB.

Source: Asian Development Bank estimates.

Table A2.4: Asian Development Fund Grant Operations Pipeline Projected Commitments by Sector, 2015–2021

Sector	2015–2017 (Total)[a]				2018 (Estimate)				2019–2021 (Estimated Total)[b]			
	No.	%	$ million	%	No.	%	$ million	%	No.	%	$ million	%
Agriculture, Natural Resources, and Rural Development	3	4	66	4	7	16	105	14	18	17	614	27
Education	9	12	133	8	2	5	15	2	6	6	73	3
Energy	15	19	582	36	7	16	139	19	14	13	315	14
Finance	4	5	35	2					4	4	68	3
Health	2	3	15	1	7	16	95	13	5	5	67	3
Industry and Trade	8	10	90	6					1	1	8	0.4
ICT	1	1	19	1	1	2	37	5	1	1	9	0.4
PSM	15	19	61	4	4	9	7	1	30	28	239	11
Transport	18	23	622	38	7	16	188	25	17	16	616	28
Water and Other Urban Infrastructure	3	4	9	1					13	12	232	10
and Services					9	20	158	21				
Total	**78**	**100**	**1,632**	**100**	**44**	**100**	**745**	**100**	**109**	**100**	**2,240**	**100**
Memorandum item												
Infrastructure	40	50	1,283	79	28	60	538	72	56	50	1,562	70

ICT = information and communication technology, No. = number of operations, PSM = public sector management.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. The number of operations refers to sector components within projects and does not represent the number of projects.
3. Numbers may not sum precisely because of rounding.

[a] Reflects actual commitments by sector breakdown during 2015–2017.

[b] Estimates based on the pipelines of country operations business plans jointly developed by developing member countries and ADB.

Source: Asian Development Bank estimates.

Table A2.5: Total Sovereign Operations Pipeline Projected Commitments (Regular and Concessional Ordinary Capital Resources Lending and Asian Development Fund Grant) by Operational Priority, 2015–2021

Operational Priority	2015–2017 (Total)[a]				2018 (Estimate)				2019–2021 (Estimated Total)[b]			
	No.	%	$ million	%	No.	%	$ million	%	No.	%	$ million	%
Addressing Remaining Poverty and Reducing Inequalities	203	65	25,732	59	73	69	10,469	62	211	66	36,092	70
Accelerating Progress in Gender Equality	215	70	28,250	64	79	75	12,756	75	240	75	38,987	75
Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability	185	59	24,820	57	71	68	11,488	68	217	68	36,654	71
Making Cities More Livable	87	28	8,172	19	30	29	2,836	17	86	27	12,390	24
Promoting Rural Development and Food Security	86	27	9,292	21	29	27	3,860	23	65	20	10,586	21
Strengthening Governance and Institutional Capacity	269	86	36,091	82	93	88	14,815	87	285	89	44,280	86
Fostering Regional Cooperation and Integration	86	27	11,729	27	28	27	3,828	23	90	28	14,474	28

No. = number of projects.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. A project may contribute to any or all the Strategy 2030 seven operational priorities subject to meeting the eligibility criteria. Thus, the percentages may sum to more than 100%.
3. Numbers may not sum precisely because of rounding.

[a] Reflects actual commitments by sector breakdown during 2015–2017.

[b] Estimates based on the pipelines of country operations business plans jointly developed by developing member countries and ADB.

Source: Asian Development Bank estimates.

Table A2.6: Regular Ordinary Capital Resources Operations Pipeline Projected Commitments by Operational Priority, 2015–2021

Operational Priority	2015–2017 (Total)[a]				2018 (Estimate)				2019–2021 (Estimated Total)[b]			
	No.	%	$ million	%	No.	%	$ million	%	No.	%	$ million	%
Addressing Remaining Poverty and Reducing Inequalities	121	63	20,005	56	33	62	7,376	56	136	71	28,681	71
Accelerating Progress in Gender Equality	126	66	22,105	52	36	68	9,543	73	147	77	30,750	76
Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability	125	65	20,665	58	37	69	9,070	69	137	72	28,642	71
Making Cities More Livable	58	30	6,735	19	15	28	2,084	16	59	31	10,187	25
Promoting Rural Development and Food Security	56	29	7,534	21	14	27	2,897	22	41	21	7,654	19
Strengthening Governance and Institutional Capacity	163	84	29,187	82	48	91	11,345	87	167	88	34,115	84
Fostering Regional Cooperation and Integration	43	22	8,517	24	11	20	2,564	20	52	27	9,458	23

No. = number of projects.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. A project may contribute to any or all the Strategy 2030 seven operational priorities subject to meeting the eligibility criteria. Thus, the percentages may sum to more than 100%.
3. Numbers may not sum precisely because of rounding.

[a] Reflects actual commitments by sector breakdown during 2015–2017.

[b] Estimates based on the pipelines of country operations business plans jointly developed by developing member countries and ADB.

