

ADB

ASIAN DEVELOPMENT BANK 2018 ANNUAL REPORT

Working Together for a Prosperous, Inclusive, Resilient,
and Sustainable Asia and the Pacific





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SMART READER

Read the Annual Report on your
smart device or screen at:
www.adb.org/ar2018/digital



STRATEGY 2030

A New Strategy for ADB



Asia and the Pacific has made great strides in poverty reduction and economic growth in the last 50 years. But there are unfinished development agendas. Strategy 2030 sets the course for ADB to respond to the changing needs of the region and sustain efforts to eradicate extreme poverty.

Our vision for Asia and the Pacific



PROSPEROUS

INCLUSIVE

RESILIENT

SUSTAINABLE

We add VALUE through:

We are guided by three CORE PRINCIPLES:

We use DIFFERENTIATED APPROACHES to address diverse client needs in:

- Finance
- Knowledge
- Partnerships

- Using a country-focused approach
- Promoting the use of innovative technology
- Delivering integrated solutions

- Fragile and conflict-affected situations
- Small island developing states
- Low-income and lower middle-income countries
- Upper middle-income countries

Our OPERATIONS focus on:



Addressing remaining poverty and reducing inequalities



Accelerating progress in gender equality



Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability



Making cities more livable



Promoting rural development and food security



Strengthening governance and institutional capacity



Fostering regional cooperation and integration

To support our vision we will:



EXPAND PRIVATE SECTOR OPERATIONS



CATALYZE AND MOBILIZE FINANCIAL RESOURCES



STRENGTHEN KNOWLEDGE SERVICES



ASIAN DEVELOPMENT BANK
2018 ANNUAL REPORT



Working Together for a Prosperous, Inclusive, Resilient,
and Sustainable Asia and the Pacific



PRESIDENT'S MESSAGE



STRATEGY 2030 PROVIDES US WITH A CLEAR ROADMAP TO MEET THE NEEDS OF OUR DMCs AND GUIDE OUR OPERATIONS FOR THE NEXT DECADE



In presenting this year's *Annual Report*, we draw attention to the broad context of a rapidly changing Asia and the Pacific and the Asian Development Bank's (ADB)

response to the evolving development needs facing the region.

Asia and the Pacific has made great strides in poverty reduction and economic growth in the last 50 years. Today, the world's economic center of gravity is shifting toward the region, and almost all of our developing member countries (DMCs) already have, or are advancing to, middle-income status. At the same time, there are unfinished development agendas. Issues such as poverty and vulnerability, rising inequality, climate change, growing environmental pressures, and large infrastructure deficits remain to be addressed. Emerging trends, such as technological advancements, urbanization, and changing demographics, present opportunities and challenges.

As our region continues to develop and transform, so too must ADB. When I visit our DMCs and talk to leaders and ministers, their expectations of ADB are high and their demands are becoming ever-more sophisticated. That is why, in July 2018, after an extensive consultation process, we adopted a new long-term corporate strategy, Strategy 2030.

This strategy will guide us in achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining efforts to eradicate extreme poverty. These aspirations are aligned with international development objectives such as the Sustainable Development Goals and the Paris Agreement on climate change.

Strategy 2030 recognizes that each of our DMCs faces a unique set of challenges, and we will

pursue tailored approaches to support each member. Country partnership strategies will continue to be the primary platform for defining ADB's operational focus in each country. We will strengthen our support by applying innovative technologies. We will offer integrated solutions by combining expertise in a wide range of areas from across our institution. These solutions will be delivered through an appropriate mix of public and private sector operations.

Strategy 2030 provides us with a clear roadmap to meet the needs of our DMCs and guide our operations for the next decade. We set out clear corporate targets to significantly increase operations to build climate and disaster resilience, address gender equality, and mobilize long-term private financing.

Our efforts are now focused on implementing the strategy. This *Annual Report* highlights the strategic transition in progress across all aspects of ADB operations and organization.

In 2018, the demand for ADB assistance continued to grow. Our commitments in 2018 reached \$21.58 billion in loans and grants, exceeding our target of \$19.71 billion and the 2017 total of \$19.69 billion. Of the 2018 total, private sector commitments saw year-on-year growth of 37% to about \$3.14 billion, the highest level to date. Our private sector operations also mobilized cofinancing of \$7.17 billion. Including official and commercial cofinancing and technical assistance, ADB's total commitments last year were \$35.82 billion, a 13% increase on 2017. Disbursements also improved, rising to \$14.19 billion in 2018, an increase of 24% from 2017.

We continued to deliver on our climate commitment. In 2015, we set a target to double our annual climate financing to \$6 billion by 2020. In 2018, we approved \$3.6 billion in financing. Using commitments, our new performance measure, we reached \$4.5 billion. We also scaled up innovative financing to support Pacific DMCs in building disaster resilience.

We also made significant progress in designing projects with a gender focus. In 2018, 47% of our newly committed projects (on a three-year-average term) included elements that directly improve the lives of women and girls.

We continued our important work as a provider of knowledge services in 2018. Our DMCs benefited from products such as the *Asian Development Outlook's* special theme chapter “How Technology Affects Jobs” and the hosting of events such as the Asia Clean Energy Forum, Transport Forum, and Global Infrastructure Forum. By attracting experts from across the region and around the world, these events garner breakthrough ideas and innovations that can later be embedded into our projects and programs.

On the funding side, we raised more than \$23 billion in 17 different currencies to ensure a robust resource base for ADB.

Internally, we continued efforts to modernize our human resources practices. We recruited a record 370 new staff in 2018. This includes 22 young professionals, our largest intake ever. Performance management was strengthened, thanks to stronger links between performance reviews and work plans and more frequent feedback from supervisors. We also continued efforts to improve our gender balance at ADB. Women now account for 36% of the bank’s international staff, putting us on track to meet our target of 40% by the end of 2022.

Central to Strategy 2030 is a One ADB approach, channeling knowledge and expertise from across the organization to benefit specific projects or investments. We will also reach out to others within and outside Asia and the Pacific to forge stronger partnerships for knowledge and financing leverage.

Overall, the renewed vigor and enthusiasm brought by Strategy 2030 positions ADB well to help the countries of Asia and the Pacific cope with the development challenges and opportunities that lie ahead.



President Nakao delivers the opening address at the 51st ADB Annual Meeting in Manila, Philippines in May. He said ADB was strongly committed to meeting the challenges of a transforming Asia and the Pacific.

TAKEHIKO NAKAO
President and Chairman
of the Board of Directors

MANAGEMENT TEAM



Left to right: Vice-Presidents Stephen P. Groff, Bambang Susantono, Diwakar Gupta, Deborah Stokes, Ingrid van Wees, Shixin Chen (succeeded Wencai Zhang on 12 December 2018); The Secretary Eugenie Zhukov



BOARD OF DIRECTORS



Front, left to right: Directors Tony McDonald, Kris Panday, Anuar bin Ariffin, In-chang Song, Syurkani Ishak Kasim, Kshatrapati Shivaji, President and Chairman of the Board Takehiko Nakao, Zhijun Cheng, Takeshi Kurihara, Pierre-Emmanuel Beluche, Shahid Mahmood, Philip Rose. *Back, left to right:* Alternate Directors Scott Dawson, Leena Viljanen, Ram Saran Pudasaini, Bobur Khodjaev, Mario Di Maio, Mahbub Ahmed, Jin Lu, Masashi Tanabe, Enrique Galán, Paul Dominguez, Helmut Fischer, Jason Chung.

The Board of Directors provides strategic direction to the ADB's and ensures the implementation of shareholder guidance.

In 2018, the Board held 35 formal meetings and 39 informal sessions. It approved 143 loans, grants, financing facilities, equity investments, and guarantees. It also endorsed new country partnership strategies for the Philippines and the Kyrgyz Republic.

MAJOR INITIATIVES

In 2018, the Board approved ADB's new long-term corporate strategy, Strategy 2030, which sets the course for the bank's response to evolving development needs. Under Strategy 2030, ADB will sustain its efforts to eradicate extreme poverty and expand its vision to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

The Board endorsed the Digital Agenda that provides the vision and roadmap for ADB's digital transformation. Through the agenda, the bank will

use advanced, secure technology systems and digital processes to enhance its effectiveness and resilience.

The Board approved a revised Access to Information Policy that offers continued commitment to transparency and support for clear, timely, and appropriate disclosure.

In July, the Board approved ADB's New Products and Modalities to improve the bank's product range based on the needs of the region. New offerings include project readiness financing (a refined technical assistance loan modality), a small-expenditure financing facility, policy-based guarantees, and a standby financing facility for public-private partnerships.

COMMITTEES

Board members serve on committees to oversee and give guidance on different aspects of ADB's operations and governance.

The Audit Committee reviewed the significant progress of the bank's new Respectful Workplace Unit. It also discussed ADB's internal plans for business continuity and organizational resilience; reviewed ADB's annual financial statements, annual internal audit work plan, and operations of the Office of Anticorruption and Integrity; and oversaw the selection of the next external auditor.

The Budget Review Committee discussed ADB's preparation of the work program for 2019–2021, the midyear progress and budget utilization for 2018, and the bank's 2019 budget.

The Compliance Review Committee reviewed actions on complaints raised under the bank's Accountability Mechanism and helped recruit a part-time Compliance Review Panel member.

The Development Effectiveness Committee reviewed the overall work program of the Independent Evaluation Department (IED) for 2019–2021 and oversaw a pioneering external review of IED. The committee assessed major IED evaluations of ADB's policy-based lending, support for state-owned enterprises, and small- to medium enterprises and other areas of operational support.

The Human Resources Committee oversaw the implementation of reforms to improve performance management, mobility, recruitment, and staffing. It also guided work on staff satisfaction, gender equality, and efforts to strengthen human resources to support Strategy 2030.

PARTNERSHIPS

The Board values the exchange of ideas and opinions with ministers and senior government officials and representatives of bilateral and multilateral development partners.

In March, the Board held a colloquium with Helen Clark, former United Nations Development

Programme administrator and former Prime Minister of New Zealand. The colloquium discussed implementing strategies to achieve the Sustainable Development Goals, managing large organizations, and working toward gender equality.

In November, the Board held an informal discussion with Tharman Shanmugaratnam, Deputy Prime Minister of Singapore, about the region's development challenges and the role of ADB in addressing these challenges.

To gain first-hand knowledge of development needs across Asia and the Pacific, small groups of Board members visited select countries. In January, Board members visited Sri Lanka and Maldives, where they met with the President and Prime Minister of Sri Lanka, the Vice President of Maldives, and other stakeholders. In Sri Lanka, the group visited agriculture, education, power, and transport projects. In Maldives, the group visited small and medium-sized enterprise projects in Thilafushi and Kulhudhuffushi.

In June, Board members visited Uzbekistan and Azerbaijan, where they met with the President of Azerbaijan, the Deputy Prime Minister of Uzbekistan, and various stakeholders. The group visited projects to develop rural housing and horticultural value chains in the Samarkand and Bukhara regions of Uzbekistan as well as road and power projects in Neftchala, Azerbaijan.

In October, Board members visited Indonesia and Solomon Islands, where they met with the Prime Minister of Solomon Islands, the Ministry of Finance of Indonesia, senior government officials, development partners, and representatives of the private sector and civil society. In Indonesia, the group visited a wind farm project in South Sulawesi and a technical education and vocational training project in West Java. In Solomon Islands, they visited transport projects and the site of a proposed hydropower project.

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LOANS, GRANTS, FINANCING FACILITIES, EQUITY INVESTMENTS, AND GUARANTEES WERE APPROVED BY THE BOARD OF DIRECTORS IN 2018



ADB Board and Management Retreat

The ADB Board and Management Retreat was held on 6–7 September 2018 in Tagaytay City, Philippines. Discussions centered on the future of the Asian Development Fund, knowledge work, and the financial implications of Strategy 2030, as well as the functional relationship between the Board and management. Guest speakers from leading technology and business process organizations discussed the future of jobs in the information technology–business process management industry.



FINANCIAL HIGHLIGHTS

2018 COMMITMENTS

\$21.6B

LOANS, GRANTS, AND OTHERS

\$241M

TECHNICAL ASSISTANCE*

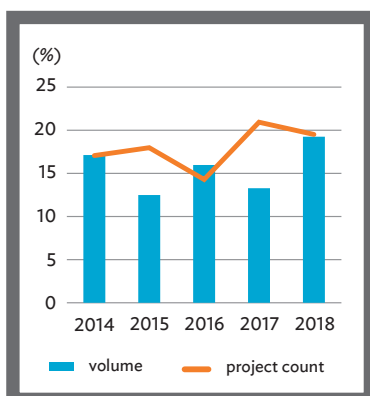
* Excludes cofinancing

\$14B

COFINANCING, INCLUDING TRUST FUNDS

PRIVATE SECTOR OPERATIONS AS A PERCENTAGE OF ORDINARY CAPITAL RESOURCES

(VOLUME AND PROJECT COUNT)



OPERATIONAL HIGHLIGHTS

ADB Commitments,^a 2014–2018 (\$ million)

Item	2014	2015	2016	2017	2018
A. Loans, Grants, and Others					
By Source					
Regular Ordinary Capital Resources	11,037	13,059	10,967	17,230	16,286
Loans ^b	10,737	12,894	10,703	16,445	16,012
Equity Investments	299	152	96	287	274
Guarantees	-	12	168	498	-
Concessional Resources	2,871	3,125	2,289	2,462	5,290
Concessional Ordinary Capital Resources Loans ^c	2,621	2,570	1,807	2,272	3,872
Asian Development Fund Grants ^d	251	555	481	191	1,418
Regular Ordinary Capital and Concessional Resources	13,908	16,184	13,255	19,692	21,576
Special Funds^e	0	7	9	2	6
Grants	0	7	9	2	6
Subtotal (A)	13,908	16,191	13,265	19,694	21,581
By Operations					
Sovereign	12,019	14,559	11,514	17,408	18,446
Loans ^b	11,768	13,997	11,023	16,717	17,022
Guarantees	-	-	-	498	-
Grants ^d	251	562	491	193	1,423
Nonsovereign	1,889	1,632	1,750	2,287	3,136
Loans	1,590	1,467	1,486	2,000	2,862
Equity Investments	299	152	96	287	274
Guarantees	-	12	168	-	-
Subtotal (A)	13,908	16,191	13,265	19,694	21,581
B. Technical Assistance^f					
Sovereign	138	146	170	192	227
Nonsovereign	8	4	11	9	14
Subtotal (B)	146	151	181	201	241
C. Cofinancing Including Trust Funds					
Sovereign^g	4,222	6,439	6,369	5,976	6,828
Trust Funds Administered by ADB	190	187	397	86	216
Bilateral	999	1,626	2,577	3,460	2,187
Multilateral	2,757	4,330	3,310	2,120	3,304
Others ^h	277	296	85	310	1,120
Nonsovereignⁱ	4,565	3,759	5,654	5,947	7,167
Subtotal (C)	8,787	10,198	12,022	11,922	13,995
TOTAL (A + B + C)	22,841	26,540	25,468	31,818	35,817

- = nil, 0 = less than \$500,000.

Note: Numbers may not sum precisely because of rounding.

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

^b The 2016 adjusted figure excludes the transfer of a Pakistan project design advance of \$5 million to its 2018 ensuing loan.

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

^d The 2017 adjusted figure excludes three Afghanistan grant commitments amounting to \$405 million resulting from re-signing of project agreements following a resolution to the conflicting government decrees on authorized signing official and/or agency.

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

^f Technical assistance in 2018 totaled \$371 million, comprising \$241 million in technical assistance from the Technical Assistance Special Fund and other Special Funds, and \$130 million from partner cofinancing, including trust funds (see Appendix 1).

^g The 2017 adjusted figures include an increase in Pakistan grant cofinancing from \$75 to \$150 million and exclude two Afghanistan grants amounting to \$75 million resulting from re-signing of project agreements following a resolution to the conflicting government decrees on authorized signing official and/or agency.

^h "Others" includes private sector cofinancing through foundations and corporate social responsibility programs, and any public source, such as national development banks, that do not fall under official cofinancing.

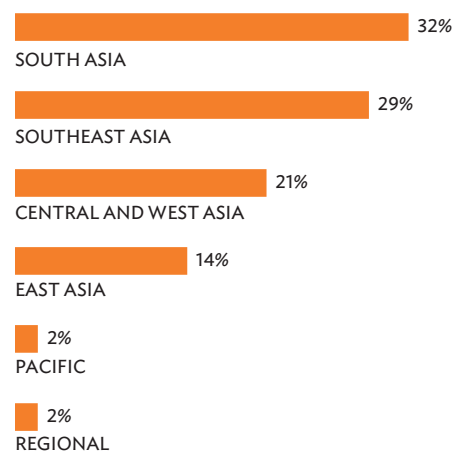
ⁱ Nonsovereign cofinancing includes commercial cofinancing such as Trade Finance Program cofinancing, B loans, and parallel loans, among others. B loans are cofinancing arrangements involving the coordinated process of pooling funds from various sources for a single borrower or grant recipient, and/or distributing related risks among such other financiers.

Regular Ordinary Capital and Concessional Resources Commitments by Region, 2014–2018 (\$ million)

Region	2014	2015	2016	2017	2018
Central and West Asia	3,696	4,462	3,734	5,314	4,460
East Asia	1,825	2,023	1,873	2,671	3,054
Pacific	424	80	381	736	405
South Asia	5,408	5,168	3,503	6,761	6,978
Southeast Asia	2,356	4,409	3,683	4,039	6,275
Regional	198	43	81	171	403
TOTAL	13,908	16,184	13,255	19,692	21,576

COMMITMENTS BY REGION, 2018

(ORDINARY CAPITAL AND CONCESSIONAL RESOURCES)

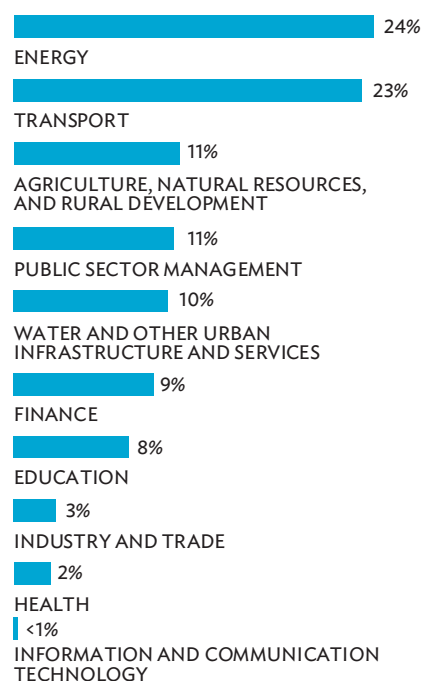


Regular Ordinary Capital and Concessional Resources Commitments by Sector, 2014–2018 (\$ million)

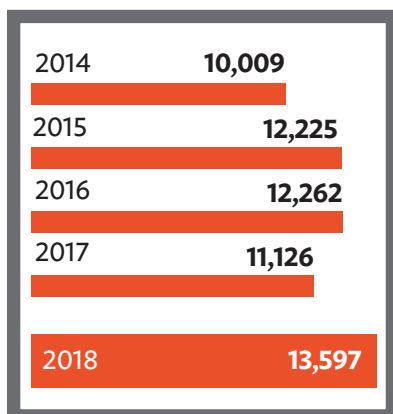
Sector	2014	2015	2016	2017	2018
Agriculture, Natural Resources, and Rural Development	557	916	975	1,525	2,344
Education	617	905	619	710	1,629
Energy	4,705	3,280	2,984	6,211	5,066
Finance	1,218	2,392	1,607	2,761	1,992
Health	50	330	226	211	515
Industry and Trade	71	412	552	357	607
Information and Communication Technology	50	169	25	70	59
Public Sector Management	1,180	2,084	1,755	1,250	2,258
Transport	3,859	3,996	2,855	5,025	4,914
Water and Other Urban Infrastructure and Services	1,601	1,702	1,658	1,572	2,192
TOTAL	13,908	16,184	13,255	19,692	21,576

COMMITMENTS BY SECTOR, 2018

(ORDINARY CAPITAL AND CONCESSIONAL RESOURCES)



**DISBURSEMENTS
FOR LOANS AND GRANTS,
2014-2018**
(\$ MILLION)



Portfolio, 2014-2018 (\$ million)

Item	2014	2015	2016	2017	2018
A. Ongoing Projects^a					
By Source					
Regular Ordinary Capital Resources	49,131	55,485	57,970	65,330	72,979
Concessional Resources					
Loans	12,497	12,949	13,685	14,336	16,161
Grants	4,434	4,667	4,601	4,249	5,256
By Operations					
Sovereign	58,531	65,217	67,008	74,074	81,982
Nonsovereign	7,530	7,884	9,249	10,842	12,414
Total	66,061	73,101	76,257	84,916	94,396
B. Disbursements					
By Source					
Regular Ordinary Capital Resources					
Loans	7,368	9,667	9,763	8,717	11,475
Equity Investments	184	123	79	242	143
Debt Securities	6	-	148	75	446
Concessional Resources					
Loans	2,203	2,048	2,027	1,926	1,645
Grants	429	503	463	481	476
Other Special Funds	9	7	9	2	2
By Operations					
Sovereign ^b	8,970	10,781	10,746	10,072	12,234
Nonsovereign	1,229	1,567	1,743	1,371	1,953
Total	10,200	12,348	12,489	11,443	14,186

- = nil.

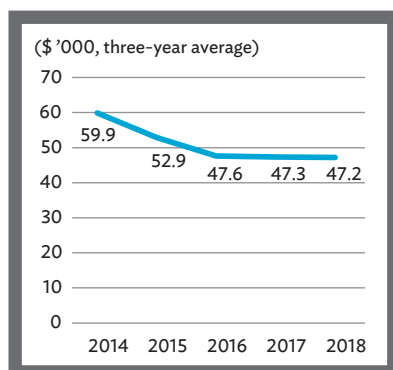
Note: Numbers may not sum precisely because of rounding.

^a Sovereign portfolio consists of loans, grants, equity investment and guarantee committed and not financially closed.

Nonsovereign portfolio consists of outstanding plus undisbursed balances of loans, equities, guarantees and other debt securities.

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

**INTERNAL ADMINISTRATIVE
EXPENSES PER \$1 MILLION
DISBURSEMENT**



INSTITUTIONAL HIGHLIGHTS

Item	2014	2015	2016	2017	2018
A. Staff					
Staff^a (number)	2,990	3,098	3,085	3,127	3,374
International Staff and Board Staff	1,074	1,104	1,103	1,136	1,242
National and Administrative Staff	1,916	1,994	1,982	1,991	2,132
National Staff	729	763	762	790	876
Administrative Staff	1,187	1,231	1,220	1,201	1,256
International Staff and Board Staff	1,074	1,104	1,103	1,136	1,242
Location^a (number)					
Resident Missions ^b	143	150	160	182	194
Headquarters	931	954	943	954	1,048
International Staff and Board Staff	1,074	1,104	1,103	1,136	1,242
Gender^a (number)					
Male	703	731	728	736	791
Female	371	373	375	400	451
B. Internal Administrative Budget (\$ '000)	598,388	617,701	635,624	646,988	672,264

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

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

ADB RESOURCES AND FINANCIAL DATA (\$ million)

Item	2014	2015	2016	2017	2018
Ordinary Capital Resources					
Selected Balance Sheet Data					
Total Assets	115,660	117,697	125,854	182,381	191,860
of which					
Loans Outstanding - Operations	55,890	61,941	67,599	101,008	106,405
Investments for Liquidity Purpose	23,006	23,309	26,025	36,478	35,215
Equity Investments - Operations	862	862	814	1,185	1,280
Derivative Assets	33,092	29,538	29,143	40,761	45,500
Total Liabilities	98,722	100,251	108,640	132,112	140,876
of which					
Outstanding Borrowings ^a	62,688	66,054 ^b	74,476 ^b	87,281 ^b	90,423 ^b
Derivative Liabilities	33,987	32,272	32,079	42,852	48,996
Total Equity ^c	16,938	17,446	17,214	50,269	50,984
of which					
Paid-in Capital	6,131	6,433	6,399	7,002	7,029
Reserves ^d	10,807	11,013	10,815	43,267 ^e	43,955
Income Statement Data					
Total Revenue	973	1,029	1,532	2,625	3,741
Total Expenses	(681)	(768)	(1,163)	(1,869)	(2,883)
of which					
Borrowings and related expenses	(317)	(374)	(751)	(1,247)	(2,159)
Administrative expenses	(352)	(383)	(390)	(578)	(591)
Net Realized Gains	288	56	158	9	22
Net Unrealized (Losses) Gains	(193)	239	(520)	9	(130)
Net Income	387	556	7	774 ^f	750
Operating Income ^g	571	343	521	725	889
Annual Borrowings^h	14,249	18,948	20,602	28,593	23,538
of which					
Thematic Bonds	284	687	1,300	1,662	1,822
Local Currency Funding ⁱ	301	245	617	744	535
Equity to Loans Ratio (%)	30.33	27.80	25.92	49.96	47.48
Allocable Net Income					
Allocation to Ordinary Reserve	384	208	124	351	499
Allocation to ADF	120	120	259	259	259
Allocation to Other Special Funds	60	40	105	80	83
Available Resources of Asian Development Fund Resources^k	33,319	32,522	32,581	2,067^e	1,956
Special Fund Resources (Other than ADF) - Uncommitted Balances					
Technical Assistance Special Fund	221	147	41	400	304
Japan Special Fund ^l	102	105	106	107	109
ADB Institute	8	9	10	12	16
Regional Cooperation and Integration Fund	8	8	6	14	10
Climate Change Fund	10	11	8	20	18
Asia Pacific Disaster Response Fund	4	17	8	26	21
Financial Sector Development Partnership Special Fund	7	7	7	5	4
Total	361	304	186	584	482

ADF = Asian Development Fund.

^a Includes accrued interest and commission.

^b Includes unamortized premium and/or discounts.

^c As of 31 December 2018, authorized and subscribed capital amounted to \$147,965 million.

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

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

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

^g Operating income is statutory net income before net unrealized gains or losses and ADB's proportionate share in unrealized gains or losses from equity investment accounted for under the equity method.

^h Excludes short-term borrowings.

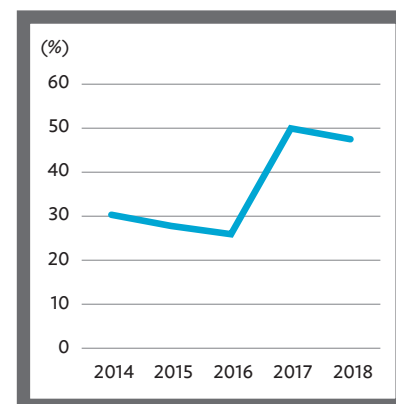
ⁱ Local Currency Funding includes bond, swaps, repo.

^j 2018 net income allocation is subject to the approval of the Board of Governors at the ADB Annual Meeting from 1-5 May, 2019.

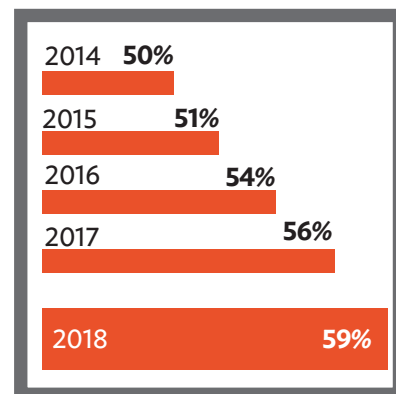
^k Includes the total fund balance and nonnegotiable, noninterest-bearing demand obligations on account of contributions.

