

ADB



ANNUAL REPORT

■ 2011 ■

VOLUME 1

Asian Development Bank



Annual Report 2011



VOLUME 1

Asian Development Bank

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Printed in the Philippines.

ISSN 306-8370
ISBN 978-92-9092-628-3 (Print), 978-92-9092-629-0 (PDF)
Publication Stock No. FLS124311

Cataloging-In-Publication Data

Asian Development Bank.
Annual report 2011.
Mandaluyong City, Philippines: Asian Development Bank, 2012.

1. Inclusive growth. 2. Asia and the Pacific. 3. Asian Development Bank. 4. Annual report.
I. Asian Development Bank.

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Note:

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ASIAN DEVELOPMENT BANK
MANILA


11 April 2012

Chairman of the Board of Governors
Asian Development Bank

Dear Mr. Chairman,

In accordance with Article 39 of the Articles of Agreement of the Asian Development Bank and Section 13 of its By-Laws, I hereby submit to the Board of Governors, on behalf of the Board of Directors, *Annual Report 2011*, which includes the activities of the Special Funds. *Annual Report 2011* also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely,


Haruhiko Kuroda
President and Chairman
Board of Directors



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The ADB *Annual Report 2011* comprises two separate volumes: Volume 1 is the main report and Volume 2 contains the financial statements and statistical annexes.

The Record
(\$ million)

	1966–2011	2008	2009	2010	2011
OPERATIONAL ACTIVITIES	225,738	12,174	20,333	18,967	21,718
I. ORDINARY CAPITAL RESOURCES (OCR) AND SPECIAL FUNDS RESOURCES <i>(amount) (A + B + C + D + E + F)^{a, b}</i>	195,013	10,898	15,413	13,535	14,023
A. Loans (amount) (1 + 2)	179,704	9,899	13,216	11,444	12,605
<i>Disbursements</i>	<i>124,955</i>	<i>8,515</i>	<i>10,099</i>	<i>7,516</i>	<i>7,722</i>
1. OCR (amount) (a + b + c)	136,999	8,135	11,006	9,232	10,651
<i>Disbursements</i>	<i>92,682</i>	<i>6,472</i>	<i>7,898</i>	<i>5,945</i>	<i>6,337</i>
a. Sovereign	129,420	6,839	10,568	8,197	9,051
<i>Disbursements</i>	<i>87,969</i>	<i>5,878</i>	<i>7,449</i>	<i>5,272</i>	<i>5,621</i>
b. Nonsovereign Public	894	75	134	–	600
<i>Disbursements</i>	<i>230</i>	<i>54</i>	<i>–</i>	<i>75</i>	<i>70</i>
c. Nonsovereign Private	6,685	1,222	304	1,035	1,000
<i>Disbursements</i>	<i>4,482</i>	<i>540</i>	<i>449</i>	<i>598</i>	<i>645</i>
2. Asian Development Fund (ADF) Loans (amount) (a + b)	42,704	1,764	2,210	2,213	1,955
<i>Disbursements</i>	<i>32,273</i>	<i>2,043</i>	<i>2,201</i>	<i>1,571</i>	<i>1,385</i>
a. Sovereign	42,690	1,764	2,210	2,213	1,955
<i>Disbursements</i>	<i>32,258</i>	<i>2,043</i>	<i>2,201</i>	<i>1,571</i>	<i>1,385</i>
b. Nonsovereign Private	15	–	–	–	–
<i>Disbursements</i>	<i>15</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>
B. Grants (amount) (1 + 2)	4,973	707	924	982	614
1. ADF	4,221	707	911	967	597
<i>Disbursements</i>	<i>1,491</i>	<i>177</i>	<i>347</i>	<i>358</i>	<i>510</i>
2. Other Special Funds ^c	753	–	13	15	17
<i>Disbursements</i>	<i>712</i>	<i>130</i>	<i>135</i>	<i>102</i>	<i>34</i>
C. Guarantees (amount) (1 + 2)	3,875	–	–	700	417
1. Sovereign	2,429	–	–	200	–
2. Nonsovereign	1,446	–	–	500	417
D. Trade Finance Program (amount)^d	1,000	–	850	–^e	–^e
E. Equity Investments (amount) (1 + 2)	2,167	103	220	235	239
1. Sovereign	150	–	–	–	150
2. Nonsovereign	2,017	103	220	235	89
F. Technical Assistance Grants (amount) (1 + 2)	3,293	189	202	174	148
1. Technical Assistance Special Fund (TASF)	2,051	119	136	146	140
2. Other Special Funds	1,243	70	66	28	8
II. COFINANCING (amount) (A + B)^a	30,726	1,275	4,921	5,431	7,695
A. Project					
1. Loans (amount) (a + b)	26,649	1,090	4,668	5,154	6,512
a. Official	16,305	665	2,768	2,805	2,308
b. Commercial ^f	10,345	425	1,900	2,349	4,204
2. Grants (amount)	2,879	101	190	127	971
B. Technical Assistance Grants (amount)^g	1,197	84	63	150	211
TOTAL (I + II)	225,738	12,174	20,333	18,967	21,718
I. OCR AND SPECIAL FUNDS RESOURCES (number)^{a, b}					
A. Loans					
Number of Projects ^h	2,423	80	92	105	104
Number of Loans (1 + 2 + 3)	2,792	91 ⁱ	110 ⁱ	117	114
1. Sovereign	2,629	80 ⁱ	104 ⁱ	105	99
2. Nonsovereign Public	8	1	2	–	3
3. Nonsovereign Private	155	10	4	12	12

CONTINUED

	1966–2011	2008	2009	2010	2011
B. Grants^h	186	27	33	40	23
C. Guarantees (number)	34	–	–	3	4
D. Trade Finance Program	1	–	1	–	–
E. Equity Investments	173	6	5	7	6
1. Sovereign	1	–	–	–	1
2. Nonsovereign	172	6	5	7	5
F. Technical Assistance Grants^h	6,684	246	259	242	212
II. COFINANCING (number)^a					
1. Official Loans, Grants, and Technical Assistance ^a	1,787	109	132	150	170
2. Commercial Loans and Syndications ^f	67	2	6	9	10
RESOURCES (as of period end)					
Ordinary Capital Resources					
Authorized Capital	163,336	54,890	166,179	163,843	163,336
Subscribed Capital	162,487	54,890	60,751	143,950	162,487
Borrowings (gross) (for the period)	123,101	9,372	10,359	14,940	14,446
Outstanding Debt	58,257	35,672	42,063 ⁱ	51,822	58,257
Ordinary Reserve	10,460	9,532	9,790	10,030	10,460
Special Reserve	246	210	219	230	246
Gross Revenue (for the period)	1,096	2,064	1,472	1,142	1,096
Net Income (loss) after Appropriation of Guarantee Fees to Special Reserve (for the period)	15,322 ^k	1,119	(37)	614	594
Special Funds Resources					
Asian Development Fund Total Resources	33,055	33,479	31,973 ^l	32,651	33,055
Technical Assistance Special Fund Total Resources	1,845	1,403	1,716	1,760	1,845
Japan Special Fund Total Resources					
Regular and Supplementary Contributions	974	974	974	974	974
Asian Currency Crisis Support Facility	151 ^m	151	151	151	151
ADB Institute Total Resources	184	141	149	166	184
Asian Tsunami Fund Total Resources	587	626	587	587	587
Pakistan Earthquake Fund Total Resources	146	142	144	145	146
Regional Cooperation and Integration Fund Total Resources	53	43	43	53	53
Climate Change Fund Total Resources	51	41	41	51	51
Asia Pacific Disaster Response Fund Total Resources	40	–	40	40	40

– = nil.

Note: Totals may not add up because of rounding.

^a Adjustments and terminations prior to signing are reflected.^b Includes loans/grants/guarantees arising from multitranchise financing facilities.^c Includes Asian Tsunami Fund (ATF), Pakistan Earthquake Fund (PEF), Climate Change Fund (CCF), and Asia Pacific Disaster Response Fund (APDRF).^d Includes the \$150 million approved in 2003 (OCR loan of \$45 million and partial credit guarantee of \$105 million).^e 2010 and 2011 Trade Finance Program transactions were conducted subject to the 2009 Board approval.^f In 2011, the definition of DVA commercial cofinancing was clarified by providing detailed criteria for qualification of DVA cofinancing. The figures for 2009–2011 reflect the new definition.^g Includes reimbursable technical assistance for Brunei Darussalam amounting to \$0.6 million in 2008.^h Projects with multiple loans, or with combination of public and private lending are counted once. Cumulative number of projects excludes supplementary loans. Grants and technical assistance with multiple fund source are counted once.ⁱ Includes count for an earlier approved loan with supplementary financing in the current year.^j From 2009 onward, amount includes unamortized discounts/premiums, transition adjustment, translation adjustment, and ASC 815 adjustment on swapped borrowings.^k Includes cumulative effect of ASC 820/825 adoption amounting to \$227.5 million, as an adjustment to the 1 January 2009 reserves.^l Includes reclassification relating to Due from Contributors of \$2,185.6 million as of 31 December 2009 from Assets to Fund Balances under Nonnegotiable, Noninterest-bearing Demand Obligations on Account of Contribution.^m Net of \$90.0 million, which was transferred to Japan Fund for Poverty Reduction in 2002.

1 Message from the President



Haruhiko Kuroda
President and
Chairman
Board of Directors

Poverty reduction remains the greatest challenge for developing Asia and the Pacific. Although significant progress has been made in reducing income poverty, large pockets of deprivation remain, and disparities both within and across countries continue to grow.

Nearly half of Asia's citizens—about 1.8 billion people—still live on less than \$2 a day. Many reside in megacities with populations of over 10 million, where pollution compounds the problems associated with mass urbanization.

Low-income countries struggle to sustain economic growth and reduce poverty. At the same time, a substantial proportion of the region's poor today live in middle-income countries. So while Asia's rapid expansion over the past 2 decades has led to fewer people living in poverty, we are increasingly concerned that the benefits of economic growth have not been equally shared. Large gaps in income, services, and opportunities must be bridged, given that the region is far behind several key Millennium Development Goals targets.

Meanwhile, economic uncertainty still hovers over the global economy, and it has potential implications for ADB's developing member countries. In 2011, many developing Asian economies were affected by slowing exports. Given the significantly increased role of Asia in the global economy, it is all the more imperative for the region to do everything in its power to foster sustainable and inclusive growth. To do this, Asia must rebalance its growth paradigm toward more reliance on domestic and regional demand, while still maintaining its openness within the global economy. In this way, Asia can also build its own markets and increasingly contribute to global growth.

To make the process of economic expansion more conducive to reducing poverty, ADB focuses on three primary strategic agendas: inclusive growth, environmentally sustainable growth, and regional integration. We support our developing member countries in pursuing these strategies with all the instruments at our disposal—from project finance and technical assistance to knowledge products and policy dialogue.

To help meet the region's ongoing and emerging development challenges, ADB's operations in 2011 grew to \$21.72 billion. Of this total, \$14.02 billion was financed by ADB and Special Funds, and \$7.69 billion by cofinancing partners. ADB's operations in 2011 addressed various development issues, including energy efficiency, urban infrastructure, road connectivity, regional cooperation, and education.

As demand for ADB's assistance continues to grow, it is critical to ensure we mobilize the resources needed to respond. In 2011, ADB's cofinancing operations continued to extend the impact of each dollar of development assistance, and support private sector development. Official cofinancing increased by 13.2% to \$3.5 billion. Meanwhile, commercial cofinancing grew sharply from \$2.3 billion in 2010 to \$4.2 billion, and our private sector operations targeted support for critical infrastructure, small and medium-sized enterprises, and the promotion of renewable energy.

ADB assistance is particularly needed in our poorer member countries. To this end, the Asian Development Fund (ADF) XI replenishment was undertaken, and strong commitment was shown by donors. This is encouraging and vital for implementing our long-term strategy.

In addition to boosting resources, we must continue to improve our institutional effectiveness, development results, and operational efficiency. ADB's ongoing transformation is a top priority. Given the size of the challenges and the limits on our resources, it is essential that we continue to reform ourselves to better respond to the needs and voices of all the stakeholders.

Since its founding in 1966, ADB has been driven by an inspiration and dedication to improving people's lives in Asia and the Pacific. By targeting our investments wisely, in partnership with our developing member countries and other stakeholders, we can alleviate poverty and help create a world in which everyone can share in the benefits of sustained and inclusive growth.

ADB continues its endeavor toward a more results-oriented and transparent organization. We are now more selective in our operations to ensure a better alignment between clients' needs and ADB's strengths. The Public Communications Policy and the Accountability Mechanism will help ADB stay at the forefront of transparency and accountability. Measures to improve project performance and outcomes optimize our local presence and allow ADB to be more responsive to clients.

Since its founding in 1966, ADB has been driven by an inspiration and dedication to improving people's lives in Asia and the Pacific. By targeting our investments wisely, in partnership with our developing member countries and other stakeholders, we can alleviate poverty and help create a world in which everyone can share in the benefits of sustained and inclusive growth.



Haruhiko Kuroda
President and Chairman
Board of Directors

2 Board of Directors



Asian Development Bank (ADB) loans, grants, equity investments, technical assistance, and guarantees—including cofinancing—totaled \$21.7 billion in 2011. While continuing to direct the implementation of ADB’s long-term strategic plan, Strategy 2020, the Board actively promoted an agenda of rapid but sustainable and inclusive growth in all ADB operations.

HIGHLIGHTS

- New Public Communications Policy approved.
- Policy-based lending reviewed.
- Project design facility established.
- Results framework refined.
- Liquidity policy reviewed.
- Mainstreaming nonsovereign public sector financing approved.
- Maturity-based loan pricing for sovereign lending introduced.

The Board of Directors is responsible for the overall direction of ADB operations, including the approval of policies, loans, grants, and guarantees. As their representative, the Board plays a vital role in ensuring that ADB shareholders’ guidance is implemented.

Rapid growth in Asia and the Pacific in recent decades has led to a dramatic reduction in poverty, but inequalities remain and have worsened in a number of countries. In 2011, the Board continued to direct the implementation of Strategy 2020—the long-term strategic framework that charts the course for ADB to become an even more effective development institution and meet the region’s development challenges. To this end, the Board’s priorities included promoting rapid but sustainable and inclusive growth, improving ADB’s portfolio management, and enhancing human resources management.

Reflecting ADB’s strategic direction, the Board focused in particular on capacity development, private sector development, good governance, knowledge management, food security, gender equity, environmental sustainability, and regional cooperation and partnerships. The Board also provided comments and suggestions on operational plans for the water and finance sectors. To support regional integration, it approved an equity contribution of \$150 million for the innovative Association of Southeast Asian Nations Infrastructure Fund.¹

To improve ADB’s development effectiveness, the Board approved a new policy on ADB’s policy-based lending. This includes mainstreaming programmatic budget support and improving

¹ For more information on the Association of Southeast Asian Nations Infrastructure Fund, see Chapter 12, Southeast Asia.

AT A GLANCE

- New Public Communications Policy approved.
- Haruhiko Kuroda elected for another 5-year term as ADB President.
- 51 formal meetings, 2 executive sessions, and 33 informal Board seminars held.

APPROVALS

- Loans, grants, equity investments, technical assistance, and guarantees, including cofinancing, totaling \$21.7 billion.
- 13 multitranche financing facilities totaling \$6.2 billion.
- ADB's Work Program and Budget Framework, 2012–2014, totaling \$49.4 billion.
- Work program and 2012 budget of the Asian Development Bank Institute totaling \$16.8 million.

crisis response instruments. The Board also approved mainstreaming nonsovereign public sector financing. By enabling direct financial assistance to subsovereign entities, the new modality will help support decentralization processes in Asia and the Pacific.

To reaffirm ADB's commitment to inclusion, transparency, and accountability, the Board approved a new Public Communications Policy. This revised policy, which refines disclosure requirements for ADB documents, aims to enhance stakeholders' trust in and ability to engage with ADB, thereby increasing the effectiveness of ADB operations. The Board also approved refinements to ADB's corporate results framework and suggested areas to consider during the 2012 comprehensive review.

Working to improve portfolio performance, the Board approved the establishment of a project design facility on a pilot basis to provide quick-disbursing resources for the formulation of projects, allowing for detailed engineering design and broader project and program preparatory work.