Source: Asian Development Bank estimates.

Table A2.7: Concessional Lending (Ordinary Capital Resources) Operations Pipeline Projected Commitments by Operational Priority, 2015–2021

Operational Priority	2015–2017 (Total)[a]				2018 (Estimate)				2019–2021 (Estimated Total)[b]			
	No.	%	$ million	%	No.	%	$ million	%	No.	%	$ million	%
Addressing Remaining Poverty and Reducing Inequalities	86	70	4,682	70	31	78	2,544	80	76	70	6,107	68
Accelerating Progress in Gender Equality	94	79	5,153	78	34	84	2,637	83	82	75	6,494	73
Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability	70	57	3,440	52	27	67	1,899	60	75	68	6,149	69
Making Cities More Livable	32	26	1,401	21	11	27	565	18	30	27	1,930	22
Promoting Rural Development and Food Security	32	26	1,349	20	12	31	807	25	26	24	2,276	25
Strengthening Governance and Institutional Capacity	109	89	6,091	92	35	89	2,833	89	103	94	8,618	96
Fostering Regional Cooperation and Integration	36	30	1,936	29	12	31	968	31	33	30	3,797	42

No. = number of projects.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. A project may contribute to any or all the Strategy 2030 seven operational priorities subject to meeting the eligibility criteria. Thus, the percentages may sum to more than 100%.
3. Numbers may not sum precisely because of rounding.

[a] Reflects actual commitments by sector breakdown during 2015–2017.

[b] Estimates based on the pipelines of country operations business plans jointly developed by developing member countries and ADB.

Source: Asian Development Bank estimates.

Table A2.8: Asian Development Fund Grant Operations Pipeline Projected Commitments by Operational Priority, 2015–2021

Operational Priority	2015–2017 (Total)[a]				2018 (Estimate)				2019–2021 (Estimated Total)[b]			
	No.	%	$ million	%	No.	%	$ million	%	No.	%	$ million	%
Addressing Remaining Poverty and Reducing Inequalities	34	57	1,045	64	22	75	549	74	42	56	1,304	58
Accelerating Progress in Gender Equality	40	70	992	61	23	80	575	77	54	72	1,744	78
Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability	30	50	716	44	20	70	519	70	50	67	1,863	83
Making Cities More Livable	8	13	35	2	9	30	187	25	14	19	272	12
Promoting Rural Development and Food Security	10	17	409	25	8	28	157	21	17	23	656	29
Strengthening Governance and Institutional Capacity	50	83	814	50	24	85	638	86	65	87	1,547	69
Fostering Regional Cooperation and Integration	28	47	1,275	78	10	35	297	40	21	29	1,219	54

No. = number of projects.

Notes:

1. Beginning in 2018, the Asian Development Bank (ADB) shifts to commitments as its main performance metric. A commitment is defined as the financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or the investee company and ADB. A commitment may be in United States dollars, special drawing rights, or other currencies. It is recorded in ADB's accounts as of the date of signature of the relevant legal agreement.
2. A project may contribute to any or all the Strategy 2030 seven operational priorities subject to meeting the eligibility criteria. Thus, the percentages may sum to more than 100%.
3. Numbers may not sum precisely because of rounding.

[a] Reflects actual commitments by sector breakdown during 2015–2017.

[b] Estimates based on the pipelines of country operations business plans jointly developed by developing member countries and ADB.

Source: Asian Development Bank estimates.

WORKFORCE ANALYSIS

A. Review of Workforce Analysis for Work Program Budget Framework, 2018–2020

1. **2017 workforce analysis.** The workforce analysis for the Work Program and Budget Framework (WPBF), 2018–2020 identified the need for more staff to handle the increasing workload resulting from the projected growth in operations during this period. It estimated that 300 staff would be required over the 3-year WPBF period, including 135 for 2018. However, 60 new positions would be saved through the staff optimization measures.[1] Consequently, 75 new positions were provided in 2018, shared between operations departments (43 positions or 57%) and non-operations departments (32 positions, or 43%). Of the new positions, 45 were international staff, 25 were national staff, and 5 were administrative staff (analysts).

2. **Progress.** As of 31 July 2018, 66 of the 75 new positions were allocated in headquarters (of which, 6 were outposted to the resident missions) and 9 to the resident missions. Thus, 15 staff positions (20% of 75 new positions) were used to enhance the capacity of resident missions. Optimization also made reasonable progress: by the end of July, 42 positions were increased without additional cost through flexible position management and 20 positions worth of workload were saved through efficiency measures.[2]

3. **Impact of new positions on 2018 workload.** The implementation workload in headquarters and resident missions has declined. The average number of projects per international positions in headquarters dropped from 1.2 to 1.1. The average number of projects per international and national staff position in resident missions fell from 1.5 to 1.4.[3] However, the processing workload in headquarters has remained the same. The average number of projects for processing was 0.5 per international staff position at the end of June 2017 and the end of June 2018. The actual workload of headquarters and resident missions is higher when taking into considerations of the positions currently under recruitment or newly recruited staff who are yet to join the Asian Development Bank (ADB).