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

EQUITY TO LOANS RATIO



SHARE OF RESIDENT MISSION STAFF AS A PERCENTAGE OF TOTAL NUMBER OF STAFF IN ADB REGIONAL DEPARTMENTS





1 STRATEGY 2030

Working Together for a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific



STRATEGY 2030 HIGHLIGHTS NEW OPERATIONAL PRIORITIES AND APPROACHES TO RESPOND MORE EFFECTIVELY TO GLOBAL AND REGIONAL DEVELOPMENT CHALLENGES

The Asia and Pacific region is now a powerful engine for the world economy, contributing 60% of global growth. The region’s economic expansion has averaged 6.8% a year since the 2008–2009 global financial crisis—underpinned by stable economic conditions that have accelerated development and fostered poverty reduction. While the outlook for growth remains positive, several development challenges remain.

The countries of Asia and the Pacific are experiencing rapid urbanization, huge demographic shifts, growing environmental pressures, and large infrastructure deficits.

Income inequality has risen in several countries and social disparities persist. Meanwhile, an increasingly interconnected and interdependent world brings the potential for faster transmission of global shocks.

Despite its strong economic growth, Asia and the Pacific is home to 264 million people living in extreme poverty (on less than \$1.90 a day). An additional 836 million people are living in poverty (on an amount between \$1.90 and \$3.20 a day)—with many at risk of being pushed into extreme poverty through economic downturn or external shocks.

How economies in Asia and the Pacific utilize new and emerging technologies will be important in meeting development challenges. Technological advancements are broadening the platforms for education and health care, making renewable energy competitive and expanding access to modern communications. The challenge for the region is to capitalize on these opportunities while managing the disruptive impacts—such as labor displacement, cyber fraud, and data theft—that some technologies may have on society.

STRATEGIC FOCUS

Introduction of Strategy 2030

In July 2018, after a comprehensive consultation process with all of its stakeholders, ADB adopted a new corporate strategy for the coming decade—

Strategy 2030. This strategy now guides ADB’s support to its developing member countries (DMCs) to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining efforts to eradicate poverty.

Strategy 2030 highlights new operational priorities and approaches to respond more effectively to global and regional development challenges. These strategic directions are aligned with the Sustainable Development Goals (SDGs) and Financing for Development agenda, the Paris Agreement on climate change, the Sendai Framework for Disaster Risk Reduction, and the G20 agenda on infrastructure development.

Strategy 2030 recognizes that the ambitious global development agenda must be tailored to specific local circumstances. ADB will strengthen the way it addresses the evolving needs of its DMCs—providing them with appropriate finance, knowledge, and partnerships. Strategy 2030 emphasizes the use of innovative technologies and the need for integrated initiatives that unite the bank’s diverse expertise and draw on a mix of public and private sector operations. Staff are expected to work together as One ADB to deliver Strategy 2030, promoting greater synergy among departments and across all offices within headquarters and in the field.

ADB will continue to prioritize support for the region’s poorest and most vulnerable countries. It will apply differentiated approaches across various country groupings—fragile and conflict-affected situations and small island developing states, low-income and lower middle-income countries, and upper middle-income countries. In addition, the bank will address the needs of lagging areas and pockets of poverty and fragility within these countries.

ADB will promote infrastructure investments that are green, sustainable, resilient, and inclusive.

The bank is also doubling its efforts to expand its private sector operations, catalyze and mobilize more financial resources, and strengthen its role as a knowledge provider.



ADB is rebuilding roads in Vanuatu to standards that make them climate and disaster-proof. Under Strategy 2030, ADB is stepping up its support to address climate change, disaster risks, and environmental degradation, especially in vulnerable countries.

ADB's Contribution to the Sustainable Development Goals

ADB is committed to supporting its member economies to achieve the SDGs. Many countries in the region have defined national strategies, approaches, development plans, and institutional reforms to achieve the 17 SDGs. Each of the seven operational priorities of Strategy 2030 contributes to progress toward multiple SDGs.

Since January 2016, ADB has been tracking the links between its projects and the SDGs—the first of the multilateral development banks to establish such a system. ADB projects have been found to contribute to all 17 goals, with especially strong links to SDG 7 (affordable and clean energy for all), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation, and resilient infrastructure), and SDG 13 (climate action).

The bank also provides technical assistance to accelerate implementation of the goals, including through tailoring local approaches to the SDGs, implementing environmental SDGs, and strengthening links between the goals and social protection programming. ADB's partnerships with the United Nations Economic and Social Commission for Asia and the Pacific and the United Nations Development Programme enable

regional policy dialogue, knowledge generation, and capacity building—supporting regional progress on the SDGs.

ADB will also link its country partnership strategies to national implementation of the SDGs and track its own contributions to them.

OPERATIONAL PRIORITIES UNDER STRATEGY 2030

In 2018, ADB committed almost \$35.82 billion in loans, grants, guarantees, equity investments, technical assistance, and cofinancing to support the development needs of its DMCs.

The bank provided \$5.29 billion in concessional assistance and about \$16.29 billion in funds from its ordinary capital resources, \$3.14 billion of which supported nonsovereign operations. Its project cofinancing reached \$13.87 billion. ADB also extended \$371 million worth of technical assistance, which includes \$130 million from cofinancing.

Addressing remaining poverty and reducing inequalities in Asia and the Pacific, even in countries with relatively high per capita income, remains a key development priority.

STRATEGY 2030 TARGET

GENDER EQUALITY

At least 75% of ADB's committed operations (on a 3-year rolling average, including sovereign and nonsovereign operations) will promote gender equality by 2030.

BYPASS A BOOST FOR BANGLADESH

► In December 2018, a consortium of companies from the People's Republic of China—Sichuan Road and Bridge Group, Shamim Enterprise, and UDC Construction—signed a concession contract with the Government of Bangladesh to upgrade the Dhaka Bypass under a public-private partnership (PPP) arrangement.

ADB acted as financial advisor on the transaction to the PPP Authority of Bangladesh, focusing on commercial aspects such as currency indexation, minimum revenue guarantees, review of the financial model, and support during the bid process and negotiations.

The project is the first road PPP to be implemented under Bangladesh's PPP Act. It will add 48 kilometers of four-lane tollway and two-lane service road to the N105 Highway, providing vital connections with industrial zones, ports, and highways to other major cities.

“This project brings a new dimension to public service delivery in Bangladesh. It is the first access-controlled expressway in the country,” says chief executive officer of the PPP Authority, Syed Afsor H. Uddin. “This landmark transaction will pave the way for a pipeline of national expressways across Bangladesh.”



Traffic slows to a stop on a busy freeway in Dhaka, Bangladesh. ADB acted as a financial advisor on a public-private partnership project to upgrade the Dhaka Bypass.

Strategy 2030 highlights the critical role of investing to reduce inequality in access to opportunities; generate quality jobs; and improve human capital and social inclusion through health, education, and social protection. Such investments will help address root causes of poverty and inequality related to income and other social constraints.

In 2018, ADB expanded its support for education initiatives, with a vocational project in India that will train 35,000 youth in industry-led courses for upskilling and/or reskilling; a higher education program in Sri Lanka to foster technology-oriented graduates equipped with market-relevant skills and entrepreneurial spirit; and primary education development in Bangladesh to train more than 100,000 teachers to use technology resources in the classroom.

In health, ADB committed financing to improve the delivery of health services, increase accountability in the health sector, and strengthen management in subnational health systems in Papua New Guinea. The bank also committed financing for rural primary health care in Uzbekistan, which will allow women to access ultrasound services as part of available antenatal and reproductive health services.

In Mongolia, ADB committed its first disability loan to ensure social and economic inclusion for people with disabilities. The \$25 million loan, cofinanced with a \$2 million grant from the Japan Fund for Poverty Reduction, will help provide early medical and social intervention services to children with disabilities, construct infrastructure and public spaces designed to accommodate people with disabilities, build industry partnerships to enhance their job opportunities, and support policy reform.

To advance financial inclusion, ADB committed support for the development of a national retail payment system and a new national identification system in the Philippines to reach small businesses, farmers, and poorer households.

Under Strategy 2030, ADB will focus on **accelerating progress in gender equality**. The bank aims to have 75% of its operations promote gender equality by 2030 and, for the first time, will include private sector operations.

ADB focuses on five areas concerning gender equality: promoting women's economic empowerment, supporting equality in human development, advancing equality in decision-making and leadership, reducing the time poverty of women, and strengthening women's resilience to economic shocks and other setbacks. In addition, ADB will align with targets and indicators in SDG 5 (gender equality) such as narrowing gender gaps in access to land and other economic assets and resources, addressing gender-based violence, challenging gender-related social norms, meeting reproductive and other health needs of women and girls, and reducing gender gaps in access to information and communication technology (ICT).

In 2018, ADB continued to help empower women and girls through newly committed operations. In Sri Lanka, the bank is financing a credit project that supports small and medium-sized enterprises led by women, helping them access loans to either start or scale up their businesses, with targets for first-time borrowers and those in lagging regions. Through a grant from the Women Entrepreneurs Finance Initiative, an additional 600 women will benefit from access to finance, and at least 500 more will be provided with on-site and online business training and mentoring.

In Tajikistan, as part of a cross-border corridor development project, ADB supported women's economic empowerment by providing business

skills training to 300 women managers and seed grants to 140 women entrepreneurs. It also increased awareness of HIV/AIDS and sexually transmitted diseases among 35,000 people.

Climate change and disasters threaten the long-term sustainability of development in Asia and the Pacific. These challenges, if not addressed, will threaten the economic gains made by DMCs. Under Strategy 2030, ADB will step up its efforts in **tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability**.

The bank's work includes scaling up support to address climate change, disaster risks, and environmental degradation; accelerating efforts to lower greenhouse gas emissions; ensuring a comprehensive approach to building climate and disaster resilience; promoting environmental sustainability; and increasing the focus on the water-food-energy security nexus. ADB has set new climate change targets so at least 75% of its committed operations will be supporting climate change mitigation and adaptation by 2030. Climate finance from ADB's own resources will reach \$80 billion for 2019–2030.

In 2018, ADB launched a platform to help DMCs translate their nationally determined climate contributions into viable investment plans. A technical assistance package was approved to provide capacity building and technical support to DMCs, allowing them to develop and test the viability of mitigation actions made under the Paris Agreement.

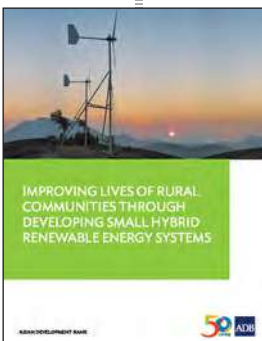
ADB has successfully mobilized a total of \$373 million in financing from the Green Climate Fund for nine projects, including four committed in 2018. Together, the four projects will boost the climate resilience of critical agriculture infrastructure in Cambodia; transform parts of Ulaanbaatar City into affordable, low-carbon, and livable ecodistricts; build Nauru's first fully

STRATEGY 2030 TARGET

CLIMATE CHANGE

ADB will ensure that 75% of the number of its committed operations (on a 3-year rolling average, including sovereign and nonsovereign operations) will be supporting climate change mitigation and adaptation by 2030. Climate finance from ADB's own resources will reach \$80 billion for 2019–2030.

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Reliable, Adequate, and Affordable Energy for Inclusive Growth

Energy policymakers across developing nations are working to engage communities, financial institutions, private sector partners, and nongovernment organizations to deploy small hybrid renewable energy systems in remote areas. To further these efforts, ADB supported three pilot projects in the island communities of Maldives and Sri Lanka, one in a remote mountain village in Nepal, one in a local school in Bangladesh, and one in a small village in Pakistan. This publication discusses the lessons from the projects and highlights key considerations in the deployment of small hybrid renewable energy systems.

functioning and climate-resilient international port; and support timely and accurate forecasting of extreme weather events in Tajikistan. ADB also provided funding of over \$27 million from two trust funds administered by ADB—Leading Asia’s Private Sector Infrastructure Fund and the Canadian Climate Fund for the Private Sector in Asia II—for the implementation of Indonesia’s first utility-scale solar power project.

In 2018, ADB supported investments to build climate resilience in water supply and urban management as well as in the conservation, restoration, and sustainable management of natural resources. In the People’s Republic of China, technical assistance projects supporting the green development of the Yangtze River Economic Belt will help develop policies and economic incentives, as well as establish public-private mechanisms, to support the restoration of ecosystems.

In 2018, ADB continued to promote financial preparedness for disasters in its DMCs. In Palau, it committed a \$15 million loan to support the country’s disaster resilience program. The Asian Development Fund Disaster Response Facility was also accessed to reconstruct Tonga’s electricity network following Tropical Cyclone Gita in February.

ADB will pursue its priority of **making cities more livable** by taking an integrated approach to projects that simultaneously address multiple development goals, including environmental sustainability; urban health; gender equality; and the resilience of cities to climate and disaster risks. ADB will support improved inclusive urban mobility and accessibility for all residents, especially the elderly and people with disabilities.

In 2018, ADB expanded its urban sector portfolio. The bank now supports integrated urban planning, solid waste management, flood control, urban transport, climate-resilient infrastructure, urban drainage systems, economic corridors, energy utility management incorporating low-carbon technologies, and the use of ICT in the operation of urban governance systems. The Urban Climate Change Resilience Trust Fund also commenced the development of pilot projects on climate resilience in selected communities within 10 cities across Bangladesh, Indonesia, Myanmar, Pakistan, and the Philippines.

In Maldives, ADB committed a \$35 million grant to establish a modern waste collection, transfer, and disposal system. The project will not only improve environmental conditions for the 216,000 residents in the 35 inhabited islands of Greater Malé, it will also make the area more attractive to tourists to support local economic growth.

In Viet Nam, ADB invested \$170 million to help develop the resilience of the cities of Ha Giang, Hue, and Vinh Yen to climate change impacts, primarily flooding. The project will benefit around 116,000 households.

Strategy 2030 emphasizes the role of rural development in modernizing agriculture to achieve food security, while improving quality of life in rural areas. In **promoting rural development and food security**, ADB will focus on increasing agricultural productivity; improving market connectivity and agricultural value chains; expanding access to nutritious, safe, and affordable food; and creating public goods to spur rural growth. The bank will support initiatives that improve natural resources management; climate-resilient technologies and practices; infrastructure for modern wholesale markets and agribusinesses; rural finance, health, and education; rural-urban connectivity; and agriculture policy and regulatory reforms.

In 2018, ADB investments covered irrigation; institutional and capacity development; agro-industry, marketing, and trade; solid waste management; water supply services; and flood protection. The bank’s nonsovereign investments focused on increasing agricultural production and developing agro-industry, marketing, and trade.

ADB supports climate-friendly agribusiness value chains across Southeast Asia, and has provided a \$90 million loan to Cambodia, a \$40.5 million grant to the Lao People’s Democratic Republic, and a \$40.5 million loan to Myanmar. These projects will help reduce carbon dioxide emissions by 240,000 tons, rehabilitate 30,000 hectares of land for farm irrigation, and train more than 100,000 farmers on climate-smart agriculture. The projects aim to implement climate-smart water management across 13,000 hectares; provide 35,000 smallholders with debit cards of up to \$300 to purchase quality seeds, fertilizers, and other inputs as well as access farm mechanization services; and give 50,000 farmers access to improved weather, market, and credit information systems.

With a priority on **strengthening governance and institutional capacity** under Strategy 2030, ADB will continue to support public management reforms and financial stability, help improve service delivery, and strengthen governance capacity and standards. In line with the SDGs and the Financing for Development agenda, the bank will increase support for mobilizing and optimizing domestic resources, enhancing public expenditure management, promoting private sector participation, building economic and institutional resilience, and responding to economic shocks.



A factory worker in Viet Nam inspects motorcycle tires for export to Asia and the world. Closer trade integration and improved intraregional supply chains are key foci of ADB's support for regional cooperation and integration.

STRATEGY 2030 TARGET

PRIVATE SECTOR

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

At the service-delivery level, ADB will prioritize decentralization and local governance as well as reforms to state-owned enterprises. To improve the quality and performance of operations, the bank will support DMCs to strengthen country systems and standards and increase accountability and transparency. It will also promote the use of digital technology and the engagement of citizens to create and sustain good governance practices.

In 2018, ADB supported public sector management projects that promote good governance and institutional capacity development. The projects covered reforms to economic management, fiscal and public expenditure management, private sector participation, ICT development, environmental management, and disaster management.

ADB financed policy-based lending operations that support private sector-led growth in Fiji, air quality improvement in Mongolia, and private sector participation in infrastructure in the Philippines.

In Indonesia, the bank is supporting a program to implement a national public expenditure system and improve social sector and infrastructure spending by strengthening medium-term expenditure planning.

ADB approved a \$300 million loan to the Philippines to increase financial inclusion by creating an enabling institutional and policy environment, improving infrastructure, and strengthening financial service providers. The program will enhance the capabilities of the central government and private stakeholders such as rural banks; micro, small, and medium-sized enterprises; and industry associations.

ADB's support for **fostering regional cooperation and integration** across Asia and the Pacific focuses on reducing gaps in connectivity-related infrastructure, addressing income inequality within and across DMCs, and promoting open regionalism in trade and investment. ADB works to enhance financial interconnectedness among DMCs, build stronger resilience to financial shocks and contagion, respond to climate change, and generate more regional public goods.

In 2018, ADB committed financing for projects to promote connectivity, competitiveness, and regional public goods across Asia and the Pacific, mainly through the subregional cooperation programs for which ADB serves as Secretariat. To support the South Asia Subregional Economic Cooperation Program, the bank provided financing to rehabilitate and widen the Kanchanpur–Kamala

STRATEGY 2030 TARGET

COFINANCING

From 2019, ADB will target a substantial increase in long-term cofinancing for its private sector operations. By 2030, every \$1 in ADB financing for its private sector operations will be matched by \$2.50 of long-term cofinancing.

section of the East–West Highway—Nepal’s major trade corridor and part of a South Asia Subregional Economic Cooperation corridor linking Kathmandu to Dhaka and Chittagong through India. ADB provided additional financing for Nepal to expand its domestic power transmission capacity and exchange power with India. ADB also strengthened Turkmenistan’s national power grid to increase electricity trade among members of the Central Asia Regional Economic Cooperation Program.

ADB committed financing to upgrade the road network in the northeastern provinces of Viet Nam, which will better connect provincial centers, provide quality road links to ports on the east coast, improve access to markets for remote rural communities, and streamline transportation to the key border-crossing points between Viet Nam and the People’s Republic of China (serving the rapidly growing trade between the two countries). ADB also made new investments in the Pacific to improve internet connectivity, ensure the climate resilience of port facilities, and facilitate the regional purchase of critical vaccines.

ADB continued to provide technical assistance that fostered regional cooperation through studies, capacity building, and key events. The bank helped organize the Sixth Greater Mekong Subregion Summit of Leaders in Viet Nam, where the Ha Noi Action Plan, 2018–2022 was adopted. It also worked to finalize the Central Asia Regional Economic Cooperation Integrated Trade Agenda 2030, and organized a forum to unify subregional implementation of the World Trade Organization’s Trade Facilitation Agreement.

EXPANDING PRIVATE SECTOR OPERATIONS

ADB has set a target to expand its private sector operations to one-third of its total operations by 2024. The bank’s private sector operations will

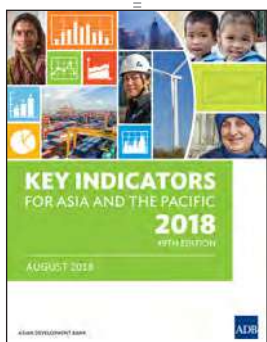
help fill market gaps across Asia and the Pacific and contribute to a more dynamic private sector that delivers solid development results. ADB will pursue the dual mandate of development impact and profitability in its private sector operations.

In expanding its private sector operation under Strategy 2030, ADB will seek to: add value in areas such as corporate governance and social and environmental safeguards; assist in preparing bankable projects for private sector financing; diversify its sector and geographic coverage; support greater financial inclusion; strengthen capital markets; and extend its reach through the use of private equity funds.

CATALYZING AND MOBILIZING FINANCE

In 2018, ADB mobilized \$6.83 billion in external funds from bilateral and multilateral agencies and other financing partners, including \$2 billion from the World Bank for nine projects, and \$133.9 million from the Green Climate Fund for five projects.

During the year, ADB renewed its memorandum of understanding with the Export–Import Bank of Korea for a co-lending contribution of \$650 million, and its framework cofinancing agreement with the International Fund for Agricultural Development to strengthen cooperation for another 6 years. The bank also signed its first memorandum of understanding with the Spanish Agency for International Development Cooperation to promote knowledge sharing through joint research and analytical works. In April, ADB established the Asia Regional Trade and Connectivity Fund with a \$29.6 million contribution from the Government of the United Kingdom to support regional cooperation and integration in selected countries in Central and South Asia. The trust fund focuses on improving market access and services for the



Key Indicators for Asia and the Pacific 2018

Key Indicators for Asia and the Pacific is an annual series that presents the latest statistical information and analyses on development issues concerning the economies of Asia and the Pacific. This information is presented for a wide audience, including policymakers, development practitioners, government officials, researchers, students, and the public. The 2018 edition (the 49th in the series) includes an assessment of progress toward the Sustainable Development Goals; the latest economic, financial, social, and environmental indicators for key regions across Asia and the Pacific; and information on the development of global value chains.

TOWARD A RESILIENT KOLKATA

► Flooding is a hard fact of life in Kolkata, India. The sprawling coastal city of more than 14 million people is considered one of the world's most flood-prone. Heavy monsoon rains and frequent storms cause water to regularly flood into a city with flat terrain, poor drainage, and a population largely unprepared. These events, which have become more frequent due to climate change, cause major damage to both lives and livelihoods.

In September, the city's residents received some good news when Kolkata's mayor launched India's first city-level flood forecasting and early warning system. Supported by ADB technical assistance, the system will provide forecasts as well as real-time information on inundation, temperature, air quality, and other climate-related data through 400 sensor nodes placed around the city. The data will be analyzed and shared with the city's residents immediately through mobile alerts and public service announcements on radio and TV. The system will improve flood awareness and safety at the community level, as well as reduce economic impacts.

The system's launch is part of a 20-year partnership between ADB and Kolkata's local government to make a more livable city through integrated planning and phased investments to improve resilience and urban services.



A flood warning system will help Kolkata city officials and residents act decisively to minimize damage before and during disasters.

Getty Images

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poor by generating increased trade and investment. In 2018, the fund approved two projects worth \$2.5 million to facilitate transport and trade.

In 2018, ADB mobilized about \$7.17 billion in long- and short-term cofinancing for private sector operations. Long-term nonsovereign commercial cofinancing totalled \$3.6 billion in 2018. This means that every \$1 of ADB financing for private sector operations was matched by \$1.20 in long-term cofinancing from commercial and official sources.

Public-Private Partnerships

ADB fosters the efficient delivery of public services and assets through private investment and innovation. Public-private partnerships play a major role in this area. As well as financing public-private partnerships, the bank assists in building capacity of key public sector agencies in DMCs, strengthening institutional frameworks, and scaling up project preparation activities.

In Central and West Asia and Southeast Asia, ADB assisted in building robust legal and institutional frameworks and establishing dedicated facilities to prepare projects for private sector development. In South Asia, the bank is supporting sovereign projects that attempt to leverage private sector participation, not only to augment project financing, but also to provide operational efficiencies.

To increase the pipeline of bankable projects, ADB secured seven new transaction advisory mandates in 2018 to advise on infrastructure projects totaling approximately \$4.62 billion, while it completed three transaction advisory mandates for projects with a capital expenditure of \$1.23 billion.

The bank also continues to manage donor trust funds such as the Asia Pacific Project Preparation Facility—funded by Australia, Canada, and Japan—to help prepare projects.

STRENGTHENING KNOWLEDGE SERVICES UNDER STRATEGY 2030

In 2018, ADB held its first-ever Knowledge Forum, which was attended by 423 participants from 60 organizations, including 317 ADB staff. Over 100 speakers and 30 facilitators presented. The event addressed the status of knowledge sharing and knowledge management in development, shared good practices and experiences in knowledge management, and allowed knowledge partners to suggest how ADB can strengthen its role as a knowledge provider. It also taught ADB staff members techniques to create and apply knowledge in development.



Under Strategy 2030, ADB will continue to strengthen its role as a leading provider and distributor of development knowledge. It will work closely with developing member countries (DMCs) to identify their needs and respond with the most relevant knowledge products and services.

In 2018, ADB's knowledge products and services promoted innovation and the integration of advanced technologies in project design. Such projects included investments in digital health, information and communication technology for education, financial innovation and disruptive technologies, innovations in energy generation and storage systems, closing of the financing gap for infrastructure, and climate-resilience building.

The 2018 edition of ADB's flagship publication, the *Asian Development Outlook*, draws attention

to opportunities and concerns presented by new technologies in the workplace. New technologies drive higher productivity and are the foundation for economic growth, better-paid jobs, and poverty reduction. However, because these technologies may threaten some jobs and displace less-skilled workers, governments must pursue education reforms that promote lifelong learning and maintain labor market flexibility. Governments must also strengthen social protection systems. This will ensure that new technologies develop in ways that benefit people and protect their rights.

ADB's research work continues to stimulate new ideas, encourage discussions on policies, and provide insights from regional perspectives. The September update to the *Asian Development Outlook* found that developing Asia was holding up against economic headwinds from beyond

the region, with external demand supporting the region's large economies and higher-than-expected oil prices boosting prospects for many oil and gas exporters. The update further explored key pockets of vulnerability in the region and the policy options available to manage them, given the new challenges to maintaining macroeconomic stability brought about by the changing global landscape. Meanwhile, a special supplement to the ADB publication *Key Indicators for Asia and the Pacific 2018* demonstrated the role of remote sensing in improving the quality and timeliness of statistics on rice area, yield, and production. Building on research and field surveys undertaken in the Lao People's Democratic Republic, Thailand, and Viet Nam, the study emphasized the need to invest in technologically advanced agricultural data collection and management practices to support evidence-based policymaking.

ADB is producing knowledge products and services that cut across various sectors and themes. It recently released publications on inclusive business, smart cities, regional industrialization, aging societies, and regional integration. Through its Law and Policy Reform Program, ADB supported DMCs with legal reforms and capacity building to help them accomplish national development goals. The program aims to help DMCs establish regulatory and judicial institutions that adopt and apply laws and regulations fairly, consistently, ethically, and predictably. The bank's leadership in fostering lateral thinking and creative problem solving is demonstrated through several prominent forums. These include the bank's annual Asia Clean Energy Forum, the ADB Transport Forum, the ADB Water Forum, and the Asia-Pacific Climate Change Adaptation Forum. Other examples include work on climate change and environmental justice; risk management in lending to small and medium-sized enterprises; anticorruption awareness for executive agencies, the private sector, and civil society; internal auditing and accountability mechanisms; and public sector accounting capacity.

ADB continually works to streamline knowledge partnerships and identify appropriate modes for engaging with other institutions. In 2018, the bank developed new joint work programs

to engage knowledge partners and deliver specific outputs. Across the year, it signed three knowledge partnership agreements and seven cooperation agreements for development partnerships. These partnerships complemented ADB's in-house expertise by providing specialist knowledge in areas such as spatial information solutions for urban development, research and technical advice in building the capacity of higher education institutions, training programs for environmental law professionals, and collaborative platforms to promote solar technologies.