The Board reviewed ADB's liquidity policy and considered a comprehensive review of the competitiveness of compensation for national and administrative staff. It also reviewed ADB's sovereign loan charges for ordinary capital resources lending, leading to the introduction of maturity-based loan pricing.

The review of the Accountability Mechanism, initiated in 2010, continued during the year. The mechanism provides a forum where people adversely affected by ADB-assisted projects can be heard, seek solutions to their problems, and report ADB's alleged noncompliance with its operational policies and procedures. ADB expects the review to be completed in 2012.

The Board facilitated the election process of the President, resulting in the Board of Governors electing Haruhiko Kuroda as ADB President and Chairman of the Board of Directors for another term of 5 years, starting 24 November. The Board approved the appointments of Stephen Groff and Thierry de Longueur as vice-presidents and a new role for Vice-President Bindu Lohani overseeing knowledge management and sustainable development. It also approved the appointment of Vinod Thomas as director general of the Independent Evaluation Department (IED).

Country Partnership Strategies

The country partnership strategy sets out the ways in which ADB can most effectively work with its developing member countries, with specific consideration of each country's challenges and priorities. It also enables ADB to evaluate a country's development performance over the strategy period.

The Board endorsed six country partnership strategies: Bangladesh, Cambodia, the Lao People's Democratic Republic, the Philippines, Sri Lanka, and Timor-Leste. It also endorsed an interim country partnership strategy for Malaysia and a regional cooperation strategy for South Asia.

Meetings

The Board held 51 formal meetings, 2 executive sessions, and 33 informal seminars. To continue assisting the poorest and most vulnerable countries in the region, Board members attended the donors' meetings on the 10th replenishment of the Asian Development Fund held in Manila in September and in Dhaka in December. In October, the Board and Management participated in a 1-day retreat to discuss inclusive growth and ADB's portfolio management and measures for improvement.

Board Group Visits

Members of the Board made several visits around the region to get firsthand views of ADB projects and their impacts, and to meet with senior government officials, development partners, private sector leaders, and other stakeholders. A group visited Thailand from 6 to 11 February and then the Philippines from 21 to 23 February. From 22 June to 9 July, a group visited the Cook Islands, Samoa, and Tonga. A third group visited Kazakhstan, Tajikistan, and Turkmenistan from 14 to 26 September. At the invitation of the Government of the Philippines, several members of the Board and directors' advisors participated in the Board familiarization visit to the Bicol Region from 28 to 29 January.

Board Committees

Audit Committee

The committee assists the Board with oversight of financial reporting and audits, including internal controls, risk management, and ADB-related anticorruption and integrity efforts.

The committee reviews and discusses, upon completion of the external audit and before the financial statements are published, the draft annual financial statements and related notes, the external auditor's opinion, and the appropriateness of accounting principles, including disclosures through Management's Discussion and Analysis.

It also discusses Management's assertion on internal controls over financial reporting and the external auditor's attestation thereon. The committee reviewed the work plan and terms of reference of the Office of the Auditor General, and was regularly briefed on activities of the Offices of Risk Management, the Auditor General, and Anticorruption and Integrity. It further sharpened the focus of oversight of ADB's risk management activities. It also discussed the external quality assessment of the Office of the Auditor General.

The committee met 12 times.

Budget Review Committee

The committee discussed the President's directions to prepare the Work Program and Budget Framework (WPBF), 2012–2014. It deliberated on ADB's efforts to enhance portfolio performance and the need for additional technical assistance resources, particularly to expand capacity building of developing member countries. The committee emphasized the need for further efforts to achieve the Strategy 2020 target for private sector development and private sector operations.

The committee met with the vice-presidents on the highlights of the draft WPBF, 2012–2014 and discussed the budget increase for 2012 in light of the stable lending level planned for 2012–2014. It also reviewed the effectiveness of new staff positions added in 2010 and 2011. The committee discussed the 2012 draft budget, in the context of ADB's 3-year transformation exercise spanning 2010–2012, and the effective implementation of Strategy 2020. It appreciated efforts made to contain budget growth for 2012 and emphasized the need for lower budget growth after 2012 through savings and efficiency measures.

The committee met 10 times.

AT A GLANCE

- Audit Committee further sharpens focus of oversight of ADB's risk management activities, and discusses external quality assessment of the Office of the Auditor General.
- Budget Review Committee discusses draft budget in context of ADB's 3-year transformation exercise spanning 2010–2012.

AT A GLANCE

- Compliance Review Committee clears fifth annual monitoring report for the Southern Transport Development Project in Sri Lanka.
- Development Effectiveness Committee assesses quality and impact of ADB's country and sector operations.
- Ethics Committee, which addresses matters of ethics under the Code of Conduct, meets once.

Compliance Review Committee

The committee consists of six Board members: four regional members (at least three of whom are from borrowing countries) and two nonregional members. It is responsible for clearing the Compliance Review Panel's proposed terms of reference and the schedule for each review authorized by the Board, as well as the panel's draft reports monitoring the implementation of any actions approved by the Board. During 2011, the committee cleared the fifth and final annual monitoring report for the Southern Transport Development Project in Sri Lanka and approved the terms of reference for compliance reviews of the Visayas Base-Load Power Development Project in the Philippines and the CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project 1 in the Kyrgyz Republic.

The chair of the committee also leads the joint Board–Management working group conducting the review of the Accountability Mechanism.

The committee met once.

Development Effectiveness Committee

The committee assessed the quality and impact of ADB's country and sector operations by discussing selected major evaluation reports by IED.

At the country level, the committee deliberated on IED's findings and recommendations on ADB's assistance to Uzbekistan and the Maldives. It discussed sector assistance program evaluations for education in Uzbekistan and the transport sector in Pacific developing member countries. The committee also discussed IED's validation report on Indonesia's country partnership strategy final review.

The committee discussed IED's evaluation of interlinked issues related to gender and development, transport, and energy efficiency. It also discussed ADB's financing partnerships, managing for development results, Asian Development Fund operations, the Asian Development Bank Institute's performance, and ADB's support for good governance. It stressed the need for ADB to improve outcome and impact indicators.

The committee deliberated on the evaluation of ADB's support to developing member countries during the global economic crisis that started in 2008 and on the impact evaluation relating to low-income housing in Sri Lanka.

It also held discussions on the success rate of portfolio performance, evaluation performance and capacity development, and nonsovereign operations.

The committee met 10 times.

Ethics Committee

The Board established this committee, in compliance with the Code of Conduct adopted in September 2006, to address matters of ethics under the code. The code's provisions apply to directors, alternate directors, temporary alternate directors, and the President. The committee is responsible for advising them when they request guidance on actual or potential conflicts of interest or other ethical aspects of conduct. The committee also considers allegations of misconduct relating to the performance of directors in official duties and recommends appropriate action to the Board.

The committee met once.

Human Resources Committee

The committee continued its close collaboration with Management in identifying and addressing issues relevant to meeting the 10 commitments of Our People Strategy. Assisted by continual updates by Management on the key initiatives rolled out in 2011, the committee monitored ADB's performance in achieving the goals and principles of the Human Resources Function Strategic Framework and Action Plan.

The committee also met with Management during the planning of the next staff engagement survey. In its efforts to meet the priorities set in the 2010 annual report, the committee discussed and made recommendations on key human resources management functions and thematic issues.

The committee met seven times.

AT A GLANCE

- Human Resources Committee continues collaboration with Management on meeting the commitments of Our People Strategy.

Executive Directors

President and Chairman of the Board of Directors



Haruhiko Kuroda



Micheline Aucoin

Phil Bowen

Jérôme
Destombes

Gaudencio S.
Hernandez, Jr.

Ashok K. Lahiri

Alternate Executive Directors



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Andrew Collins

José-Miguel
Cortés

Siraj S. Shamsuddin

Bounleua
Sinxayvolavong



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Sakaguchi

Maurin Sitorus

Jaejung Song

Chaiyuth
Sudthitanakorn

Eduard
Westreicher

Yingming Yang



Maureen Grewe

Hideo
Fukushima

C. J. (Stan) Vandersyp

Wilson Kamit

Govinda
Bahadur Thapa

Cédric Crelo

Guoqi Wu

Management



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Xiaoyu Zhao

Lakshmi
Venkatachalam

Stephen Groff

Thierry
de Longuemar

Rajat M. Nag

Robert L. T.
Dawson

3 Policy and Strategy Overview



After surveys and extensive consultation, ADB completed a review of its Public Communications Policy in 2011. The Board also approved reforms to ADB's policy-based lending, mainstreamed the nonsovereign public sector financing facility, and approved, for a 3-year pilot implementation, a facility to provide loan advances to fund design and project preparation activities.

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help developing member countries (DMCs) to reduce poverty and improve the quality of life of their people. Though the region's rapid, sustained economic growth has led to a dramatic reduction in poverty, it still remains a tremendous development challenge. At the same time, widening inequalities have become an emerging concern. In recognition of this, ADB's long-term strategy, Strategy 2020,¹ calls for a focus on inclusive growth to be one of ADB's three strategic agendas along with environmentally sustainable growth and regional integration. The box on page 21 discusses how ADB is promoting inclusive growth throughout its operations.

ADF XI Replenishment

The Asian Development Fund (ADF) has been a major instrument of concessional financing for ADB since 1973. It offers loans at very low interest rates, as well as grants, to respond to development challenges in ADB's poorest borrowing countries. ADF resources come from the contributions of ADB's member countries, periodically replenished, and from reflows from ADF loan repayments.

¹ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

HIGHLIGHTS

- At two ADF replenishment meetings, donors acknowledge the need to continue pursuing Strategy 2020 priorities of inclusive growth, environmentally sustainable growth, and regional integration.
- New Public Communications Policy developed to improve access to information and promote greater transparency.
- Continued expansion of ADB's menu of financing instruments to better serve client countries.

AT A GLANCE

- Gender, conflict-affected situations, and food security to receive special consideration.
- ADF XI replenishment negotiations to conclude in 2012.



At ADF XI replenishment negotiations, ADB President Haruhiko Kuroda explains how ADF is making a difference.

Watch the video at adb.org/adf

At the 2011 Annual Meeting in Ha Noi, Viet Nam, ADF deputies and ADB Management held their annual consultation to prepare for the negotiations of the 10th replenishment of the ADF (ADF XI), which will cover the period 2013–2016.

Two ADF XI replenishment meetings were held in 2011. The first took place in Manila on 8–9 September, followed by a meeting in Dhaka on 5–6 December. At both these events, ADB highlighted the urgent need for ADF countries to intensify their efforts to achieve the Millennium Development Goals (MDGs) and called for continued support and generous contributions to ADF XI, as it will be the last replenishment before the MDG target date of 2015. Participants recognized the continued need for ADF support, given the development challenges still facing ADF countries.

To maximize the efficiency and impact of the ADF, donors noted that it should continue to pursue Strategy 2020 priorities—inclusive growth, environmentally sustainable growth, and regional integration—under ADF XI. To support these priorities, ADB will give special consideration to three particularly relevant themes: gender, fragile and conflict-affected situations, and food security. Deputies emphasized the role the ADF can play in promoting private sector development and investment, and good governance in ADF countries.

Deputies welcomed the two evaluations by the Independent Evaluation Department of ADF operations and of managing for development results, noting that ADB had undertaken substantial reforms, which have resulted in improved internal governance and stronger focus on results. A number of areas for improvement remain, including project sustainability and achievement of outcomes.

With respect to replenishment scenarios, deputies recognized the need for continued strong support for the ADF while also acknowledging the difficult economic and financial environment. Deputies recognized the challenges of working in ADF countries, in particular the need to enhance capacity. In view of this, they called for a strong replenishment of the Technical Assistance Special Fund.

Deputies expressed general satisfaction with the implementation of the performance-based allocation system. They supported ADB's proposals to maintain the Pacific set-aside at 4.5% of total performance-based allocation resources, to continue earmarking 10% of ADF resources for the Regional Cooperation and Integration set-aside, and to bring forward the end of the post-conflict phaseout for Timor-Leste from 2014 to 2012. ADB also presented preliminary scenarios of financial capacity and a number of options to further enhance ADF XI internal resources.

Deputies expressed broad support for the various financial enhancement options. These included seeking the approval of the Board to exercise the accelerated repayment clause for outstanding loans to ADF graduates, except for the Cook Islands; hardening lending terms to blend countries, which have access to both the ADF and ADB's ordinary capital resources; and adjusting the prudential minimum liquidity to 81%. There was broad consensus among deputies that pro rata rights do not achieve their intended effect. However, views were mixed about alternative measures.

The ADF XI replenishment negotiations are expected to conclude in 2012.

Policy Reviews

Public Communications Policy Review

ADB completed a review of its 2005 Public Communications Policy (PCP) in October 2011. The revised policy incorporates comments received from various stakeholders, including beneficiaries and people otherwise affected by development activities, through surveys and extensive consultation. The new PCP, which will take effect on 2 April 2012, keeps ADB at the cutting edge of transparency best practices.

While the main thrust of the 2005 PCP is unchanged, in particular the presumption in favor of disclosure, the new PCP includes key revisions to expand and speed up access to information. These include the release of more information, such as audited project accounts of ADB-financed sovereign projects; earlier release of documents (simultaneous disclosure of information circulated to ADB's Board of Directors for a decision); creation of an independent appeals panel (with three international experts) as a second tier of the appeals process; clarification of the exceptions to disclosure; and strengthened project communications.

ADB will continue to engage with various stakeholders to ensure successful implementation of the new PCP. To this end, a communications plan is being formulated and the translation framework is being reviewed. A report will be prepared on an annual basis to assess the progress of the implementation of the new policy.

Accountability Mechanism Review

A Joint Board–Management working group is overseeing the ongoing review of ADB's 2003 Accountability Mechanism. The review is assessing the effectiveness of the Accountability Mechanism as an independent forum to allow people adversely affected by ADB-assisted projects to voice problems, seek solutions, and report alleged violations by ADB of its operational policies and procedures. Extensive multi-stakeholder and web-based consultations have been carried out since June 2010. Feedback has been systematically integrated into the review process, which has included two consultation papers and two working papers. The consultation papers were completed in February and June 2011. The working papers were considered by the Board in April and October 2011. The review is expected to be concluded in early 2012.

Operational Plans

To facilitate the implementation of Strategy 2020, ADB is gradually introducing operational plans to guide ADB operations in specific sectors and thematic areas. In 2011, ADB approved operational plans for the finance² and water³ sectors. (See Chapter 5, Sector and Thematic Highlights.) ADB has also initiated preparation of operational plans for the environment, public–private partnerships, social protection, and the urban sector, which are expected to be completed in 2012.

Enhancing ADB's Financing Instruments

Establishing the Project Design Facility

On 12 April 2011, the Board approved, for a 3-year pilot implementation from 2011 to 2013, the project design facility that will provide loan advances to fund design and project preparation activities.⁴ Its aim is to fund detailed design activities and feasibility studies (if needed) before an ADB project is approved. This will contribute to total project readiness and help avoid start-up and disbursement delays in ADB-funded projects. Since detailed engineering design is key to infrastructure development, the project design facility is expected to facilitate

AT A GLANCE

- Presumption in favor of disclosure to be maintained.
- Operational plans for finance and water sectors approved.
- New facility introduced to provide advances for funding project design and preparation.

FEATURED PUBLICATION



ADB remains at the forefront of best practice in maintaining transparency. The new Public Communications Policy includes revisions to expand and speed up access to information.

Download the policy at adb.org/disclosure

² ADB. 2011. *Financial Sector Operational Plan*. Manila.

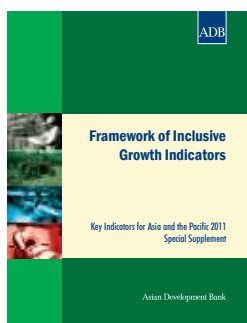
³ ADB. 2011. *Water Operational Plan 2011–2020*. Manila.

⁴ ADB. 2011. *Establishing the Project Design Facility*. Manila.

AT A GLANCE

- Mainstreaming of nonsovereign public sector financing allows ADB to support an expanded client base.

FEATURED PUBLICATION



The Asia and Pacific region lags more advanced economies in providing higher quality employment. This is among insights revealed in *Key Indicators for Asia and the Pacific 2011*, which presents data and showcases development issues in the region. This year, in a special supplement to the *Key Indicators*, ADB also presents the *Framework of Inclusive Growth Indicators*, proposing a set of 35 markers of inclusive growth.