B. Methodology of Workforce Analysis for Work Program and Budget Framework, 2019–2021

4. **2015 methodology and updated 2018 methodology.** The first comprehensive workforce analysis methodology was developed in 2015. For both sovereign and nonsovereign operations, the workload required for loan processing and project implementation in the 3-year project pipelines was estimated using "staff coefficients." Staff coefficients are the staff time required (in staff weeks) to deliver any given output, which reflects the ideal staff time requirements to ensure efficient use of resources as well as the actual staff time spent through recall surveys, focus group discussions and meetings with experienced project team leaders.[4] These are adjusted for different financing modalities, availability of cofinancing, country categories (group A, B, and C), and fragile and conflict-affected situations. In other words, the workforce requirements are primarily contingent upon the number of projects for approval and implementation.

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[1] Para. 107 of the main text provides the details on the targets for optimization measures.
[2] Table 3 of the main text provides the details on the progress on staff optimization measures.
[3] The workload in 2017 was originally estimated using the estimated number of projects for approval but was re-estimated using the projected number of projects for commitments to allow for comparison with the 2018 workload.
[4] For example, project loans, sector loans, policy-based loans, sector development programs, multitranche financing facilities, result-based loans, and technical assistance.

5. The future workload of non-operations departments was estimated based on the distribution of staff time to key activities in the previous and current year. The distributed staff time on each key activity varies depending on the emerging needs for business requirements in the following years.

6. **2018 methodological refinements.** The methodology in 2018 included four key refinements: (i) projections of commitments based on the number of projects, (ii) consideration of the increasing emphasis on the innovative and multidisciplinary designs of sovereign projects following the guiding principles for operations and the multiple operational priorities of Strategy 2030, (iii) comparison of future workload distribution between headquarters and resident missions by regional departments, and (iv) a shift from a staff-coefficient based analysis to a staff-to-project based analysis for nonsovereign operations.

7. **Commitment-based projections.** To align with ADB's shift from approval-based reporting to commitment-based reporting, which was introduced in the WPBF, 2018–2020, this workforce analysis is based on the estimated number of project commitments for both sovereign and nonsovereign operations (Appendix 4).[5]

8. **Strategy 2030 operational priorities.** Under Strategy 2030, ADB operations will focus on seven operational priorities. Some projects may have ambitious multidisciplinary designs that focus on five or more of the seven operational priorities at once.[6] Such highly sophisticated projects will require more technical and integrated project designs, holistic and lateral thinking, additional cross-sector and interdepartmental collaborations, and extensive interaction and consultation with the clients. In addition, these projects will require ADB-wide expertise coordination and inputs from the pool of highly specialized experts. Highly sophisticated projects will result in more work than other projects. Since additional staff time will be required, the coefficients for sovereign operations were significantly increased to account for the design of such highly sophisticated projects.

9. **Comparison of future workload distribution between headquarters and resident missions.** International staff in regional departments generally work on both processing and implementation throughout a year. To observe the difference in workload among the regional departments during 2019–2021, a new approach that combines the numbers of projects for commitments and implementation per international staff in a sector division was introduced. Moreover, the number of projects being implemented per international staff at headquarters and in resident missions was compared to assess the workload differences between the two during 2019–2021.

10. **Updated nonsovereign operations workforce methodology.** Nonsovereign project pipelines are subject to commercial market volatilities. A 3-year pipeline will change by the end of the planning period for various reasons, such as project delays, droppages, or new opportunities becoming viable. This limits the efficacy of workforce planning based on the current pipeline. The refined methodology shifts the analytical approach from determining staff coefficients to quantifying the current and historical staff-to-project ratios needed to deliver nonsovereign project

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[5] As all loan negotiations for sovereign operations are concluded before Board approval and the commitment is expected to be signed promptly upon Board approval, the workload between approval and signing is therefore minimal. In addition, the original coefficients for loan implementation take into consideration the workload from approval to loan effectiveness. Hence, a change in the coefficients for calculating commitments is not recommended. For nonsovereign operations, the 2018 workforce analysis adopted staff-to-committed project ratio as a new coefficient for workforce analysis.