In 2018, ADB created the Knowledge Services Division in its Department of Communications to meet demand within the bank for knowledge support. This will complement existing knowledge efforts upstream through the Sustainable Development and Climate Change Department's Knowledge Advisory Services Center and midstream through the various sector and thematic groups. The creation of the division is in line with Strategy 2030's emphasis on integrating ADB departmental knowledge and expertise under the One ADB approach. The bank is also surveying its personnel to assess its capabilities in terms of managing knowledge. The results of this internal survey will help identify ways to strengthen knowledge support.



ADB IS PRODUCING A GROWING NUMBER OF KNOWLEDGE PRODUCTS AND SERVICES THAT CUT ACROSS VARIOUS SECTORS AND THEMES



In May, ADB released a four-episode audio podcast series that provided an Asian perspective on the impact of technological change on labor markets. In the podcast, the bank's economists and experts explored issues based on research from the report *How Technology Affects Jobs*, which can be found in the *Asian Development Outlook*.



2 REGIONS | CENTRAL AND WEST ASIA

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

BY THE NUMBERS

\$4.28B
COMMITTED

\$2.14B
DISBURSED

\$2.32B
COFINANCED

\$42.6M
TECHNICAL ASSISTANCE

Growth in the Central and West Asia region remained robust in 2018.

In Azerbaijan, the economy recovered due to higher oil prices, while Kazakhstan's oil and natural gas production was steady, as were exports and investment. In Uzbekistan, growth accelerated, driven by investments in manufacturing, construction, energy, and mining. Tajikistan's economy expanded due to continued large-scale public investments, higher remittances, and improved relations with Uzbekistan that boosted bilateral trade. Georgia saw steady growth on gains in net exports and higher investments.

Most other economies in the region recorded slower but still robust growth in 2018.

Turkmenistan's growth was driven largely by public investment and gas exports. Armenia's slower growth reflected a slowdown in industry and a contraction in agriculture. Despite higher remittances, growth in the Kyrgyz Republic fell due to declines in gold production and manufacturing. Drought and continuing security concerns led to a slowing of growth in Afghanistan. Pakistan posted lower growth in the fiscal year 2018, affected by challenges in the country's balance of payments. A newly elected government, which took office in August 2018, has begun formulating policies to deal with Pakistan's fiscal budget and current account deficits and restore its economic growth.

Through its ongoing country programs in Central and West Asia, ADB continued to help its developing member countries become more economically diverse, remove infrastructure bottlenecks, foster regional connectivity, generate inclusive growth, promote gender equality, and combat climate change.

In September, the ADB Board of Directors endorsed a new 5-year country partnership strategy for the Kyrgyz Republic. The strategy's objectives are to promote sustainable economic growth, support diversification, leverage regional cooperation to reap the benefits of access to larger markets, and improve quality of life.

STRATEGIC FOCUS

ADB's work in Central and West Asia in 2018 anticipated Strategy 2030's operational priorities.

As one of the leading providers of infrastructure finance in the region, many of ADB's infrastructure development projects are aimed at **fostering regional cooperation and integration** under the Central Asia Regional Economic Cooperation (CAREC) Program.

In November, at the 17th CAREC Ministerial Conference in Ashgabat, Turkmenistan, ADB President Takehiko Nakao announced \$2 billion in new assistance for regional projects in CAREC countries. The funding is part of \$5 billion in ADB support over 2018–2022 to underpin the CAREC 2030 strategy. The new assistance will be dedicated to improving regional connectivity, promoting electricity exports, and strengthening trade facilitation.

During 2018, ADB committed \$500 million for its first energy project in Turkmenistan. The project will establish a power transmission backbone for the country, improving the reliability of power supply for both domestic consumers and neighboring power-importing countries, including Afghanistan. ADB also committed a \$35 million grant to reconnect Tajikistan's electricity system to the Central Asian Power System through an interconnection with the Uzbekistan system. This will enable Tajikistan to export summer surplus electricity to Uzbekistan and allow for more efficient use of regional energy resources.

In Georgia, ADB signed a \$300 million loan agreement to finance the construction of a 4-lane, 12-kilometer (km) road on the East–West Highway between Khevi and Ubisa. The highway carries about 60% of Georgia's foreign trade freight. In the Khyber Pakhtunkhwa Province of Pakistan, ADB will help rehabilitate 214 km of provincial roads, while also enhancing the capacity of municipal authorities to maintain roads in Pakistan and Afghanistan. In the Kyrgyz Republic, the bank committed \$78 million to complete the rehabilitation of two further road sections

on the North–South Alternate Corridor between CAREC Corridors 1 and 3. The project will improve connectivity and mobility, link economically underprivileged regions with economic hubs, and strengthen the institutional capacity of the Ministry of Transport and Roads.

ADB investments contributed to **accelerating progress in gender equality** across the region in 2018.

About 43% of ADB projects committed for Central and West Asia in 2018 included gender-related outcomes, the highest number since the bank introduced gender-mainstreaming measures in 2010. ADB undertook work on five country gender assessments (Azerbaijan, Georgia, Kazakhstan, the Kyrgyz Republic, and Uzbekistan), and the findings informed country policy dialogue. The bank also initiated project gender studies to highlight success stories of women who benefited from projects for micro, small, and medium-sized enterprises in Kazakhstan and rural housing in Uzbekistan.

ADB investments in 2018 supported **tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability**.

In the Kyrgyz Republic, ADB committed \$38.6 million to help modernize irrigation systems, improve agriculture and land management, strengthen disaster risk management, and enhance data collection and analysis. The project will focus on the Fergana Valley in the southwest and the Chui River Basin in the north, both of which are vulnerable to flooding, mudflows, and drought.

In Tajikistan, ADB provided additional grant financing of \$6.5 million for ongoing water resources management in the Pyanj River Basin, which is vital to Tajikistan's economy and includes some of the country's poorest and most climate-vulnerable communities. The investment includes capacity building and institutional development of the State Agency for Hydrometeorology.

\$2 B

IN NEW ASSISTANCE FOR REGIONAL PROJECTS IN CAREC COUNTRIES, ANNOUNCED BY ADB PRESIDENT IN NOVEMBER

INNOVATIVE TECHNOLOGIES IN CENTRAL AND WEST ASIA

► In Central and West Asia, ADB is helping farmers, crop producers, and agribusinesses embrace modern technologies to participate more effectively in horticulture value chains. In 2018, the bank approved a \$75 million grant to Afghanistan and additional financing of \$198 million for Uzbekistan to expand access to finance for farmers and enterprises.

In Afghanistan, where agriculture employs two-thirds of the workforce and contributes 22% of gross domestic product, enterprises are benefiting from the latest in precooling rooms, storage facilities, processing equipment and machinery, a quality control accredited laboratory, a tissue culture laboratory, and an introduction to international best practices for horticulture processing plants. Eligible farmers are accessing assistance for modern greenhouses; planting materials; storage facilities; processing, drying, and grading equipment; and water sourcing and distribution systems.

In Uzbekistan, the additional financing is increasing farm productivity by improving processing and storage capacities and reducing post-harvest losses through the establishment and upgrade of intensive orchards; modern water- and energy-efficient greenhouses; and processing, storage, and refrigeration facilities. This ADB assistance will help improve Uzbekistan's agriculture sector, which accounts for 32% of the country's total employment and provides a significant portion of income in rural areas.

Improvements in Afghanistan's agricultural supply chain, from plant production to storage and packaging facilities, add significant value to a sector that is vital to the country's economy.



BENEFITS FROM TACKLING CLIMATE CHANGE



Abdullo Dargaev contemplates the lack of water in his drought-stricken village in the Pyanj River Basin of Tajikistan. Through ADB support to address the impacts of climate change, Abdullo's village will have a steady supply of safe drinking water in 2019.

► Tajikistan is one of the world's countries most vulnerable to climate change. Communities in the country's Pyanj River Basin—covering 114,500 square kilometers and home to around 1.5 million people—are already experiencing extreme weather events such as floods, droughts, and landslides, which destroy crops and infrastructure and, in the worst cases, take lives.

Abdullo Dargaev lives in the Pyanj River Basin village of Namuna Jamoat, where a lack of water due to drought has impacted daily life.

“Our villagers go as far as 5 kilometers every day to bring water for drinking, cooking, and other household needs,” Abdullo says.

Through an ADB project, funded by a \$21.6 million grant from the Strategic Climate Fund to reduce adverse effects of climate change in 59 villages in the river basin, over 4,000 households in Abdullo's village will enjoy the flow of safe drinking water for the first time in March 2019.

In Tajikistan, the bank committed a \$41 million grant to rehabilitate and expand climate-resilient water supply and sanitation infrastructure in the southeast of Dushanbe, establishing 18 district metering areas and installing a new network management system with smart water meters for nonrevenue water management and efficient water usage.

In 2018, ADB committed \$223 million for urban infrastructure investments across Central and West Asia, with the aim of **making cities more livable**.

ADB provided \$37 million to the Kyrgyz Republic to upgrade and expand existing wastewater systems, improve awareness regarding sanitation and hygiene, and strengthen the sustainability of water utilities in Balykchy and Karakol. In Pakistan, the ongoing construction of a sustainable bus rapid transit corridor in Peshawar was about 70% completed by the end of 2018, with operations expected to begin in 2019. This innovative project includes 26 km of dedicated busway through the city, with an associated network of routes totaling over 80 km.

ADB investments **promote rural development and food security** across the region.

In Pakistan, the bank provided \$275 million for an irrigation project in Jalalpur, Punjab Province. This project will construct 200 km of new irrigation canals to improve agricultural production of almost 80,000 hectares and benefit 200,000 rural people.

In Afghanistan and Uzbekistan, ADB is helping boost agricultural production, improve on-farm water management, and develop horticulture value chains through the construction of agrofood processing and packaging facilities in underdeveloped areas (see box on page 21). The projects in the two countries are expected to improve food security, directly employ around 900,000 people, and benefit about 105,000 farming families.

ADB supported developing member countries across Central and West Asia in **strengthening governance and institutional capacity** in 2018. The bank provided policy-based loans of \$300 million to Uzbekistan to improve macroeconomic management, including improved corporate governance in state-owned enterprises (SOE); \$250 million to Azerbaijan to establish rules-based fiscal planning and policy, initiate SOE reforms, and improve access to finance and investment climate; and \$50 million to Armenia to help deliver financial and capital market reforms and support the improvement of fiscal risk management and public debt management.

ADB also committed \$100 million to Pakistan to enhance investment in public-private partnerships.



Lela Shervashidze is a shopkeeper in the town of Mestia in the Samegrelo–Zemo Svaneti Region of Georgia. Customers can now travel to Lela’s store more easily, thanks to an ADB investment to rehabilitate roads in this mountainous region.

KNOWLEDGE HIGHLIGHTS

In 2018, ADB produced a wide range of knowledge products for its member economies in Central and West Asia.

The bank released a series of road safety engineering manuals and workshops on designing and implementing road maintenance and safety projects in CAREC countries. It also completed a scoping study for the CAREC Program in creating an effective aviation market for the region.

ADB conducted important analyses of economic corridors in Central Asia and Pakistan, and special economic zones in Kazakhstan, the Kyrgyz Republic, and Pakistan. It also developed analytical tools

such as a district development monitor and an investment climate monitor for Pakistan.

Country-specific knowledge products also delivered tangible benefits.

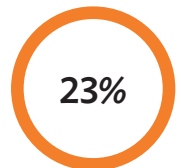
In Pakistan, ADB’s health sector review in Khyber Pakhtunkhwa led to the development of a sector-wide health plan for the province.

In Afghanistan, to address causes of conflict, ADB produced a range of tools and guidelines to address fragile and conflict-affected situations. In Georgia, the bank’s technical assistance translated national priorities into integrated urban action and investment plans to create cultural and heritage circuits and ecotourism circuits.

IN 2018, ADB INVESTED PRIMARILY IN FOUR AREAS IN THIS REGION:



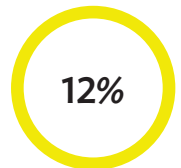
ENERGY



TRANSPORT



AGRICULTURE, NATURAL RESOURCES, AND RURAL DEVELOPMENT



PUBLIC SECTOR MANAGEMENT



Responding to External Shocks in CAREC Countries

Many CAREC countries are vulnerable to external economic shocks because of their reliance on natural resource exports or remittances from oil-exporting countries. Determining the right policy mix for temporary and permanent shocks remains a challenge. In May, ADB, the International Monetary Fund, and the World Bank held a forum in Astana, Kazakhstan, to discuss lessons learned from the implementation of countercyclical policies in response to external shocks.



REGIONS | EAST ASIA

The People's Republic of China, Mongolia

BY THE NUMBERS

\$2.25B
COMMITTED

\$1.76B
DISBURSED

\$678.6M
COFINANCED

\$27.8M
TECHNICAL ASSISTANCE

The People's Republic of China (PRC) and Mongolia continued their recent record of solid economic performance in 2018, amid unstable external conditions. Policymakers in the PRC were faced with the challenges of tackling financial risks and stabilizing growth, particularly in the second half of 2018. The economy decelerated from the second quarter onwards as a result of a slowing housing market, tight conditions for nonbank lending, and lower export growth relative to imports. These underlying concerns were exacerbated by increased uncertainties surrounding global trade. In response, the country's macroeconomic policy was reversed in the second half of 2018. Fiscal expansion and loosening of monetary policy, combined with strong momentum in the first half of the year, kept gross domestic product growth on track at 6.6%.

Mongolia's economic performance continued to improve, with growth reaching 6.9% in 2018 from 5.3% in 2017. The main drivers were increasing coal exports, large investments in the mining sector, and strong domestic demand. Sound macroeconomic policies also played an important role.

In the PRC, 2018 marked the 40th anniversary of reforms and the opening up of the economy. The country is expected to continue reforms to realize high-quality development and the transition to high-income country status. Its major targets include preventing financial risks, alleviating poverty, and controlling pollution. Meanwhile, 29.6% of Mongolia's population remains classified as poor, and the country's progress continues to be restricted by underdeveloped infrastructure, lack of export diversification, underemployment, desertification, and air pollution.

ADB's program in the PRC continued to promote innovation and advanced technology, pollution control and climate change mitigation and adaptation, more equitable access to services, reduced rural-urban disparities, and enhanced regional connectivity. In Mongolia, ADB's operations in 2018 helped sustain inclusive growth, promote economic and social stability, develop infrastructure for economic diversification, and strengthen environmental sustainability.

STRATEGIC FOCUS

In addressing remaining poverty and reducing inequalities across East Asia, ADB focused its efforts on promoting inclusiveness, improving education for all, and lowering vulnerability in urban and rural areas.

In 2018, ADB and the PRC signed a memorandum of understanding in which the bank commits to help the government implement its rural vitalization strategy. Works under the agreement will address rural-urban disparities, modernize agriculture, raise farming productivity, identify appropriate job training, and deliver employment assistance for the rural poor.

In January, ADB committed \$150 million to improve basic infrastructure and living conditions in the PRC's Changji Hui Autonomous Prefecture of Xinjiang Uygur Autonomous Region. The project will construct and rehabilitate urban roads and install utility pipes for water as well as piping for wastewater, heating, and gas. Adopting an innovative approach to urban-rural development, the project will not only provide for physical infrastructure but will also help 13,800 rural migrants transition to urban life by providing appropriate skills training.

ADB is working with the PRC to help develop care facilities for the improved wellbeing of the country's aging population. In 2018, ADB committed a \$50 million results-based loan to help Yichang City in Hubei Province partner with the private sector to pilot integrated residential, community, and home-based elderly care services that are expected to benefit around 3,000 older people annually by 2022. The project will help demonstrate how public-private partnerships can be used by local governments to deliver social services in the PRC.

In April, ADB committed a \$50 million loan to help improve access to, and the quality of, pre-primary, primary, and secondary education in Mongolia. The project aims to expand the capacity of schools and kindergartens and reduce class sizes; reform the curriculum and associated assessment systems; and train teachers, school managers, and local education administrators. It will directly benefit about 15,000

children enrolled in 35 newly constructed or expanded schools and kindergartens.

ADB and Mongolia signed a \$25 million loan to make it easier for people with disabilities to access basic services and job opportunities. Cofinanced with a \$2 million grant from the Japan Fund for Poverty Reduction, the project will provide early medical and social intervention services to children with disabilities, construct infrastructure and public spaces designed to accommodate people with disabilities, and build industry partnerships to enhance job opportunities.

During 2018, ADB initiatives in East Asia continued to set solid foundations toward **tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability.**

ADB signed a \$150 million loan to protect a water basin along the Yangtze River, the longest river in the PRC. The loan—which aims to improve flood management, clean water supplies, and

support ecological conservation in the Longxi River watershed—is a key project under ADB’s Yangtze River Economic Belt Framework. The framework will provide around \$2 billion over 2018–2020 to address the dual issues of economic and environmental development in the upper and middle reaches of the river.

Under ongoing support to improve air quality in the Beijing–Tianjin–Hebei region, ADB committed \$496 million to establish a regional facility to demonstrate advanced technologies for reducing emissions and controlling pollution. These technologies include hydrogen-based transport, geothermal-based district heating, biogas and organic fertilizer production, and smart microgrids. The facility is expected to help reduce emissions by 5 million tons of carbon dioxide per year, starting from 2024.

In Mongolia, ADB committed a \$40 million loan to develop a 41-megawatt energy system using solar and wind power with advanced battery storage and

5M

TONS OF CARBON DIOXIDE EMISSIONS REDUCED EVERY YEAR BY 2024 UNDER A NEW FACILITY TO CONTROL POLLUTION IN THE BEIJING–TIANJIN–HEBEI REGION

INNOVATIVE TECHNOLOGIES IN EAST ASIA

► In East Asia, ADB is demonstrating innovative approaches to reducing carbon emissions and mitigating the effects of climate change. In the People’s Republic of China (PRC), the bank financed projects that include district heating and cooling based on renewable energy in Qingdao City, wind-powered district heating in the Inner Mongolia Autonomous Region, an emissions trading scheme in Shanghai, and bus rapid transit in Yichang and Jinan cities. In Mongolia, ADB is leveraging private sector investment to help transform *ger* areas of Ulaanbaatar into affordable, low-carbon ecodistricts.

The bank is promoting climate-smart agriculture practices, integrated water resources management, and enhanced coordination for watershed and river basin management and protection across East Asia. It has partnered with the China Council for International Cooperation on Environment and Development—a high-level advisory body to the Government of the PRC—to undertake a policy study on ecological compensation and green development institutional reform.

Through technical assistance, ADB is helping the PRC develop a project that utilizes internet technology—mobile internet, the internet of things, cloud computing, and big data—to access high-value agricultural markets. The bank is also strengthening information and communication technology to help the Government of Mongolia improve its tax administration and public investment management.

ADB is promoting the use of innovative technology to help agribusinesses in the People’s Republic of China access high-value food markets.



A ROAD FORWARD ON URBANIZATION



A villager in Wangyuantun, People's Republic of China enjoys cooking with clean, piped water for the first time. Water purification is just one aspect of ADB's efforts to tackle rapid urbanization in the country.

► **Yan Zhigang** is a former farmer living in Wangyuantun, a village in the Hebei Province of the People's Republic of China, where wastewater management and sanitation were severely lacking until recent times.

"When it rained, the sewer would overflow into the village, with mosquitoes and flies multiplying everywhere," says Zhigang.

Now, thanks to ADB assistance, the foul-smelling sewer next to his village has been turned into a paved road.

The new road is part of an ADB investment to address rapid urbanization, severe pollution, stifling congestion, and growing poverty in two of the country's provinces, Liaoning in the northeast and Hebei in the north.

ADB provided a \$100 million loan and accessed grants of \$250,000 each for Liaoning and Hebei from the Multidonor Trust Fund under the Water Financing Partnership Facility to build and upgrade roads; improve water supply, water purification, and drainage systems; and install urban and district heating.

The combined investment has benefited more than 3 million residents in 18 small cities and towns.

energy management systems. A first in Mongolia, the project will supply clean and reliable electricity to about 260,000 people in remote towns in the west of the country—where people rely on costly and high-polluting power sources.

ADB's work in **making cities more livable** across East Asia includes projects that promote green, inclusive, and environmentally sustainable urban living.

In the PRC, the bank committed \$150 million to address environmental and infrastructure needs associated with municipal solid waste management in 10 counties and county-level cities in the Xiangjiang River watershed of Hunan Province. The project is part of the Yangtze River Economic Belt Framework. It will help close or remediate substandard municipal landfill sites, pilot integrated municipal solid waste management systems, and upgrade sanitary landfill facilities, reducing discharge of pollutants and directly benefiting 6.9 million people.

In Mongolia, ADB committed a \$130 million policy-based loan to improve air quality in Ulaanbaatar. The loan will help reduce emissions in the city's most polluted *ger* areas (tent communities) by replacing raw coal used for heating and cooking with more efficient and cleaner-burning processed coal. The project will also replace inefficient and highly polluting coal-fired, heat-only boilers with distributed heating systems. The program is expected to reduce carbon dioxide equivalent emissions by 133,800 tons per year and improve the health of *ger* residents.

ADB is **fostering regional cooperation and integration** by enhancing physical connectivity and increasing the competitiveness of exports from the PRC and Mongolia.

In 2018, ADB committed \$180 million to support the PRC's participation in the Greater Mekong Subregion (GMS) Program and to deepen economic integration with countries in Southeast Asia. The program will improve key trade infrastructure and services, develop e-commerce platforms in border economic zones, achieve efficient transport and trade operations along the GMS North-South Economic Corridor, and strengthen economic ties between the PRC's Guangxi Zhuang Autonomous Region and the rest of the GMS.

ADB also committed \$60 million to improve Mongolia's regional road network, enhancing the safety of road sections that provide crucial links with the PRC and the Russian Federation. The project will improve economic cooperation and trade for Mongolia, while expanding access to markets and basic services for local residents.



Health workers prepare to assist a child at the Special School District #25 in Mongolia. ADB is investing to provide early medical and social intervention and access to other basic services for the country's children with disabilities.

KNOWLEDGE HIGHLIGHTS

Creating and sharing development knowledge is at the core of ADB operations in East Asia.

In 2018, ADB helped conceive and share new and innovative development approaches through events such as fora on planning healthy and age-friendly cities; the ADB-Tsinghua Lecture Series, which focused on regional cooperation, knowledge collaboration, and the application of internet technology to improve the efficiency of the rural economic sector; and the Third Asia-Pacific Forum on Low Carbon Technology.

The bank also participated in the PRC's midterm review of its 13th Five-Year Plan for 2016–2020, and provided technical assistance for the preparation of the next plan covering 2021–2025. ADB published

a book on its 30-year partnership with the PRC, to celebrate achievements and help generate ideas for future reforms.

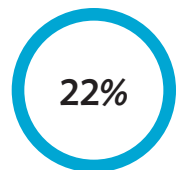
ADB conducted two major assessments in 2018—on Mongolia's transport sector and the PRC's water sector—that will help identify investment gaps to be filled through innovative lending operations.

In Mongolia, ADB prepared a study to help design a project to address high levels of gender-based violence in urban *ger* areas of Ulaanbaatar. In the PRC, using innovative e-survey tools, the bank undertook a benchmarking study that will allow it to assess the impacts of rural road improvement in Ningxia Liupanshan, and explore ways to improve the livelihoods of poor households in the area once the project is completed.

IN 2018, ADB INVESTED PRIMARILY IN FOUR AREAS IN THIS REGION:



TRANSPORT



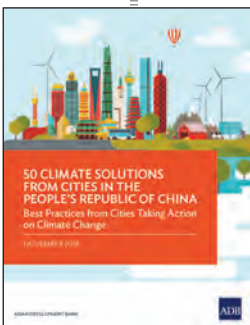
WATER AND OTHER URBAN INFRASTRUCTURE AND SERVICES



ENERGY



AGRICULTURE, NATURAL RESOURCES, AND RURAL DEVELOPMENT



50 Climate Solutions from Cities in the People's Republic of China

50 Climate Solutions from Cities in the People's Republic of China (PRC) showcases innovative case studies from cities in the PRC taking action on climate change. The solutions being implemented prove that reducing carbon dioxide emissions and protecting the environment need not sacrifice economic prosperity. By supporting the PRC's efforts to address climate change and showcasing innovations in low-carbon development, ADB is helping inspire other cities and drive further innovation in environmental protection.



REGIONS | PACIFIC

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

BY THE NUMBERS

\$407.7M
COMMITTED

\$396.4M
DISBURSED

\$154.4M
COFINANCED

\$24.9M
TECHNICAL ASSISTANCE

Economic growth across the Pacific region remained positive in 2018, averaging 1.1%. Although uncertainty persists concerning key economic drivers in Timor-Leste (public spending) and Palau (tourism), each of these economies rebounded from declines in 2017. Growth in Tuvalu also picked up, boosted by government spending that was supported by higher fishing license revenues.

Despite overall expansion, three disaster events contributed to average growth in the Pacific slowing by 1.3 percentage points against the 2017 growth rate of 2.4%. ADB's developing member countries (DMCs) in the Pacific are among the world's nations most exposed to disasters. Moreover, their small size, remoteness, and limited resources restrict their ability to rebound from external shocks. In 2018, the Pacific experienced an earthquake in Papua New Guinea (PNG), the region's largest economy; a Category 4 severe tropical cyclone in Tonga; and a volcanic eruption in Vanuatu.

The earthquake in PNG resulted in a temporary halt to liquefied natural gas exports, but strong performance of the country's mining sector and some stimulus from hosting the Asia-Pacific Economic Cooperation Summit helped keep PNG's growth positive. Growth in Fiji and Vanuatu eased, mostly because reconstruction activity in response to earlier major disasters—Cyclone Pam in 2015 and Cyclone Winston in 2016—wound down. In Tonga, growth slowed as Cyclone Gita damaged homes, government buildings, and infrastructure for basic services, with total impacts estimated to be equal to 38% of the country's gross domestic product. In addition to disaster events, the closure of the Yazaki automotive wiring harness plant in Samoa and reduced activity at Nauru's processing center for asylum seekers both restricted growth.

STRATEGIC FOCUS

ADB focuses on addressing the root causes of fragility and vulnerability in the Pacific.

In 2018, under the operational priority of **tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability**, ADB helped the Pacific increase its access to contingent financing, respond to disasters, increase renewable energy generation capacity, and climate-proof its infrastructure.

ADB provides disaster-contingent financing to the Cook Islands, Samoa, Tonga, and Tuvalu. In 2018, it extended coverage to Palau with a \$15 million policy-based loan that will enable the government to rapidly access finance for short-term recovery needs, complementing parallel reforms to improve disaster resilience. ADB also mobilized \$2.5 million from its Asia Pacific Disaster Response Fund for relief efforts in PNG, Tonga, and Vanuatu. When Cyclone Gita hit Tonga, the fund enabled ADB to disburse \$1 million for humanitarian relief in less than 2 weeks. The bank subsequently committed a \$6.8 million grant through the Asian Development Fund to reconstruct priority areas of Tonga's electricity network to a higher standard of disaster resilience. In PNG, ADB mobilized \$1 million for relief supplies in provinces affected by the 7.5 magnitude earthquake. In Vanuatu, it disbursed \$500,000 to provide food and water, medical and hygiene kits, and emergency shelter for people affected by the volcanic eruption.

ADB continues to support climate change mitigation and fuel security initiatives in the Pacific. In the Cook Islands, the bank administered a \$12 million grant from the Green Climate Fund, which provides additional financing to expand solar power generation on Rarotonga, reducing fossil fuel consumption and enhancing energy security. In Tonga, ADB committed \$5.5 million for a solar power generation plant on the outer islands, increasing access to electricity and reducing costs for consumers.

In 2018, ADB approved a \$12.7 million grant from the bank's Pacific Renewable Energy Investment Facility to rehabilitate a fuel tank farm in the Marshall Islands. The project will improve fuel security and address critical safety hazards.