Read more at adb.org/publications

project processing in a core area of ADB's operations under Strategy 2020. The facility is also expected to improve financing for project preparation in general.

Review of ADB's Policy-Based Lending

The Board approved reforms to ADB's policy-based lending (PBL) on 14 July 2011.⁵ The PBL reforms comprise two main elements: mainstreaming medium-term programmatic budget support and enhancing ADB's short-term crisis response capacity.

The former incorporates the latest best practices in general budget support in international financial institutions (and development partners) aligned with structural reforms in developing countries. The refined PBL policy emphasizes the importance of country ownership and flexibility in design and implementation of reforms in a number of the Strategy 2020 priority areas—including finance and private sector development, governance, and institutional development.

The PBL mainstreamed the countercyclical support facility established at the time of the global economic crisis in 2009,⁶ to provide budget support to DMCs' fiscal stimulus packages. The PBL reforms also improved flexibility in term setting of countercyclical support facility and special PBL for balance-of-payments support. The PBL reforms took effect on 14 October 2011.

Mainstreaming Nonsovereign Public Sector Financing

The nonsovereign public sector financing facility (NSP) enables ADB to provide to the public sector financial assistance, which is not guaranteed by a central government. The instrument was introduced in 2005 for a pilot phase.⁷ The Board mainstreamed the facility in September 2011.⁸

Eligible public sector entities are subnational governments (including municipalities) and their companies, as well as state-owned enterprises. The mainstreaming of NSP allows ADB to support and cater to the needs of its expanded client base. It aims to support decentralization processes in many DMCs, which are increasingly divesting greater responsibility and autonomy for public services to subnational governments, their companies, or state-owned enterprises. ADB can play a catalytic role in assisting them to access new funds, particularly for activities that have strong development impacts.

Review of ADB's Loan Charges

ADB has introduced maturity-based pricing on new London interbank offered rate-based loans to sovereign borrowers or with sovereign guarantees, and local currency loans with sovereign guarantees, for which loan negotiations are completed on, or after, 1 April 2012. The introduction of maturity-based pricing reflects ADB's continuous commitment to safeguard ADB's financial strength based on sound banking principles, while striving to provide resources for development lending at the lowest, most stable funding costs and on the most reasonable terms.

⁵ ADB. 2011. *Review of ADB's Policy-Based Lending*. Manila.

⁶ ADB. 2009. *Enhancing ADB's Response to the Global Economic Crisis: Establishing the Countercyclical Support Facility*. Manila.

⁷ ADB. 2008. *Pilot Financing Instruments and Modalities: Extension of Pilot Period for the Sub-sovereign and Nonsovereign Public Sector Financing Facility*. Manila; ADB. 2005. *Innovation and Efficiency Initiative: Pilot Financing Instruments and Modalities*. Manila.

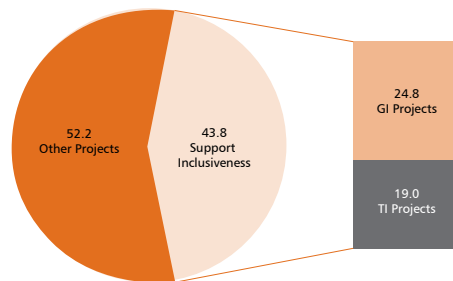
⁸ ADB. 2011. *Mainstreaming Nonsovereign Public Sector Financing*. Manila.

Incorporating Inclusive Growth into ADB Operations

ADB's long-term vision for the region, Strategy 2020, identified inclusive growth as one of its three strategic agendas. This is supported by three mutually reinforcing pillars. There should be high and sustainable growth that creates and expands economic opportunities. There should be broad access to these opportunities to ensure everyone can participate in and benefit from growth. In addition, there should be a strong social safety net to assist the poor and vulnerable.

In 2011, ADB actively promoted the inclusive growth agenda in its operations. Of the seven country partnership strategies (CPSs) prepared during the year, six emphasized inclusive growth and incorporated inclusive growth indicators. All CPSs approved in 2010 and 2011 included gender strategies and sector gender diagnostics.

ADB Projects Supporting Inclusiveness
(% of total) in 2011



poverty reduction directly or indirectly through social protection/safety nets, inclusive finance and microfinance, and support for rural development and technical education and skills development.

A number of research and analytical studies were also undertaken in 2011 to boost ADB's understanding of how inclusive growth can be promoted and how it relates to other strategic objectives. For example, the joint ADB–United Nations Development Programme–Economic and Social Commission for Asia and the Pacific Regional MDG Report 2011/12, *Accelerating Equitable Achievement of the MDGs*, was finalized and will be launched in early 2012.

The ADB report *Women and Labour Markets in Asia: Rebalancing for Gender Equality* points to a transition to a job-creating, sustainable, and inclusive growth trend that will promote gender equality in the labor market. In addition, *ADB and Social Protection: Challenges and Opportunities* takes stock of ADB's support for social protection from 1996 up to 2013 and the progress with implementing ADB's Social Protection Strategy.

Several other measures were initiated in 2011 to improve monitoring of inclusive growth in ADB's developing member countries, as well as better assess how ADB itself supports it in the region. The Economics and Research Department has established a set of 35 indicators to monitor countries' progress on inclusive growth. ADB's overall contribution to inclusive growth is monitored through its corporate results framework. A review of the results framework initiated in 2011 will be completed in 2012.

In 2011, the Financial Sector Operational Plan and the Water Operational Plan 2011–2020 were approved. Both plans provide strategic directions for promoting inclusive growth in sector operations, emphasize the targeting of investments in poorer regions and rural areas, and aim to provide poor households with affordable access to services. These include clean water and inclusive financial services, such as microfinance, mobile banking, housing finance, and financing for small and medium-sized enterprises.

Projects that support inclusiveness continued to comprise a significant proportion of overall operations.

In 2011, 43.8% of all approved projects supported inclusiveness. They address

AT A GLANCE

- New operational plans to provide poor households with affordable access to services.
- 43.8% of 2011 projects supported inclusiveness.



ADB's inclusive growth agenda is particularly important to address the challenges facing ADF countries.

Watch the video at adb.org/news

4 Delivering an Effective Organization



ADB drove reforms to improve aid, operational, and organizational effectiveness; ensure alignment of performance with strategic objectives; and further sharpen its focus on results in 2011.

Ensuring ADB Makes a Difference

Managing for Development Results

Managing for Development Results (MfDR) is an approach that focuses on delivering outcomes throughout the management cycle. It supports informed decision making by ensuring that a focus on results is maintained across the four mutually reinforcing core management functions of planning, budgeting, implementation, and evaluation.

Guided by its MfDR Action Plan, 2009–2011, ADB continued to drive reforms through its Development Effectiveness Review (DEfR). In April 2011, ADB released its fourth DEfR report to assess performance, analyze problems, and define actions. (See box on page 24.)

HIGHLIGHTS

- Fourth Development Effectiveness Review report drives ADB's reform agenda.
- Broadened external and internal relations activities entrench ADB as knowledge leader and organization that delivers results.
- Human resources reforms include new grading system for national and administrative staff, and a new rewards and recognition program.
- Risk management protocols and capabilities strengthened further to allow ADB to manage higher risks associated with additional private sector lending.
- Automation initiatives deliver procurement efficiency gains.



AT A GLANCE

- ADB results framework and Development Effectiveness Review scorecard refined.
- Work plans implemented to link departmental and staff achievements to Strategy 2020 objectives.

In early 2011, ADB refined its results framework and DEfR scorecard to increase their value as management tools. To align performance management with corporate priorities, ADB also implemented work plans that link the results achieved by each department, division, and individual staff to Strategy 2020 priorities.

ADB further sharpened its results focus in planning and monitoring country strategies and operations by implementing new guidelines on country and sector results frameworks. To demonstrate its contributions to development, ADB produced development effectiveness country briefs for

Development Effectiveness Review 2010

Summary Performance Scorecard 2010

	ADB	ADF
Asia and Pacific Development Outcomes (Level 1)		
Poverty and Human Development	● mixed	● poor ↓
Other Development Outcomes	● good	● good
ADB Performance		
Core Outputs and Outcomes (Level 2)		
Outputs	● good	● good
Outcomes	● poor ↓	● poor ↓
Operational Effectiveness (Level 3)		
Quality of Completed Operations	● mixed	● poor
Quality at Entry and Portfolio Performance	● good	● good
Finance Transfer and Mobilization	● good	● mixed
Financing for Strategy 2020 Core Operational Areas	● good	● good
Gender Mainstreaming	● poor	● mixed ↑
Knowledge Management	● good	● good
Partnerships	● good	● good
Organizational Effectiveness (Level 4)		
Human Resources	● good ↑	● good ↑
Budget Adequacy	● poor	● poor
Business Processes and Practices	● good	● good

ADB = Asian Development Bank, ADF = Asian Development Fund.

● **Good:** Two-thirds or more of key performance indicators (KPIs) in the group are on track or above target.

● **Mixed:** Less than two-thirds but more than half of KPIs in the group are on track or above target.

● **Poor:** Half or less than half of KPIs in the group are on track or above target.

Exception: If half of KPIs are off track (red) and the other half exceed desired progress or are above target (green), a composite rating of amber, rather than red, is given.

Notes: Arrows show color changes from the 2009 summary performance scorecard. Gender mainstreaming is a KPI within the composite indicator "Financing for Strategy 2020 Core Operational Areas."

continued on next page

Development Effectiveness Review 2010 continued

After 4 years of reporting on ADB's performance, the annual Development Effectiveness Review (DEfR) has become an established instrument by which Management can track performance and analyze key factors that support it. Through the DEfR process, ADB uses the Strategy 2020 results framework to monitor performance, identify issues, and solve problems.

The 2010 DEfR demonstrated that ADB's developing member countries continued to reduce income poverty, improve gender equality, and achieve other development results. Despite the progress, the Asia and Pacific region is unlikely to meet 6 of the 12 Millennium Development Goal targets.

ADB continued to improve many aspects of its operational and organizational effectiveness while pointing out areas requiring further attention. ADB was on track to achieve 2009–2012 output targets for the core sectors—infrastructure (energy, transport, and water), education, and finance.

However, effectiveness of recently completed projects fell short of targets, particularly in water and finance. The review cited complex designs, inadequate supervision, and implementation shortcomings as reasons behind weaker performance. In response, ADB examined the causes of poor outcomes and adopted further corrective actions, including the development of operational plans for finance and water to improve performance in these sectors.

ADB improved the design quality of new operations, accelerated project start-ups, disbursed funds rapidly, and expanded overall cofinancing. To capture emerging risks better and drive timely actions, it also adopted a new portfolio performance rating system.

ADB won the prestigious 2011 Asian Most Admired Knowledge Enterprises (MAKE) award, a testament to the way it has improved its knowledge management. ADB also made good progress in ensuring that staff are engaged, and staffing levels in operations and field offices are on track to meet 2012 targets.

Budget adequacy remained offtrack as the size of operations continued to grow. In response, ADB increased its budget for internal administrative expenses while expanding efficiency measures to deliver and implement quality operations within its limited resources.

AT A GLANCE

- Design quality of new operations improved; project start-ups accelerated.
- New portfolio performance rating system to capture emerging risks.
- Efficiency measures expanded to deliver quality operations within resource limits.
- Managing for Development Results Action Plan rated *successful*.

eight countries.¹ In addition, to improve the quality of project design and monitoring frameworks, ADB continued to implement quality assurance mechanisms and develop staff capacity.

The ADB-supported Asia–Pacific Community of Practice on Managing for Development Results (APCoP) continued to support the efforts of developing member countries (DMCs) in improving their public sector management systems' focus on delivering results. In September, APCoP, together with the communities of practice on MfDR from Africa and South America, endorsed the Seoul Statement on Results. This statement concluded that an effective public sector, supported by appropriate management systems, reinforces a country's capacity to achieve development results, boosts accountability for doing so, and improves ownership of donor-financed development projects.

The 2011 special evaluation study by the Independent Evaluation Department (IED) on the implementation of ADB's MfDR agenda concluded that ADB has achieved most of the intended results of the MfDR Action Plan. Its overall rating was *successful*.



ADB is among 20 top Asian entities—one of only four from the public sector—that received the 2011 Asian Most Admired Knowledge Enterprises award, presented at the 12th World Knowledge Forum in Seoul, Republic of Korea.

Read more at
adb.org/news

¹ ADB published development effectiveness country briefs for Azerbaijan, India, Kazakhstan, the Marshall Islands, Samoa, Tonga, Uzbekistan, and Viet Nam.

AT A GLANCE

- Busan Partnership for Effective Development Cooperation endorsed by stakeholders.
- Joint outreach missions to Fiji, the Lao PDR, Papua New Guinea, Tonga, and Viet Nam completed.
- Review of Accountability Mechanism continuing.

FEATURED PUBLICATION



ADB has made significant progress in achieving its commitments to the 2005 Paris Declaration on Aid Effectiveness.

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Progress on Aid Effectiveness Agenda

ADB played a significant role in ensuring that Asia and Pacific perspectives formed an integral part of the agenda and outcomes of the Fourth High Level Forum on Aid Effectiveness (HLF-4), held on 29 November–1 December 2011 in Busan, Republic of Korea.

The HLF-4 reviewed progress made since the 2005 Paris Declaration on Aid Effectiveness and determined the general direction of the future aid framework. ADB's main contributions were to highlight the role of aid in catalyzing resources from the private sector, and the importance of strengthening country systems and institutions to improve development effectiveness. ADB supported discussions on the evolving role of some large DMCs in building capacity of developing countries and facilitating South–South economic links.

The main outcome of HLF-4 was the endorsement of the Busan Partnership for Effective Development Cooperation by all stakeholders, including civil society organizations, and the providers of private funds. This outcome document reiterates the commitments and actions set out in the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action, particularly those on country ownership of development priorities and use of country systems, while increasing the focus on results, transparency and accountability, and broader development partnerships.

ADB would work closely with the development community to agree on global-level indicators and a process for monitoring the Busan partnership agreement.

Ensuring Accountability and Compliance

The ADB Accountability Mechanism provides an independent forum for people adversely affected by ADB-assisted projects to voice complaints and seek solutions to their problems. This takes place through consultation and facilitation. Affected people may also request an investigation of whether ADB has complied with its operational policies and procedures. The mechanism is designed to contribute to ADB's development effectiveness and to improve project quality.

The mechanism has two phases: consultation and problem solving conducted by the Office of the Special Project Facilitator (OSPF), and compliance review led by the independent Compliance Review Panel (CRP).

ADB received seven complaints in 2011 through the OSPF, two of which met its eligibility criteria (the eligibility of two is pending). It closed three complaints. Through the Office of the Compliance Review Panel (OCRP), it received two requests for compliance review, which were declared eligible, and five requests, which were outside the scope of the Accountability Mechanism.

The CRP concluded its annual monitoring of remedial actions for the Sri Lanka Southern Transport Development Project and issued the fifth and final annual monitoring report.

ADB conducted joint outreach missions through OSPF and OCRP (with the participation of the NGO and Civil Society Center) to Fiji, the Lao People's Democratic Republic, Papua New Guinea, Tonga, and Viet Nam. Under a regional technical assistance, OCRP financed a comparative analysis of international accountability mechanisms and cosponsored an event at the annual meeting of these. It also commissioned a series of studies of Pacific DMC indigenous accountability mechanisms.

The review of the Accountability Mechanism continued during the year and is expected to be concluded in early 2012. (See also Chapter 3, Policy and Strategy Overview, which discusses the Accountability Mechanism review in more detail.)

Independent Evaluation

Independent Evaluation for Development Effectiveness

IED helps ADB to continuously improve its development effectiveness and accountability to stakeholders. ADB's new policy-based lending policy incorporates many recommendations and lessons from the 2011 real-time evaluation of ADB's response to the global economic crisis. The findings on the development effectiveness of Asian Development Fund (ADF) operations provided important inputs for ADB's ADF replenishment proposals and were discussed at the Second ADF XI Replenishment Meeting in Dhaka, Bangladesh.

Country assistance program evaluations for Uzbekistan and the Maldives assessed that ADB support to these countries had been *successful* and *less than successful*, respectively.

The evaluations found that strong government commitment to institutional changes and policy reforms, together with adequate support from executing and implementing agencies, is essential for improved development outcomes. Continued ADB engagement and long-term focus within a sector, the use of demonstration projects that focus on economically feasible innovations, and support for sector analyses based on government priorities and commitment to reform contribute to the success of programs.