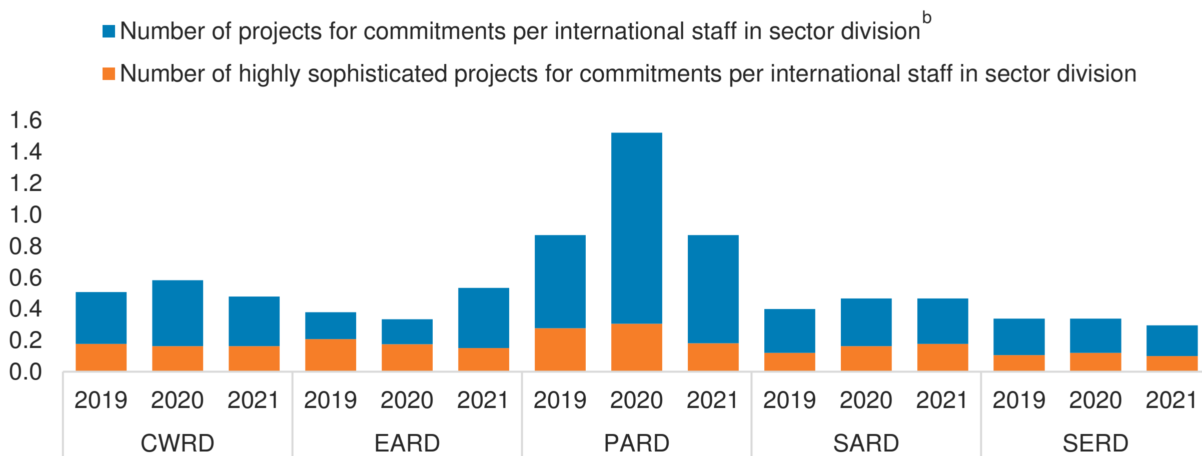
[6] Paras. 16–50 of the main text provide the details on the seven operational priorities.

commitments—and thereafter projecting future requirements by applying these ratios against an assumed work program. Accountability is linked to the delivery of programmed outputs. Moreover, the refined methodology provides a more granular view of workforce functions within nonsovereign operations. It differentiates between three core functions: (i) new project originations, (ii) portfolio management, and (iii) transaction support—each having its own unique (current) and desired (future) ratios. This refined methodology for nonsovereign operations follows the approaches deployed by commercial and development comparator organizations.

C. 2018 Workforce Analysis Key Findings

11. **Increasing project design sophistication.** One-third of the 2019–2021 project pipeline will focus on five or more of the seven operational priorities of Strategy 2030 at once. The commitment amount will also increase during this period, while the number of projects is projected to remain stable during 2019–2020 and increase slightly in 2021 (Appendix 4).[7] Although the incremental work associated with the increase in the number of projects is limited, the workload will continue to increase because of the highly sophisticated projects (para. 8).

Figure A3.1: Highly Sophisticated Projects per International Staff Position, 2019–2021
(number of projects per international staff position in a sector division)[a]



CWRD = Central and West Asia Department, EARD = East Asia Department, PARD = Pacific Department, SARD = South Asia Department, SERD = Southeast Asia Department.

[a] Standby projects were also added to the number of projects for commitment (Appendix 3, footnote 7) as these will be prepared in parallel with firm projects.

[b] The number of projects for commitment in 2019–2021 was divided by the number of international staff positions (as of the end of June 2018) with expertise relevant to processing work in sector divisions of each regional department.

Source: Asian Development Bank

12. Figure A3.1 shows that about one-third (28%–55%) of the loan processing workload per international staff position in a regional department will be for highly sophisticated projects.[8] In the Central and West Asia Department (CWRD), for example, one international staff position in a sector division will be assigned to 0.5 projects for processing in 2019, of which 0.2 projects are

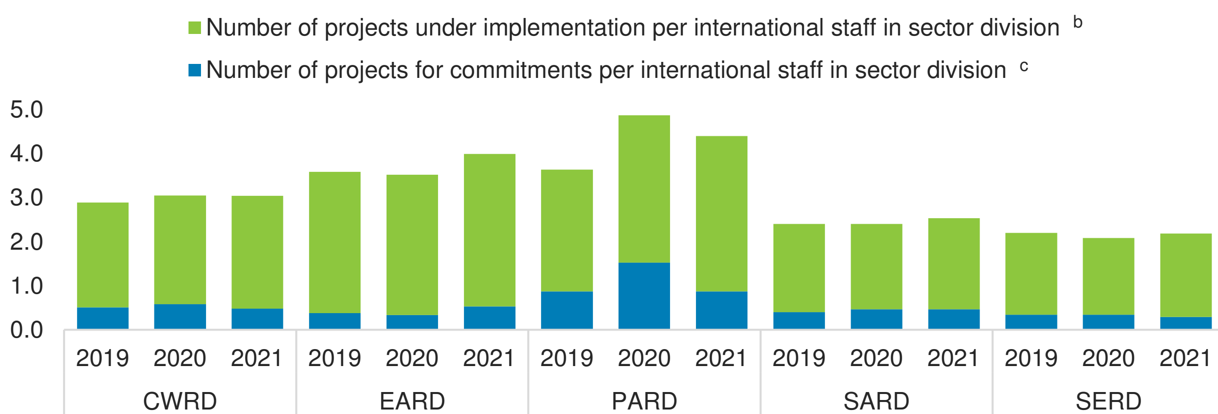
[7] Standby projects will also be ready for approval and commitment in each year, which adds 30% to the number of projects for commitment in each year on average.