In Nauru, 95% of international trade relies on port facilities, which are susceptible to the impacts of climate change. ADB committed \$21.3 million to build a climate-resilient port and upgrade associated facilities. The project received cofinancing of \$26.9 million from the Green Climate Fund and \$14.1 million from the Government of Australia.

In PNG, ADB administered a \$5 million grant from the Strategic Climate Fund and \$3 million from the Government of Australia to climate-proof a provincial wharf in Milne Bay Province. The wharf will serve as a model for upgrading similar structures in PNG. The project will also increase the capacity of communities, government agencies, and civil society to plan for, and respond to, climate change.

To **promote rural development and food security**, ADB is helping to improve connectivity in Timor-Leste by investing \$44 million to upgrade the 58-kilometer road from Baucau—the nation's second largest city—to Viqueque. Upgrades will

make the road more resilient to climate change by improving roadside drainage, raising the road in flood-prone areas, upgrading the asphalt, and improving slope stability.

The bank provided \$15.4 million in additional financing for a maritime infrastructure project in Tuvalu, which will improve travel conditions to and from the outer islands and increase access of remote communities to resources and opportunities in urban centers.

ADB provides integrated solutions for **making cities more livable** by promoting urban health and environmental sustainability in the Pacific. Pacific DMCs are experiencing rapid urban migration, which is placing a strain on key infrastructure and services. Access to clean water and sanitation services underpins health.

ADB is addressing urban water, sanitation, and waste disposal through a project readiness facility in Solomon Islands. The \$3 million grant is financing preparatory activities to deliver safe, effective, and

\$63.8 M

COMMITTED BY ADB IN 2018 TO DIRECTLY SUPPORT TACKLING THE IMPACTS OF CLIMATE CHANGE IN THE PACIFIC

INNOVATIVE TECHNOLOGIES IN THE PACIFIC

➤ ADB has made a series of major investments in communications technology to connect Pacific island nations to the internet via fiber-optic submarine cables.

In 2013, 827 kilometers of cable (cofinanced by ADB, the Government of Tonga, Tonga Cable, and the World Bank Group) connected Tonga to the main trans-Pacific link between Australia and the United States. Since then, connection speeds have doubled and internet costs have fallen 75% (compared with satellites), delivering digital health and digital education services, stabilizing business expenses, and greatly improving the social life of Tongans.

Palau was connected to a cable between Indonesia and Guam in 2017, while the 1,300-kilometer Tui-Samoa cable (cofinanced by ADB, the governments of Australia and Samoa, Samoa Submarine Cable Company, and the World Bank) was switched on in February 2018 and links the country's largest islands, Upolu and Savai'i, to the cable network in Fiji.

These projects, together with two others currently in implementation, are projected to benefit nearly 450,000 people in the Cook Islands, the Federated States of Micronesia, Kiribati, Nauru, Palau, Samoa, and Tonga.

A new fiber-optic undersea cable connecting Palau to the world has made high-speed, affordable internet service a reality for the country's residents, including this pharmacist.



NEW GENERATORS LIGHT THE WAY FOR NAURU



A worker monitors power loads at the Nauru Utilities Corporation. ADB has helped residents of the island nation enjoy access to cheaper, cleaner, and more reliable electricity.

► **Itema Moses** lives on Nauru, the world's smallest island nation, where frequent power outages were a constant challenge in the recent past.

“When the place was dark, it was easy for crooks to think of something bad to carry out, like stealing,” 25-year-old Itema says.

Aside from the potential for crime, long outages caused food to spoil and made household appliances vulnerable to surges. Expensive power generation also had businesses struggling to manage costs and many families unable to afford electricity.

In early 2018, however, Nauru replaced its poorly maintained 40-year-old diesel generators with two new energy-efficient 2.9-megawatt generators and made other system improvements, thanks to grant funding from ADB and the European Union, with subsequent funding from the governments of Australia and Nauru.

The project has dramatically increased access to cheaper, more reliable, and cleaner electricity. The country's power utility reported a rise in grid connections from 2,175 in 2015 to 3,164 by June 2018.

efficient water and sanitation services to urban and peri-urban areas, and to improve hygiene behavior.

Throughout 2018, ADB continued its work in **strengthening governance and institutional capacity** in the Pacific. It is helping shape fiscal policies, reform state-owned enterprises, and foster private sector development across the region. ADB committed \$61.3 million to Fiji, Kiribati, and Solomon Islands for policy-based loans and grants that support public sector management reforms and private sector development. The bank is building the capacity of key transport agencies in Solomon Islands with a \$6 million project preparation facility designed to improve the implementation readiness of priority transport projects.

To improve health outcomes in the Pacific, and to help **address remaining poverty and reduce inequalities**, ADB is supporting a regional project of \$25.1 million to deliver comprehensive vaccine programs in Samoa, Tonga, Tuvalu, and Vanuatu, reducing outbreaks of vaccine-preventable diseases and making primary health services more available to poor, remote, and underserved communities.

ADB is also supporting PNG's health sector through policy reforms and direct investments in health systems. The bank committed \$195 million to an ongoing program to support the long-term sustainability and effective use of health sector financing, decentralized health service delivery, and the delivery of quality health care.

Given the small size, isolation, and limited capacity of many Pacific island countries, ADB is **fostering regional cooperation and integration** to pool resources, leverage economies of scale, and deliver development results.

Samoa, whose maritime transport is its economic lifeline, plays a vital role as a subregional hub port, distributing essential goods to the neighboring islands of American Samoa, the Cook Islands, Niue, Tokelau, Tonga, and Tuvalu. ADB is therefore supporting a port development project in the country, with \$3 million for preparatory work to rehabilitate and extend the existing breakwater at Apia Port, reconfigure the port area to enhance operating efficiencies, and provide ancillary facilities to streamline customs inspection processes.

In September 2018, ADB approved a plan to expand its presence in the Pacific and open a network of 11 individual country offices in its smallest DMCs to bolster regional cooperation and integration in the Pacific. The expansion will convert four extended missions—in Samoa, Solomon Islands, Tonga, and Vanuatu—into country offices, and establish new country offices in the Cook Islands, the Federated States of Micronesia, Kiribati, the Marshall Islands, Nauru, Palau, and Tuvalu. Recognizing that these 11 countries are highly vulnerable small island states, the



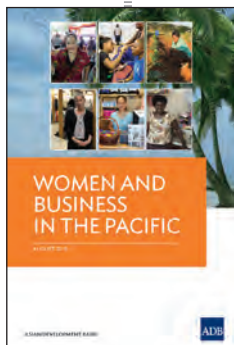
Women entrepreneurs peruse a loan document at the main branch of Banco Nacional de Comércio de Timor-Leste in Dili. ADB funding helps the bank provide microfinance to start-ups and small businesses, especially those owned and/or operated by women.

new offices will establish a more active and stable ADB presence within each country and across the region, supporting longer-term development, policy dialogue, and capacity building. The new country offices will enable more effective communication between ADB, governments, and development partners across the Pacific.

with reports in the *Asian Development Outlook* and *Asian Development Outlook Update*, ensures that macroeconomic monitoring and surveillance in the region remain timely and robust. The publication also explores topical policy issues—including utilities reform in the July 2018 edition and debt sustainability in the December 2018 release—to help shape policy discussions among key stakeholders.

KNOWLEDGE HIGHLIGHTS

ADB, through a technical assistance project on Pacific economic management, produces the *Pacific Economic Monitor* twice a year. The publication provides an update of economic developments in the Pacific and, when included



Women and Business in the Pacific

ADB's landmark publication *Women and Business in the Pacific* was produced with the support of the Government of Australia and released in August 2018. It analyzes the context in which women in seven Pacific island countries engage in private sector activity. The book identifies challenges women face in starting and growing businesses; and offers diverse, innovative, and pragmatic ways to empower women, enhance their economic opportunities, and foster their entrepreneurship.

IN 2018, ADB INVESTED PRIMARILY IN FOUR AREAS IN THIS REGION:

37%

HEALTH

22%

PUBLIC SECTOR MANAGEMENT

22%

TRANSPORT

13%

INFORMATION AND COMMUNICATION TECHNOLOGY



REGIONS | SOUTH ASIA

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

BY THE NUMBERS

\$6.38B
COMMITTED

\$3.66B
DISBURSED

\$2.10B
COFINANCED

\$49.1M
TECHNICAL ASSISTANCE

South Asia achieved economic growth of 7% in 2018, making it the world's fastest-growing region.

Several economies in the region posted significant rises in investment and consumption for the fiscal year 2018. India's economy grew 7.3%, largely driven by heightened government capital expenditure on new infrastructure, while consumption was supported by a recovery in rural demand. Bangladesh achieved its fastest economic expansion in more than 4 decades as growth reached 7.9%, led by a steep rise in private consumption as remittances recovered and by higher public investment in large infrastructure projects, notably the Padma Bridge and Dhaka Metro Rail. Similarly, sustained consumption and greater fixed investment in Nepal saw growth register 5.9%, following a rebound in manufacturing, construction, and services, along with increased private investment in energy generation and tourism.

The economy of Maldives performed strongly, with growth at 6.7% for 2018, driven by increases in tourist arrivals and construction activity.

In Bhutan, economic growth moderated slightly to 6.7% as industry and tourism performed below expectations and hydropower production declined slightly. Sri Lanka's growth remained subdued at 3.6%, with tight fiscal conditions restraining a recovery in agriculture and continued growth in services. Both economies also felt the effects of a slowdown in construction.

ADB's program across South Asia in 2018 centered on addressing rapid urbanization, environmental deterioration, and unemployment; providing better education and health services; and building climate and disaster resilience. In India, ADB committed \$3 billion in sovereign loans in 2018, the highest level of assistance since sovereign operations began in the country. Through the South Asia Subregional Economic Cooperation (SASEC) Program, ADB also continued to support regional infrastructure, connectivity, and trade facilitation.

STRATEGIC FOCUS

As key long-term measures in **addressing remaining poverty and reducing inequalities** across South Asia, ADB increased support to education and the provision of health services.

In Bangladesh, ADB committed \$500 million in 2018 to help provide quality primary education to approximately 18.6 million pupils from preschool to fifth grade. ADB also committed \$225 million to ongoing reforms in secondary education. The bank is also supporting a program that will contribute to increased access, retention, and completion of secondary schooling by adolescent girls.

In Sri Lanka and Bhutan, ADB committed a combined \$115 million to improve the quality of technical and vocational education and training to provide more job-oriented skills and increase youth employability. An accompanying grant in Sri Lanka allows for collaboration with the private sector to support women's participation and employment in male-dominated areas of the economy.

To deliver better health services to poor, isolated, and vulnerable communities, ADB launched a program in Bhutan to establish satellite clinics and upgrade existing primary health-care facilities, improve disease surveillance and response mechanisms, develop capacity in the health system, and promote general hygiene. The bank also committed \$50 million for a similar program in four underserved provinces of Sri Lanka.

ADB is **accelerating progress on gender equality** by expanding access to finance for women in Sri Lanka.

ADB committed \$75 million in long-term loans to Sri Lankan banks, with the funds to be on-lent to underserved micro, small and medium-sized enterprises located outside of the Colombo District, especially women-led enterprises and first-time borrowers. ADB also committed \$12.5 million in grant and technical assistance to a project to improve women's access to finance by providing loan principal paydowns for women-led enterprises. The grant is also supporting a program to employ, train, and promote more women in banks and

government agencies, and to foster women's entrepreneurship.

ADB remained committed to **tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability** across South Asia during 2018.

The bank committed \$60.2 million for India to strengthen flood embankment systems in Dibrugarh, Kaziranga, and Palasbari-Gumi, along 90 kilometers of the Brahmaputra River. These systems protect the livelihoods of 1 million people in areas vulnerable to flooding due to deteriorating embankments and progressive riverbank erosion. The program will also introduce a flood warning and forecasting system.

In Nepal, ADB committed \$163.9 million (including \$5 million in cofinancing from the Clean Energy Fund) to help continue reconstruction after the 2015 earthquakes. Through the project, the bank is supporting the reconstruction and retrofitting of

schools and highlighting disaster risk management among school management committees and local community members.

In Bangladesh, ADB signed two energy projects with a combined value of \$850 million to generate clean energy and improve the efficiency of transmission and distribution networks. The bank also committed \$360 million to improve the operational efficiency of Bangladesh Railway and support the shift from road to rail freight, which is expected to reduce carbon dioxide emissions by 120,096 tons each year.

Consistent with **making cities more livable**, ADB financed several projects to address South Asia's priority needs in waste management, water supply, and sanitation.

In Nepal, ADB is providing \$130 million to improve water and sanitation services in 20 municipalities. The project will incorporate approaches to make water distribution more equitable, use scarce water

18.6M

STUDENTS WILL BENEFIT FROM A \$500 MILLION LOAN TO PROVIDE QUALITY PRIMARY EDUCATION IN BANGLADESH

INNOVATIVE TECHNOLOGIES IN SOUTH ASIA

► In developing infrastructure across South Asia, ADB is promoting advanced technologies that increase durability, improve the efficiency and quality of services, and minimize environmental and social impacts.

In India, ADB is financing new technology to improve water management. Through efficient use of surface water and a shift to piped-water schemes (away from high-risk public standposts or tapstands), the bank is working to provide safe drinking water in West Bengal, where water sources are threatened by high levels of arsenic, fluoride, and salinity. Networked smart water grids—which automate monitoring and control devices—address water leaks, overuse, and quality issues to ensure consistent and sustainable delivery of potable water to about 1.7 million people in 390,000 households.

In Nepal, ADB is applying innovative technology to the country's outdated electricity distribution system. Nepal makes use of analog meters, which may produce inaccurate readings and require meter readers to make frequent visits to remote locations. ADB is supporting the country's switch to smart meters, which are more accurate, reliable, and capable of remote customer metering—enhancing the efficiency of Nepal's electricity network.

Students in West Bengal, India, fill their water bottles from a tap stand. ADB is applying innovative technology to build piped-water infrastructure to promote safe drinking water across the state.



RELIEF FOR DISPLACED PEOPLE IN BANGLADESH



Getty Images

Displaced mothers care for their young children inside a migrant camp in Bangladesh. ADB provided emergency assistance to improve basic amenities in 32 camps across Cox's Bazar.

► Since August 2017, Bangladesh has received more than 700,000 people displaced from Myanmar. This influx has caused a huge strain on the environment and local economy in the Cox's Bazar District of Bangladesh, posing significant challenges in the supply of food, shelter, health care, sanitation, water, and other essential services to the 32 camps spread across the district.

Within 2 months of receiving a request for grant assistance from the Government of Bangladesh in May 2018, ADB approved \$100 million in emergency assistance. Although Bangladesh is not eligible for grants, ADB made an exception in this case because of the urgent need for finance to address the humanitarian crisis.

The grant funding is helping rehabilitate access roads to and within the camps to connect essential food distribution and storage centers; provide multipurpose cyclone shelters, mobile water carriers, and community bathing facilities; and build small piped-water supply systems, waste management facilities, and water treatment plants. It is also helping install solar-powered street lighting and augment electricity substations and distribution lines for electricity to reach the camps.

resources more judiciously, and ensure that key assets are resilient to climate risks.

In India, ADB committed \$169 million to develop water supply, sewerage, and drainage infrastructure in six cities in Tamil Nadu; install the country's first solar-powered sewage treatment plant; and introduce smart water management systems to reduce water loss. Around 4 million people will benefit from piped water, sewerage connections, and improved drainage.

During 2018, ADB worked to better connect rural and urban areas of South Asia as a means of **promoting rural development and food security**. The bank focused on improving rural roads and logistics centers to allow more producers, agribusinesses, and consumers to participate in national, regional, and global markets. In India, ADB committed \$375 million to expand and modernize irrigation networks in Madhya Pradesh. The financing will develop 125,000 hectares of new, water-efficient irrigation networks and improve water use in more than 400 villages, benefiting over 800,000 residents and allowing farmers to grow high-value crops. ADB also provided \$360 million to construct all-weather rural roads which benefit rural communities living in 4,600 locations in the states of Assam, Chhattisgarh, Madhya Pradesh, Odisha, and West Bengal. In Nepal, ADB committed \$103 million to upgrade 300 kilometers of rural roads and improve transport access in agriculture value chain development zones.

ADB's work in **strengthening governance and institutional capacity** includes a program in India to train 500 rural road engineers and assist in road safety audits. In Maldives, ADB committed knowledge support and technical assistance to conduct analytical research, strategy planning, and other studies to identify priority development programs. In Bhutan, ADB's support to develop secondary towns includes strengthening of institutional capacity to operate and maintain municipal infrastructure assets and develop water tariff guidelines.

Across South Asia, ADB is **fostering regional cooperation and integration** by supporting cross-border infrastructure needs. It is working to transform transport corridors into trade and economic corridors, which will allow South Asian countries to participate in regional and global value chains, promote agriculture trade, and generate regional tourism.

In 2018, ADB committed \$150 million to upgrade key sections of SASEC road corridors in India and Nepal. These investments will improve connectivity between India's Manipur State and Myanmar; build an India-Nepal international bridge on the border at Panitanki in India and Kakarvitta in Nepal; and improve the safety of Nepal's vital East-West Highway. To complement these investments, ADB approved a technical assistance project to improve the expertise of trade facilitation officials in SASEC countries.



Villagers observe progress on the Baglung-Bartibang road in Nepal. ADB is investing to upgrade around 300 kilometers of rural roads in the country.

KNOWLEDGE HIGHLIGHTS

ADB completed significant knowledge work in collaboration with its South Asian members in 2018, addressing a variety of national and regional development issues.

In India, the bank helped prepare comprehensive development plans for industrial and economic corridors. These plans were followed by detailed master planning of priority industrial areas. The master plan for two priority areas under the Vizag-Chennai Industrial Corridor has been prepared, and ADB will finance the master planning of two priority areas for the Chennai-Kanyakumari Industrial Corridor.

ADB also produced a report for the government

in the state of Assam in India—*Assam: Expressway to ASEAN*—that outlines strategic initiatives to connect the state to Southeast and East Asia by building quality infrastructure and creating a stable business environment.

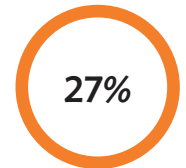
ADB published studies covering gender equality and inclusion, women’s entrepreneurship, and employment of women in nontraditional sectors. In Nepal, ADB undertook a study to provide a comprehensive analysis of gender equality and social inclusion issues in the energy sector, later publishing a report on the results. ADB produced a report and recommendations for a government-initiated small and medium-sized enterprises venture capital fund in Sri Lanka.



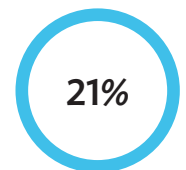
Cooperation on Clean Energy Powers Forward

On 10 March 2018, ADB signed a cooperation arrangement with the International Solar Alliance, headquartered in India, to promote solar energy deployment across Asia and the Pacific, particularly in South Asia. The arrangement includes support for solar power generation, solar-based minigrids, and transmission systems for integrating solar energy into grids. The alliance’s major objectives include global deployment of over 1,000 gigawatts of solar generation capacity and investment of over \$1 trillion into solar energy by 2030.

IN 2018, ADB INVESTED PRIMARILY IN FOUR AREAS IN THIS REGION:



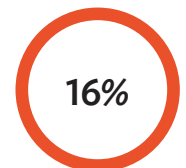
TRANSPORT



EDUCATION



AGRICULTURE, NATURAL RESOURCES, AND RURAL DEVELOPMENT



ENERGY



REGIONS | SOUTHEAST ASIA

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

BY THE NUMBERS

\$5.13B
COMMITTED

\$3.47B
DISBURSED

\$1.44B
COFINANCED

\$41.7M
TECHNICAL ASSISTANCE

Economic growth across Southeast Asia moderated in 2018. The rate of growth in 6 of 10 Southeast Asian economies—Brunei Darussalam, the Lao People's Democratic Republic (Lao PDR), Malaysia, Myanmar, the Philippines, and Singapore—was lower in 2018 than in 2017. In contrast, Cambodia, Indonesia, Thailand, and Viet Nam sustained strong economic expansion, underpinned by significant export growth and buoyant domestic demand.

Governments in the region implemented measures to stabilize the impacts of higher oil prices, a stronger US dollar, weather disturbances and natural calamities, and uncertainties in global trade. Central banks, particularly those of Indonesia and the Philippines, raised official interest rates to arrest the weakening of the rupiah and peso against the US dollar. Indonesia aggressively tightened rates to ease pressure on the country's balance of payments. Higher government subsidies for fuel kept inflation low in Malaysia and Indonesia. On the other hand, higher fuel prices and depreciating local currencies added to inflationary pressures in the Lao PDR, Myanmar, and the Philippines. Heavy rains damaged agricultural production in the Lao PDR and the Philippines, the latter also affected by rice supply bottlenecks. Inflationary factors in Viet Nam included the continued increase in government-administered fees for medical services, education, and transportation.

Investment remained high in Indonesia and the Philippines, boosted by infrastructure spending. Public investment in Thailand also rebounded strongly as the government pursued an ambitious infrastructure plan. In Malaysia, however, infrastructure spending moderated, with the new government deciding to reexamine several large projects approved by its predecessor. Private investment remained robust in Viet Nam, supported by high credit growth and strong foreign direct investment. Meanwhile, foreign direct investment declined in Myanmar due to lackluster progress on economic reform and slow headway in the national peace process.

STRATEGIC FOCUS

In 2018, ADB's operational emphasis in Southeast Asia was on the development of critical infrastructure, education, disaster relief, and water management. The bank completed a new country partnership strategy for the Philippines, with priority support for the national government's infrastructure program. Meanwhile, ADB provided its first sovereign loan to Thailand after 8 years to help expand the country's transport infrastructure. Through various technical assistance projects and services under its portfolio, the bank also helped prepare more than 50 other infrastructure projects in Southeast Asia, in addition to those it directly financed.

Addressing demand from its developing member countries (DMCs), ADB introduced regional technical assistance facilities that focus on particular sectors or development themes. These regional facilities support DMCs in project preparation, project implementation, policy development and coordination, capacity development, and knowledge work.

During 2018, developing high-quality human resources and creating jobs were central to ADB's efforts in **addressing remaining poverty and reducing inequalities** in Southeast Asia.

The bank committed \$50 million to help Cambodia upgrade science and technology classrooms and school libraries in 36 secondary resource schools. The project will provide a conducive learning environment for science, technology, engineering, and mathematics; and equip youth with the skills they need to thrive in the digital economy. In Indonesia, ADB committed \$200 million as the first phase of higher education reform, helping upgrade three public universities in Sumatra and one public university in Bandung, West Java. The project will provide university places for 20,000 additional students (half of whom are women) and train 586 additional staff. Gender considerations were integrated into these projects to enhance women and girls' access to quality education.

Committed to helping the disadvantaged in the Philippines, ADB provided two loans and two grants totaling \$408 million as emergency assistance for the

rehabilitation and recovery of Marawi, a conflict-affected city in the south of the country. Over 300,000 people are expected to benefit from ADB assistance. More than 30,000 households in 19 barangays (villages) will have their water supply restored and health clinics reconstructed; around 3,600 youth and adults will have greater economic opportunity through the scaling up of employment and livelihood programs; and thousands of children will receive mental health support and culturally sensitive peace education.

In 2018, ADB focused on improved water management and better roads in **tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability** in the region.

In Cambodia, ADB committed \$70 million to improve 147 kilometers of flood-prone and unsafe roadway in Prey Veng, Siem Reap, and Svay Rieng provinces in the Tonle Sap Basin. The basin recently experienced extreme weather events and increased

flooding of the Mekong River. Making the roads more climate resilient will help ensure year-round access for freight and commuters from remote and vulnerable communities.

ADB scaled up investments in **making cities more livable** in 2018. The bank is helping to improve urban environmental infrastructure in Cambodia in three cities around the Tonle Sap Lake: Battambang, Serei Saophoan, and Stueng Saen. ADB has committed \$89 million to finance new and upgraded sewerage networks covering core areas in all three cities, landfills in each city, and drainage networks in two of the cities. The project will help institutions develop improved policies and planning for urban drainage, wastewater, and solid waste management.

In **promoting rural development and food security** across Southeast Asia in 2018, ADB moved to address transport challenges in rural areas and provide hard and soft infrastructure to develop agriculture value chains, simultaneously addressing climate change impacts.

300K

PEOPLE TO BENEFIT FROM A \$408 MILLION EMERGENCY ASSISTANCE LOAN TO MARAWI, A CONFLICT-AFFECTED CITY IN THE SOUTH OF THE PHILIPPINES

THE ONE ADB APPROACH IN SOUTHEAST ASIA

► In August 2018, an earthquake hit the Indonesian island of Lombok. In September, an earthquake and tsunami struck the city of Palu in Sulawesi. The disasters killed over 2,600 people, injured 18,000, and displaced more than 550,000. A One ADB approach was critical to providing rapid and effective support to Indonesia.

ADB specialists in energy, water and sanitation, transportation, and public finance worked together to conduct damage assessments and provide technical advice to counterparts from the Government of Indonesia. A team of social development experts helped ensure that ADB's support addressed the needs of women and girls, and incorporated best practices in disaster preparedness and resilience. Financial management specialists helped the government explore effective channels for monitoring, evaluation, and financial reporting.

In November, ADB approved \$500 million in emergency assistance to support recovery and rehabilitation efforts—less than 5 weeks after the government requested assistance.

Across Lombok and Sulawesi, around 36,000 households are expected to benefit from climate-resilient housing and access to improved water and sanitation services; about 5,000 farmers will have better access to water for irrigation; and over 650,000 displaced people will benefit from livelihood assistance and social protection measures.

The One ADB approach is helping life return to normal after the 2018 disasters in Lombok and Sulawesi, Indonesia.



LO VAN KIM'S UPHILL BATTLE



As his wife and child look on, Lo Van Kim researches an article on animal welfare. Thanks to ADB assistance, Lo Van Kim and 224 other poor students in Viet Nam received scholarships to pursue their career of choice.

► **Lo Van Kim**, from Viet Nam's northwestern province of Dien Bien, dreamed of one day becoming a veterinarian. His family, however, earned only a small income from raising livestock and could barely afford regular meals. He had to walk 2 kilometers, over mountains and on an empty stomach, to get to school each day. By the sixth grade, his family could no longer afford to keep him in school.

This is just one example of why ADB and Viet Nam partnered on a \$65 million project to improve lower secondary education in 17 of Viet Nam's poorest provinces. The project financed the construction of 820 new classrooms, 61 libraries, 959 boarding rooms and dormitories, and 467 teacher housing units. A total of 33,190 teachers completed training on the new curriculum, while 225 students—including Lo Van Kim—received scholarships.

With the scholarship, Lo Van Kim was able to buy a bike for his daily ride to school and pay for his meals and school supplies. He went on to study veterinary medicine at the Son La College of Agriculture and Forestry, later returning to his hometown to become the only veterinarian in his community.

The bank committed \$60 million for the third phase of a road project in Cambodia, which will rehabilitate about 360 kilometers of rural roads in Kampong Cham, Kratie, Prey Veng, Svay Rieng, and Tboung Khmum provinces. By revitalizing the rural road network, ADB is helping to provide safer roads and allow year-round access to markets and other social services for farming communities that may otherwise be restricted in earning income and fulfilling basic needs. The project will be complemented by a regular maintenance regime and community-based road safety program.