The validations of the final reviews of country partnership strategies confirmed assessments that ADB support had been *successful* in Indonesia, Solomon Islands, and Sri Lanka, and *partly successful* in Kazakhstan and Timor-Leste. Appropriate sector selections for ADB interventions, sound technical designs and innovation, strong government commitments, and good coordination with development partners contributed to successful outcomes.

The *less-than-successful* performance of ADB support was due to underestimation of operational complexities of domestic conflicts and crises in Timor-Leste; as well as relatively weak government ownership of the ADB country strategy and programs, changing country circumstances, and international coordination issues in Kazakhstan.

An ADB-wide client perception survey of IED has shown that clients consider it to be trustworthy and that they value its independence. However, IED could boost its effectiveness by providing more directly operational and clearly evidence-based recommendations.

Learning from Independent Evaluation

The evaluation of ADB's response to the global economic crisis showed that there can be a trade-off between crisis-related and regular operations. ADB's future response to crises could be improved by reinforcing surveillance in more countries and timeliness of support, creating a separate concessional crisis support window, having a standby crisis support facility, and making eligibility assessment more rigorous. Building social protection systems in collaboration with development partners will enhance DMCs' resilience to crises.

The development effectiveness of the ADF can be enhanced by a stronger focus on efficiency and sustainability issues during implementation, strengthening the capacity of DMC institutions in key sectors, adopting a more holistic approach to project design with a sharper focus on inclusive growth, introducing new approaches to address environmental challenges, strengthening regional cooperation and integration, and countering the effects of the global economic and financial crises more flexibly.

Noticeable improvements in energy efficiency can be achieved through rational energy pricing and regulation to address technology issues, build awareness, and mitigate other barriers—such as unreliable power supply and weak supply chains.

AT A GLANCE

- Country assistance program evaluations for the Maldives and Uzbekistan completed.
- Internal perception survey shows clients consider the Independent Evaluation Department to be trustworthy and independent.
- Effective responses to future crises identified.

FEATURED PUBLICATION



What has ADB learned from a decade of ADF operations? This brief showcases the high points and provides recommendations to guide future work.

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AT A GLANCE

- New 5-month program to provide on-the-job training to evaluators from DMC governments.
- The Independent Evaluation Department's dissemination activities expanded.
- Asian energy efficiency perspective showcased in Durban, South Africa.



Independent evaluation helps ADB to be a more effective organization. Here's how it works.

Download the podcast at adb.org/news

ADB's progress in MfDR compares well with that of other multilateral development banks (MDBs). ADB's DEfR has evolved into a valued tool for reporting corporate results and driving the results agenda. Better quality of design and monitoring frameworks and systematic data collection will further improve results at the project and strategic levels. Placing a greater emphasis on MfDR capacity building in DMCs could also improve results orientation at the corporate, country, and sector and thematic levels.

The Asian Development Bank Institute will benefit from carrying out periodic self-assessments to make midcourse changes to its products and services as required, and by strengthening its institutional networks through more formal partnership frameworks.

The inclusiveness of ADB operations could be enhanced through better targeting, improved access, and promotion of complementary activities for better results.

Capacity Development and Knowledge Dissemination

In 2011, IED introduced a new 5-month program to provide on-the-job training to evaluators from DMC governments. Three government officials from the People's Republic of China, Indonesia, and the Philippines, respectively, completed the program, and the aim is to continue it until 2014.

In addition, IED agreed to provide continued support to the Shanghai International Program for Development Evaluation Training in collaboration with the World Bank Independent Evaluation Group (IEG) and the Government of the People's Republic of China, and the Regional Centers for Learning on Evaluation and Results Program, administered by IEG, where IED supports the development of monitoring and evaluation capacity in South Asia.

IED's expanding dissemination activities included external dissemination and outreach through social sites and information gateways, greater engagement with the media, hosting of knowledge sharing and learning events in ADB in collaboration with other institutions, as well as internal dissemination.

An Asian perspective on energy efficiency and the need to balance supply-side and demand-side management was disseminated at the 17th Conference of the Parties to the United Nations Framework Convention on Climate Change in Durban, South Africa.

Strengthening Learning

Knowledge and Learning for Organizational Effectiveness

The Knowledge Management Framework crafted in 2004 began ADB's evolution into a learning institution that delivers knowledge for development effectiveness in Asia and the Pacific. In 2011, these 7-year efforts were rewarded with global recognition.

With a citation for collaborative, enterprise-wide knowledge sharing, ADB's first-ever win in the prestigious Asian Most Admired Knowledge Enterprises award—in which it was one of 20 top Asian entities (and one of only four from the public sector) picked by a panel of Fortune 500 executives and knowledge management experts—confirms ADB's progress.

One of the main reasons for the accolade was ADB's successful completion of the Knowledge Management Action Plan, 2009–2011. This comprised a succinct set of actions and outputs organized into four priorities: sharpening the knowledge focus in ADB's operations, empowering communities of practice (CoPs), strengthening external knowledge partnerships, and further enhancing staff learning and development.

To sharpen focus on, and improve understanding of, knowledge in its operations, ADB completed three studies in 2011. The first investigated demand for ADB knowledge products



Ensuring Better-Targeted Loans for Housing in Sri Lanka

To assess the client welfare impacts of its housing loans, the Independent Evaluation Department (IED) undertook an evaluation study of the housing finance component of ADB's Urban Development and Low-Income Housing Project in Sri Lanka. This \$103 million project, completed in 2005, set out to improve the living conditions and quality of life and increase the access of low-income families to formal housing finance, providing 28,378 loans to households around the country. The project had four components, including urban infrastructure of 62% and housing loans of 26% of the total project cost. For the housing loans, IED discovered that only 1% of loan beneficiaries were from the lowest 10% of the income distribution, because market-based conventional loan terms and proceeds and standards made the loans not affordable to the very poor. Impacts on education and health in project areas were positive but limited to groups with relatively higher education of the household heads. The evaluation recommended better targeting of poorer households to improve the socioeconomic impact of low-income housing finance projects. It also recommended loans with higher ceilings and longer tenor for more beneficial education and health impacts on children. (PHOTO: BINH NGUYEN)

AT A GLANCE

- Demand for knowledge products investigated.
- Communities of practice members engage in peer review process for country partnership strategies and international staff selection panels.

through resident missions and regional offices and pointed to the need to better identify audiences and prepare matching products. The second identified learning issues that might be resolved with better knowledge classification, enabling efficient retrieval and sharing of data, information, and knowledge. The third revealed the increasing emphasis in country partnership strategies, reports and recommendations to the President, and technical assistance reports on knowledge management and communications.

To further empower the 14 CoPs it hosts, ADB engaged CoP members in the peer review process for country partnership strategies and lending products. It involved CoP leaders in

AT A GLANCE

- Searchable technical skills registry supports recruitment and direct career paths for staff.
- Interactive multimedia platform demonstrates ADB's accomplishments in sustainable development.

internal and external selection panels for international staff positions. CoP member contributions were officially recognized in performance reviews.

To strengthen external knowledge partnerships, ADB published the *Guidelines for Knowledge Partnerships*, which provided a framework for strengthening ADB's existing partnerships and developing new ones. Notably, the guidelines integrated the Criteria for Evaluating Development Assistance formulated by the Development Assistance Committee of the Organisation for Economic Co-operation and Development.

To better capture and expand the know-how of staff, ADB introduced a searchable technical skills registry to plan work, support recruitment, and direct career paths. It also developed modalities for learning, from flash animations to e-learning modules. Complementing these were new avenues for bringing knowledge closer to staff. One example is *i.prompt.u*, the first-ever e-newsletter for CoPs. It is database-driven, with each issue harvesting for wider impact the news, events, and knowledge products promoted by individual CoPs.

ADB's work on building a living archive, initiated in 2008, proceeded with the construction of an interactive multimedia platform showcasing ADB's accomplishments in sustainable development. The platform is based on an ADB and a world sustainable development timeline, ADB historical milestones, and a timeline of ADB-hosted CoPs. It highlights firsts and fosters learning. It is intended to energize staff recruitment and induction, enrich conferences and other events, and boost ADB's profile externally.

ADB's drive to broaden understanding of tools, methods, and approaches for knowledge management and learning continued through the *Knowledge Solutions* and *Knowledge Showcases* series.

Communities of Practice

In 2011, ADB hosted 14 communities of practice:

- Agriculture, rural development, and food security
- Education
- Energy
- Environment
- Financial sector development
- Gender equity
- Health
- Public management and governance
- Public-private partnership
- Regional cooperation and integration
- Social development and poverty
- Transport
- Urban
- Water

Communities of practice are groups of like-minded individuals who keep know-how in sectoral and thematic domains alive by continuously sharing what they know, building on that, and adapting knowledge to specific applications.

Dissemination, Disclosure, and Transparency

ADB continued to strengthen its external and internal relations activities to boost its profile as a knowledge leader and an organization that delivers results. Key messages about ADB's development impacts and knowledge solutions were widely disseminated through a variety of communication channels. These included speaking engagements, media, multimedia, the web, and publications.

In 2011, ADB Management spoke at 183 events, compared to 166 in 2010, representing an increase of over 10%. ADB's profile and reputation were sustained via more than 3,100 mentions in target media, including 15 front-page articles in major international newspapers and about 340 interviews with international newspapers, magazines, and TV and radio stations. ADB's flagship economic report, *Asian Development Outlook*, which focused on the growing importance of South-South economic links, was covered in more than 650 news articles and news analyses when it was released in April.

After extensive internal and external reviews, the public website (www.adb.org) was comprehensively revamped to improve its look and feel, information architecture, website technology, and search capabilities.

In June, the introduction of social media guidelines paved the way for a more visible and strategic ADB presence on the most widely used social media, Facebook, Scribd, Twitter, and YouTube. To share its knowledge and demonstrate its work in the region, ADB also made use of channels such as direct marketing to broadcasters, and global distribution platforms, such as Newsmarket.

ADB print publications are available through 28 international distributors, the Public Information Center, and direct orders to the Department of External Relations. Nearly all publications are available on adb.org as free electronic downloads. Printing and shipping costs of publications were reduced.

Another vehicle for establishing ADB as a knowledge leader is the quarterly magazine, *Development Asia*, which analyzes development challenges in Asia and the Pacific. The magazine maintained a circulation of 6,000 readers, including 3,000 dedicated subscribers, many of whom are key decision makers in development organizations, governments, multilateral organizations, corporations, banks, and investor groups.

Internally, ADB boosted efforts to create awareness of its policies and issues through a variety of communication platforms, such as the intranet.

To improve access and understanding of ADB's operations, and in accordance with ADB's 2005 Public Communications Policy (PCP), the number of documents posted on ADB's website has increased each year since 2005, with more than 12,000 posted. A total of 7,348 external requests for information have been received since 2005, and it has been provided in 96% of cases. To communicate more effectively with people affected by ADB operations and non-English-speaking stakeholders, ADB has increased translations fivefold since 2007.

As discussed in Chapter 3, the revised PCP was approved by the Board in October.

Making the Most of ADB Resources

Improving Human Resources Management

The implementation of Our People Strategy—which sets out ADB's employee value proposition (or what ADB offers of value to its staff)—and the associated Human Resources Function Strategic Framework and Action Plan continued during 2011.

Among the more important human resources reforms were the introduction of the new grading system for national and administrative staff; the approval of the Ombuds Function and the recruitment of the first ADB Ombudsperson; the introduction of a new rewards and recognition program, based on a mix of annual performance and “spot” awards; the introduction of a technical skills registry; and increased support for staff career development through various training and learning approaches, including the conduct of a career fair for field office positions.

A new coaching program for managers provided additional support for leadership development, while the Third Gender Action Program was extended for 2 years. A review of compensation and benefits for international, national, and administrative staff to align staff pay and benefits more closely with those of comparators was undertaken, and a new competency framework, which will be used in the assessment of staff performance and in recruitment, was adopted.

AT A GLANCE

- ADB's public website comprehensively revamped.
- Quarterly publication *Development Asia* maintains circulation of 6,000 readers.
- More than 12,000 documents posted online.
- Third Gender Action Program extended for 2 years.



ADB's Independent Evaluation Department took part in a discussion on trends in gender evaluations in Washington, DC in November. The event was organized by the Evaluation Cooperation Group, a body dedicated to harmonizing evaluation work among multilateral development banks.

For more information, visit www.ecgnet.org

AT A GLANCE

- Sovereign loan delivery time reduced, with target achieved ahead of schedule.
- Risk management capabilities strengthened through the development of a new technology platform and implementation of an operational risk management framework in several departments.
- 24 audits completed by the Office of the Auditor General.

Streamlining Business Processes

Initiated in 2010, streamlined business processes (SBPs) aim to address Strategy 2020 priorities to enhance ADB's responsiveness to clients and organizational effectiveness. ADB's DefR 2010 reports a decline in sovereign loan delivery time from the pre-SBP record of 19 months in 2009 to 16 months upon introduction of SBPs in 2010.² The loan delivery time target of 16 months (for ADB as a whole and ADF) set for 2012 has, therefore, been achieved ahead of schedule.

In 2011, initiatives under ADB's SBPs centered on further refining lending instruments to include reforms to ADB's policy-based lending instruments, which mainstreamed a countercyclical fund to provide flexibility in ADB's crisis response. A project development facility was established so that detailed design can be completed before a project is approved to ensure more accurate cost estimates and quick start-up. (See Chapter 3, Policy and Strategy Overview.)

Strengthening Risk Management

ADB faces various kinds of risks in its operations, including financial, operational, and other organizational risks. ADB actively manages these by developing a comprehensive risk management framework that is designed to develop a risk-aware culture throughout the organization and puts in place business processes that allow its departments and offices to act cohesively in monitoring, mitigating, and managing a variety of risks.

In line with Strategy 2020, which envisages a greater role for ADB in financing private sector development, ADB has made a concerted effort to further strengthen its risk management capabilities. This is essential to allow ADB to manage the higher risks associated with additional private sector lending. Key activities in 2011 included

- Budgetary approval in 2010 by the Board for the development of a comprehensive risk management technology platform to monitor and manage risks more efficiently. Acquisition and implementation were ongoing during 2011 and will continue into 2012.
- Implementation of an operational risk management framework in several departments.
- Close monitoring of developments (such as the European sovereign debt crisis, and consequent market volatility, including stresses at bank counterparties) and adjustment of risk exposures accordingly where necessary.
- Increased staffing for the Office of Risk Management, including establishment of a Corporate Recovery team.

Audit

The Office of the Auditor General (OAG) provides independent and objective audit and advisory services designed to add value and improve ADB operations. OAG provides assurance that ADB's financial and operational controls designed to manage risks and achieve development objectives are operating efficiently and effectively. By maintaining a complement of professionally accredited staff, OAG applies a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.

OAG completed 24 audits in 2011, covering sovereign and nonsovereign operations, treasury operations, risk management, finance and administration activities, and information systems and technology activities. OAG monitors the progress of its high and medium risk-rated audit

² ADB. 2011. *Development Effectiveness Review 2010 Report*. Manila.

recommendations and reports on progress on a semiannual basis to Management and the Audit Committee of the Board.

In 2011, OAG introduced the Diagnostic Reviews of Field Offices, an advisory service designed to assist field offices in strengthening controls in finance and administration. OAG visited eight field offices. The results of these reviews were compiled in an annual thematic report to facilitate learning.

OAG also provided advisory support to address the audit requirements of donors and cofinanciers; completed three advisory reports on the use of statement of expenditures in technical assistance, integrated disaster recovery tests, and the Treasury Department's business process; conducted a workshop on quality external audit reports in Cambodia in collaboration with the World Bank; and participated in inventory proceedings of the Office of Administrative Services.

To ensure effective planning and implementation of audit activities, OAG coordinated its work with ADB's external auditors, Deloitte & Touche LLP (D&T), and provided support to D&T in line with the fiscal year 2011 audit of ADB's financial statements and the attestation process, and agreed-upon procedures on three ADB bond offerings.

OAG also collaborated with D&T on the audits of 21 technical assistance trust/grant funds undertaken at the request of the Office of Cofinancing Operations.

In addition to providing audit and advisory services, OAG has been implementing a program designed to strengthen its alignment with Strategy 2020 while, at the same time, ensuring that internal audit provides value to ADB.