[8] The expertise of international staff includes in sectors (e.g., agriculture and natural resources, social sector, infrastructure) and themes (e.g., gender, safeguards, regional cooperation and integration, public management and governance, public–private partnerships, and private sector development).

envisaged to be highly sophisticated projects entailing more work than other projects. When Strategy 2030's implementation plan is developed and fully rolled out, the percentage of highly sophisticated projects in regional departments' pipelines is expected to increase further.

13. The bulk of the workload of international staff in a regional department has two parts: loan processing and project implementation. Figure A3.2 provides the number of projects for commitment and implementation per international staff position in sector divisions of regional departments during 2019–2021. The workload calculation for implementation has taken into consideration national staff positions at resident missions because of their significant role and contribution in the field. In CWRD, for example, one international staff position will be assigned to 2.9 projects on average in 2019, comprising 0.5 project for processing and 2.4 projects for implementation. However, loan processing often requires more staff time than project implementation.

Figure A3.2: Combined Workload per International Staff Position, 2019–2021
(number of projects per international staff position in a sector division)[a]



CWRD = Central and West Asia Department, EARD = East Asia Department, PARD = Pacific Department, SARD = South Asia Department, SERD = Southeast Asia Department.

[a] Standby projects were also added to the number of projects for commitment (Appendix 3, footnote 7) as these will be prepared in parallel with firm projects.

[b] The projected number of projects for commitment in 2019–2021 was divided by the number of international staff positions (as of the end of June 2018) with expertise relevant to processing work in sector divisions of each regional department.

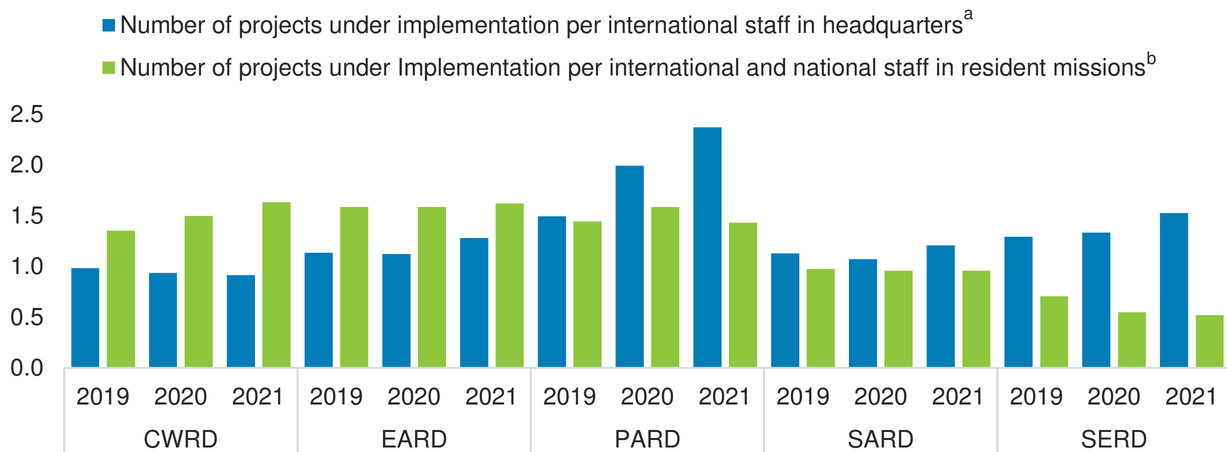
[c] The projected number of projects being implemented was divided by sum of (i) international staff positions with expertise relevant to implementation work (sectors, themes, and portfolio management) in both sector divisions and resident missions; and (ii) national staff positions with expertise relevant to implementation work (sectors, themes, and portfolio management) in resident missions (both as of the end of June 2018).

Source: Asian Development Bank

14. The average workload for both processing and implementation per international staff position is 2–3 projects in CWRD, the South Asia Department, and the Southeast Asia Department. The East Asia Department has relatively higher workload of 3–4 projects per international staff position, mainly because of the larger number of projects for implementation with experienced executing and implementing agencies. The workload for the Pacific Department is projected to be the highest because of a higher number of projects for commitments during 2019–2020 following the Pacific Approach 2016–2020.[9] The staffing needs for operational growth and expansion in the Pacific will need special attention.

[9] ADB. 2016. *Pacific Approach, 2016–2020*. Manila.

Figure A3.3: Comparison of Regional Departments' Implementation Workload between Headquarters and Resident Missions, 2019–2021



CWRD = Central and West Asia Department, EARD = East Asia Department, PARD = Pacific Department, SARD = South Asia Department, SERD = Southeast Asia Department.

[a] The projected number of projects to be implemented by headquarters in 2019–2021 was divided by the number of international staff positions with expertise relevant to implementation work (i.e., sectors, themes, and portfolio management) in sector divisions of each regional department in headquarters (as of the end of June 2018).