To **foster regional cooperation and integration** in Southeast Asia, ADB committed \$233 million (including \$62 million in cofinancing) to develop agribusiness value chains across the Greater Mekong Subregion (GMS), boosting rural household incomes and agricultural competitiveness in Cambodia, the Lao PDR, and Myanmar. It also committed \$99.4 million for a second phase of highway expansion in the GMS, designed to strengthen regional connectivity and cooperation. To further promote regional tourism and economic connectivity, the bank supported improvements in sanitation, solid waste management, drainage, and urban planning along the GMS North-South Economic Corridor, investing \$48 million in the Lao PDR and \$80 million in Myanmar.

In 2018 in Southeast Asia, ADB continue to support **strengthening governance and institutional capacity**. It supported public management reforms and financial sustainability through a mix of modalities, including policy-based lending and technical assistance.

To improve the general business environment in Indonesia, ADB contributed to reducing the costs of doing business through a \$500 million program loan. The financing helped entrench good regulatory practices, reduce burdensome regulations, consolidate business licensing and company registration into a single process, and introduce a new and cost-effective online land registration system. ADB is working with the Government of Indonesia to introduce innovative financing instruments that will attract private sector participation in infrastructure.

ADB also moved to deepen institutional and regulatory reforms to promote, develop, and implement public-private projects in the Philippines, supporting the country's public-private partnership program through a \$300 million loan and technical assistance. The bank also provided technical assistance to help upgrade the country's financial market infrastructure, and is assisting the Philippine Competition Commission to enforce newly enacted laws that promote free and fair competition.

In the Lao PDR, ADB committed \$30 million in 2018 to continue reforms in health-care financial management, financing, and human resources development. Through



Passengers converge for a flight at the newly opened Terminal 2 of the Mactan Cebu International Airport in the Philippines. The terminal can accommodate 4.5 million passengers and was constructed under a public-private partnership supported by ADB.

the project, ADB is helping to improve the quality, efficiency, and accessibility of health-service coverage, particularly for vulnerable groups.

KNOWLEDGE HIGHLIGHTS

Through regional technical assistance on knowledge development, ADB has implemented 30 subprojects to provide quick and effective responses to the time-critical knowledge needs of DMCs and subregional entities in Southeast Asia.

In 2018, ADB provided knowledge support for, among other things, a post-conflict needs assessment in Marawi, Philippines; a policy paper proposing key strategies to foster the growth of

Indonesia's manufacturing sector; and a three-country study (Indonesia, Malaysia, and Viet Nam) on innovations to catalyze private sector investment in green infrastructure development. It also conducted an assessment of technical and vocational education and training providers in Viet Nam's Central Highland provinces, with proposed policy actions to foster collaboration with neighboring provinces in Cambodia and the Lao PDR.

IN 2018, ADB INVESTED PRIMARILY IN FOUR AREAS IN THIS REGION:

31%

PUBLIC SECTOR MANAGEMENT*

24%

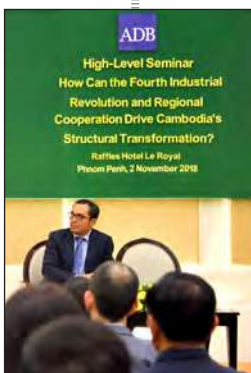
TRANSPORT

10%

INDUSTRY AND TRADE

8%

AGRICULTURE, NATURAL RESOURCES, AND RURAL DEVELOPMENT



ADB

High-Level Seminar
How Can the Fourth Industrial Revolution and Regional Cooperation Drive Cambodia's Structural Transformation?
Raffles Hotel Le Royal
Phnom Penh, 2 November 2018

Pathways to Change for Cambodia

In November 2018, ADB conducted a high-level seminar that brought together over 70 senior policymakers, along with representatives from the private sector and civil society. Participants discussed how the Fourth Industrial Revolution and regional cooperation might drive the structural transformation of Cambodia. Recommendations were made on how policymakers could prepare Cambodia for this revolution by developing a national strategy to promote digitization, develop infrastructure and human resources, and boost green growth investments in the Greater Mekong Subregion.

* Includes emergency assistance.



3 DEVELOPING THE PRIVATE SECTOR

Private Sector Operations and the Promotion of Public–Private Partnerships

BY THE NUMBERS

\$3.14B

COMMITTED

\$2.86B

Loans

\$274M

Equity investments

\$7.17B

COFINANCED

\$250M

MOBILIZED THROUGH TRANSACTION ADVISORY SERVICES

7

new transaction advisory mandates secured to prepare public–private partnership projects

5,006

trade finance and supply chain finance transactions supported, valued at \$6.42 billion

In most of the world’s economies, the private sector is the most powerful and dynamic vehicle for generating growth, creating employment, and delivering innovative solutions for development. It has been highlighted as critical to achieving the goals of ADB’s new Strategy 2030—eradicating extreme poverty and achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

Reflecting the vital role of the private sector, ADB has set a target to expand its private sector operations to one-third of its total operations by 2024. The bank will continue to pursue the dual mandate of development impact and profitability in its private sector operations. It plans to expand and diversify these operations into new and frontier markets, scale up financing for agribusiness, and support social sectors such as health and education. ADB also plans to widen its coverage in sectors such as transport, water, waste and sanitation, and information and communication technology. In terms of product innovation, the bank plans to devote more resources to equity operations to enhance its additionality, or added value, and toward credit enhancements to mobilize more cofinancing.

ADB continues to help its developing member countries (DMCs) improve their business environments, foster competitiveness in the private sector, and provide pathways for new and existing businesses to succeed. In 2018, the bank further scaled up support for public–private partnerships (PPPs) to help generate private investment in key development initiatives. It also continued to directly prepare and finance private sector infrastructure projects to attract private sector financing and expertise. To help increase access to finance—especially for micro, small, and medium-sized enterprises (MSMEs) in poor and vulnerable communities—ADB supported financial intermediaries and pursued opportunities in new sectors such as agribusiness, manufacturing, and services (e.g., health).

In 2018, ADB’s private sector investments increased to \$3.14 billion in commitments, compared to

\$2.3 billion in 2017 and \$1.8 billion in 2016. The bank also generated a record \$7.17 billion in private sector cofinancing, almost half of which was long-term cofinancing. In addition, ADB mobilized \$250 million from transaction advisory services.

CONTRIBUTION TO STRATEGY 2030 OPERATIONAL PRIORITIES

Addressing Remaining Poverty and Reducing Inequalities

In 2018, ADB’s private sector operations continued to assist DMCs in broadening access to financial services—such as savings and credit—and health care. The bank focused 19% of its private sector operations on inclusive business initiatives that provide economic opportunities to the poor.

In India, ADB provided \$150 million in debt financing to Cholamandalam Investment and Finance Company, a pan-Indian financial institution that provides finance to MSMEs operating logistics and distribution services, mostly in lagging or low-income states. Given the slowdown in credit growth from banks in India, ADB assistance is providing valuable support for the Government of India’s financial inclusion agenda.

In Sri Lanka, ADB is providing medium-term funding to DFCC Bank to improve access to finance for MSMEs. At least 20% of the borrowing MSMEs are located outside of Colombo.

ADB further contributes to achieving financial inclusion through its Microfinance Risk Participation and Guarantee Program, which facilitates local currency lending to microfinance institutions across DMCs. The program expands access to finance for businesses and people at the bottom of the commercial pyramid by partnering with local and international banks to share the risk of loan defaults. In 2018, it supported new loans totaling \$271 million and cofinancing of \$137 million to over 1.26 million poor borrowers, mostly women. It also expanded by enlisting two microfinance institutions in Myanmar and accrediting Hatton

THE ONE ADB APPROACH IN PRIVATE SECTOR OPERATIONS

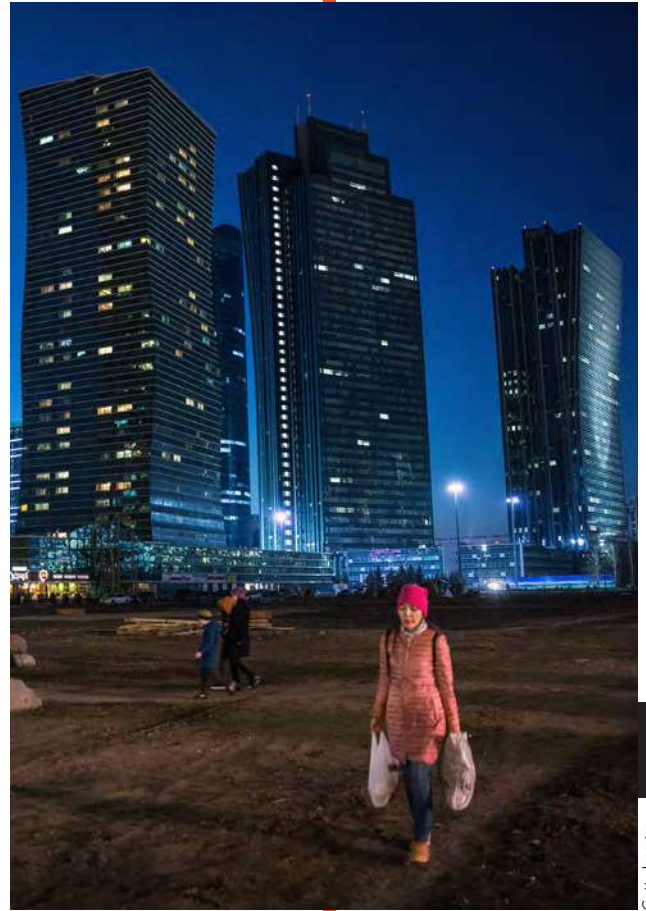
► In November 2018, ADB signed an \$80 million loan agreement with Samruk-Energy, the largest power generation company in Kazakhstan. A state-owned enterprise wholly owned by the sovereign wealth fund Samruk-Kazyna, Samruk-Energy commands 31% of Kazakhstan's installed generation capacity.

As part of the Government of Kazakhstan's privatization plan, the company aims to prepare for an initial public offering by 2020.

ADB is providing Samruk-Energy with long-tenor tenge financing that is not sufficiently available in the local market. The financing supports the company's business restructuring and transformation plan aimed at reducing foreign exchange risks, improving operational efficiency, and identifying renewable energy opportunities to attract investors for the initial public offering.

The financing arrangement was ADB's first nonsovereign transaction with a state-owned enterprise in Kazakhstan, and an example of the One ADB approach with colleagues from various ADB departments leveraging their respective areas of expertise and interacting to achieve a unified result. Staff with a specialization in engaging with sector stakeholders, promoting policy dialogue, and providing technical assistance oversaw the project's conception and due diligence, while experts in private sector development were primarily responsible for the financial structuring of the transaction and commercial due diligence. Lessons from this successful engagement are expected to guide collaborative approaches to project preparation in the future.

Enhancing the financial flexibility and supporting efficiency improvements in a state-owned enterprise with a strong presence in the power sector is expected to have a cascading effect on the economy of Kazakhstan, reducing overall power prices in the long term.



The ADB-supported restructuring and privatization of one of Kazakhstan's largest state-owned power providers is expected to reduce the price of electricity for the country's 18 million citizens.

National Bank as its first microfinance partner institution in Sri Lanka, improving the program's reach to 21 microfinance institutions and 8 partner financial institutions.

ADB also supports enterprises that provide quality health services to the underprivileged. In 2018, the bank committed \$10 million from its own funds and Leading Asia's Private Sector Infrastructure Fund (LEAP) to DCDC Health Services, a leader in providing dialysis and ancillary services in India,

and catering mainly to poor and disadvantaged communities. With ADB's investment, the company intends to expand operations across India and Sri Lanka, and eventually into Southeast Asia. It is expected to provide services to 10,000 patients by 2021.

To help reduce inequality by expanding access to education, ADB is piloting the delivery of student accommodation in Azerbaijan through PPPs at Baku State University and Azerbaijan State

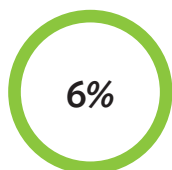
IN 2018, ADB INVESTED PRIMARILY IN FOUR AREAS OF PRIVATE SECTOR WORK:



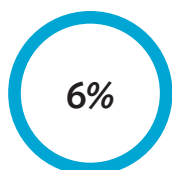
ENERGY



FINANCE



AGRICULTURE, NATURAL RESOURCES, AND RURAL DEVELOPMENT



WATER AND OTHER URBAN INFRASTRUCTURE AND SERVICES

Oil and Industry University. This is expected to address the immediate need for affordable housing for poor students wishing to attend these universities, which account for about 30% of all university students in Azerbaijan.

Accelerating Progress in Gender Equality

Throughout 2018, ADB promoted gender equality by advancing private sector operations in the health sector. It also supported the economic empowerment of women by expanding their access to finance and entrepreneurial opportunities.

In Indonesia, the bank invested \$19 million from its own funds and LEAP in PT Medikaloka Hermina, which operates 28 hospitals with 2,780 beds across the country. ADB's equity investment will help the company expand its operations to 40 hospitals with around 4,000 beds by 2020. The project, through its partnership with the Government of Indonesia's universal health insurance program, will improve access to quality, affordable maternity and child health care as well as general hospital services.

In Cambodia, ADB committed \$10 million in equity to BRED Bank Cambodia to improve financial access and services to small and medium-sized enterprises (SMEs). It is also providing technical assistance of up to \$500,000 to support special projects in digital finance and women's banking, specifically focused on improving women's entrepreneurship skills.

In India, ADB provided \$30 million in equity and \$20 million in debt security to Annapurna Finance, one of the country's largest microfinance institutions. The investment will help provide microfinance loans to women customers.

In the People's Republic of China (PRC), ADB is supporting MicroCred China, which is known for providing unsecured microfinance to MSMEs in Sichuan Province. The investment aims to provide microfinance loans to more than 10,000 female borrowers.

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

Past and present projects of ADB's private sector operations helped DMCs reduce their combined carbon dioxide emissions by 2.2 million tons in 2018. In addition to the bank's clean energy projects, ADB financed infrastructure projects and water and agriculture initiatives that will have significant climate-related benefits.

The bank is supporting a 25-megawatt (MW) biomass waste-to-energy (WTE) power plant to be built by Gulf Energy Development in the south of Thailand, where investment is minimal. This project will convert 825 tons of agricultural waste into electricity each day, helping make other rural communities more aware of the benefits and sustainability of WTE projects.

In Indonesia, ADB financed the first utility-scale private sector solar projects in the country, totaling 42 MW and sponsored by Equis Group, one of the largest independent infrastructure private equity fund managers in Asia. The bank also committed \$305 million from its own funds and LEAP to PT Jawa Satu Power to build, operate, and maintain a 1,760-MW combined-cycle, gas-fired power plant in West Java. The assistance will support the development of one of the first and largest power projects using liquefied natural gas (LNG) in Indonesia, highlighting the country's commitment to reduce its dependency on coal.

In India, ADB provided a \$100 million loan to Ostro Kutch Wind, a renewable energy company owned by investment funds under the management of Actis Capital, for the construction and operation of a 250-MW wind power project in Gujarat. The project was awarded under India's first wind energy auction, launched in 2016 by the Ministry of New and Renewable Energy. This auction reduced the cost of wind power to be lower than that under the feed-in tariff regime.

ADB committed a \$200 million direct loan to Minsheng Financial Leasing Company to procure more electric buses as well as batteries and charging stations to reduce traffic congestion and air pollution in the PRC's poor central and western regions. The project, supported by technical assistance financed by the Global Environment Facility, will strengthen the capacity of bus companies in operating and maintaining green vehicles.

Making Cities More Livable

In 2018, ADB private sector operations focused on providing solutions to help build cities that are more livable, affordable, and sustainable. This included projects in geothermal district heating, wastewater, and solid waste management.

In Viet Nam, ADB committed \$100 million for China Everbright International to implement WTE plants in primary and secondary cities to treat 7,500 tons of municipal solid waste

every day. This is the first municipal WTE project financed entirely by the private sector in Viet Nam and the first to use advanced clean technologies, including flue gas emission control, that meet international standards.

Through a \$200 million loan, ADB is helping China Water Affairs Group develop and operate integrated urban water management projects in the PRC. These projects will increase or improve treatment capacity for over 10 million cubic meters of water and 1.8 million cubic meters of wastewater per day, while also constructing at least 5,000 kilometers of sewage pipelines.

Also in the PRC, ADB is providing a \$250 million loan to support a collaboration by Sinopec Green Energy Geothermal and Arctic Green Energy to construct, acquire, rehabilitate, and/or operate geothermal-based heating systems under a PPP arrangement with a municipal government. The systems will serve residential, commercial, and industrial users, while the project is expected to reduce greenhouse gas emissions by over 7 million tons of carbon dioxide equivalent every year.

In the Philippines, ADB assisted the Bases Conversion and Development Authority in the evaluation of the master plan for New Clark City, the country's first technologically smart, environmentally sustainable metropolis. The bank also provided a resilience framework that highlighted the guidelines the authority should consider to ensure its vision of a smart, green, and disaster-resilient city, as well as recommendations to enhance the city's financial viability. ADB is also helping the authority screen and prioritize the infrastructure packages needed to develop New Clark City, advising on appropriate water and wastewater infrastructure. In December, the authority signed a 30-year joint venture agreement with the winning consortium, comprised of established local players and a leading global provider of sustainable infrastructure.

Promoting Rural Development and Food Security

ADB continues to promote rural development and food security through its private sector agribusiness operations, which support climate-smart agriculture as well as food processors and distributors that embrace environmentally responsible practices.

In the PRC, ADB is supporting Kingenta Ecological Engineering Group, the largest fertilizer producer in the country, with a \$50 million loan and \$30 million in equity to establish 300 crop production service centers and upgrade 10 associated fertilizer manufacturing plants. The centers will provide high-efficiency fertilizers and other agricultural products and services to around 3 million smallholder farmers in 8 provinces, including 6 poor and/or remote inland provinces. The use of these fertilizers is expected to help lower overall fertilizer consumption because of more efficient nutrient use.

In Armenia, ADB is helping Spayka—a leading food processor, exporter, and logistics company—develop 30 hectares of climate-controlled greenhouses equipped with drip irrigation systems to produce tomatoes and bell peppers for export.

At the regional level, ADB is supporting Olam International, a global leader in agribusiness, to promote value chains with higher local value addition across a variety of products. This includes financing midstream processing plants and working capital requirements in Indonesia (coffee and cocoa), Papua New Guinea (coffee and cocoa), Timor-Leste (coffee), and Viet Nam (coffee, cashews, and peppers). The project will also train approximately 13,000 smallholder farmers in strategies to deal with temperature increases and precipitation change, water harvesting and drip irrigation, integrated pest management, resources conservation, use of agricultural chemicals and

2.2M

TONS OF CARBON DIOXIDE EMISSIONS IN DEVELOPING MEMBER COUNTRIES REDUCED IN 2018 THROUGH ADB SUPPORT FOR PRIVATE SECTOR OPERATIONS



Helping Banks Deliver on Due Diligence

ADB's Trade Finance Program works with over 200 partner banks to help enterprises of all sizes import and export across Asia's most challenging markets. It is essential that these trade activities ensure social protection, avoid integrity risks, and, above all, do not involve acts that ADB prohibits. At the end of 2018, in Singapore and Turkey, ADB for the first time provided training to approximately 160 representatives from the program's participating banks on environmental, social, and integrity due diligence.

organic inputs, and pollution control. It will help farmers improve their productivity, participate in global and regional agricultural value chains, and be better prepared to cope with risks stemming from climate change and environmental degradation.

Strengthening Governance and Institutional Capacity

Through lending and technical assistance operations in 2018, ADB helped strengthen the institutional capacity of DMCs to improve the business environment for private sector development, attract investment, and foster PPPs.

In Pakistan, a country programming and PPP seminar was conducted to enhance the understanding of PPPs among various stakeholders and reinforce ADB's strong role in building the business case for such partnerships.

ADB committed new investments in urban infrastructure and municipal management in several South Asian countries to improve the environment for private businesses. In India, the bank committed the third tranche of a financial intermediation loan to create a suitable environment for PPP projects in roads and renewable energy.

In Indonesia, ADB helped reduce the costs of doing business through a program loan aimed at consolidating regulations, combining business licensing and company registration into a single process, and introducing an online land registration system. The bank further supported the PPP program in the Philippines through a program loan and technical assistance.

In the Pacific, ADB—through its Private Sector Development Initiative, which is supported by the governments of Australia and New Zealand—encouraged policy and legislative reforms that help expand access to loans and significantly reduce the time and cost of starting a business.

Fostering Regional Cooperation and Integration

Through its **Trade Finance Program** (TFP), ADB helps close market gaps for trade finance—estimated in 2017 to be \$1.5 trillion globally—by providing banks with guarantees and loans in support of cross-border trade finance. For 2018, the program facilitated 4,476 transactions valued at \$6.2 billion, with \$3.74 billion cofinanced by banks, private insurers, and official agencies. Of the total transactions, 3,476 supported SMEs

and 1,167 supported trade between DMCs. Among the 21 countries covered by the TFP, the most active were Armenia, Bangladesh, Mongolia, Pakistan, Sri Lanka, and Viet Nam. In 2018, ADB increased the program limit by \$350 million to \$1.35 billion to support the growth in demand for the program's offering.

In 2018, ADB continued to implement its Supply Chain Finance Program.

The program complements the TFP by assuming corporate risk and developing both domestic and cross-border trade. For 2018, the program supported 530 transactions valued at \$217 million, with \$109 million, or 50%, cofinanced by partner financial institutions. Of the 530 transactions, 395 supported SMEs.

In 2018, ADB increased the program limit by \$100 million to \$300 million to help reduce SME financing gaps and continue the bank's support for SME growth in DMCs.

OTHER APPROACHES TO DEVELOPING THE PRIVATE SECTOR

Preparing Bankable Private Sector Projects

In October 2018, ADB approved a \$3 million regional technical assistance project to set up the ADB Ventures Facility, a multidonor trust fund for the identification, deployment, and scaling up of technologies and business solutions that contribute to the Sustainable Development Goals in Asia and the Pacific. The technical assistance will provide capacity building and funding to local startups that are taking products to market as well as to technology companies attempting to expand into new markets.

The project preparation support that ADB has been providing for the Rantau Dedap power project in Indonesia came to fruition in 2018. In 2014, the bank provided a concessional loan from the Clean Technology Fund to PT Supreme Energy Rantau Dedap to explore geothermal resources, which would determine the viability and scope of this project. After successful exploration, the company proceeded to the implementation phase of the project and, in 2018, ADB committed a loan of \$175 million as well as a concessional loan of \$50 million from the Clean Technology Fund.

The bank is playing a pivotal role in building a critical mass of renewable energy projects in Indonesia to stimulate investor interest in future opportunities.

FANNING THE WINDS OF CHANGE IN PAKISTAN

► In 2009, ADB provided a long-term, US dollar-denominated loan to Zorlu Enerji Elektrik Uretim to finance the construction of a \$147 million 56.4-megawatt (MW) wind farm—Pakistan’s first wind power project.

ADB’s commitment and structuring of financing provided the impetus for investment in Pakistan’s renewable energy sector, with six wind projects totaling 310 MW developed from 2009 to 2014.

The original project produces 155 gigawatt-hours of competitively priced electricity every year and contributes to annual greenhouse gas emission savings of 102,525 tons of carbon dioxide.

The project’s success resulted in a follow-up project with Zorlu Enerji for the design, construction, operation, and maintenance of a 100-MW solar power plant and associated infrastructure.

Such projects are helping to improve access to clean power supply and alleviate Pakistan’s severe power shortage, which hampers the country’s economic growth and efforts to reduce poverty. The projects are also promoting further private sector investment in renewable energy.



Engineers inspect a wind-power generation plant in Pakistan. Investment in Pakistan’s renewable energy sector is helping to improve access to a clean power supply and reduce power shortages.

Strengthening the Finance Sector and Capital Markets

In 2018, ADB subscribed \$155 million in corporate bonds issued by B.Grimm Power to support the refinancing and construction of 16 utility-scale solar power plants in Thailand, providing a total of 98.5 MW.

The bank facilitated the issuance of bonds as the first green bonds issue by an energy company in Thailand, in compliance with the International Capital Market Association’s Green Bond Principles, and as the first climate bonds in Thailand to be certified by the Climate Bonds Initiative. Based on this experience, ADB hopes to replicate the issuance of internationally certified green bonds in Thailand and other countries under the Association of Southeast Asian Nations, to mobilize new commercial investors into renewable energy projects.

Using Private Equity Funds to Extend Reach

Given their ability to leverage and mobilize large amounts of capital, private equity funds are an important market for ADB assistance. In 2018, the bank invested \$25 million in Exacta Asia Investment II, a private equity fund with a target capitalization of \$250 million managed by Exacta Capital Partners. The fund will support established and well-managed SMEs and middle-market companies in Southeast Asia to realize their growth plans and thereby drive employment, generate tax, encourage skills transfer, and promote regional trade. The fund will focus on operations driven by domestic consumption (food, beverages, health care, and business services) and export-oriented manufacturing companies. Through its investment, ADB will help support the development of capital markets in Southeast Asian countries where lower- and middle-market companies often struggle to find targeted growth equity.



TO MEET THE EXTENSIVE DEVELOPMENT NEEDS OF ASIA AND THE PACIFIC, ADB MOBILIZES LONG-TERM COFINANCING THAT MATCHES OR EXCEEDS ITS OWN FUNDING

Scaling Up Support for Public-Private Partnerships

In July, ADB completed its first transaction advisory service mandate with the signing of the agreement between the Philippines' Bases Conversion and Development Authority and the private sector concessionaire for the development of a new national government administrative center at New Clark City. The second mandate for the development of the city's water supply and wastewater treatment facilities was completed in December.

ADB completed its third advisory mandate for 2018, also finalized in December, with the awarding and signing of the concession agreement by Bangladesh's PPP Authority for the development of the Dhaka Bypass Road. The advisory mandate was supported by the Asia Pacific Project Preparation Facility (AP3F) through the provision of legal support for the project and capacity-building assistance to the PPP Authority and the Roads and Highways Department of Bangladesh. The signing marked the first successful collaboration between ADB's transaction advisory services and the AP3F.

ADB also successfully secured seven new transaction advisory mandates in Bangladesh, Myanmar, Pakistan, and the Philippines during 2018. In addition to delivering much-needed transport, energy, and urban infrastructure, these mandates are expected to strengthen the capacity of involved agencies and create a template for future PPPs in individual countries and sectors. In the Philippines, ADB is working on three mandates in the natural gas, power, and water sectors. The bank is advising and assisting Philippine National Oil in setting up the first LNG hub in the country. ADB has started advising private sector infrastructure developers in other countries, including an LNG terminal in Bangladesh, an LNG terminal and gas-fired power station in Myanmar, and a hydropower project in Pakistan.

The AP3F provides technical assistance for project preparation and structuring, capacity development and policy reform, and project monitoring and restructuring support to governments of DMCs.

In 2018, the facility approved seven applications for technical assistance totaling \$4.7 million. Of these approved applications, project-definition assistance (prefeasibility studies for specific projects) will be provided in Kazakhstan, the Kyrgyz Republic, and Indonesia, while capacity-building assistance will be provided in the Cook Islands, the Philippines, and Viet Nam.

AP3F-supported technical assistance for Samoa (tariff-setting for the regulator) and Timor-Leste (support for the Tibar Bay Port PPP) were also completed during the year.

CATALYZING AND MOBILIZING FINANCE

To meet the extensive development needs of Asia and the Pacific, ADB mobilizes long- and short-term cofinancing, including from transaction advisory services.

In 2018, ADB mobilized about \$7.17 billion in long- and short-term cofinancing for private sector operations. This included B-loans valued at \$135 million (B-loans are co-financing arrangements for a single borrower or grant recipient that are funded by commercial banks and other eligible financial institutions with ADB acting as the lender of record), parallel cofinancing of \$2.55 billion, trade finance and supply chain cofinancing totaling \$3.85 billion, guarantee cofinancing of \$137 million, and risk transfers of \$135 million. Nonsovereign official cofinancing totalled \$356 million. In addition, ADB mobilized \$250 million through transaction advisory services.