Building on work done in 2010, OAG made significant progress in 2011. Its efforts included the revision of Terms of Reference for the Office of the Auditor General approved in September; preparation of technical guidance covering audit processes and tools; revamp of the reporting format; finalizing of a communication strategy, including development of OAG's intranet portal; and the implementation of a Quality Assurance and Implementation Program, including time reporting system and client feedback mechanism.

OAG continued to collaborate with other MDBs and United Nations agencies, sharing experiences, identifying good professional practice in internal audit, and harmonizing approaches. OAG hosted the 2011 Heads of Audit Meeting at ADB headquarters in Manila on 6–7 July, which was chaired by the Auditor General and participated by seven MDBs.

An external quality assessment of OAG was conducted in November by the Institute of Internal Auditors (IIA) to assess its conformance with the IIA's International Standards for the Professional Practice of Internal Auditing (Standards), evaluate OAG's effectiveness in carrying out its mission, and identify opportunities to enhance its management and work processes. The assessment concluded that "OAG generally conforms³ to the Definition of Internal Audit, the Standards and the Code of Ethics."

Integrity and Anticorruption Activities

ADB's Office of Anticorruption and Integrity (OAI) deals with allegations of fraud, corruption, coercion, collusion, obstruction, conflict of interest, and abuse (collectively, integrity violations) in ADB-financed or -supported activity. OAI investigates misconduct at the request of the Budget, Personnel, and Management Systems Department (BPMSD).

AT A GLANCE

- Advisory service introduced to assist field offices in strengthening finance and administration controls.
- External quality assessment of the Office of the Auditor General completed.

³ "Generally conforms" is the top rating and means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the Standards.

AT A GLANCE

- Office of Anticorruption and Integrity probes 225 complaints and sanctions 31 firms and 34 individuals.
- Project procurement-related reviews of ADB programs conducted in Bhutan, India, the Kyrgyz Republic, Samoa, and Viet Nam.
- 59 fraud-awareness training programs delivered.

OAI received 225 complaints related to ADB-financed projects and its staff members (20% more than in 2010) and presented 28 cases to the Integrity Oversight Committee (IOC).⁴ ADB sanctioned 31 firms and 34 individuals. ADB's IOC consists of one external voting member and two internal members.⁵

ADB also declared 45 entities debarred by the World Bank and 4 entities debarred by the European Bank for Reconstruction and Development ineligible to participate in ADB-financed or -supported projects, pursuant to the Agreement for Mutual Enforcement of Debarment Decisions.⁶ It submitted the names of 10 firms and 4 individuals to participating MDBs.⁷ During the year, OAI coordinated closely on investigations with participating MDBs to ensure smooth implementation of cross-debarment. Discussion among participating MDBs is ongoing to further consolidate the basis for debarments and debarment periods.

OAI proactively conducts project procurement-related reviews (PPRRs) of ongoing ADB-financed projects to confirm compliance with applicable ADB policies, guidelines, and the loan agreement, and to prevent and detect integrity violations.

Five PPRRs were conducted in 2011 in Bhutan, India, the Kyrgyz Republic, Samoa, and Viet Nam. Three of these reviews were performed jointly with the DMCs' supreme audit institutions. Common findings from PPRRs are shared ADB-wide and published on ADB's website.

In 2011, OAI delivered 59 fraud-awareness training programs internally and in DMCs to further implementation of ADB's policy of zero tolerance to fraud and corruption, and to support Strategy 2020's vision of ADB as a knowledge institution.

Based on close collaboration between OAI, the Regional and Sustainable Development Department, and BPMSD, and in conjunction with International Anticorruption Day celebrations on 9 December 2011, ADB launched iACT, a weeklong campaign that emphasized the role and professional obligation of each ADB staff member in preventing fraud and corruption in ADB's operations and activities.

ADB highlighted the importance of addressing the risks of fraud and corruption in its projects with a series of learning events and the launch of a guide for staff that answers frequently asked questions on anticorruption and integrity. Banner and signature campaigns within ADB were also held in the lead-up to International Anticorruption Day.

OAI routinely assists ADB to conduct due diligence,⁸ and acts as a resource for staff on all aspects of anticorruption. In recognition of the importance of this role, ADB enhanced OAI's terms of reference to include assessment of integrity risks associated with identified red flags⁹ and conduct of in-depth due diligence checks.¹⁰

⁴ The IOC is the authority that determines whether ADB's anticorruption policy has been violated and decides on the appropriate remedial action.

⁵ ADB approved the participation of an external member on the IOC in June 2011.

⁶ The Agreement was signed by the African Development Bank Group (AfDB), ADB, European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IADB), and the World Bank Group on 9 April 2010, referred to as multilateral development banks and collectively the Participating Institutions.

⁷ EBRD, IADB, and the World Bank have enforced the Agreement, respectively, on 9 June 2010, 9 May 2011, and 19 July 2010.

⁸ Due diligence is the process of evaluating the risk involved in doing business with an entity prior to establishing a relationship. Due diligence is also a process of periodically evaluating each relationship to find links between officials, sponsors, counterparties, and/or illicit activities linked to corruption.

⁹ Red flags pertain to indicators of integrity violations.

¹⁰ Necessary once due diligence identifies red flags.

Effective Implementation

The automation initiatives of ADB in 2011 resulted in significant efficiency gains in procurement. By December, the average time to recruit firms was reduced from 160 to 99 calendar days, with individual consultants recruited in less than 1 week despite a 10% rise in contracts since 2008. ADB streamlined its loan-financed consultant recruitment procedures and provided high-quality and consistent advice, faster. More than 95% of responses were provided within 5 days, compared with fewer than 50% previously.

Poor quality proposals and noncompliant bids by contractors and weak executing agency and resident mission procurement can cause delays. The posting of five procurement specialists to resident missions and more frequent assessments of procurement implementation contributed to a 20% drop in noncompliance and accelerated processing with reduced procurement risk. The Procurement Accreditation Skills Scheme was piloted with the Central Operations Services Office (COSO) staff, to be rolled out in 2012.

In addition to providing regular reports to Management and the Board on the status of ADB's portfolio, COSO prepared the *2010 Annual Portfolio Performance Report* after the transfer of this assignment from IED to COSO.

ADB also supported regional departments' use of eOperations, finalized the Operations Management Procurement module for procurement planning and implementation for rollout in 2012, revised project administration instructions, and assessed the quality of all approved project design and monitoring frameworks. The regional and support departments also collaborated with the staff development group to develop and conduct a new project design and management course for ADB staff.

AT A GLANCE

- Significant drop in average time taken to recruit consulting firms, with 20% drop in noncompliance in resident missions.

5 Sector and Thematic Highlights



In support of Strategy 2020—ADB's long-term strategic agenda to reduce poverty—investment priorities in 2011 included transport, education, the environment, clean water and energy, governance, and public-private partnerships.

Under its overarching goal of poverty reduction, Strategy 2020 envisions ADB operations to focus on priority sectors and themes that align best with the long-term agenda for inclusive growth, environmental sustainability, and regional cooperation and integration.

Coordinated by the Regional and Sustainable Development Department, ADB continued to plan, develop, and update sector and thematic strategies; promote and support learning and knowledge management sharing among communities of practice¹ and external partnerships; and capture, synthesize, enrich, channel, and encourage the uptake of innovative sector and thematic practices in its operations.

Inclusive Growth

Poverty reduction remains ADB's overarching goal, and inclusive growth is key to its strategic agenda. About 31% of ADB's public sector investment projects directly promoted poverty reduction. To share knowledge, a special chapter in *Key Indicators for Asia and the Pacific 2011* focused on quality of employment, and a regional workshop on social dimensions of inclusive growth in middle-income countries was held.

¹ Communities of practice are groups of like-minded, interacting people who filter, amplify, invest and provide, convene, build, and learn and facilitate to ensure more effective creation and sharing of knowledge in their domain.

HIGHLIGHTS

- First phase of Sustainable Transport Initiative Operational Plan implemented.
- Projects with environmental sustainability as a theme grew to 43% from 2009 to 2011, exceeding ADB's 3-year rolling average target of 25% from 2010 to 2012.
- 18 regional cooperation and integration (RCI)-related investments amounting to \$2.3 billion, and 49 RCI technical assistance projects totaling \$96 million, approved.
- Clean energy investments of \$2.1 billion, adaptation investments of \$277 million, with forest and land-use projects expanding.
- Approval for \$2.19 billion in technical assistance, loans, and grants for disaster-related projects.

AT A GLANCE

- Loans and grants in support of governments' education priorities total \$647 million.
- Social protection programs strengthened in Nepal and Tajikistan.
- Gender mainstreaming targets attained in 51% of ADB's public sector projects and 67% of ADF projects.

Education. ADB approved a total of six loans and grants amounting to \$647 million in 2011 for Bangladesh, the Lao People's Democratic Republic, Mongolia, Nepal, Timor-Leste, and Viet Nam. These loans aim to provide benefits such as classrooms, scholarships, and block grants and will support governments' priorities for improving students' results and completion rates in education. ADB financing for higher education reform increased. Events held included the International Forum on the Changing Face of Higher Education in Asia, the Conference on the Role of Private Higher Education, and the International Consultative Forum on Skills for Inclusive and Sustainable Growth in Developing Asia-Pacific. All were held in the Philippines. Knowledge products produced were *Higher Education across Asia: An Overview of Issues and Strategies*, *Non-State Providers and Public-Private Partnerships in Education for the Poor*, and *The National Qualifications Framework for Skills Training in Sri Lanka*.

Health. Public-private partnerships (PPPs) in health have been promoted in the Philippines and Thailand, resulting in new health PPP projects. In Mongolia, social health insurance and the hospital sector are being developed to increase equity and efficiency of the health care system. New Guidance on Preventing HIV/AIDS was approved, and additional support of \$5 million mobilized from the Government of Sweden. The Asia Pacific Observatory on Health Systems and Policies was launched to improve information on health systems. A loan was made to Papua New Guinea to strengthen its rural health system. In addition, ADB produced studies and held policy dialogue on tobacco taxation, out-of-pocket expenditures for health, climate change and health, and human resources for health.

Social protection and social dimensions. ADB began preparing a Social Protection Operational Plan aligned with Strategy 2020 and other operational plans in support of the strategic agenda of inclusive growth. Social protection programs were strengthened in Nepal and Tajikistan through grants, particularly social assistance for the poor and vulnerable population. A regional technical assistance project supported capacity building of the government statistical offices in three countries and development of an updated Social Protection Index. This has enabled systematic and rigorous monitoring and impact assessment of social protection programs in developing member countries (DMCs). Conferences were held on community-driven development and institutional sustainability in Asia in June and on policy responses to climate-induced migration in September.

Gender Equity

ADB extended its Gender and Development Plan of Action through 2011 and intensified gender mainstreaming efforts. For the second consecutive year, gender mainstreaming targets² were attained in 51% of ADB public sector and 67% of Asian Development Fund projects. More "hard sector" projects in, for example, the energy and transport sectors, included gender design features to promote women's access and employment opportunities. ADB also organized a regional seminar on urban development and water supply and sanitation to facilitate learning among project managers from DMCs on how to mainstream gender during the implementation of projects. To better track and document gender results during these projects, ADB initiated project gender review missions in three DMCs.

² Forty percent of all ADB public sector and 50% of Asian Development Fund projects by 2012.

The Millennium Development Goals

ADB strongly supports the Millennium Development Goals (MDGs), and financing for DMCs in areas such as education, water and sanitation, gender mainstreaming, HIV/AIDS prevention, and social protection contribute to progress being made in achieving the goals. In 2011, about one in six ADB public sector investment projects and 9% of technical assistance projects were classified as targeted interventions addressing the MDGs.

Through a long-standing partnership with the United Nations Development Programme and the Economic and Social Commission for Asia and the Pacific, ADB monitors, reports on, and advocates for the MDGs. During 2011, ADB joined with partners to undertake an analysis of disparities in country performance against MDG targets across Asia and the Pacific, especially in relation to health and nutrition, where the region is underperforming.

Even countries that have made rapid economic progress lose large numbers of children before their fifth birthday, as well as thousands of mothers who die in childbirth. The analysis revealed many opportunities for improving health outcomes, showing that policies and programs backed by commitment and adequate resources could contribute significantly to the global achievement of all the MDGs. The analysis will be published in the partnership's next regional monitoring report, due for release in the first quarter of 2012.

ADB also provided support to the 2011 International Conference on MDG Indicators, hosted by the National Statistical Coordination Board of the Philippines. The meeting served as a platform for countries and international organizations to exchange knowledge and share best practice on MDG data collection, compilation, analysis, and dissemination.

Agriculture and Food Security

Consistent with the Operational Plan for Sustainable Food Security in Asia and the Pacific, support for sustainable food security in the region was supplied on two fronts—investments and knowledge. In 2011, food security-related investments amounted to \$2 billion. More are envisaged as several regional and country partnerships have made food security commitments. Knowledge support for the Association of Southeast Asian Nations contributed to the establishment of a regional emergency rice reserve and the piloting of a rice trade forum for policy dialogues. Other strategic knowledge products included innovations for reducing rice losses before and after harvests, deeper understanding of the changes taking place in Asia's food supply chains, and an action plan for improving coordination on food and water security among multilateral and regional development banks.

Inclusive and Sustainable Infrastructure

Energy. Guided by the 2009 Energy Policy, ADB's clean energy investment has grown steadily since 2009. Clean energy investments in 2011 hit \$2.1 billion, exceeding the investment target of \$2.0 billion by 2013. It resulted in an expected additional renewable energy generation capacity of 875 megawatts per year, fuel savings of 91,800 terajoules per year, electricity savings of 3.3 terawatt-hours per year, renewable electricity generation of about 3.3 terawatt-hours per year, and greenhouse gas emission reduction of 13.7 tons of carbon dioxide equivalent per year. Access-to-energy projects totaled \$1.0 billion, up from \$950 million in 2010, providing access to electricity and modern fuels for 7.7 million households and adding to the 1.27 million households connected during 2003–2010. Several events were held, including the Asia Solar Energy Forum

AT A GLANCE

- One in six public sector investment projects targets MDG interventions.
- Food security-related investments amount to \$2 billion.
- Clean energy investments reach \$2.1 billion, exceeding targets.
- Access-to-energy projects total \$1.0 billion.



At a forum at ADB headquarters in September, Hans Rosling, founder of the not-for-profit Gapminder Foundation, demonstrated how freely downloaded Gapminder software can increase understanding of socioeconomic progress.

Watch the presentation at adb.org/news

AT A GLANCE

- \$3.5 billion in loans, \$55 million in technical assistance, and \$366 million in grant funding for transport.
- Urban development accounts for 65% of investment by location.
- Approvals for water loans exceed \$2.3 billion.
- 59 environmental sustainability projects totaling \$7.0 billion approved.



Urban areas account for 25% of ADB operations by loan value. ADB helped run the first Asian Urban Forum 2011 at its headquarters in November. The forum examined how urban investments can be sustainable and inclusive while maintaining economic growth.

Read the report at adb.org/news

in Bangkok in May, and the sixth Asia Clean Energy Forum and the first Energy for All Investor Forum at ADB headquarters in June.

Transport. Transport remains ADB's largest sector, with \$3.5 billion in loans, \$55 million in technical assistance, and \$366 million in grant funding. Guided by the Sustainable Transport Initiative Operational Plan, assistance has increased significantly in the rail and urban transport subsectors, with more projects including social dimensions and the tackling of environmental concerns. In the road transport subsector, targeted investments will help construct and rehabilitate 3,460 kilometers of roads, providing communities with better access to markets, economic opportunities, and social services. Planned road network improvements in Cambodia, Papua New Guinea, and Viet Nam will benefit over 6 million people in rural areas. ADB continues to play a lead role among multilateral development banks on road safety and adopted a Road Safety Action Plan. Partners were engaged to push the international agenda for more sustainable transport that supports inclusive development.

Urban development. Urban areas account for 65% of ADB's investment by location and 25% of operations by loan value (\$2.78 billion). Urban operations are moving into new areas. For example, a \$100 million project in the People's Republic of China will increase district heating coverage by 11 million square meters, directly benefiting 640,000 urban residents in one of the poorest and least-developed western provinces, as well as contributing to reducing greenhouse gas emissions. To guide future investment, ADB in 2011 initiated preparation of its Urban Operational Plan to promote an integrated approach to financing green, competitive, and inclusive cities, and fostering PPPs. To share knowledge, *Competitive Cities* (monograph and tool kit) and *Inclusive Cities* were published, and the first Asian Urban Forum was held in November at ADB headquarters. The Cities Development Initiative for Asia approved applications from 32 cities, leading to an estimated \$4.5 billion in investments. The Urban Financing Partnership Facility approved six projects for \$13.0 million in funding, with the Government of Sweden providing additional financing of \$7.5 million for the facility.