[b] The projected number of projects to be implemented by the resident missions in 2019–2021 was divided by the number of international (including those outposted from regional departments) and national staff positions with expertise relevant to implementation work (i.e., sectors, themes, and portfolio management) in each resident mission (as of the end of June 2018).

Source: Asian Development Bank

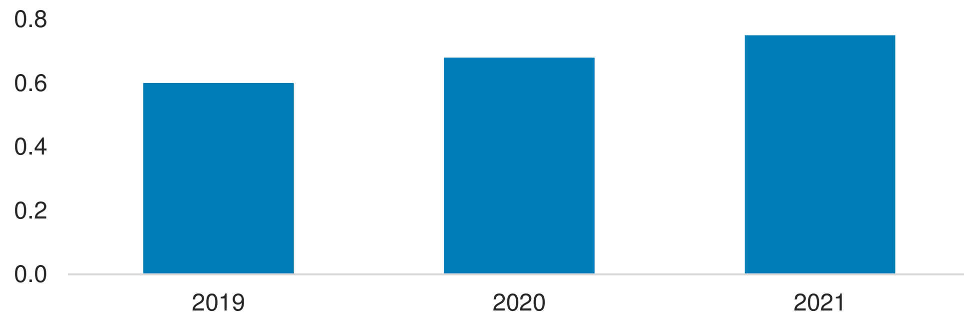
15. **Staffing strategies for workload distribution between headquarters and resident missions.** Departments distribute the workload between headquarters and resident missions differently (Figure A3.3). For example, the project implementation workload per international staff position in CWRD will remain similar throughout 2019–2021 in the headquarters, while its resident missions' workload will increase during the same period. This suggests a staffing strategy based on more outposting or redeployment of positions to resident missions. In contrast, the Southeast Asia Department's workload for project implementation at headquarters will increase in this period, while its resident missions' workload declines. This suggests the need for workload rebalancing through a staffing strategy based on redeployment of positions back to headquarters. In other words, each regional department needs a bespoke staffing plan (e.g., accelerated or slower outposting, or bringing positions back to the headquarters) to meet different business requirements.

16. **Expanding nonsovereign operations**. Nonsovereign operations are expected to account for about a quarter of ADB's operations between 2019 and 2021, and one-third of ADB's operations by 2024.[10] Nonsovereign cofinancing volume is expected to follow a similar trajectory. This will necessitate a significant increase in the nonsovereign operations workforce, particularly in the Private Sector Operations Department. Nonsovereign operations will also expand in new sectors and frontier economies (e.g., fragile and conflict-affected situations). From the perspective of net staffing requirements, the analysis assumes that resources will be allocated to address the ongoing expansion of nonsovereign operations, namely: (i) the growth of the work program relative to ADB's overall operations; (ii) the prudential and compliance-related requirements for

[10] ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific.* Manila (para. 69).

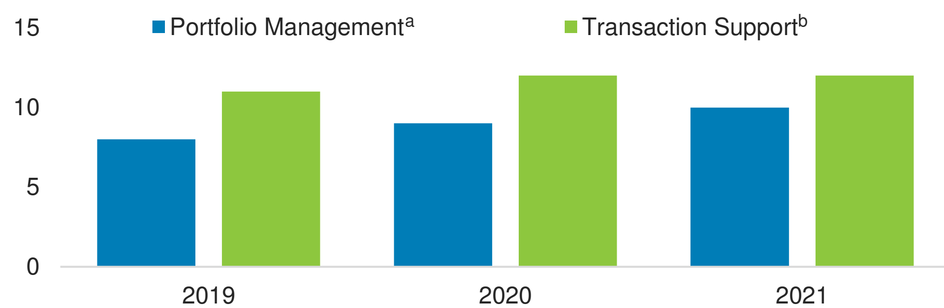
portfolio management and transaction support thereof; and (iii) considerations for future staffing demands relating to cofinancing operations and other emerging business needs (i.e., expanded sectors and products).[11]

Figure A3.4: Number of Nonsovereign Projects for Commitment per International Staff Position, 2019–2021



Note: The projected number of nonsovereign projects for commitment in 2019–2021 was divided by the number of international staff positions on the origination teams of the Private Sector Operations Department (as of the end of June 2018).
Source: Asian Development Bank

Figure A3.5: Number of Nonsovereign Projects in the Portfolio per International Staff Position, 2019–2021



[a] The projected number of nonsovereign projects in the portfolio in 2019–2021 was divided by the number of international and national staff positions in the Private Sector Portfolio Management Division of the Private Sector Operations Department (as of the end of June 2018).
[b] The projected number of nonsovereign projects for commitment and in the portfolio in 2019–2021 was divided by the number of international and national staff positions in the Private Sector Transaction Support Division of the Private Sector Operations Department (as of the end of June 2018).
Source: Asian Development Bank