ADB marked four major cofinancing achievements in 2018.

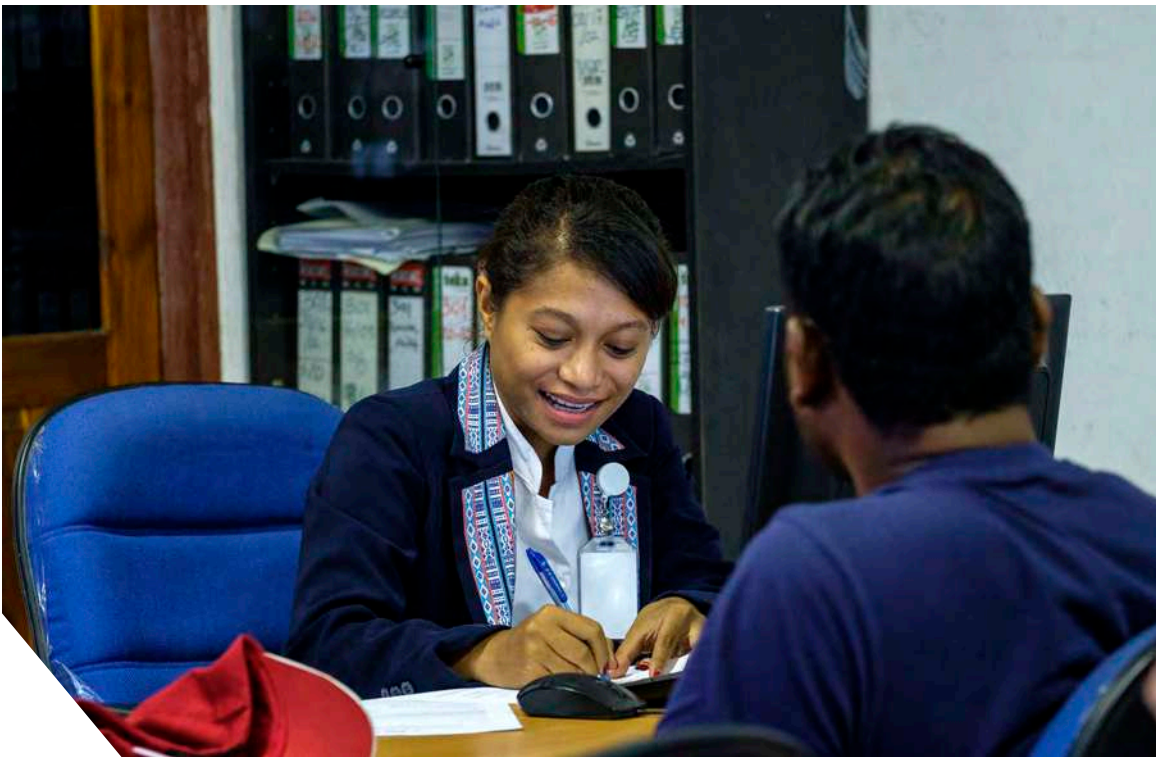
In Myanmar, the bank issued its first B loan—\$35 million for Meeyatha Development, which supplies residential and office space in Yangon.

In Viet Nam, a first-ever B loan was also issued—\$100 million for the Bank for Investment and Development of Vietnam, which was twice oversubscribed.

In Thailand, ADB raised \$923 million in loans from the Japan Bank for International Cooperation and commercial banks for the 2,500-MW Chonburi gas-fired power plant in the Eastern Economic Corridor in Thailand.

Finally, in the Philippines, ADB sourced \$250 million from the completed PPP transaction advisory mandate for the development of a new national government administrative center at New Clark City.

Leveraging its long history of financing private sector infrastructure projects across Asia and the Pacific, ADB manages several funds on behalf of donor governments. These funds currently total over \$2 billion and offer concessional blended finance or long-term cofinancing for climate-friendly or high-quality, sustainable infrastructure projects.



A bank manager in Timor-Leste attends to a client. In 2018, ADB produced a gender audit study that investigated how women are faring in the private banking sector in Asia and the Pacific.

\$2 B

IN FUNDS
MANAGED BY
ADB ON BEHALF
OF DONOR
GOVERNMENTS
TO OFFER
FINANCING
FOR CLIMATE-
FRIENDLY OR
SUSTAINABLE
INFRASTRUCTURE
PROJECTS

In 2018, ADB deployed a total of \$356 million in third-party financing, consisting of \$50 million from the Clean Technology Fund for a geothermal power project in Indonesia; \$22 million from the Canadian Climate Fund for the Private Sector in Asia II for four solar power plants in Indonesia; and \$209 million from LEAP, funded by the Japan International Cooperation Agency, for clean energy and health projects in India, Indonesia, and other countries.

ADB also mobilized a \$75 million direct loan from the Japan International Cooperation Agency for a regional agribusiness value chain project.

KNOWLEDGE HIGHLIGHTS

In 2018, ADB finalized the second edition of the *Public-Private Partnership Monitor*, which tracks the development of the PPP business environment and outlines the challenges of undertaking PPPs across Asia and the Pacific.

The publication aims to increase the level and quality of private sector participation in infrastructure projects by serving as an active platform for dialogue between the public sector and private enterprises.

The second edition includes three new DMCs (Georgia, Pakistan, and Sri Lanka), expanding the report's coverage to 12 countries. The 2018 edition indicated positive changes in regulatory and financial conditions in Bangladesh, Papua New Guinea, the Philippines, and Thailand.

In May, ADB presented the results of the TFP's gender audit study on ADB trade finance partnerships. The study, cofunded by Australia, investigated how women are faring in the private banking sector.

The report provides specific and practical recommendations to the program's partner banks on attracting and retaining women in banking, developing measures to empower women to advance their careers and ensuring more of them are elevated to leadership roles, and providing guidance on how to promote institutional gender equality.



4 ORGANIZATIONAL EFFECTIVENESS

Delivering Through a Stronger, Better, and Faster ADB



ADB CONTINUED IMPLEMENTING INITIATIVES TO IMPROVE OPERATIONAL EFFICIENCY AND BUSINESS PROCESSES

48

OPERATIONALIZING STRATEGY 2030 AND MONITORING RESULTS

ADB is mobilizing all staff across departments to operationalize Strategy 2030. Teams with members drawn from ADB's 15 sector and thematic groups are developing operational plans for priority areas set out under the strategy. These plans, to be finalized in 2019, will define the strategic focus, specific areas of engagement, approaches, and broad skills required under each priority.

Country partnership strategies (CPSs) have been aligned with Strategy 2030, while ADB's Work Program and Budget Framework, 2019–2021, approved in September, reflects operational resources and priorities in line with the strategy.

ADB held consultations throughout 2018 to develop a new corporate results framework covering 2019–2024. The results framework will use results indicators, baselines, and targets to track the bank's performance in achieving the priorities of Strategy 2030.

ENHANCING SERVICE TO ADB MEMBERS

Modernizing Business Processes and Improving Operational Efficiency

In 2018, ADB continued implementing initiatives to improve operational efficiency and business processes. The bank (i) advanced its digital transformation through the Real-Time ADB information technology (IT) reforms and approved an IT capital investment plan for the next 5 years; (ii) prepared guidance notes and provided training to ADB staff and government agencies on a new procurement framework; and (iii) approved the Access to Information Policy, increasing public access to ADB's historical information.

To respond more quickly to the needs of developing member countries (DMCs) and deliver innovative solutions, ADB continued to delegate more responsibilities to its field offices.

Regional departments further improved operational processing and delivery times by taking measures to increase the design and procurement readiness of infrastructure projects.

ADB also revised operations manuals and staff instructions for several lending modalities and technical assistance; updated staff guidance on results-based lending (RBL); enhanced quality-review processes for loan documents, CPSs, and country operations business plans (COBPs); and updated templates for CPSs, COBPs, and project proposals, aligning them with Strategy 2030.

Maintaining a Strong Country Presence

In 2018, to increase the capacity of the bank's field offices, ADB assigned over 900 staff, which represents 59% of staff in regional departments, to roles within DMCs. Country presence was reinforced by establishing 11 field offices in Pacific countries classified as small island developing states, allocating more positions to field offices, and outposting staff from ADB headquarters. ADB also adopted flexible staffing measures to ensure that departments can address emerging business and country needs with the right mix of job roles and skills.

The bank supports the increase in staff at field offices through a combination of improved on-the-job training and targeted learning activities. It focuses on developing the skills of field office staff in project design, implementation, and evaluation. In 2018, over 150 staff traveled to ADB headquarters for learning events. Of the 105 training programs available in 2018, 87% of field office staff undertook at least one.

Improving ADB Products and Instruments

ADB enhanced its products and modalities to meet the evolving needs and demands of its DMCs more effectively. In July, the bank introduced project readiness financing; a small expenditure financing facility; policy-based guarantees, including for Group A countries (concessional assistance only); and a public-private partnership standby financing



Staff take a break at the ADB resident mission in Port Moresby, Papua New Guinea. In 2018, ADB continued to strengthen its country presence by deploying more staff to field offices.

facility. These are designed to make ADB more agile and responsive, strengthen the bank's ability to catalyze finance, and expand its support for public-private partnerships. ADB's regional departments are now using these new modalities to process and develop projects.

In April, ADB increased the resource allocation ceiling for its RBL programs to 10% of the total allocations for ordinary capital resources and the Asian Development Fund. The increase applies to the final 3 years of the RBL pilot phase (2016–2019). RBL strengthens motivation and accountability within development projects by linking financial disbursements to the achievement of results. ADB is completing the required preparatory work to mainstream RBL programs, as the pilot phase ends in June 2019. It is also formalizing contingent disaster-financing options under policy-based lending to improve countries' resilience to disasters.

In November, ADB approved an increase in the base allocation for its concessional assistance, from \$6 million per year to \$13 million per year during 2019 and 2020. This benefits poorer DMCs, particularly eligible small island developing states, whose access to concessional resources will increase by more than 50% over the 2-year period.

ADB has intensified its training and outreach program to enhance knowledge and skills on its lending modalities. In 2018, the bank conducted 37 learning sessions covering 922 ADB staff and external stakeholders. It also improved its learning materials such as guidance notes, quick guides, and documents responding to frequently asked questions. To further strengthen the effectiveness of its training and outreach, ADB is working on a demand-driven staff development curriculum.

Achieving Timely and Value-for-Money Procurement

The implementation of the ADB Procurement Policy in 2017 addressed the evolving needs of DMCs and other stakeholders in terms of increasing lending operations, improving procurement delivery systems, and harmonizing with other multilateral development banks. By providing a principles-based approach to procurement, the new policy delivers solutions to enhance value for money and quality, as well as reduce time to deliver procurement outcomes through effective risk assessment and contract management.

The new procurement framework—covering the policy, regulations, and guidance notes as



ADB RANKED FIRST AMONG 45 LEADING DEVELOPMENT ORGANIZATIONS IN THE 2018 AID TRANSPARENCY INDEX, ACHIEVING A SCORE OF 98.6%

well as supporting standard bidding documents, user guides, and staff instructions—will deliver improved outcomes for ADB and its DMCs. The framework is expected to encourage more quality suppliers to bid for projects, lower transaction costs, and improve relationships between ADB clients and their suppliers.

Strengthening and Use of Country Safeguards

In 2018, all ADB projects were assessed for environmental and social impacts, as required by the bank's Safeguards Policy Statement. ADB delivered a safeguards training program that covered general orientation and specialist training in air quality, noise, vibration and water impacts, and involuntary resettlement and associated livelihood restoration. The bank facilitated regional knowledge sharing through the Joint Safeguards Community of Practice, with representatives of multilateral financial institutions and bilateral partners. At the country level, ADB is providing ongoing support to develop country safeguard systems for the governments of India, Indonesia, and Sri Lanka, which have requested the use of country safeguards in ADB-supported operations.

Addressing the Concerns of People Affected by ADB Projects

The ADB Accountability Mechanism is an independent forum for people adversely affected by ADB-assisted projects to voice complaints and seek solutions to their problems. The mechanism is designed to contribute to ADB's development effectiveness and improve project quality. The Compliance Review Panel (CRP) handles operational policy compliance, while the Office of the Special Project Facilitator (OSPF) handles problem solving.

In 2018, OSPF received 11 complaints. The office found four eligible for the problem-solving process, while others were referred to relevant operational departments for action. The details and status of each complaint are available on ADB's website.

The CRP submitted to the ADB Board of Directors an eligibility report on a hydropower project in Georgia. It also monitored the implementation of remedial actions for a transport project in Georgia, power projects in India and the Philippines, and a rail project in Cambodia. The CRP assessed complaints received on a road connectivity program in India (eventually withdrawn by the complainants), while two complaints on an urban transport program in Georgia did not warrant a compliance review.

OSPF conducted 10 training programs on grievance redress mechanisms and problem-solving tools in Armenia, India, Indonesia, Kazakhstan, the Kyrgyz Republic, Pakistan, and the Philippines. The CRP held workshops in Cambodia, Canada, India, Mongolia, Nepal, the People's Republic of China, Solomon Islands, Timor-Leste, and the United States. It also produced four guidebooks on compliance review.

In 2018, ADB also approved technical assistance to respond to demand from DMCs for capacity building on grievance redress and dispute resolution during project implementation.

STRENGTHENING ADB AS AN INSTITUTION

Strengthening Disclosure and Transparency

In 2018, 4,755 documents and reports—including project documents, flagship studies, specialized reports, working papers, and other publications—were uploaded on ADB's website. The bank received 4,043 official requests for documents, and 71% of requests received responses within 20 days.

ADB's new Access to Information Policy, approved in September, replaces the Public Communications Policy and is a result of extensive consultations with stakeholders. It retains the key information disclosure and sharing principles and exceptions of the previous policy, and includes a new overarching principle of clear, timely, and appropriate disclosure that is underpinned by a presumption in favor of disclosure and a commitment to sharing information and ideas. ADB has expanded some areas of disclosure. For example, the types of information that will be made available after 20 years will now include historical country financial information and certain external audit reports on ADB-administered trust funds. ADB ranked first among 45 leading development organizations in the 2018 Aid Transparency Index, achieving a score of 98.6%. The index is an independent measurement of aid transparency by the nongovernment organization Publish What You Fund.

Legal Services

The Office of the General Counsel (OGC) provides advice and assistance to the ADB Board of Directors, President, management, and staff on legal matters, compliance, and policy relating to the operations, finance, and administration of ADB.

In 2018, OGC contributed to the development of key policies and guidelines such as the policy on New Products and Modalities, the Access to Information

Policy, Trust Fund Guidelines, and 24 Guidance Notes and 4 staff instructions documents under the new procurement policy. OGC also led a special initiative on modernizing the functional relationship between the Board of Directors and Management.

OGC also supported the processing of ADB's sovereign, nonsovereign, and transaction advisory projects, and the implementation of ADB's borrowing program in 2018.

Anticorruption and Integrity

ADB's Office of Anticorruption and Integrity (OAI) helps ensure that all ADB funds are utilized for their intended purposes. It conducts investigations; integrity due diligence; procurement-related reviews; and outreach activities such as training, workshops, e-bulletins, and online courses.

In 2018, 96 entities were debarred for violating ADB's Anticorruption Policy. The enforcement of the policy acts as a deterrent to others.

The OAI conducted six reviews related to project procurement, which mitigated fraud and corruption risks in ADB projects through enhanced controls and transparency.

The Respectful Workplace Unit, which is housed in the OAI, began operations in 2017 to promote professional and respectful behavior in ADB's various working environments. In 2018, the unit conducted a variety of advisory, policymaking, and awareness-raising activities.

ADB also introduced a pilot program to ensure that internal controls are in place to identify and address any potential integrity or reputational risks in the recruitment of consultants.

During 2018, the OAI conducted 117 training and learning events for over 4,398 participants comprising ADB staff and other stakeholders. These events covered integrity risks, anticorruption, and respect-at-work awareness. They were complemented with the launching of e-learning courses on anticorruption and respect at work, which were completed by over 98% of ADB staff.

In April, the OAI launched an anticorruption video explainer to highlight the effect of corruption and other integrity violations on projects. It also published *Asset Inspection for Project Integrity*, which serves as a reference guide for executing and/or implementing agencies.

Ensuring a Robust Resource Base

Treasury

In 2018, ADB executed 130 medium- and long-term

INDEPENDENT EVALUATION

► The Independent Evaluation Department (IED) helps strengthen ADB by assessing the effectiveness of the bank's policies, strategies, and operations.

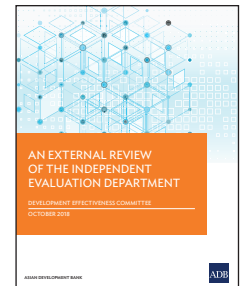
In 2018, IED contributed to the strategic and operational directions of ADB by evaluating the bank's engagement with state-owned enterprises; conducting a sector-wide evaluation on agriculture, natural resources, and rural development; and reviewing the performance, results, and design issues of policy-based lending.

IED evaluated ADB's support for small and medium-sized enterprises, focusing on the business environment, access to finance, value chains, and women in business. IED also conducted an impact evaluation of a water supply services project in Nepal and reviewed the outcomes of ADB's urban sanitation projects.

Over the year, IED also provided validations of country partnership strategy final reviews for the Kyrgyz Republic, Solomon Islands, and Uzbekistan. The findings fed into the preparation and design of country partnership strategies and operational plans. In February, the evaluation of ADB's Private Sector Development Initiative in the Pacific helped develop a roadmap for Phase 3 and a strategic framework in anticipation of Phase 4 of the program.

In July, IED cohosted an international event in Seoul to advance South-South learning in Asia. The event attracted around 150 participants from 20 countries. In September, IED worked with the Asia-Pacific Finance and Development Institute to organize the third Asian Evaluation Week. Considered the premier evaluation forum in Asia, the 2018 event discussed the increasing role of evaluation in shaping public policy to promote accountability and learning perspectives. In March and November, IED hosted the biannual meetings of the Evaluation Cooperation Group—composed of independent evaluators from multilateral development banks—to promote consistency in the practice of evaluation.

The ADB Board of Directors, to which IED reports, released the results of an external review of the department. While identifying that IED evaluation is on par with, or superior to that of peer organizations, the evaluation also pointed to areas for improvement, including an updated evaluation policy, a results framework for IED, improved quality and usability of evaluation reports, and improved staff evaluation skills.



This report assesses the effectiveness of the IED with respect to the quality and appropriateness of its work, the implementation of its recommendations, and its impact on ADB operations.

\$23 B

RAISED IN
BOND ISSUES
ACROSS 17
CURRENCIES
TO ENSURE
A ROBUST
RESOURCE
BASE FOR ADB

borrowing transactions, raising over \$23 billion across 17 currencies—one of the most diversified funding programs ADB has implemented.

ADB issued its first Swedish krona-denominated green bond and its first euro-denominated green bond. The bank also issued its first euro benchmark in the New Safekeeping Structure format, which allows for the bonds to be repo-eligible with the European Central Bank. In preparation for the move to alternative benchmarks, ADB issued its first-ever Sterling Overnight Index Average-linked bond in the pound sterling market, which was also its largest-ever outing in sterling to date. In local currency bond markets, ADB issued its first Armenian dram-linked bond, with the proceeds repatriated and invested onshore.

In 2018, ADB completed its largest annual local currency financing volume, registering about \$630 million over five different currencies (Chinese renminbi, Indian rupee, Kazakhstan tenge, Malaysian ringgit, and Thai baht).

Audit

The Office of the Auditor General (OAG) offers independent audit and advisory services to determine whether internal controls for managing risks and achieving ADB's development objectives are operating effectively and efficiently.

In 2018, the OAG issued 16 audit reports covering operations, administration and operations support, finance and risk, and IT. It also completed eight advisory engagements on governance, risk, and controls.

In November, the OAG hosted the 2-day conference iaTech 2018 to promote the use of digital technology in internal audits in the public sector. The conference saw members of the online community known as AuditWithoutWalls!—initiated by the OAG in April 2017—come together for the first time. The conference was attended by over 200 members from 29 countries, who were joined by digital solution providers and internal auditing students from Far Eastern University in Manila. The conference highlighted the need for auditors to develop skills in data analytics, machine learning, and robotics; and to help one another keep pace with advances in digital technology by proactively sharing knowledge.

During the year, the OAG leveraged artificial intelligence technology to validate its country risk audit model to determine which country portfolios to audit. The model uses machine-learning technology to automatically group country offices based on several risk indicators.

Risk Management

ADB maintains a corporate culture that is acutely risk aware. It implements business processes that allow departments and offices to monitor, mitigate, and manage specific risks associated with their operations.

ADB continues to devote substantial resources to managing its credit, market, and operational risks. In 2018, the credit risk management function was reorganized by industry sector. This sectoral specialization of risk professionals will provide stronger support to ADB's nonsovereign operations, which are expanding in line with Strategy 2030. ADB also continued to provide technical assistance to regional financial institutions to expand their knowledge and capabilities in risk management.

Administrative Expenses

ADB continues to rationalize internal administrative spending and to improve cost efficiency. Among major contributors to cost efficiency are continuing efforts with IT reforms, operations efficiency improvements, and measures to strengthen budget management and to improve resource-use efficiency in ADB's administrative services. Furthermore, ADB continued with human resources reforms, including flexible position management, which also contributed to overall budget efficiency.

Actual net internal administrative expenses in 2018 totaled \$636 million, a budget utilization rate of 94.6%.

Modernizing ADB Information Technology Systems, Strengthening Data Management and Moving Forward with the Digital Agenda

In 2018, ADB continued to modernize its IT systems and infrastructure. New device standards were introduced with a shift from staff using desktops in the workplace to notebooks, hybrid computers, and smart devices. Voice, video, and cloud-based telephony were also made available, enabling greater collaboration, and flexible work arrangements. SharePoint, a web-based collaborative platform, was rolled-out in headquarters and field offices to improve the exchange of information. To aid treasury operations, new post-trade processing and pricing solutions were implemented to improve ability to manage complex structured financial products. An online technical assistance claims processing system was introduced to reduce manual accounting processing. Two new human resources management systems, to better manage staff information and improve human resources inquiries, were implemented. IT security was further strengthened through online training and

the introduction of additional investigative and protective controls. More than 1,500 IT system enhancements and upgrades were implemented to support ADB's corporate reforms.

To complement the advances in IT infrastructure and systems, ADB also moved to improve the quality, timeliness, and consistency of its data. In 2018, the Data Management Subcommittee, under the IT and Data Committee, initiated efforts to introduce data governance.

ADB's digital transformation will advance further in coming years. In October, ADB approved the Digital Agenda 2030, Stage 1, with an IT capital investment of \$118.3 million for 2019–2023. Investment priorities include further optimizing operations, financial, administrative and corporate services; establishing the digital workplace; and improving data governance and delivery, including real-time access to data.

Enhancing Human Resources

Human Resource Management

In 2018, ADB posted 639 job vacancies, which generated 45,554 applications from nationals of ADB's 67 member countries, highlighting a strong demand to work at ADB. The bank's secondment program hosted 16 secondees and its internship program hosted 35 graduate students. Through proactive, strengthened, and streamlined recruitment processes, ADB recruited 370 new staff in 2018, including 22 young professionals—the largest intake ever. Four online recruitment events, including two events that targeted qualified women professionals and attracted 445 participants, were carried out. The use of social media for talent sourcing also continued.

ADB continued to implement actions and targets to improve gender balance and inclusion in its various workplaces, with an emphasis on recruiting women and retaining women already on staff. Women now account for 36% of the bank's international staff, putting ADB on track to meet its target of 40% by the end of 2022.

The Experts Pool program was scaled up to bridge skills gaps in ADB's priority areas to support the implementation of Strategy 2030. Under the program, experts from leading organizations in the public or private sector join ADB on a 2- to 3-year, fixed-term basis to help design and implement projects, and strengthen the bank's expert knowledge.

ADB provides measures to support the career development of all staff. Under its staff mobility framework, the bank provides a rotation program and a short-term assignment program so staff

ASIAN DEVELOPMENT BANK INSTITUTE



► The Asian Development Bank Institute (ADBI) is the think tank of ADB, providing intellectual insights and support for policymakers in the bank's developing member countries. It does so by conducting research on medium- to long-term

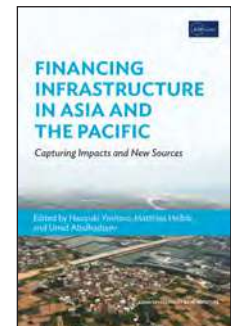
development issues and providing capacity building and training to help improve agencies and organizations engaged in development work within ADB's developing member countries.

Administration, Management, and Coordination

ADBI continued to strengthen and diversify its financial sources by securing contributions from Indonesia, the People's Republic of China, and the Republic of Korea. The institute also continues to receive support from the Bill & Melinda Gates Foundation and the Institute of Transportation Economics in Japan. In December, ADBI took a lead role in organizing the collaboration of Think20 think tanks in G20 countries, as part of the lead-up to the G20 Summit to be hosted by Japan in late June 2019.

Research

In 2018, ADBI's research department broadened its knowledge partnership base, hosted conferences and events to reach out to policymakers and other stakeholders, and reduced the costs of implementing projects. It continued to produce high quality knowledge products that support the adoption of innovative policy solutions in ADB developing member countries. The department published 12 open access books, more than 110 working papers, 52 blogs, and 17 journal articles. It also organized 49 research conferences and dissemination events for policymakers and other stakeholders. Areas of focus included Asian productivity drivers, green finance, financial inclusion and financial literacy, services-led development, and human capital for inclusive growth.



This book presents several country studies and explains how infrastructure investment can increase output, taxes, trade, and firm productivity.

Capacity Building and Training

ADBI conducted 55 capacity building and training events in 2018 covering the seven operational priorities of ADB's Strategy 2030. These included conferences, workshops, roundtables, and public-private dialogues that promote experience and best practice sharing between stakeholders, drive new policy ideas, and encourage implementation. The events were hosted at ADBI in Tokyo as well as other cities across Asia, and attracted 1,962 participants. The institute also produced policy briefs that summarize key findings and recommendations of ADBI research with an easy-to-understand format for wider knowledge dissemination.

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LEARNING AND DEVELOPMENT PROGRAMS OFFERED TO ADB STAFF IN 2018 TOGETHER WITH 37 E-LEARNING COURSES

can broaden their skills and seek experiences in different locations, job roles, and departments. The framework supports the One ADB approach by promoting the sharing of knowledge and expertise across departments as well as between headquarters and field offices.

The bank's new performance review framework, implemented in 2018, has a stronger link between ADB objectives and individual work plans, along with more frequent feedback. Meanwhile, the 360-degree assessment for international staff in senior management roles, adopted in 2017, is helping strengthen leadership.

Learning and Development

With institutional knowledge key to the success of Strategy 2030, ADB invests in staff training and development and fosters a culture of continuous learning, accountability, innovation, and leadership.

In 2018, ADB delivered 129 different learning and development programs, which benefited 7,725 participants (5,567 from ADB headquarters in Manila and 2,158 from field offices).

Across the year, approximately 100 leaders within ADB completed leadership development programs. The bank also launched a new flagship program to develop the capacity of supervisors and other staff to have more effective performance conversations through feedback and coaching. Over 550 staff participated in this program. Since 2016, over 850 managers and staff have undertaken training to raise awareness about unconscious bias at work and provide practical tools to mitigate bias and support objective decision-making.