Water. Guided by the Water Operational Plan 2011–2020, approved in October 2011, water will remain a key investment area for ADB through the Water Financing Program (WFP), supported by the Water Financing Partnership Facility. Both will continue for the next 10 years. Under the WFP, ADB seeks to sustain its annual water investment at \$2.0 billion–\$2.5 billion during 2011–2020, and a total of \$20 billion–\$25 billion by 2020. Investments from 2006 to 2010 totaled \$11.44 billion, exceeding the \$10.0 billion target of the WFP. Approvals for water loans in 2011 totaled \$2.33 billion, with 27 million people expected to benefit through improved access to safe drinking water supply and improved sanitation. An additional 20 million people are expected to gain from more efficient and productive irrigation and drainage services, and another 200,000 will benefit from a reduced risk of flooding in river basins, and cities within river basins, as part of integrated water resources management. Increased support for sanitation and wastewater management, a priority thrust of the operational plan, was sustained in 2011, with loans to more than eight countries.

Environmental Sustainability and Climate Change

Environment. Fifty-nine projects with environmental sustainability as a theme and totaling about \$7.0 billion were approved—representing 51% of the total financing and 50% of the total number of projects in 2011. Compared with 2010, there was an increase of 11% in the number of such

projects in 2011, and 50% in financing. ADB's 2011 record of projects with environmental sustainability as a theme pushed up the proportion of these projects to 43% from 2009 to 2011, exceeding ADB's 3-year rolling average target of 25% from 2010 to 2012.

More than 135 technical assistance projects totaling about \$182 million and 16 grants totaling nearly \$160 million were approved with environmental sustainability as a theme. ADB supported regional preparatory meetings for the 2012 Rio+20 United Nations Conference on Sustainable Development and prepared the report *Green Growth, Resources, and Resilience* as an input.

Three new Global Environment Facility programs will enhance the environmental sustainability elements of ADB investments: the Asian Sustainable Transport and Urban Development Program, the Greater Mekong Subregion Forest Biodiversity Program, and the Pilot Asia-Pacific Climate Technology Network and Finance Center in partnership with the United Nations Environment Programme (UNEP).

Climate change. In line with the strategic priorities set out in *Addressing Climate Change in Asia and the Pacific: Priorities for Action*, and as indicated in the preceding sections covering the energy and transport sectors, the number and value of clean energy and sustainable transport investments continued to rise during 2011, including 15 transport projects addressing climate change.

With 2011 clean energy investments reaching \$2.1 billion, ADB has already exceeded its \$2 billion annual target for 2013. A total of \$1.2 billion in mitigation cofinancing has been endorsed through the Climate Investment Funds (CIF) for clean energy, sustainable transport, and land-use projects. With support from CIF and ADB's Climate Change Fund (CCF), the reengagement with forest and land-use management efforts continued, focusing on mobilizing financing through the Reducing Emissions from Deforestation and Forest Degradation scheme, referred to as REDD+.

Climate change adaptation assistance was expanded, with ADB expected to implement projects receiving a total of \$277 million in Bangladesh, Cambodia, Nepal, Papua New Guinea, Tajikistan, Tonga, and the Pacific regionally—all under the CIF Pilot Program for Climate Resilience.

Guidelines for Climate Proofing Investments in the Transport Sector was published, and five adaptation activities, totaling \$3.7 million and meant to leverage further support, have been funded through the CCF. ADB joined UNEP and other partners in supporting the Asia Pacific Adaptation Network. ADB staff participated in design teams organized under the United Nations Framework Convention on Climate Change for the Green Climate Fund and the Technology Mechanism.

At the 17th Conference of the Parties (COP17) to the United Nations Framework Convention on Climate Change in Durban, South Africa, ADB shared its knowledge and exchanged views on the needs and options for promoting low-carbon and climate-resilient development in Asia and the Pacific. This included presentation of preliminary findings on the economics of climate change in Northeast Asia and the Pacific.

Emergency assistance and disaster risk management. In 2011, ADB approved \$2.19 billion in technical assistance, loans, and grants for disaster-related projects. To further innovation in integrated disaster risk management (IDRM), ADB initiated technical assistance totaling \$3.7 million on disaster risk financing (DRF) solutions for cities and risk-sensitive land-use planning. ADB approved \$15 million in Asia Pacific Disaster Response Fund grants to support responses to disasters in Cambodia, Pakistan, the Philippines, Sri Lanka, and Thailand. New knowledge products included a regional portal of disaster-related projects, practitioner handbooks on disaster risk management in Asia, and IDRM/DRF papers to guide ADB assistance to DMCs.

AT A GLANCE

- Clean energy and sustainable transport investments increased.
- Climate change adaptation assistance expanded.
- \$15 million in Asia Pacific Disaster Response Fund grants approved.

AT A GLANCE

- 18 RCI-related investments totaling \$2.3 billion to promote regional cooperation, via five regional departments.
- Public sector management and governance loans and grants total \$2.7 billion.

Safeguards

ADB's Safeguard Policy Statement became effective in January 2010. Implementation in 2010–2011 was smooth, with more than 30 staff positions for safeguard work created, 700 staff participating in workshops, 16 in-country briefings held, and technical assistance projects totaling \$15 million being implemented to strengthen country safeguard systems.

ADB screened and reviewed all projects for potential impacts related to the environment, involuntary resettlement, and indigenous peoples, and assisted borrowers to adopt mitigation measures to address such impacts. Of the 108 projects approved in 2011, 84 (78%) were deemed to have potential environmental impacts, 62 (58%) to have potential involuntary resettlement impacts, and 19 (18%) to have potential impacts on indigenous peoples. Thirteen projects were classified as financial intermediaries, representing about 12% of approvals.

Regional Cooperation and Integration

ADB promotes regional cooperation and integration (RCI) through a broad spectrum of activities. It supports subregional programs, such as the Greater Mekong Subregion Program. In 2011, ADB approved 18 RCI-related investments amounting to \$2.3 billion (through five regional departments) and 49 technical assistance projects on RCI amounting to \$96 million (through five regional departments and the Office of Regional Economic Integration).

ADB provided technical assistance financing through three trust funds: the Regional Cooperation and Integration Fund, Japan's Investment Climate Facilitation Fund, and the People's Republic of China Regional Cooperation and Poverty Reduction Fund. Since their establishment, 109 projects, amounting to \$82 million, have been funded. Activities of ADB and knowledge on RCI are disseminated through studies and portals, such as the Asia Regional Integration Center (aric.adb.org) and AsianBondsOnline (asianbondsonline.adb.org) websites.

Governance and Capacity Development

Governance. In 2011, ADB approved public sector management and governance loans and grants totaling \$2.7 billion. Major knowledge partnerships with the ADB–Organisation for Economic Co-operation and Development Anti-Corruption Initiative and with the Lee Kuan Yew School of Public Policy were expanded and deepened. Knowledge products, including policy notes, governance stocktake, and a sector governance learning lessons series, were developed. A conference on international tax policy and role of tax treaties was organized. Country-level risk assessments for Cambodia, the Maldives, Solomon Islands, and Sri Lanka were completed across four sectors. Procurement capacity assessments were completed for the Lao People's Democratic Republic and the Federated States of Micronesia, and institutional capacity assessments for Bhutan (anticorruption) and Cambodia (audit firms).

Nongovernment organization and civil society cooperation. Against a target of 80%, 91% of 2011 approved sovereign ordinary capital resources and/or Asian Development Fund loans and grants included elements of civil society organization (CSO) participation. These figures continue the significantly increasing trend from 2009 and 2010 CSO participation levels. A record 205 CSO representatives from 32 countries participated in an expanded Civil Society Program at ADB's 44th Annual Meeting. Other activities included updating ADB's Guide to Participation for use in operations, issuing 10 civil society country briefs, and redesigning the Civil Society website.

Capacity development and outreach programs with governments and nongovernment organizations were conducted to promote improved participation and stronger partnerships with CSOs.

Information and communication technology (ICT). In 2011, ADB approved 13 loans, 18 technical assistance projects, and 4 grants involving ICT for \$3.7 million. This includes three ICT infrastructure projects and various sector projects with ICT components. For instance, the Tonga–Fiji Submarine Cable Project—a \$34 million grant project cofinanced by the World Bank Group—is a notable ICT infrastructure undertaking that provides broadband internet access to DMCs. To support government-led ICT projects, ADB also developed knowledge products on an E-Government Capability Maturity Model, including an ICT project guidebook. In partnership with the International Telecommunication Union, ADB also concluded a 2-year study of rural ICT policy in nine DMCs, producing in-depth reports on rural ICT policy guidelines and case studies.

Finance Sector Development

Sovereign lending approvals in support of finance sector development in DMCs amounted to \$15 million. Nonsovereign investments amounted to \$265 million, technical assistance to \$16 million, and grants to \$7 million, with investments largely supporting banks, access to finance, disaster risk financing, and capital and bond market development. The Financial Sector Operational Plan was approved, which provides guidance on aligning finance sector work with Strategy 2020 priorities. Knowledge products on the global financial crisis and in the areas of pension, microfinance, and infrastructure finance were produced.

Private Sector Development

ADB's nonsovereign operations are integral to the objectives of Strategy 2020, which aims to scale up private sector development and private sector operations in all operational areas, targeting 50% of annual operations by 2020.

Public–private partnership (PPP). To enhance infrastructure development in the region through PPP, work on the preparation of the PPP Operational Plan continued in 2011, which is scheduled for approval in 2012. In partnership with the Korea Development Institute, volumes 1 and 2 of *Public–Private Partnership Infrastructure Projects: Case Studies from the Republic of Korea* were launched. Program partners of the Multilateral PPP for Infrastructure Capacity Development, a joint initiative of ADB, the Inter-American Development Bank, and the World Bank Institute, organized the Second Asia PPP Practitioners' Network Training in Seoul.

AT A GLANCE

- 13 loans, 18 technical assistance projects, and 4 ICT grants approved.
- Sovereign lending of \$15 million to support financial development in DMCs.
- Financial Sector Operational Plan approved.

6 Generating and Sharing Knowledge



ADB has maintained strong commitment to its Strategy 2020 priorities for developing and promoting knowledge solutions in the region. Via forums, consultations, publications, media, and multimedia communications, it continued to influence policy makers and promote inclusive growth, environmental sustainability, and regional integration.

Strategy 2020 committed ADB to playing a bigger part in putting knowledge solutions to work for inclusive growth, environmentally sustainable growth, and regional integration in the Asia and Pacific region. This commitment requires knowledge that enriches ADB's operations and enhances the ability of developing member countries (DMCs) to pursue and achieve their goals.

In 2011, the Asian Development Bank Institute, the Economics and Research Department, the Office of Regional Economic Integration, and the Regional and Sustainable Development

HIGHLIGHTS

- Robust uptake of ADB's knowledge solutions boosts potential to effect change in public policy, public or private sector investment planning, and business modeling.
- New thrusts in HIV prevention announced at 10th International Congress on AIDS.
- Milestones of ADB's \$8.2 billion educational support to developing member countries chronicled.
- Further insights generated into ADB's ongoing work in promoting inclusive, environmentally sustainable growth.



AT A GLANCE

- South–South economic links identified as potential engine of global economic growth.
- Policy makers investigate new social protection systems to deal with economic shocks.

FEATURED PUBLICATION



Will Asia come to dominate the global economy in the 21st century? Its economies must avoid the “Middle Income Trap” to do so, according to the Asia 2050 report.

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Department—in tandem with the regional departments and 14 communities of practice ADB hosts—upheld that commitment by generating and sharing knowledge to support Strategy 2020 objectives.

Inclusive Growth

To foster inclusive growth, ADB creates and expands economic opportunities, promotes broader access to these opportunities, and puts in place social safety nets to mitigate risks and prevent extreme deprivation.

Poverty in Asia and the Pacific: An Update showed that despite the number of poor declining significantly—with 150 million people exiting extreme poverty between 2005 and 2008—poverty reduction across the region has remained uneven. This finding was affirmed and further explored in the larger flagship study *Asia 2050*, which examined a number of multigenerational challenges requiring innovative thinking as Asia moves toward greater prosperity and strategic policy choices. The study assumed two possible scenarios of Asia’s future growth trajectory, the Asian Century and the Middle Income Trap, and drew attention to the longer-term implications of broad trends and policy actions.

The *Asian Development Outlook 2011*, which offers a comprehensive analysis of the past year’s economic performance and the next 2 years’ forecasts, highlighted rising consumer prices and the need to foster new sources of growth as other key challenges for policy makers. South–South economic links, particularly in trade and investment, were identified as a potential new engine of global economic growth and contributor to global economic stability by promoting global rebalancing. Having generated significant online traffic of about 25,000 page views in the last quarter of 2011 alone, the report continues to attract readers and has been cited in prominent publications and news releases.

Toward Higher Quality Employment in Asia, a special chapter of *Key Indicators for Asia and the Pacific 2011*, highlighted that Asia had outstripped other regions in growth and employment creation since 1990. The pattern and rate of job creation across the region, however, have been sharply mixed, and growth on its own is not enough to guarantee quality jobs with decent wages and conditions. The report, which attracted about 35,000 page views from August to December, argued that creating higher value-added jobs and increasing labor productivity are keys to quality employment, and that higher quality employment is the critical link between growth and poverty reduction.

Health and education are important enablers of inclusive growth. At the 10th International Congress on AIDS in Asia and the Pacific held in the Republic of Korea, ADB announced fresh initiatives in HIV prevention. Covering 2011–2015 operations, these directions are critical to achieve—and sustain—progress toward the Millennium Development Goals.

The milestones of ADB’s \$8.2 billion educational support for its DMCs were featured in *Education in Asia and the Pacific*, which chronicled its 4 decades in the sector. In line with the private sector being identified as a driver of change in Strategy 2020, ADB also produced *Non-State Providers and Public–Private Partnerships in Education for the Poor*, which highlighted issues, opportunities, challenges, risks, and benefits for public–private partnerships in the sector.

Interest in social protection has grown as a result of the global financial crisis. In 2011, ADB brought policy makers together to brainstorm on social protection systems that can assist people to deal with adverse economic shocks and personal conditions. The results were featured in the publication *Enhancing Social Protection in Asia and the Pacific*, which offered potential solutions dealing with health and unemployment insurance, pensions, the informal sector, measures targeting children, and measuring and monitoring social protection.

Environmentally Sustainable Growth

The *2011 Asian Development Bank Sustainability Report* offered insights on ADB's ongoing work on promoting environmentally sustainable and inclusive growth and reducing its corporate footprint. The *Environment Program: Greening Growth in Asia and the Pacific* discussed emerging environmental challenges in the region and previewed ADB's strategies to strengthen its environment operations.

During its 3-day forum, Financing Future Cities, ADB launched its publication *Competitive Cities in the 21st Century: Cluster-Based Local Economic Development*, which highlighted the urgent need for Asian cities to become livable, inclusive, and environmentally sustainable. It argues that half the world's megacities with populations of over 10 million are in Asia, but their extraordinary rise has come at a cost. With over 200 million urban dwellers living in poverty, pollution worsening, and climate change presenting a threat with the onset of increasingly severe natural disasters, the publication offers governments, businesses, the private sector, and communities a blueprint for planning competitive, sustainable, and inclusive urban economies.

Climate change was widely addressed in 2011. The publication *Guidelines for Climate Proofing Investment in the Transport Sector: Road Infrastructure Projects* presented a step-by-step methodological approach to assist project teams to incorporate climate change adaptation measures into transport sector investment projects. It argued that an improved understanding of climate change impacts should be used in infrastructure design and policy/strategy development.

Food Security and Climate Change in the Pacific: Rethinking the Options assessed the region's food security prospects amid the growing threats and likely impacts of climate change, and presented potential areas for greater assistance from ADB and other development partners.

Accounting for Health Impacts of Climate Change focused on the human health dimensions of climate change and how projects in areas other than health—such as agriculture, water financing programs, and disaster risk reduction—need to account explicitly for the health impacts of their interventions.