17. If the number of international staff positions is unchanged, workload across originations, portfolio management, and transaction support will increase through 2021, given the current annual growth assumptions for nonsovereign operations (Figures A3.4 and A3.5). From a broader perspective of nonsovereign operations, supporting groups such as the Office of Risk Management, the Office of the General Counsel, and the Office of Anticorruption and Integrity would have to similarly scale up their operations to meet the demands of the Private Sector

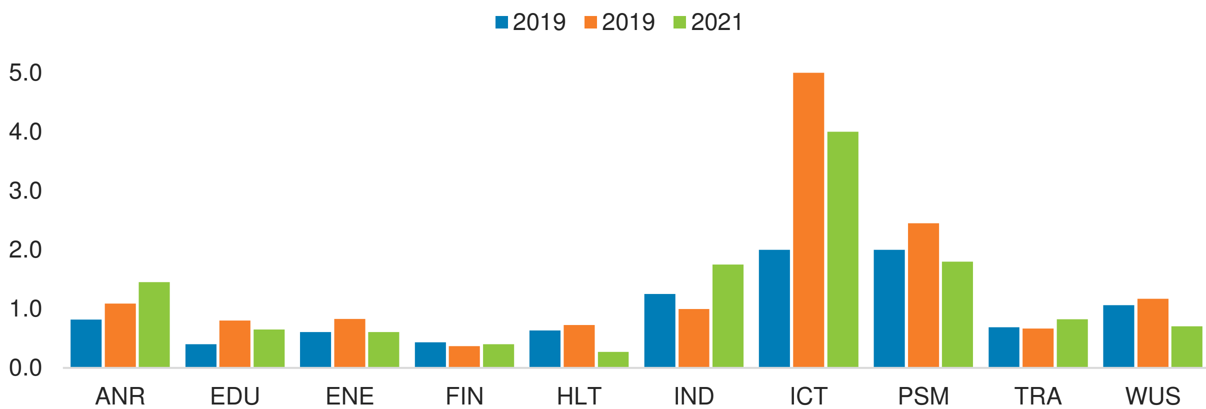
[11] Newly originated nonsovereign projects are added to the nonsovereign portfolio once they become signed commitments. As the number of new nonsovereign commitments is expected to increase annually, the staffing requirements will increase accordingly, based on a prudent projects-per-staff ratio. Similarly, the demand for resources to meet transaction support requirements—specifically, policy compliance functions such as safeguards and integrity due diligence—has increased as compliance-related matters are required not only for new projects but throughout the project life cycle (i.e., from origination until repayment).

Operations Department for support in risk management, legal analysis, and other compliance-related needs.

D. Early Assessment of Sector Expertise for the Upcoming Operationalization of Strategy 2030

18. **Sector expertise.** For all key sectors, the workload per international staff varies from one sector to another and from year to year (Figure A3.6) For example, an international staff position with expertise in agriculture, natural resources, and rural development will be assigned to 0.8 projects on average in 2019, but the workload will increase to 1.1 projects in 2020 and 1.5 projects in 2021. Where the number of projects for a sector exceeds the number of international staff positions with relevant sector expertise, the value will be more than 1.0. In contrast, where the number of international staff positions with relevant sector expertise exceeds the number of projects in the concerned sector, the value will be less than 1.0. Given that the workload will increase in all sectors in 2020 or 2021, overall sector expertise needs to be strengthened with specific attention to agriculture, natural resources, and rural development; industry and trade; information and communication technology; and public sector management.[12] ADB will prepare the operational plans for Strategy 2030's seven operational priorities and additional staffing requirements for the implementation will be estimated thereafter and presented accordingly in the next WPBF period.

Figure A3.6: Number of Sovereign Projects per International Staff Position with Different Sector Expertise, 2019–2021



ANR = agriculture, natural resources, and rural development, EDU = education, ENE = energy, FIN = finance, HLT = health, IND = industry and trade, ICT = information and communication technology, PSM = public sector management, TRA = transport, WUS = water and other urban infrastructure and services
Note: The projected number of projects for commitment supporting a sector in 2019–2021 was divided by the number of international staff positions with relevant sector expertise in the regional departments and the expert pool in the Sustainable Development and Climate Change Department (as of the end of June 2018). Position titles were used as the basis for identifying expertise. A project may be counted more than once if supporting multiple sectors.
Source: Asian Development Bank

[12] The workload for industry and trade and information and communication technology is higher because of the small number of staff positions with relevant expertise (four for industry and trade; one position for information and communication technology). In contrast, the workload for public sector management is higher because of a larger number of projects are categorized to the sector despite the number of international staff positions (20) with the relevant expertise.