Through collaboration with various ADB offices and departments, the bank offered 37 e-learning courses in 2018, with about 10,929 participants coming from academia, governments, nongovernment organizations, the private sector, and international organizations.

Recognizing an increase in ADB's private sector operations under Strategy 2030, the bank invested in building private sector finance skills through training in equity investments, corporate credit, financial modeling, and corporate board governance.

Conflict Management

The Office of the Ombudsperson (OOMP) provides the ADB community with a confidential, neutral, and informal resource to help manage conflicts in the workplace.

In 2018, the OOMP presented to 16 management teams, 42 business units within ADB headquarters,

and 10 field offices to raise awareness of the office's work and share trends and patterns of workplace concerns. The OOMP initiated a forum for the ADB community to discuss challenges and enhancements to the bank's organizational culture. The ombudsperson informed ADB management of systemic issues and provided suggestions for resolution. These activities resulted in a significant increase in the number of people who sought help and raised concerns. Several business units and field offices also asked the OOMP to share knowledge related to conflict management.

Delivering Effective Administrative Services

ADB continued a process of building organizational resilience throughout 2018.

To mitigate the risks presented by having key resources—people, processes, and IT—concentrated at ADB headquarters in Manila, the bank continues to progressively decentralize key critical processes. In 2018, it launched a treasury regional hub, established a secondary disbursement processing center, outposted IT staff to field offices, secured an alternate workplace recovery site, and expanded business continuity coverage to operational departments. In March, ADB enhanced its disaster recovery by establishing an offshore data center in Geneva for online replication of financial data. ADB furthered strengthened safety and security at its Manila headquarters and for staff in the field by upgrading and expanding the Security Operations Center in 2018.

With Strategy 2030 stressing that stronger field offices are essential to ADB's success in delivering integrated public and private sector solutions, the bank created a Resident Mission Support Unit within the Office of Administrative Services. The unit offers enhanced support to field offices by providing expert advice for the establishment, relocation, expansion, and safety and security of field offices.

In September, ADB completed the second phase of implementing its institutional procurement system, e-Procurement. Since its launch in July 2017, the system has reduced by 96% the average processing time from date of requisitioning to approval of purchase order. Staff productivity has also increased through automated workflows and use of catalogs for repeat purchases. The system has enhanced sourcing, improved compliance and governance, and increased transparency through auditable procurement processes. The final implementation phase will roll out to field offices in 2019.

FORGING PARTNERSHIPS

Partnering for Development

Strategy 2030 envisions stronger partnerships with a range of institutions. In 2018, ADB undertook multiple initiatives to support this vision, starting with a more rigorous definition of cofinancing that narrows the counting of cofinancing initiatives to only those that contribute to achieving outcomes in ADB projects and programs. The bank also adopted a more tailored approach for engaging with development partners. One example is the harnessing of contributions from various ADB units to pitch to the Government of Canada six targeted opportunities aligned with its Feminist International Assistance Policy.

To ensure early engagement with partners, the Office of Cofinancing Operations worked closely with ADB regional departments during the development of CPSs and COBPs for Bangladesh, Cambodia, Nepal, Pakistan, and Uzbekistan. To improve trust fund operations and accountability, the office undertook initiatives such as automating application processes, providing IT support to increase donor information access, and strengthening outreach activities to attract new financing. The Afghanistan Infrastructure Trust Fund immediately benefited from these initiatives.

Strengthening Collaboration with Civil Society Organizations

In 2018, ADB continued to strengthen its relationship with civil society organizations (CSOs) and encourage their input into ADB projects.

The bank delivered knowledge products and services for CSOs and government agencies, showcased how CSOs can contribute to improving the quality of ADB operations, and sought CSO knowledge and perspectives on ADB operations.

In May, ADB conducted a consultation workshop on Strategy 2030, attracting more than 130 representatives of CSOs from DMCs. In September, the ADB Institute and the bank's Sustainable Development and Climate Change Department delivered a forum on engaging CSOs to advance the Sustainable Development Goals. In Mongolia, ADB engaged two CSOs, the Ger Community Mapping Center and the Universal Progress-Tugeemel Hugjil (a nongovernment organization run by people with disabilities), to conduct an assessment to identify the latent needs and concerns of transport users in *ger* areas (tent communities) of Ulaanbaatar.



More than 200 representatives from civil society attended ADB's Annual Meeting in Manila in May. The meeting emphasized the increased opportunity for civil society to play active roles in the design, implementation, and monitoring of ADB projects.



APPENDIXES



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ADB Tajikistan Resident Mission, Dushanbe.

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Appendix 1: Commitments by Country, 2018 (\$ million)

Country	Loans, Grants, and Others					Technical Assistance ^b	Cofinancing ^c			Total
	Regular OCR	Concessional OCR	ADF Grant	Other SF	Subtotal		Project	TA	Subtotal	
Afghanistan	-	-	623.2	-	623.2	1.6	75.0	0.5	75.5	700.3
Armenia	112.0	-	-	-	112.0	2.6	66.8	-	66.8	181.3
Azerbaijan	250.0	-	-	-	250.0	0.5	100.0	-	100.0	350.5
Bangladesh	1,264.0	841.0	100.0	-	2,205.0	12.5	2,619.1	4.1	2,623.2	4,840.7
Bhutan	-	38.4	59.3	-	97.6	1.0	-	-	-	98.6
Cambodia	40.0	560.5	8.5	-	609.0	1.2	169.1	3.5	172.6	782.8
China, People's Republic of	2,624.1	-	-	-	2,624.1	19.2	942.5	3.0	945.5	3,588.7
Cook Islands	15.0	-	-	-	15.0	-	22.0	-	22.0	37.0
Federated States of Micronesia	-	-	-	-	-	-	-	-	-	-
Fiji	15.0	-	-	-	15.0	1.2	15.0	0.3	15.3	31.5
Georgia	294.8	-	-	-	294.8	3.4	1,052.9	-	1,052.9	1,351.0
India	3,529.8	-	-	-	3,529.8	17.0	330.0	6.6	336.6	3,883.4
Indonesia	2,082.1	-	-	3.0	2,085.1	1.1	2,295.7	8.6	2,304.3	4,390.5
Kazakhstan	120.0	-	-	-	120.0	3.1	-	1.2	1.2	124.3
Kiribati	-	-	24.1	-	24.1	-	7.4	-	7.4	31.5
Kyrgyz Republic	-	114.0	39.1	-	153.1	2.7	-	-	-	155.8
Lao People's Democratic Republic	-	-	196.0	-	196.0	1.5	-	1.8	1.8	199.3
Malaysia	-	-	-	-	-	-	30.4	-	30.4	30.4
Maldives	-	-	33.1	-	33.1	1.3	2.0	1.0	3.0	37.3
Marshall Islands	-	-	12.7	-	12.7	-	-	-	-	12.7
Mongolia	385.0	45.0	-	-	430.0	7.0	108.0	4.2	112.2	549.1
Myanmar	10.0	614.1	-	-	624.1	3.9	72.0	5.3	77.3	705.4
Nauru	-	-	36.3	-	36.3	-	41.0	-	41.0	77.3
Nepal	-	582.2	10.0	-	592.2	2.7	7.6	5.3	12.9	607.8
Pakistan	1,036.1	18.5	-	-	1,054.6	9.1	1,129.2	12.4	1,141.6	2,205.4
Palau	15.0	-	-	-	15.0	-	-	-	-	15.0
Papua New Guinea	145.1	49.9	-	1.0	196.0	2.7	8.0	2.7	10.7	209.4
Philippines	1,380.0	-	-	-	1,380.0	7.4	361.3	2.3	363.6	1,751.0
Samoa	-	-	3.0	-	3.0	0.8	-	-	-	3.8
Solomon Islands	-	-	11.0	-	11.0	-	16.4	-	16.4	27.4
Sri Lanka	379.0	128.5	12.5	-	520.0	5.0	904.0	3.5	907.5	1,432.5
Tajikistan	-	-	214.7	-	214.7	2.7	5.0	-	5.0	222.3
Thailand	515.0	-	-	-	515.0	-	965.6	-	965.6	1,480.6
Timor-Leste	19.0	25.0	-	-	44.0	2.7	-	0.2	0.2	46.9
Tonga	-	-	16.2	1.0	17.2	-	3.4	-	3.4	20.5
Turkmenistan	500.0	-	-	-	500.0	0.9	-	1.5	1.5	502.4
Tuvalu	-	-	17.9	-	17.9	-	-	-	-	17.9
Uzbekistan	750.0	388.0	-	-	1,138.0	5.6	1,080.5	2.8	1,083.3	2,226.9
Vanuatu	-	-	-	0.5	0.5	0.8	-	-	-	1.3
Viet Nam	402.0	467.0	-	0.3	869.3	0.8	1,174.1	5.0	1,179.1	2,049.2
Regional ^a	403.0	-	-	-	403.0	119.7	261.0	53.9	314.9	837.6
Total ADB	16,286.0	3,872.0	1,417.5	5.8	21,581.4	241.2	13,864.9	129.9	13,994.8	35,817.3

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

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

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

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

^c Including trust funds.

Appendix 2: Loans and Grants Committed, 2018

Regular Ordinary Capital and Concessional Resources Commitments (\$ million)

Region/Country/Loan or Grant Title	Modality	Regular OCR	Concessional OCR	ADF Grant	Total
A. SOVEREIGN OPERATIONS		13,150.2	3,872.0	1,417.5	18,439.7
Central and West Asia		2,880.9	520.5	877.0	4,278.4
Afghanistan		-	-	623.2	623.2
Energy Supply Improvement Investment Program – Tranche 3	MFF	-	-	44.8	44.8
Qaisar–Dari Bum Road	Project	-	-	330.0	330.0
Road Asset Management – Additional Financing	Project	-	-	30.0	30.0
Horticulture Value Chain Development Sector	Project	-	-	75.0	75.0
Energy Supply Improvement Investment Program – Tranche 5	MFF	-	-	143.4	143.4
Armenia		50.0	-	-	50.0
Public Efficiency and Financial Markets Program (Subprogram 2)	PBL	50.0	-	-	50.0
Azerbaijan		250.0	-	-	250.0
Improving Governance and Public Sector Efficiency Program (Subprogram 1)	PBL	250.0	-	-	250.0
Georgia		294.8	-	-	294.8
East–West Highway (Khevi–Ubisa Section) Improvement	Project	294.8	-	-	294.8
Kyrgyz Republic		-	114.0	39.1	153.1
Central Asia Regional Economic Cooperation Corridors 1 and 3 Connector Road (Phase 2) – Additional Financing	Project	-	68.5	9.5	78.0
Issyk–Kul Wastewater Management	Project	-	23.7	12.8	36.5
Climate Change and Disaster–Resilient Water Resources Sector	Project	-	21.8	16.8	38.6
Pakistan		1,036.1	18.5	-	1,054.6
Khyber Pakhtunkhwa Provincial Roads Improvement	Project	121.5	18.5	-	140.0
Second Power Transmission Enhancement Investment Program – Tranche 2	MFF	260.0	-	-	260.0
Enhancing Public–Private Partnerships in Punjab	Project	100.0	-	-	100.0
Jalalpur Irrigation	Project	274.6	-	-	274.6
Second Power Transmission Enhancement Investment Program – Tranche 3	MFF	280.0	-	-	280.0
Tajikistan		-	-	214.7	214.7
Central Asia Regional Economic Cooperation Corridors 2, 5, and 6 (Dushanbe–Kurgonteppa) Road – Additional Financing	Project	-	-	90.0	90.0
Water Resources Management in the Pyanj River Basin – Additional Financing	Project	-	-	6.5	6.5
National Disaster Risk Management	Project	-	-	10.0	10.0
Reconnection to the Central Asian Power System	Project	-	-	35.0	35.0
Dushanbe Water Supply and Sanitation	Project	-	-	41.2	41.2
Maternal and Child Health Integrated Care	Project	-	-	32.0	32.0
Turkmenistan		500.0	-	-	500.0
National Power Grid Strengthening	Project	500.0	-	-	500.0
Uzbekistan		750.0	388.0	-	1,138.0
Power Generation Efficiency Improvement	Project	450.0	-	-	450.0
Economic Management Improvement Program (Subprogram 1)	PBL	300.0	-	-	300.0
Horticulture Value Chain Development – Additional Financing	Project	-	198.0	-	198.0
Primary Health Care Improvement	Project	-	45.0	-	45.0
Western Uzbekistan Water Supply System Development	Project	-	145.0	-	145.0
East Asia		2,200.6	45.0	-	2,245.6
China, People’s Republic of		1,815.6	-	-	1,815.6
Mountain Railway Safety Enhancement	Project	180.0	-	-	180.0
Xinjiang Changji Integrated Urban–Rural Infrastructure Demonstration	Project	150.0	-	-	150.0
Shandong Spring City Green Modern Trolley Bus Demonstration	Project	150.0	-	-	150.0
Public–Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in Yichang, Hubei	RBL	50.0	-	-	50.0
Heilongjiang Green Urban and Economic Revitalization	Project	310.0	-	-	310.0
Guangxi Regional Cooperation and Integration Promotion Investment Program – Tranche 2	MFF	180.0	-	-	180.0
Air Quality Improvement in the Greater Beijing–Tianjin–Hebei Region—Regional Emission–Reduction and Pollution–Control Facility	Project	495.6	-	-	495.6
Chongqing Longxi River Basin Integrated Flood and Environmental Risk Management	Project	150.0	-	-	150.0
Hunan Xiangjiang River Watershed Existing Solid Waste Comprehensive Treatment	Project	150.0	-	-	150.0
Mongolia		385.0	45.0	-	430.0
Ensuring Inclusiveness and Service Delivery for Persons with Disabilities	Project	-	25.0	-	25.0
Sustaining Access to and Quality of Education During Economic Difficulties	Project	50.0	-	-	50.0
Ulaanbaatar Air Quality Improvement Program	PBL	130.0	-	-	130.0

continued on next page

Region/Country/Loan or Grant Title	Modality	Regular OCR	Concessional OCR	ADF Grant	Total
Regional Road Development and Maintenance	Project	60.0	-	-	60.0
Strengthening Information and Communication Technology Systems for Efficient and Transparent Public Investment and Tax Administration	Project	25.0	-	-	25.0
Upscaling Renewable Energy Sector	Project	40.0	-	-	40.0
Southeast Gobi Urban and Border Town Development - Additional Financing	Project	20.0	-	-	20.0
Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Sector	Project	60.0	20.0	-	80.0
Pacific^a		209.1	74.9	121.2	405.2
Cook Islands		15.0	-	-	15.0
Improving Internet Connectivity for the South Pacific	Project	15.0	-	-	15.0
Fiji		15.0	-	-	15.0
Sustained Private Sector-Led Growth Reform Program (Subprogram 1)	PBL	15.0	-	-	15.0
Kiribati		-	-	24.1	24.1
Improving Internet Connectivity for Micronesia	Project	-	-	21.6	21.6
Strengthening Economic Management Reform Program (Subprogram 2)	PBL	-	-	2.5	2.5
Marshall Islands		-	-	12.7	12.7
Energy Security	Project	-	-	12.7	12.7
Nauru		-	-	36.3	36.3
Improving Internet Connectivity for Micronesia	Project	-	-	15.0	15.0
Sustainable and Climate-Resilient Connectivity	Project	-	-	21.3	21.3
Palau		15.0	-	-	15.0
Disaster Resilience Program	PBL	15.0	-	-	15.0
Papua New Guinea^b		145.1	49.9	-	195.0
Health Services Sector Development Program (Subprogram 1)	SDP	145.1	49.9	-	195.0
Samoa		-	-	3.0	3.0
Port Development	PDA	-	-	3.0	3.0
Solomon Islands		-	-	11.0	11.0
Transport Sector Project Development Facility	Project	-	-	6.0	6.0
Improved Fiscal Sustainability Reform Program	PBL	-	-	5.0	5.0
Timor-Leste		19.0	25.0	-	44.0
Baucau to Viqueque Highway	Project	19.0	25.0	-	44.0
Tonga^c		-	-	16.2	16.2
Cyclone Gita Recovery	EAL	-	-	6.8	6.8
Outer Island Renewable Energy - Additional Financing	Project	-	-	5.5	5.5
Systems Strengthening for Effective Coverage of New Vaccines in the Pacific	Project	-	-	3.9	3.9
Tuvalu		-	-	17.9	17.9
Outer Island Maritime Infrastructure - Additional Financing	Project	-	-	15.4	15.4
Systems Strengthening for Effective Coverage of New Vaccines in the Pacific	Project	-	-	2.5	2.5
South Asia		4,578.2	1,590.1	214.8	6,383.1
Bangladesh		1,204.0	841.0	100.0	2,145.0
Railway Rolling Stock Operations Improvement	Project	354.0	6.0	-	360.0
Rupsha 800-Megawatt Combined Cycle Power Plant	Project	500.0	-	-	500.0
Emergency Assistance	EAL	-	-	100.0	100.0
Secondary Education Sector Investment Program - Tranche 3	MFF	-	225.0	-	225.0
Southwest Transmission Grid Expansion	Project	350.0	-	-	350.0
Supporting Fourth Primary Education Development Program	RBL	-	500.0	-	500.0
Urban Primary Health Care Services Delivery - Additional Financing	Project	-	110.0	-	110.0
Bhutan		-	38.4	59.3	97.6
Phuentsholing Township Development	Project	-	28.7	24.3	53.0
Secondary Towns Urban Development	Project	-	9.6	-	9.6
Health Sector Development Program	SDP	-	-	20.0	20.0
Skills Training and Education Pathways Upgradation	Project	-	-	15.0	15.0
India		3,030.2	-	-	3,030.2
Second Rural Connectivity Investment Program - Tranche 1	MFF	250.0	-	-	250.0
Bihar Urban Development Investment Program - Tranche 2	MFF	84.0	-	-	84.0
Railway Sector Investment Program - Tranche 3	MFF	120.0	-	-	120.0
Himachal Pradesh Skills Development	Project	80.0	-	-	80.0
Madhya Pradesh Irrigation Efficiency Improvement	Project	375.0	-	-	375.0
Karnataka State Highways Improvement III	Project	346.0	-	-	346.0
South Asia Subregional Economic Cooperation Road Connectivity Investment Program - Tranche 2	MFF	150.0	-	-	150.0
Kolkata Environmental Improvement Investment Program - Tranche 3	MFF	100.0	-	-	100.0
Madhya Pradesh Skills Development	Project	150.0	-	-	150.0
West Bengal Drinking Water Sector Improvement	Project	240.0	-	-	240.0

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Region/Country/Loan or Grant Title	Modality	Regular OCR	Concessional OCR	ADF Grant	Total
Second Rural Connectivity Investment Program – Tranche 2	MFF	110.0	-	-	110.0
Accelerating Infrastructure Investment Facility in India – Tranche 3	MFF	300.0	-	-	300.0
Himachal Pradesh Clean Energy Transmission Investment Program – Tranche 3	MFF	105.0	-	-	105.0
Tamil Nadu Urban Flagship Investment Program – Tranche 1	MFF	169.0	-	-	169.0
Bihar State Highways III	Project	200.0	-	-	200.0
Karnataka Integrated Urban Water Management Investment Program – Tranche 2	MFF	75.0	-	-	75.0
Odisha Skills Development	Project	85.0	-	-	85.0
Infrastructure Development Investment Program for Tourism – Tranche 4	MFF	31.0	-	-	31.0
Assam Integrated Flood and Riverbank Erosion Risk Management Investment Program – Tranche 2	MFF	60.2	-	-	60.2
Maldives		-	-	33.1	33.1
Greater Malé Environmental Improvement and Waste Management	Project	-	-	33.1	33.1
Nepal		-	582.2	10.0	592.2
Rural Connectivity Improvement	Project	-	103.3	-	103.3
Disaster Resilience of Schools	Project	-	148.9	10.0	158.9
South Asia Subregional Economic Cooperation Highway Improvement	Project	-	180.0	-	180.0
South Asia Subregional Economic Cooperation Power System Expansion – Additional Financing	Project	-	20.0	-	20.0
Urban Water Supply and Sanitation (Sector)	Project	-	130.0	-	130.0
Sri Lanka		344.0	128.5	12.5	485.0
Small and Medium-Sized Enterprises Line of Credit – Additional Financing	Project	75.0	-	-	75.0
Skills Sector Enhancement Program – Additional Financing	RBL	40.0	60.0	-	100.0
Mahaweli Water Security Investment Program – Tranche 2	MFF	179.0	31.0	-	210.0
Rooftop Solar Power Generation	Project	50.0	-	-	50.0
Health System Enhancement	Project	-	37.5	12.5	50.0
Southeast Asia		3,281.4	1,641.6	204.5	5,127.5
Cambodia		-	560.5	8.5	569.0
Provincial Water Supply and Sanitation	Project	-	50.0	-	50.0
Road Network Improvement	Project	-	70.0	-	70.0
Tonle Sap Poverty Reduction and Smallholder Development – Additional Financing	Project	-	45.7	4.3	50.0
Climate-Friendly Agribusiness Value Chains Sector	Project	-	90.0	-	90.0
Rural Roads Improvement III	Project	-	58.5	1.5	60.0
Fourth Greater Mekong Subregion Corridor Towns Development	Project	-	78.5	1.5	80.0
Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth	Project	-	30.0	-	30.0
Second Upper Secondary Education Sector Development Program	SDP	-	50.0	-	50.0
Second Urban Environmental Management in the Tonle Sap Basin	Project	-	87.7	1.3	89.0
Indonesia^d		1,700.0	-	-	1,700.0
Fiscal and Public Expenditure Management Program (Subprogram 2)	PBL	500.0	-	-	500.0
Stepping Up Investments for Growth Acceleration Program (Subprogram 3)	PBL	500.0	-	-	500.0
Emergency Assistance for Recovery and Rehabilitation from Recent Disasters	EAL	500.0	-	-	500.0
Advanced Knowledge and Skills for Sustainable Growth Investment	Project	200.0	-	-	200.0
Lao People's Democratic Republic		-	-	196.0	196.0
Health Sector Governance Program (Subprogram 2)	PBL	-	-	30.0	30.0
Climate-Friendly Agribusiness Value Chains Sector	Project	-	-	40.5	40.5
Fourth Greater Mekong Subregion Corridor Towns Development	Project	-	-	48.0	48.0
Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth	Project	-	-	47.0	47.0
Water Supply and Sanitation Sector – Additional Financing	Project	-	-	30.5	30.5
Myanmar		-	614.1	-	614.1
Third Greater Mekong Subregion Corridor Towns Development	Project	-	80.0	-	80.0
Climate-Friendly Agribusiness Value Chains Sector	Project	-	40.5	-	40.5
Greater Mekong Subregion Highway Modernization	Project	-	194.7	-	194.7
Power Network Development	Project	-	298.9	-	298.9
Philippines		1,380.0	-	-	1,380.0
Improving Growth Corridors in Mindanao Road Sector	Project	380.0	-	-	380.0
Expanding Private Participation in Infrastructure Program (Subprogram 2)	PBL	300.0	-	-	300.0
Inclusive Finance Development Program (Subprogram 1)	PBL	300.0	-	-	300.0
Emergency Assistance for Reconstruction and Recovery of Marawi	EAL	400.0	-	-	400.0

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Region/Country/Loan or Grant Title	Modality	Regular OCR	Concessional OCR	ADF Grant	Total
Thailand		99.4	-	-	99.4
Greater Mekong Subregion Highway Expansion Phase 2	Project	99.4	-	-	99.4
Viet Nam^e		102.0	467.0	-	569.0
Basic Infrastructure for Inclusive Growth in the Northeastern Provinces Sector	Project	-	150.0	-	150.0
Secondary Green Cities Development	Project	50.0	120.0	-	170.0
Basic Infrastructure for Inclusive Growth in the North Central Provinces Sector	Project	52.0	97.0	-	149.0
Water Efficiency Improvement in Drought-Affected Provinces	Project	-	100.0	-	100.0
B. NONSOVEREIGN OPERATIONS		3,135.8	-	-	3,135.8
Armenia		62.0	-	-	62.0
Strengthening the Banking Sector for Financial Inclusion	Equity	30.0	-	-	30.0
High-Efficiency Horticulture and Integrated Supply Chain	Loan	32.0	-	-	32.0
Bangladesh		60.0	-	-	60.0
Cornerstone Investment in a Leading Power Developer	Equity	60.0	-	-	60.0
Cambodia		40.0	-	-	40.0
Expanding Micro, Small, and Medium-Sized Enterprise Lending	Loan	40.0	-	-	40.0
China, People's Republic of		808.5	-	-	808.5
Environmentally Sustainable Agricultural Input Distribution	Loan/ Equity	80.0	-	-	80.0
Integrated Urban Water Management	Loan	200.0	-	-	200.0
Geothermal District Heating	Loan	250.0	-	-	250.0
Green Transport Finance	Loan	200.0	-	-	200.0
Financing Micro, Small, and Medium-Sized Enterprises in the Western Region	Loan	19.7	-	-	19.7
Small and Medium-Sized Enterprises Finance in Underdeveloped Regions	Loan	58.8	-	-	58.8
India		499.6	-	-	499.6
ReNew Clean Energy	Loan	54.1	-	-	54.1
Expanding Credit Delivery for Micro-, Small- and Medium-Sized Enterprises	ODS	150.0	-	-	150.0
Kutch Wind	Loan	93.0	-	-	93.0
Expanding Micro-, Small- and Medium Enterprise Lending	ODS	148.0	-	-	148.0
Supporting Access to Finance for Women in Rural Areas	Equity	19.6	-	-	19.6
Multiples Private Equity Fund III Limited	Equity	35.0	-	-	35.0
Indonesia		382.1	-	-	382.1
Rantau Dedap Geothermal Power (Phase 2)	Loan	175.3	-	-	175.3
Eastern Indonesia Renewable Energy Project (Phase 2)	Loan	12.5	-	-	12.5
Maternity and Child Care Hospital	Equity	9.3	-	-	9.3
Jawa-1 Liquefied Natural Gas-to-Power	Loan	185.0	-	-	185.0
Kazakhstan		120.0	-	-	120.0
Samruk Energy Restructuring and Transformation	Loan	120.0	-	-	120.0
Myanmar		10.0	-	-	10.0
Ascent Myanmar Growth Fund I L.P.	Equity	10.0	-	-	10.0
Regional		403.0	-	-	403.0
ASEAN Distributed Power (Phase 2)	Loan	235.0	-	-	235.0
Agricultural Value Chain Development	Loan	88.0	-	-	88.0
DCDC Dialysis Network	Equity	5.0	-	-	5.0
Exacta Asia Investment II, L.P.	Equity	25.0	-	-	25.0
Creador IV, L.P.	Equity	50.0	-	-	50.0
Sri Lanka		35.0	-	-	35.0
Improving Access to Finance for Micro, Small, and Medium-Sized Enterprises	Loan	35.0	-	-	35.0
Thailand		415.6	-	-	415.6
Southern Thailand Waste-to-Energy	Loan	35.2	-	-	35.2
Chonburi Natural Gas Power	Loan	227.7	-	-	227.7
Thailand Green Bond	ODS	152.7	-	-	152.7
Viet Nam		300.0	-	-	300.0
Municipal Waste-to-Energy	Loan	100.0	-	-	100.0
Mainstreaming Small and Medium-Sized Enterprises Lending	Loan	200.0	-	-	200.0
TOTAL		16,286.0	3,872.0	1,417.5	21,575.6

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

Note: The list of projects excludes those financed from ADB's other special funds. Numbers may not sum precisely because of rounding.

^a ADB also provided Vanuatu \$0.5 million grant under the Asia Pacific Disaster Response Fund to support the Second Manaro Volcano Disaster Response.