Regional Integration

Regional cooperation and integration narrows development gaps between DMCs by building closer trade integration, intraregional supply chains, and stronger financial links. It is an important platform on which countries can work together to unlock their economic potential and achieve sustained, rapid, and inclusive growth.

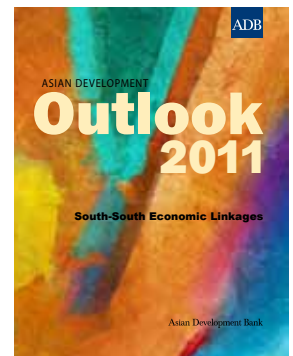
Role of Key Emerging Economies—ASEAN, the People's Republic of China (PRC), and India is a major study analyzing the relationship between Asia's economic powerhouses. As they continue to expand, these countries will need to ensure their growth is accompanied by good environmental management and improvements in the quality of life. A subset of this project, *ASEAN 2030: Growing Together for Shared Prosperity*, discussed challenges for the economic development and growth of the Association of Southeast Asian Nations (ASEAN) countries individually and as a group, and defined means by which the region can become resilient, competitive, and harmonious by 2030. Reports for these will be published in 2012.

CAREC 2020, a framework for intensified regional cooperation that builds on the early achievements of the Central Asia Regional Economic Cooperation (CAREC) Program, provided member countries with insights on how to expand international trade and boost their competitiveness in the global economy, specifically through investments that open access to major external markets and increase trade within the region.

AT A GLANCE

- Emerging environmental challenges discussed.
- Launch of blueprint for planning competitive, sustainable, and inclusive urban economies.
- Region's food security prospects assessed.
- ASEAN economic and development challenges discussed.

FEATURED PUBLICATION



Together, developing countries can lower barriers to trade and investment, and adjust exchange rates, argues ADB Chief Economist Changyong Rhee in "Global Imbalances: The South–South Answer." His article, which appeared in *The Wall Street Journal*, was based on ADB's flagship economic publication, *Asian Development Outlook 2011*.

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AT A GLANCE

- Asia Regional Integration Center serves as knowledge and information portal on regional cooperation and integration.
- New Knowledge Sharing Program connects people in developing member countries.
- More media exposure achieved through multimodal dissemination.



Nobel Prize laureate James Mirrlees delivered ADB's distinguished speakers lecture in Manila in October. His address on poverty and redistribution in emerging economies appears in the *Asian Development Review*, Volume 28, Number 2.

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Trade and Investment in the Greater Mekong Subregion: Remaining Challenges and the Unfinished Policy Agenda examined the evolution of trade and investment policy and economic cooperation in the Greater Mekong Subregion countries. It highlighted policy changes that helped spur trade and investment growth and collated data to examine the changing trade and investment structure.

The Conference on Regional Cooperation and Integration Knowledge Sharing held in the Maldives on 8 October showcased research by South Asian academia and policy makers backed by the South Asian Association for Regional Cooperation (SAARC). Important policy recommendations of the conference served as inputs during the SAARC Summit held in the Maldives in November.

To build ADB and DMC capacity on trade, ADB brought together over 70 trade officials, ASEAN Secretariat officials, and ADB staff to learn and share experiences on the dynamics of trade and production networks and online trade policy tools. Another training program strengthened the capacity of finance ministries and central banks in ASEAN, the People's Republic of China (PRC), the Republic of Korea, and South Asia, as well as staff of the ASEAN Secretariat, in regional economic and financial monitoring.

The Asia Regional Integration Center continued to serve as a knowledge and information portal on regional cooperation and integration in Asia and the Pacific, providing high-frequency economic and financial data. Likewise, the AsianBondsOnline website supported bond market participants with data, analysis, and original content on bond market developments in emerging East Asia.

Stimulating Knowledge Uptake and Citation

Devising and disseminating knowledge solutions is also the focus of ADB's Knowledge Sharing Program, established in May 2011. It supports knowledge sharing among DMCs by connecting people and coordinating efforts. It has organized ADB's first conference on knowledge sharing and development effectiveness; designed a comprehensive framework to structure demand-driven knowledge sharing; initiated model cases and training programs for knowledge sharing; and deepened knowledge partnerships with development agencies, research and training institutions, and the private sector.

Multimodal means of dissemination, and extensive country consultations in the case of major publications and studies, resulted in valuable insights and perspectives from key stakeholders—including finance ministers, central bank officials, policy makers, academics, and researchers—and led to greater media exposure.

For instance, *Asia's Free Trade Agreements: How Is Business Responding?* (copublished with Edward Elgar Publishing) was quoted in international and regional media, including *The Economist*, *The Wall Street Journal*, *Kyodo News*, *Xinhua News*, *The Jakarta Post*, and India's *The Economic Times*. The World Trade Organization's flagship publication devoted five pages to the findings of the study. In response to demand from the PRC, a Chinese translation of the book is under way.

Another paper, *How the iPhone Widens the United States Trade Deficit with the People's Republic of China*, generated several articles in *The Financial Times*, *The Wall Street Journal*, *The New York Times*, *Time Magazine*, and *Foreign Policy*. The People's Bank of China used the iPhone paper to emphasize the structural factors that underlie the trade imbalance between the United States and the PRC. PRC Vice-Premier Wang Qishan used the iPhone trade to explain the nature of the bilateral trade relationship in an interview.

Uptake and citations boost the potential for ADB's knowledge to be used by DMCs and development partners to effect real changes by informing public policy, sector program planning, public or private sector investment project planning, business modeling, and others. They also help affirm ADB's status as an authoritative source of knowledge and policy analysis in the region.

ADB's regional and private sector departments, and communities of practice also accomplished significant knowledge work. Details of these appear in subsequent chapters.

AT A GLANCE

- Publications and citations affirm ADB's status as authoritative regional source of knowledge and policy analysis.



The People's Bank of China used the paper *How the iPhone Widens the United States Trade Deficit with the People's Republic of China* to emphasize structural factors that underlie the trade imbalance between the United States and the People's Republic of China.

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7 Financing Operations



In 2011, ADB raised \$14 billion in medium- and long-term funds, with public bond issues and private placements totaling \$10.6 billion and \$3.4 billion, respectively. ADB lending operations totaled \$21.72 billion, of which \$14.02 billion was financed by ADB and \$7.69 billion by cofinancing partners.

HIGHLIGHTS

- Sovereign approvals amount to \$15.40 billion, an increase of \$553 million (4%) over 2010. ADB-financed nonsovereign approvals also increase by \$343 million (19%).

Available Resources

Authorized and subscribed capital stock amounted to \$163.3 billion and \$162.5 billion, respectively. Other resources in ordinary capital resources (OCR) in the form of revenue and net realized gains amounted to \$1.3 billion, of which \$600 million was generated from the loan portfolio, \$449.6 million from the investment portfolio, and \$186.0 million from equity investment and other sources.

Resources in the form of contributions and revenue during 2011 in ADB's Special Funds totaled about \$1.1 billion. These included the Asian Development Fund (ADF) of \$1.0 billion, Technical Assistance Special Fund of \$85.1 million, Japan Special Fund of \$0.2 million, Asian Development Bank Institute of \$18.2 million, Pakistan Earthquake Fund of \$1.2 million, Regional Cooperation and Integration Fund of \$0.1 million, and Climate Change Fund of \$0.1 million.

ADB raised \$14 billion in medium- and long-term funds through public bond issues and private placements. Public offerings amounted to \$10.6 billion and private placements totaled \$3.4 billion. Of the public offerings, \$5.5 billion was raised through three US dollar global benchmarks. In 2011, ADB issued its first pound sterling-denominated floating rate note and its first Norwegian krone-denominated bond. ADB continued to issue thematic bonds, raising \$40 million in Water Bonds. ADB also executed a long-dated and highly structured cross-currency swap to finance the disbursement of ADB's first sovereign-guaranteed local currency loan denominated in Kazakh tenge.



AT A GLANCE

- Projects funded from ordinary capital resources amount to \$11.31 billion, or 81% of the total ADB approvals. The remaining 19% is accounted for by Special Funds Resources.

Summary of Operations

ADB's operations totaled \$21.72 billion, of which \$14.02 billion was financed by ADB (OCR and Special Funds) and \$7.69 billion by cofinancing partners. The \$14.02 billion consists of \$12.61 billion in loans, \$239 million in equity investments, \$614 million in grants, \$417 million in guarantees, and \$148 million in technical assistance.

Projects funded from OCR amounted to \$11.31 billion, or 81% of the total ADB approvals of \$14.02 billion. The remaining 19% is accounted for by Special Funds Resources that include, among others, the ADF and Technical Assistance Special Fund.

Table 1 Approvals by Financing Source,^a 2010–2011
(\$ million)

	2010	2011
Ordinary Capital Resources	10,167	11,306
Loans	9,232	10,651
Guarantees	700	417
Equity Investments	235	239
Trade Finance Program	–	–
Special Funds Resources	3,369	2,717
Asian Development Fund	3,180	2,552
Loans	2,213	1,955
Grants	967	597
Technical Assistance Special Fund	146	140
Other Special Funds	43	25
Grants ^b	15	17
Technical Assistance Grants	28	8
Subtotal	13,536	14,023
Direct Value-Added Cofinancing^c	5,431	7,695
Project Cofinancing	5,281	7,483
Technical Assistance Cofinancing	150	211
TOTAL	18,967	21,718

– = nil.

Note: Totals may not add up because of rounding.

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

^b Includes both investment and policy-based grants.

^c The direct value-added (DVA) cofinancing calculation was clarified in 2011. For comparison purposes, the new approach was therefore adopted for calculating the 2010 figures, which includes Trade Finance Program (TFP) and revised parallel loans DVA cofinancing. With the previous calculation method, which does not include TFP and revised parallel loan amounts, the 2010 project cofinancing was \$3,518 million as reported in the ADB Annual Report 2010.

Financing Operations

Table 2 Top Recipients by Approval Including Cofinancing, 2011
(\$ million)

	ADB Special Funds										
	OCR			ADF		Other			Cofinancing		
						Special Funds					
	Loans	Guarantees	Equity	Loans	Grants	TASF	Grants	TA	Project	TA	Total
Investments			Grants								
Viet Nam	1,031.4	–	–	364.8	–	8.6	–	–	2,165.0	34.8	3,604.6
India	2,872.9	150.0	20.0	–	–	6.4	–	0.1	65.0	12.2	3,126.7
Pakistan	940.2	66.6	–	320.0	–	4.0	3.0	–	1,552.2	–	2,886.0
Bangladesh	480.0	–	–	450.0	–	5.8	1.3	–	1,351.8	3.6	2,292.5
China, People's Republic of	1,439.8	–	25.0	–	–	18.8	–	1.4	105.1	2.8	1,592.9
Uzbekistan	920.0	200.0	–	58.0	–	3.2	–	–	215.8	1.7	1,398.7
Thailand	170.0	–	–	–	–	1.6	3.0	–	914.8	1.5	1,090.8
Indonesia	580.0	–	–	–	–	0.2	–	–	215.8	9.3	805.3
Azerbaijan	500.0	–	–	–	–	–	–	–	143.6	–	643.6
Nepal	–	–	–	154.0	116.0	3.2	–	–	337.3	10.4	620.9
Regional	–	–	185.0	–	–	59.5	–	6.3	5.0	88.2	344.0
Other DMCs	1,716.2	–	9.0	608.1	480.8	29.0	9.8	–	411.9	46.7	3,311.5
TOTAL	10,650.6	416.6	239.0	1,954.9	596.8	140.3	17.1	7.8	7,483.2	211.4	21,717.6

– = nil, ADF = Asian Development Fund, DMC = developing member country, OCR = ordinary capital resources, TA = technical assistance, TASF = Technical Assistance Special Fund.

Note: Totals may not add up because of rounding.

AT A GLANCE

- The top recipients of funds, including cofinancing are, in order, Viet Nam, India, Pakistan, and Bangladesh.

Table 3 Top Recipients by Approval Excluding Cofinancing, 2011
(\$ million)

	ADB Special Funds								
	OCR			ADF			Other		Total
							Special Funds		
	Loans	Guarantees	Equity Investments	Loans	Grants	TASF	Grants	TA	
Grants									
India	2,872.9	150.0	20.0	–	–	6.4	–	0.1	3,049.5
China, People's Republic of	1,439.8	–	25.0	–	–	18.8	–	1.4	1,485.0
Viet Nam	1,031.4	–	–	364.8	–	8.6	–	–	1,404.8
Pakistan	940.2	66.6	–	320.0	–	4.0	3.0	–	1,333.9
Uzbekistan	920.0	200.0	–	58.0	–	3.2	–	–	1,181.2
Bangladesh	480.0	–	–	450.0	–	5.8	1.3	–	937.1
Indonesia	580.0	–	–	–	–	0.2	–	–	580.2
Lao People's Democratic Republic	448.2	–	–	41.9	40.0	2.3	–	–	532.4
Azerbaijan	500.0	–	–	–	–	–	–	–	500.0
Philippines	362.0	–	–	–	–	4.9	3.0	–	369.9
Sri Lanka	199.3	–	–	82.3	–	2.2	3.0	–	286.8
Other DMCs	876.7	–	194.0	637.8	556.8	83.9	6.8	6.3	2,362.3
TOTAL	10,650.6	416.6	239.0	1,954.9	596.8	140.3	17.1	7.8	14,023.0

– = nil, ADF = Asian Development Fund, DMC = developing member country, OCR = ordinary capital resources, TA = technical assistance, TASF = Technical Assistance Special Fund.

Note: Totals may not add up because of rounding.

AT A GLANCE

- Of the \$6.32 billion nonsovereign approvals in 2011, 89% (\$5.62 billion) go to the private sector.

Sovereign and Nonsovereign Approvals

Sovereign approvals amounted to \$15.40 billion in 2011, an increase of \$553 million (4%) from 2010. ADB-financed nonsovereign approvals¹ increased by \$343 million (19%).

Of the \$6.32 billion nonsovereign approvals in 2011, 89% (\$5.62 billion) went to the private sector in the form of loans, guarantees, equity investments, B loans, technical assistance, parallel loans, and cofinancing for Trade Finance Program (TFP) transactions. The remaining 11% (\$700 million) went to the nonsovereign public sector in the form of loans.

Table 4 Sovereign and Nonsovereign Approvals, 2010–2011
(\$ million)

	2010	2011
Sovereign	14,846	15,398
Loans	10,410	11,005
Equity Investments	–	150
Grants	982	614
Guarantees	200	–
Technical Assistance	172	139
Direct Value-Added Cofinancing		
Official	2,933	3,279
Technical Assistance Cofinancing	150	211
Nonsovereign	4,121	6,320
Public^a	250	700
Loans	–	600
Guarantees	250	–
B Loans	–	100
Private	3,871	5,620
Loans	1,035	1,000
Equity Investments	235	89
Guarantees	250	417
Technical Assistance	2	10
Direct Value-Added Cofinancing		
B Loans	320	100
Parallel Loans	479 ^b	1,623
Trade Finance Program Cofinancing	1,549	2,381
TOTAL	18,967	21,718

– = nil.

Note: Totals may not add up because of rounding.

^a Refers to nonsovereign loans, B loans, and guarantees to or for enterprises that are majority-owned by public parties (defined as entities with more than 50% of their capital held publicly).

^b This includes \$2 million of official cofinancing, which refers to the first nonsovereign grant (associated to a nonsovereign loan).

¹ ADB-financed nonsovereign approvals include nonsovereign public and private sector loans, equity investments, guarantees, and technical assistance.

The top four countries in terms of nonsovereign approvals were India, the Lao People's Democratic Republic, Uzbekistan, and the People's Republic of China (Table 5).

Table 5 Nonsovereign Approvals by Top Countries,^a 2010–2011

	2010 ^b		2011	
	\$ Million	%	\$ Million	%
India	250.00	12	718.00	31
Lao People's Democratic Republic	–	–	350.00	15
Uzbekistan	–	–	300.00	13
China, People's Republic of	586.60	28	225.00	10
Indonesia	300.00	14	200.00	9
Thailand	204.30	10	170.00	7
Pakistan	136.80	7	163.61	7
Georgia	70.00	3	–	–
Armenia	40.00	2	65.00	3
Other DMCs	27.00	1	30.00	1
Regional	475.00	23	84.00	4
TOTAL	2,089.70	100	2,305.61	100

– = nil, DMC = developing member country.

Note: Totals may not add up because of rounding.