INDICATIVE WORK PROGRAM: SUMMARY OF SELECTED DELIVERABLES

Key Outputs	2018	2019	Average 2020–2021
A. Projected Commitments in Asian Development Fund and Ordinary Capital Resources			
Amount ($ million)	19,715	20,208	20,797
Committed Projects (no.)	134	137	146
Private Sector Operations			
Amount ($ million)	2,700	3,150	3,480
Committed Projects (no.)	29	32	38
Sovereign Operations[a]			
Amount ($ million)	17,015	17,058	17,317
Committed Projects (no.)	105	105	108
1. Investment Projects			
Amount ($ million)	13,151	12,228	12,855
Committed Projects (no.)	84	77	81
2. Policy-Based Lending[b]			
Amount ($ million)	2,477	2,641	2,556
Committed Projects (no.)	10	18	16
3. Results-Based Lending			
Amount ($ million)	619	1,482	1,068
Committed Projects (no.)	2	2	4
4. Sector Development Programs			
Amount ($ million)	736	584	806
Committed Projects (no.)	5	4	5
5. Project Readiness Facility			
Amount ($ million)	32	123	31
Committed Projects (no.)	4	4	2
B. Multitranche Financing Facilities			
1. Facilities			
Amount ($ million)	500	4,357	6,760
Committed Facilities (no.)	1	6	9
2. Periodic Financing Requests			
Amount ($ million)	2,430	3,430	3,440
Committed Projects (no.)	12	13	15
C. Portfolio Management			
1. Ongoing Projects at Year-End (no.)	846	876	916
Regional Departments	621	629	654
Private Sector Operations Department	225	238	262
2. Contract Awards ($ million)	9,376	10,870	11,710
3. Disbursements ($ million)	13,533	14,893	16,386
4. Project Completion Reports (no.)	75	80	86
D. Cofinancing			
1. Sovereign Cofinancing ($ million)	10,200[c]	4,440[d]	4,303[d]
2. Nonsovereign Cofinancing ($ million)	6,400	6,600	7,425

Key Outputs	2018	2019	Average 2020–2021
E. Technical Assistance Operations[e]			
New Commitments ($ million)	327	329	338
No. of New Committed TA projects	329	234	168
1. Transaction TA[f]	149	121	90
2. Knowledge and Support TA[g]	180	113	78
Portfolio (no.)	851	780	711
TA Completion Reports (no.)	159	209	171
F. Transaction Advisory Services (no.)			
1. New Mandates	12	4	3
2. Mandates under Implementation	19	17	14
G. Knowledge Products (no.)[h]			
1. Regional Departments	203	150	89
2. Specialized Knowledge Departments	148	132	98
3. Other Departments	42	32	24
H. Country and Regional Strategies and Operations Business Plans (no.)			
1. Country Partnership and Regional Cooperation Strategies	2	9[i]	6[j]
2. Country and Regional Operation Business Plans	40	39	39

no. = number, TA = technical assistance.

Note: The indicative work program is as of 30 June 2018. It will be revisited during preparation of the staff's annual results-based work plans.

[a] Includes periodic financing requests but not multitranche financing facilities.

[b] Excludes possible conversion from projects to policy-based lending during 2019–2021.

[c] Represents the target for 2018.

[d] Sovereign cofinancing is estimated based on a new definition that captures the cofinancing necessary to deliver the outcome of a project, including: full or partial administration by ADB, harmonized financial reporting for all sources of financing, joint procurement, joint safeguards which adopts ADB's procurement or safeguards policy, and/or significant participation of ADB in the design of the cofinanced component.

[e] Includes cofinanced TA projects.

[f] Transaction TA prepares, enhances readiness, develops capacity, and/or provides policy advice for a specific ensuing project; helps deliver outputs or mitigate the project risks under an ongoing project through capacity development and/or policy advice; or develops a public–private partnership project under transaction advisory services.

[g] Knowledge and support TA is not directly linked to ADB-financed projects. Examples include capacity development, policy advice, and research and development. The outputs of the knowledge and support TA (i) are often fed into the preparation of government policies and strategies, as well as ADB's policies, strategies, and plans; or (ii) may lead to a transaction TA to prepare an ensuing project. The decline in the number of new committed TA projects does not imply a reduction in knowledge products and services, as not all knowledge products and services are TA-funded.

[h] Using the new typology introduced in April 2016, this appendix reports the five types of knowledge products: flagship, technical studies, working papers, policy briefs, and op-ed articles. Figures include knowledge products and services funded by TA and the administrative budget.

[i] Includes country partnership strategies for Armenia, Azerbaijan, Bhutan, Cambodia, Fiji, Georgia, Nepal, Pakistan, and Uzbekistan.

[j] Includes country partnership strategies for Indonesia, Lao People's Democratic Republic, Mongolia, Papua New Guinea, People's Republic of China, Thailand, and Viet Nam; and regional cooperation strategy for the Pacific for Board consideration during 2020. Includes country partnership strategies for Bangladesh, Myanmar, Tajikistan, and Timor-Leste during 2021.

Source: Asian Development Bank estimates.