^b In addition, ADB provided \$1.0 million grant under the Asia Pacific Disaster Response Fund to support the Earthquake Emergency Response.

^c In addition, ADB provided \$1.0 million grant under the Asia Pacific Disaster Response Fund to support the Tropical Cyclone Gita Emergency Response.

^d In addition, ADB provided \$3.0 million grant under the Asia Pacific Disaster Response Fund to support the Sulawesi Tsunami Emergency Response.

^e In addition, ADB provided \$0.3 million grant under the Climate Change Fund to support Water Efficiency Improvement in Drought-Affected Provinces.

Appendix 3: Approvals, 2014–2018 (\$ million)

Item	2014 ^a	2015 ^a	2016 ^a	2017 ^a	2018
Loans, Grants, and Others					
By Source					
Regular Ordinary Capital Resources	10,334	12,731	13,964	16,707	14,108
Loans	10,132	12,256	13,422 ^b	15,887 ^c	13,345 ^d
Equity Investments	182 ^e	134	27	390	235
Guarantees	20	291	515	330	78
Trade Finance Program	-	-	-	-	350
Supply Chain Finance Program	-	-	-	-	100
Microfinance Program	-	50	-	100	-
Concessional Resources	3,091	2,869	3,071	2,267	5,205
Loans	2,686	2,514	2,554	1,715	4,165 ^f
Grants	405	355	518	551	1,040
Special Funds ^g	0	7	9	2	6
Grants	0	7	9	2	6
Subtotal	13,425	15,607	17,044	18,976	19,319
By Operations					
Sovereign	11,571	13,159	14,640	15,922	15,642
Loans	11,166	12,796	13,613	15,369	14,596
Guarantees	-	-	500	-	-
Grants	405	362	527	553	1,046 ^f
Nonsovereign	1,854	2,448	2,405	3,054	3,677
Loans	1,652	1,973	2,363 ^b	2,234 ^c	2,914 ^d
Equity Investments	182 ^e	134	27	390	235
Guarantees	20	291	15	330	78
Trade Finance Program	-	-	-	-	350
Supply Chain Finance Program	-	-	-	-	100
Microfinance Program	-	50	-	100	-
Subtotal	13,425	15,607	17,044	18,976	19,319
Technical Assistance					
Sovereign	148	135	162	196	200
Nonsovereign	11	5	7	9	15
Subtotal	158	141	169	205	215
Cofinancing Including Trust Funds					
Sovereign	4,218	6,092	8,110	3,657	6,449
Trust Funds Administered by ADB	147	205	399	143	151
Bilateral	902	2,232	3,258	1,899	2,222
Multilateral	2,735	3,442	4,140	1,214	3,357
Others ^h	434	213	314	400	720
Nonsovereign ⁱ	4,806	4,568	5,836	5,947	7,358
Subtotal	9,023	10,660	13,947	9,604	13,807
TOTAL	22,607	26,407	31,160	28,785	33,340

- = nil, 0 = less than \$500,000.

Note: Numbers may not sum precisely because of rounding.

^a Excludes terminated loans, grants, equities, guarantees, and technical assistance.

^b Includes \$225 million classified as debt securities in financial statements in accordance with accounting standards.

^c Includes \$300 million classified as debt securities in financial statements in accordance with accounting standards.

^d Includes \$20 million classified as debt securities in financial statements in accordance with accounting standards.

^e Includes \$10 million classified as debt securities in financial statements in accordance with accounting standards.

^f Includes a \$3 million project design advance approved in April 2018.

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

^h "Others" includes private sector cofinancing through foundations and corporate social responsibility programs, and any public source, such as national development banks, that do not fall under official cofinancing.

ⁱ Nonsovereign cofinancing includes commercial cofinancing such as Trade Finance Program cofinancing, B loans and parallel loans, among others.

Approvals by Region, 2018

Region	2014	2015	2016	2017	2018
Central and West Asia	5,161	7,276	8,066	7,517	5,923
East Asia	2,796	3,125	3,065	4,291	3,849
Pacific	202	403	817	532	512
South Asia	6,688	7,497	7,864	7,932	10,797
Southeast Asia	7,185	7,569	11,153	7,280	11,370
Regional	576	537	195	1,234	890
TOTAL	22,607	26,407	31,160	28,785	33,340

Appendix 5: Members, Capital Stock, and Voting Power (as of 31 December 2018)

	Year of Membership	Subscribed Capital ^a (% of total)	Voting Power ^b (% of total)
REGIONAL			
Afghanistan	1966	0.034	0.325
Armenia	2005	0.298	0.537
Australia	1966	5.773	4.917
Azerbaijan	1999	0.444	0.653
Bangladesh	1973	1.019	1.114
Bhutan	1982	0.006	0.303
Brunei Darussalam	2006	0.351	0.580
Cambodia	1966	0.049	0.338
China, People's Republic of	1986	6.429	5.442
Cook Islands	1976	0.003	0.301
Fiji	1970	0.068	0.353
Georgia	2007	0.341	0.571
Hong Kong, China	1969	0.543	0.733
India	1966	6.317	5.352
Indonesia	1966	5.434	4.646
Japan	1966	15.571	12.756
Kazakhstan	1994	0.805	0.942
Kiribati	1974	0.004	0.302
Korea, Republic of	1966	5.026	4.320
Kyrgyz Republic	1994	0.298	0.537
Lao People's Democratic Republic	1966	0.014	0.310
Malaysia	1966	2.717	2.472
Maldives	1978	0.004	0.302
Marshall Islands	1990	0.003	0.301
Micronesia, Federated States of	1990	0.004	0.302
Mongolia	1991	0.015	0.311
Myanmar	1973	0.543	0.733
Nauru	1991	0.004	0.302
Nepal	1966	0.147	0.416
New Zealand	1966	1.532	1.524
Pakistan	1966	2.174	2.037
Palau	2003	0.003	0.301
Papua New Guinea	1971	0.094	0.373
Philippines	1966	2.377	2.200
Samoa	1966	0.003	0.301
Singapore	1966	0.340	0.570
Solomon Islands	1973	0.007	0.304
Sri Lanka	1966	0.579	0.761
Taipei, China	1966	1.087	1.168
Tajikistan	1998	0.286	0.527
Thailand	1966	1.358	1.385
Timor-Leste	2002	0.010	0.306
Tonga	1972	0.004	0.302
Turkmenistan	2000	0.253	0.501
Tuvalu	1993	0.001	0.300
Uzbekistan	1995	0.672	0.836
Vanuatu	1981	0.007	0.304
Viet Nam	1966	0.341	0.571
Subtotal		63.390	65.040

	Year of Membership	Subscribed Capital ^a (% of total)	Voting Power ^b (% of total)
NONREGIONAL			
Austria	1966	0.340	0.570
Belgium	1966	0.340	0.570
Canada	1966	5.219	4.474
Denmark	1966	0.340	0.570
Finland	1966	0.340	0.570
France	1970	2.322	2.156
Germany	1966	4.316	3.752
Ireland	2006	0.340	0.570
Italy	1966	1.803	1.741
Luxembourg	2003	0.340	0.570
The Netherlands	1966	1.023	1.117
Norway	1966	0.340	0.570
Portugal	2002	0.340	0.570
Spain	1986	0.340	0.570
Sweden	1966	0.340	0.570
Switzerland	1967	0.582	0.764
Turkey	1991	0.340	0.570
United Kingdom	1966	2.038	1.929
United States	1966	15.571	12.756
Subtotal		36.610	34.960
TOTAL		100.000	100.000

Notes: Numbers may not sum precisely because of rounding. For other details, see table on Statement of Subscriptions to Capital Stock and Voting Power (OCR-8) in the *Financial Statements of Annual Report 2018*.

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

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

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

Contributor	Cumulative Effective Amounts Committed ^a	of which, ADF XI (2013–2016)	of which, ADF 12 (2017–2020) ^b
Australia	2,668	589	275
Austria	294	40	19
Belgium	244	32	–
Brunei Darussalam	21	6	0
Canada	2,035	179	84
China, People's Republic of	183	41	82
Denmark	265	23	11
Finland	201	27	11
France	1,410	119	47
Germany	1,933	179	71
Hong Kong, China	123	31	14
India	64	30	34
Indonesia	26	–	12
Ireland	107	25	12
Italy	1,193	85	40
Japan	12,888	1,875	929
Kazakhstan	8	5	3
Korea, Republic of	643	155	73
Luxembourg	60	10	7
Malaysia	33	9	4
Nauru	0	–	–
The Netherlands	774	75	13
New Zealand	187	30	13
Norway	310	47	22
Portugal	92	0	0
Singapore	25	8	4
Spain	476	62	– ^c
Sweden	490	73	20
Switzerland	404	49	23
Taipei, China	115	21	10
Thailand	19	4	2
Turkey	124	5	2
United Kingdom	1,692	290	136
United States	4,677	331	155
TOTAL	33,786	4,455	2,126

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

Note: Numbers may not sum precisely because of rounding.

^a Valued at Board of Governors' Resolutions exchange rates. Based on submitted and acknowledged instruments of contribution of ADF I to ADF 12 as of 31 December 2018.

Includes the proportionate share of ADF donors in the transferred assets as of 1 January 2017 of \$29,309 million and excludes cumulative contributions allocated to the Technical Assistance Special Fund of \$1,612 million.

^b A substantial decrease in ADF 12 contributions from ADF XI resulted from a change in nature of ADF operations from concessional lending and grant operations to a grant-only operation following the merger of ADF lending operations with the ordinary capital resources on 1 January 2017.

^c Excludes Spain's ADF 12 contribution of €6.52 million, for which an acceptance of the contribution was approved by the ADB's Board of Directors on 5 February 2019.

Appendix 7: Active Trust Funds and Special Funds (\$ million)

Fund Name	Partner(s)	Established	Contributions for 2018 ^b	Cumulative Contribution as of 31 December 2018 ^c	Uncommitted Balance as of 31 December 2018 ^d	Committed (Signed Agreements) for 2018
Single Partner Trust Funds						
Japan Scholarship Program ^e	Japan	1988	4.3	182.3	11.6	NA
Technical Assistance Grant Fund (France)	France	1989	-	25.8	0.4	0.1
Technical Assistance Grant Fund (Norway)	Norway	1991	-	4.4	0.0	-
Australian Technical Assistance Grant	Australia	1993	-	61.7	3.6	-
Swiss Cooperation Fund for Consulting Services	Switzerland	1998	-	2.3	0.0	-
Denmark Cooperation Fund for Technical Assistance	Denmark	2000	-	4.9	0.0	-
Japan Fund for Poverty Reduction ^e	Japan	2000	25.6	814.1	105.5	37.1
Spanish Cooperation Fund for Technical Assistance ^e	Spain	2000	0.4	12.7	2.5	-
Canadian Cooperation Fund on Climate Change	Canada	2001	-	3.4	0.0	-
Denmark Cooperation Fund for Renewable Energy and Energy Efficiency in Rural Areas	Denmark	2001	-	7.1	0.3	-
Japan Fund for Information and Communication Technology ^e	Japan	2001	-	10.7	2.7	-
Cooperation Fund for Project Preparation in the Greater Mekong Subregion and in Other Specific Asian Countries ^e	France	2004	1.2	6.3	1.0	1.0
Japan Fund for Public Policy Training ^e	Japan	2004	-	22.0	7.4	-
People's Republic of China Poverty Reduction and Regional Cooperation Fund ^e	People's Republic of China	2005	-	90.0	43.7	8.6
Republic of Korea e-Asia and Knowledge Partnership Fund ^e	Republic of Korea	2006	15.0	102.2	46.7	9.6
Netherlands Trust Fund under Water Financing Partnership Facility ^e	Netherlands	2006	-	44.2	9.5	2.1
Asian Clean Energy Fund under Clean Energy Financing Partnership Facility ^e	Japan	2008	-	55.7	11.3	5.5
Investment Climate Facilitation Fund under Regional Cooperation and Integration Financing Partnership Facility ^e	Japan	2008	-	31.5	9.3	-
Canadian Climate Fund for the Private Sector in Asia under Clean Energy Financing Partnership Facility ^e	Canada	2013	-	77.8	7.9	0.4
Integrated Disaster Risk Management Fund ^e	Canada	2013	-	9.7	0.9	-
Sanitation Financing Partnership Trust Fund under Water Financing Partnership Facility ^e	Bill and Melinda Gates Foundation	2013	1.0	16.0	3.2	1.0
Japan Fund for the Joint Crediting Mechanism ^e	Japan	2014	8.9	61.8	39.0	23.0
Leading Asia's Private Infrastructure Fund ^e	Japan	2016	15.0	310.7 ^e	NA	209.2
Canadian Climate Fund for the Private Sector in Asia II ^e	Canada	2017	-	110.7 ^f	76.4	21.9
United Kingdom Fund for Asia Regional Trade and Connectivity ^e	United Kingdom	2018	27.1	27.1	24.0	2.5
Multi-Partner Trust Funds						
Governance Cooperation Fund ^e	Canada, Denmark, Ireland, Norway	2001	-	7.2	0.3	-
Gender and Development Cooperation Fund	Australia, Canada, Denmark, Ireland, Norway	2003	-	11.9	0.1	-
Cooperation Fund for Regional Trade and Financial Security Initiative ^e	Australia, Japan, United States	2004	-	3.0	0.6	-
Cooperation Fund in Support of Managing for Development Results	Canada, Netherlands, Norway	2004	-	2.9	0.0	-
Financial Sector Development Partnership Fund	Luxembourg	2006	-	6.4	0.2	-
Multi-Donor Trust Fund under Water Financing Partnership Facility ^e	Australia, Austria, Norway, Spain, Switzerland	2006	-	51.7	1.2	0.2

continued on next page

Fund Name	Partner(s)	Established	Contributions for 2018 ^b	Cumulative Contribution as of 31 December 2018 ^c	Uncommitted Balance as of 31 December 2018 ^d	Committed (Signed Agreements) for 2018
Clean Energy Fund under Clean Energy Financing Partnership Facility ^e	Australia, Norway, Spain, Sweden, United Kingdom	2007	2.3	110.2	22.1	14.9
Future Carbon Fund ^f	Belgium, ENECO Energy Trade, Finland, Republic of Korea, POSCO, Sweden	2008	-	85.7	76.5	NA
Carbon Capture and Storage Fund under Clean Energy Financing Partnership Facility ^g	Australia, United Kingdom	2009	-	64.1	48.4	5.0
Urban Environmental Infrastructure Fund under Urban Financing Partnership Facility ^g	Sweden	2009	-	21.5	0.7	0.7
Afghanistan Infrastructure Trust Fund	ANA Trust Fund, Japan, Germany, United Kingdom, United States	2010	-	794.6	116.3	60.5
Credit Guarantee Investment Facility	ADB, Brunei Darussalam, Cambodia, Indonesia, Japan, Republic of Korea, Lao People's Democratic Republic, Malaysia, Myanmar, People's Republic of China, Philippines, Singapore, Thailand, Viet Nam	2010	389.2	1,098.2	NA	NA
Regional Malaria and other Communicable Disease Threats Trust Fund under Health Financing Partnership Facility ^g	Australia, Canada, United Kingdom	2013	-	29.6	0.6	-
Urban Climate Change Resilience Trust Fund under Urban Financing Partnership Facility ^g	Rockefeller Foundation, Switzerland, United Kingdom	2013	-	131.0	41.0	32.7
Asia Pacific Project Preparation Facility ^g	Australia, Canada, Japan	2014	-	53.1	34.4	-
Pacific Business Investment Trust Fund	Australia	2014	-	4.6	0.1	-
Typhoon Yolanda Multidonor Trust Fund	Finland, United Kingdom	2014	-	8.5	2.3	-
Project Readiness Improvement Trust Fund	Nordic Development Fund	2016	-	7.8	-	2.4
Domestic Resource Mobilization Trust Fund ^g	Japan	2017	2.0	4.0	2.0	-
High Level Technology Fund ^g	Japan	2017	19.9	39.4	24.6	10.9
Asia Pacific Climate Finance Fund ^g	Germany	2017	-	33.3	32.5	-
Cities Development Initiative for Asia Trust Fund ^g	Austria, Switzerland	2017	6.3	6.3	6.2	-
Special Funds^a						
Japan Special Fund	Japan	1988	-	1,124.7	109.4	-
ADB Institute	ADB, Australia, Indonesia, Japan, Republic of Korea, People's Republic of China	1996	15.0	281.7	16.3	NA
Regional Cooperation and Infrastructure Fund	ADB, Japan	2007	-	69.6	9.7	5.3
Financial Sector Development Partnership Special Fund	ADB, Luxembourg	2013	1.7	16.3	4.2	3.1

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

Note:

^a Special funds (except the Japan Special Fund) get contributions from ADB through transfers from ordinary capital resources. The list of special funds excludes Asian Development Fund (ADF), Technical Assistance Special Fund (TASF), Climate Change Fund, and Asia Pacific Disaster Response Fund. Contributions to the ADF are presented in Appendix 6. Contributions to the TASF are made through direct and voluntary contributions from members and through allocations from the ADF replenishments. Finally, no external partners contribute to the Climate Change Fund and Asia Pacific Disaster Response Fund.

^b Contributions for 2018 include only additional and new commitments made during the year revalued at reporting date, as applicable.

^c Cumulative Contribution as of 31 December 2018 is net of cancellation of the commitments, if any, and revalued at reporting date, as applicable.

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

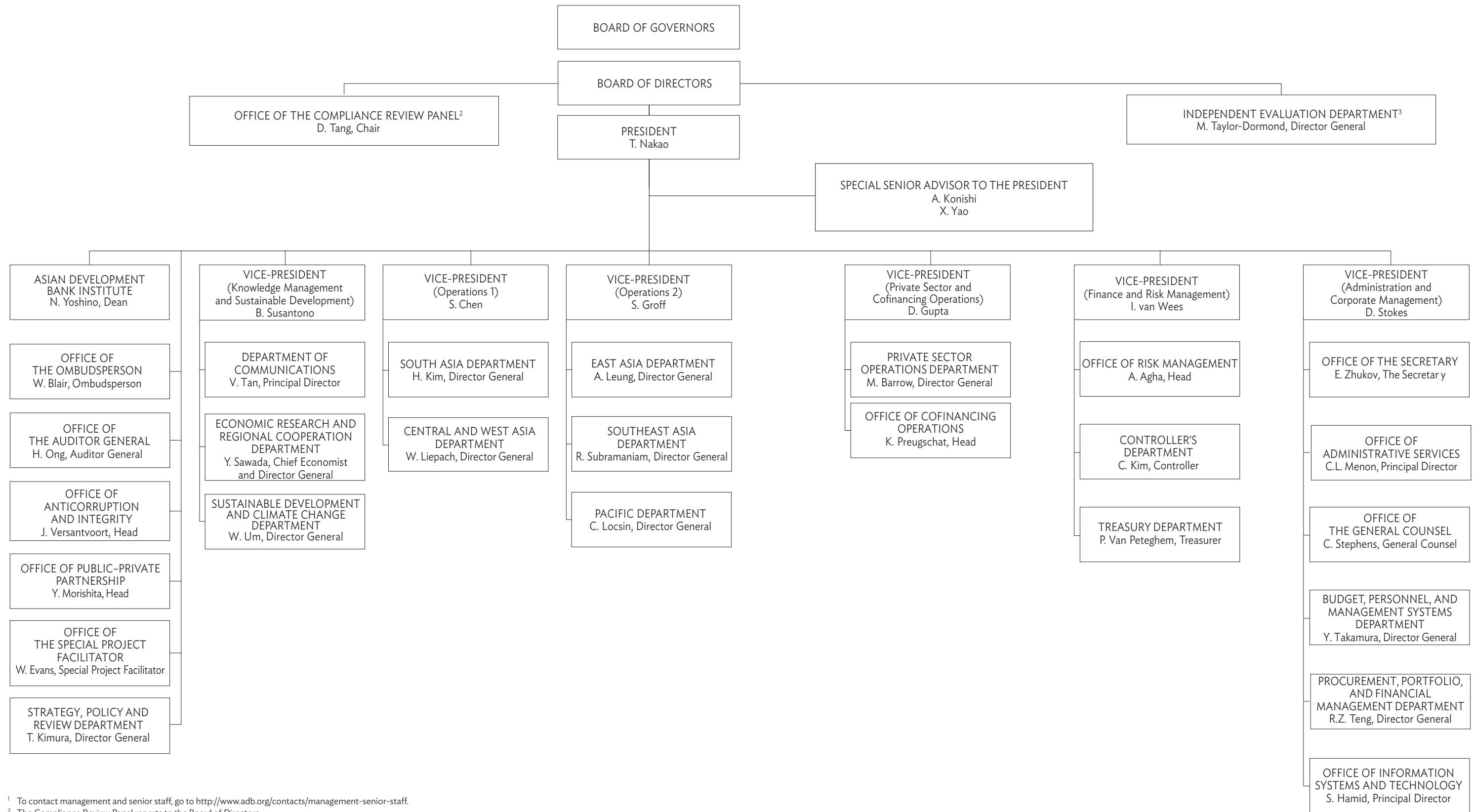
^e Represents actual amount remitted from partner.

^f Represents Can\$148.5 million actual amount remitted from partner.

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

Appendix 8A: Organizational Structure¹

(as of 31 December 2018)



¹ To contact management and senior staff, go to <http://www.adb.org/contacts/management-senior-staff>.

² The Compliance Review Panel reports to the Board of Directors.

³ The Independent Evaluation Department reports to the Board of Directors through the Development Effectiveness Committee.

Appendix 8B: ADB Sector and Thematic Groups

(as of 31 December 2018)

SECTOR

<p>EDUCATION B. Panth Chief of Education Sector Group</p>		<p>FINANCE AC Schou-Zibell Chief of Finance Sector Group</p>		<p>TRANSPORT J. Leather Chief of Transport Sector Group</p>		<p>WATER T. Panella Chief of Water Sector Group</p>
	<p>ENERGY Y. Zhai Chief of Energy Sector Group</p>		<p>HEALTH P. Osewe Chief of Health Sector Group</p>		<p>URBAN M. Sharma Chief of Urban Sector Group</p>	

THEMATIC

<p>CLIMATE CHANGE AND DISASTER RISK MANAGEMENT P. Bhandari Chief of Climate Change and Disaster Risk Management Thematic Group</p>		<p>GENDER EQUITY S. Tanaka Chief of Gender Equity Thematic Group</p>		<p>PUBLIC-PRIVATE PARTNERSHIP S. Sampath Chief of Public-Private Partnership Thematic Group</p>		<p>RURAL DEVELOPMENT AND FOOD SECURITY (Agriculture) A. Siddiq Chief of Rural Development and Food Security Thematic Group</p>	<p>SOCIAL DEVELOPMENT W. Walker Chief of Social Development Thematic Group</p>
	<p>ENVIRONMENT D. Ponzi Chief of Environment Thematic Group</p>		<p>GOVERNANCE (Vacant) Chief of Governance Thematic Group</p>	<p>REGIONAL COOPERATION AND INTEGRATION A. Goswami Chief of Regional Cooperation and Integration Thematic Group</p>			

Appendix 9: ADB Corporate Reports

A. Key Corporate Overview Reports

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

B. Treasury, Finance, and Risk Management

- 2018 Information Statement

C. Operational

1. Overview of ADB Operations

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

2. Portfolio Reports

- Annual Portfolio Performance Report
- Quarterly Portfolio Updates

3. Country Operations

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

4. Donor Reports

- Partnering for Development: Annual Donors' Report
- Annual Report of ADB–Japan Scholarship Program
- Japan Fund for Poverty Reduction Annual Report
- People's Republic of China Regional Cooperation and Poverty Reduction Fund: Annual Report

5. Partnership Reports

- Clean Energy Financing Partnership Facility Annual Report
- Annual Report of the e-Asia and Knowledge Partnership Fund
- Financial Sector Development Partnership Special Fund Annual Report
- Future Carbon Fund (print only)
- Gender and Development Cooperation Fund Progress Report
- Japan Fund for Joint Crediting Mechanism (print only)
- Regional Malaria and Other Communicable Disease Threats Trust Fund: Final Report
- Urban Financing Partnership Facility Annual Report
- Water Financing Partnership Facility Annual Report and Semiannual Progress Report
- High-Level Technology Fund Annual Progress Report (print only)

D. Planning and Budget

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

E. Accountability

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

F. Audit

- Annual Report of the Audit Committee of the Board

G. Key Economic and Financial Research

- Asian Development Outlook
- Asia Bond Monitor
- Key Indicators for Asia and the Pacific
- Basic Statistics
- Asian Economic Integration Report
- Asian Development Review
- ADB Economics Working Papers

H. ADB Institute

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

I. Other Reports

- Office of Anticorruption and Integrity: Annual Report
- Annual Report on the Implementation of the Public Communications Policy
- Highlights of the ADB Annual Meeting
- Highlights of ADB's Cooperation with Civil Society Organizations

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 - Grant Cofinancing
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 - Technical Assistance Special Fund
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 - Asian Development Bank Institute
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- Nonsovereign Commitments by Year, 2008–2018
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- Nonsovereign Commitments by Top Countries, 2017–2018
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- Technical Assistance Grant Commitments, 2018
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- Number of Projects Under Administration, Actual Problem, Completed, and PCRs/XARRs/PPERs Circulated
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- Evaluation Results for Sovereign Operations by Developing Member Country by PCR Year, 2008–2018

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- Direct Value-Added Cofinancing Arrangements, 2017–2018 (Volume)
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- ADF-Contributed Resources
- Japan Special Fund—Regular and Supplementary Contributions
- Japan Special Fund—Asian Currency Crisis Support Facility

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- Resolutions of the Board of Governors Adopted in 2018
- Selected Policy, Strategy, and Financial Papers Discussed by the Board in 2018
- Board of Governors
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- Committees of the Board of Directors
- ADB Institute Advisory Council
- Organizational Structure
- Summary of Internal Administrative Expenses—2017 and Budget for 2018
- 2018 Annual Base Salary of the Board of Directors and Management
- Staff Representation of ADB Members
- Number of Authorized Positions in Resident Missions
- Growth in Resident Missions and Assigned Staff Positions at Resident Missions

E. ADB MEMBER FACT SHEETS

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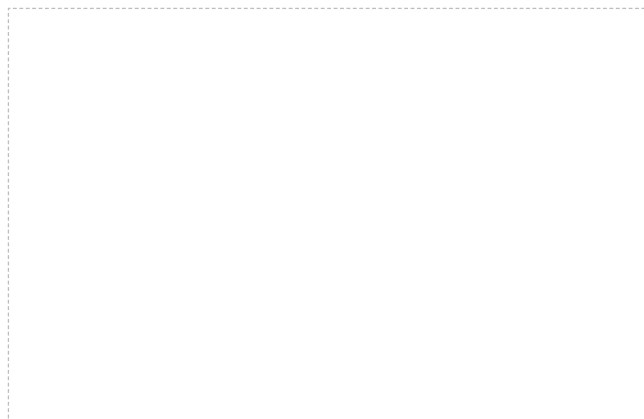
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COVER PHOTO: In Papua New Guinea, the Pacific Private Sector Development Initiative, a regional technical assistance facility cofinanced by ADB and the governments of Australia and New Zealand, is helping women working in subsistence fishing access bank loans and equipping them with the skills they need to develop sustainable, formal businesses. CREDIT: Eric Sales/ADB.





As our region continues to develop and transform, so too must ADB. Our new strategy, Strategy 2030, positions ADB well to help the countries of Asia and the Pacific cope with the development challenges and opportunities that lie ahead.

Takehiko Nakao, ADB President