^a Includes loan, equity investment, guarantee, and B loan approvals.

^b Adjusted for cancellations prior to signing.

AT A GLANCE

- Of the \$21.72 billion approved in 2011, 94% is for investment support.

Approvals by Modality Including Cofinancing

Of the \$21.72 billion approved in 2011, 94% (\$20.4 billion) was for investment support, 4% (\$955 million) for policy-based support, and 2% (\$359 million) for technical assistance.

Table 6 Approvals by Modality, 2010–2011 (\$ million)

	2010	2011
Investment Support	16,959	20,403
OCR	9,154	10,806
ADF	2,611	2,361
Others ^a	5,193	7,236
Policy-Based Support	1,684	955
OCR	1,013	500
ADF	568	191
Others ^a	103	265
Technical and Advisory Support	324	359
TOTAL	18,967	21,718

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

Note: Totals may not add up because of rounding.

^a Refers to Other Special Funds and project cofinancing.

AT A GLANCE

- External partners provided \$971.5 million in grants for project components, an increase of more than 600% over 2010.
- Official cofinancing increased by 13.2%, marking a record year for grant cofinancing.

Cofinancing Operations

Table 7a **Direct Value-Added Cofinancing Arrangements, 2010–2011**
(\$ million)

	2010			2011		
	Sovereign	Nonsovereign	Total	Sovereign	Nonsovereign	Total
Project Cofinancing	2,930.65	2,350.67	5,281.32	3,279.00	4,204.24	7,483.24
Official	2,930.65	2.00	2,932.65	3,279.00	–	3,279.00
Loans	2,805.30 ^a	–	2,805.30	2,307.52	–	2,307.52
Grants	125.35 ^a	2.00	127.35	971.48	–	971.48
Commercial^b	–	2,348.67	2,348.67	–	4,204.24	4,204.24
B Loans	–	320.00	320.00	–	200.00	200.00
Parallel Loans	–	479.44	479.44	–	1,623.38	1,623.38
Trade Finance Program (TFP)	–	1,549.23	1,549.23	–	2,380.86	2,380.86
Technical Assistance Cofinancing	149.85^a	–	149.85	211.36	–	211.36
TOTAL	3,080.50	2,350.67	5,431.17	3,490.36	4,204.24	7,694.60

– = nil.

Note: Totals may not add up because of rounding.

^a Adjustments due to cancellation of or decrease in cofinancing as follows: loans = \$45.0 million; grants = \$30.0 million; and technical assistance = \$0.4 million.^b The calculation of direct value-added cofinancing for commercial cofinancing was clarified in 2011. The new approach was therefore applied to calculating the 2010 figures, which include TFP and revised parallel loans cofinancing.Table 7b **Direct Value-Added Cofinancing Arrangements, 2010–2011**
(number of projects^a)

	2010			2011		
	Sovereign	Nonsovereign	Total	Sovereign	Nonsovereign	Total
Project Cofinancing	37	10	47	37	10	47
Official	37	1	38	37	–	37
Loans	18 ^b	–	18	14	–	14
Grants	22	1	23	27	–	27
Commercial^c	–	9	9	–	10	10
B Loans	–	3	3	–	2	2
Parallel Loans	–	5	5	–	7	7
Trade Finance Program (TFP)	–	1	1	–	1	1
Technical Assistance Cofinancing	112	–	112	133	–	133
TOTAL	149	10	159	170	10	180

– = nil.

^a A project with more than one source of cofinancing is counted once.^b Adjustment due to cancellation.^c The calculation of direct value-added cofinancing for commercial cofinancing was clarified in 2011. The new approach was therefore applied to calculating the 2010 figures, which include TFP and revised parallel loans cofinancing.

Official Cofinancing

In addition to ADB's own resources, \$3.5 billion was generated in 2011 in official cofinancing from the development assistance windows of external partners, such as government agencies and international organizations, to cofinance 170 ADB projects. This total official cofinancing comprised \$3.3 billion for 37 projects and \$0.2 billion for 133 technical assistance activities (Tables 7a and 7b). This amount increased by 13.2% from \$3.1 billion in 2010 and marked a record year for grant cofinancing. In 2011, external partners provided \$971.5 million in grants for components of investment projects, an increase of more than 600% compared to \$127.3 million in 2010; and \$211.4 million in grants for technical assistance activities, an increase of 41.1% compared to \$149.9 million in 2010. While loan cofinancing decreased by 17.7% in 2011, from \$2.8 billion in 2010 to \$2.3 billion in 2011, it nevertheless remains the largest contributor to ADB's overall official cofinancing operations.

Of particular relevance to 2011 grant cofinancing are two education projects that also attracted strong financing support from several external partners. The Third Primary Education Development Project, in which ADB extended a \$320.0 million loan to help Bangladesh continue to improve the quality and reach of its primary education system, is expected to receive \$435.5 million in grants from seven other development partners, including the Australian Agency for International Development, the Canadian International Development Agency, the European Union, the Japan International Cooperation Agency, the Swedish International Development Cooperation Agency, the Department for International Development of the United Kingdom, and the United Nations Children's Fund. The World Bank also extended a loan of \$300.0 million to this project.

In Nepal, the School Sector Program, which supports the government's ongoing education reform initiatives, was supported by ADB with a \$65.5 million grant. A \$264.5 million grant from eight other development partners, namely, the governments of Australia, Denmark, Finland, Norway, and the United Kingdom; the European Union; the United Nations Children's Fund; and the Fast Track Initiative, has been committed.

ADB also administers a number of thematic trust funds. Additional grant resources from external partners totaled \$253.6 million in 2011, comprising \$82.6 million in new contributions² and \$171.0 million in replenishments³ to existing trust funds. In 2011, ADB established the Fourth High Level Forum on Aid Effectiveness Trust Fund to support some key activities under the related technical assistance to improve aid effectiveness policies and development partner approaches.

² New contributions totaling \$1.3 million were provided to the Fourth High Level Forum on Aid Effectiveness Trust Fund by the governments of Australia, Canada, Finland, France, Germany, Ireland, Luxembourg, the Netherlands, and Switzerland; the African Development Bank, the Arab Fund for Economic and Social Development, and the Global Fund to Fight AIDS, Tuberculosis and Malaria; \$56.3 million by the Government of the United Kingdom and \$20.0 million by the Government of Japan to the Afghanistan Infrastructure Trust Fund; and \$5.0 million from the Government of Switzerland for the Multi-Donor Trust Fund under the Water Financing Partnership Facility.

³ Replenishments were provided by the following governments: Australia for \$6.8 million for the Multi-Donor Clean Energy Fund under the Clean Energy Financing Partnership Facility and \$15.5 million for the Multi-Donor Trust Fund under the Water Financing Partnership Facility; Austria for \$3.4 million for the Multi-Donor Trust Fund under the Water Financing Partnership Facility and \$0.55 million for a technical support under the Carbon Market Initiative; Japan for \$9.0 million for the Asian Clean Energy Fund under the Clean Energy Financing Partnership Facility, \$58.5 million for the Japan Fund for Poverty Reduction, and \$9.5 million for the Japan Scholarship Program; the Republic of Korea for \$6.0 million for the e-Asia and Knowledge Partnership Fund; Luxembourg for \$2.1 million for the Financial Sector Development Partnership Fund; Norway for \$8.3 million for the Multi-Donor Clean Energy Fund under the Clean Energy Financing Partnership Facility; and Sweden for \$7.2 million for the Urban Environmental Infrastructure Fund under the Urban Financing Partnership Facility. Additional contributions were also received from the Climate Investment Fund for \$19.4 million and the Global Environment Facility for \$24.8 million.

AT A GLANCE

- Education projects in Bangladesh and Nepal attracted strong financing support.

AT A GLANCE

- Direct value-added cofinancing for the Trade Finance Program of \$2.381 billion generated.
- Overall net transfer of \$3.2 billion from ADB to developing member countries.

ADB participates in the Global Agriculture and Food Security Program (GAFSP) as a supervising entity and project implementer. The GAFSP is a multilateral mechanism established at the request of the Group of Twenty (G-20) to support the implementation of pledges for agriculture and food security initiatives made by the G8+ in the L'Aquila Summit held in July 2009.

Efforts in improving predictability of cofinancing in 2011 led to ADB's signing of two new framework cofinancing agreements: with the Nordic Development Fund and with the OPEC Fund for International Development. In addition, two cofinancing framework agreements with the Republic of Korea were extended and the framework agreement with the Islamic Development Bank was renewed. ADB has nine agreements with bilateral and multilateral financing partners for a total program of about \$9.0 billion for cofinancing with ADB projects.

To further raise public awareness of the results of external donors' partnerships with ADB, ADB launched the donor-specific *Partnership Brief* series at its 2011 Annual Meeting in Ha Noi, Viet Nam. Partnership briefs for 11 partners⁴ have been published as of end-2011.

Commercial Cofinancing

In 2011, ADB clarified the definition of direct value-added (DVA) commercial cofinancing by providing detailed criteria for qualification of DVA cofinancing. As a result, apart from B loans, DVA cofinancing now includes (i) a revised calculation for parallel loans, the debt portion of project costs financed by third parties provided that ADB's presence has been instrumental in mobilizing the third-party debt evidenced by a common terms agreement, common security arrangement, or a memorandum of understanding or other framework agreement; (ii) cofinancing for TFP transactions, including the amount of risk assumed by partner banks and risk distribution partners; (iii) third-party debt (net of guarantees) provided by ADB, unfunded risk participation by banks rated A and AA, and amounts reinsured with entities rated A and AA; (iv) parallel guarantees, third-party debt guaranteed by a co-guarantor of ADB, provided that ADB's presence has been instrumental in mobilizing additional capacity by other guarantors; and (v) parallel equity investments in funds where ADB acts as a general partner in the fund.

Based on the clarified definition, ADB generated DVA cofinancing for TFP of \$2,381 million in 2011 and \$1,549 million in 2010, and commercial parallel loans of \$1,623 million in 2011 and \$479 million in 2010. The figures in Tables 7a and 7b reflect the new definition as applied to 2010 and 2011.

Resource Transfers

During the year, there was an overall net transfer of \$3.2 billion from ADB to its developing member countries, including loans, equity investments, and grants. Of these, net resource transfers of \$2.7 billion (\$2.9 billion in 2010) went to OCR borrowers and/or investees, and \$510 million (\$358 million in 2010), and \$34 million (\$102 million in 2010) were provided from ADF grants and other ADB Special Funds, respectively. There was a net inflow of \$4 million from ADF borrowers (net transfer of \$379 million in 2010). The four countries with the largest net resource transfers were India, the People's Republic of China, Viet Nam, and Thailand.

⁴ Agence Française de Développement (France), Australia, Austria, Canada, Germany, Japan, the Republic of Korea, New Zealand, Spain, Sweden, and the United Kingdom.

Loan disbursements totaled \$7.7 billion compared with \$7.5 billion in 2010. Of that total, OCR loan disbursements were \$6.3 billion (82%) and ADF loan disbursements were \$1.4 billion (18%). Loan service payments totaled \$4.9 billion in 2011 compared with \$4.3 billion in 2010.

Grant disbursements totaled \$544 million, of which \$510 million (94%) was from the ADF and \$34 million (6%) was from ADB's Other Special Funds.

Table 8 Resource Transfers to Developing Member Countries
(\$ million)

	2010	2011
Loan and Equity Investments		
OCR		
Loan Disbursements	5,944	6,337
Principal Repayments ^a	(2,344)	(2,779)
Payments of Interest/Charges	(766)	(726)
Net Equity Investment	63	(145)
Net	2,897	2,686
ADF		
Loan Disbursements	1,571	1,385
Principal Repayments ^a	(906)	(1,067)
Payments of Interest/Charges	(286)	(322)
Net	379	(4)
Subtotal	3,276	2,682
Grants^b		
ADF Grant Disbursements	358	510
ADB Other Special Funds Grants ^c	102	34
Subtotal	460	544
TOTAL	3,736	3,226

() = resource inflow from developing member countries, ADF = Asian Development Fund, OCR = ordinary capital resources.

Note: Totals may not add up because of rounding.

^a Includes prepayments of \$104.7 million (\$33.5 million in 2010).

^b Grants include both investments and policy-based grants.

^c ADB Other Special Funds Grants include grants provided from the Asian Tsunami Fund, Pakistan Earthquake Fund, Regional Cooperation and Integration Fund, Climate Change Fund, and Asia Pacific Disaster Response Fund, but exclude grants provided from other trust funds.

AT A GLANCE

- Loan disbursements total \$7.7 billion, of which ordinary capital resources and ADF disbursements account for \$6.3 billion and \$1.4 billion, respectively.


Multitranchise Financing Facility and Tranche Approvals

Thirteen multitranchise financing facilities (MFFs) totaling \$6.24 billion and 33 tranches totaling \$4.53 billion were approved in 2011, compared with 12 MFFs (\$4.44 billion) and 28 tranches (\$4.05 billion) in 2010. This is an increase of 41% (\$1.8 billion) for MFFs and an increase of 12% (\$483 million) for tranches.

8 Central and West Asia

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





“ ADB did business in new ways. Its success in performance-based contracts was nowhere more apparent than in the Afghanistan railway project near the Uzbekistan border. It was completed in a record 9 months, well ahead of the projected 3 years. ADB also supported initiatives to improve public financial management, combat corruption, and promote governance in general. We continually engage governments in project and policy dialogues, resulting in better and faster work, without compromising international best practices. ”

Juan Miranda
Director General, Central and West Asia Department

HIGHLIGHTS

- The \$165 million 75-kilometer railway line between Hairatan (on Afghanistan's border with Uzbekistan) and Mazar-e-Sharif reduced travel time and freight costs, and increased trade between Afghanistan and its neighbors, benefiting 5 million people.
- A total of \$1.5 billion provided for 11 transport projects, including \$189 million for a regional road project in Afghanistan, and \$207 million and \$470 million for the CAREC Program corridors in Kazakhstan and Uzbekistan, respectively.
- In Uzbekistan, \$436 million approved for energy transmission and new supplies, including \$150 million for advanced electricity metering.
- 10-year strategic framework for CAREC (CAREC 2020) ratified at the 10th CAREC Ministerial Conference.

AT A GLANCE

- Total new lending to public sector in Central and West Asia reaches \$3 billion; contract awards reach almost \$2 billion.
- Financial assistance for nine CAREC transport projects approved.
- Road maps being developed for transport, energy, and urban services in Kazakhstan and Uzbekistan.



Supported by ADB, CAREC 2020 lists high-priority regional transport, trade facilitation, and energy projects.

Find out more at www.carecprogram.org

Overview

ADB's operations focus on transport, energy security and energy efficiency, urban services (water, wastewater, and urban transport), public sector reforms, and access to credit. Sector work is boosted by support for regional cooperation and integration, environmental sustainability and climate change, governance, capacity building, and gender equality initiatives.

Total new lending to the public sector reached \$3 billion, reflecting growing demand from the Caucasus and Uzbekistan. Contract awards reached almost \$2 billion and disbursement levels were \$1.4 billion. Private sector finance totaled \$528 million, an increase of 63% compared with 2010.

Portfolio Management

Regular portfolio reviews ensured effective and efficient performance across the board, while an improved management information system tracked project performance. Portfolio performance also benefited from greater readiness; simpler designs; and proactive work on procurement, safeguards, and counterpart finance. ADB continued to use multitranche financing facilities, which contributed to up-front, quality due diligence, a high level of preparedness, financing predictability, and longer-term partnerships. Project implementation is on track for 69% of the total portfolio of 92 active projects, while 16% experienced implementation challenges.

Regional Cooperation

The 10 country partners of the Central Asia Regional Economic Cooperation (CAREC) Program marked 10 years of collaboration, resulting in 120 projects since 2001 worth more than \$17 billion. CAREC 2020 was endorsed as the strategic framework for 2011–2020 at the 10th Ministerial Conference held in Baku, Azerbaijan, in November. Ministers agreed on steps for priority projects over the 10-year period.

ADB approved financial assistance for nine CAREC transport projects, worth \$1.1 billion, which will improve connectivity. In December, the ADB-assisted Hairatan to Mazar-e-Sharif railway began hauling cargo from and to the Uzbekistan border. Meanwhile, the Kyrgyz Republic and Tajikistan ratified the Cross-Border Transport Agreement, and a protocol was signed as a first step for Afghanistan to accede to the agreement as well.

Knowledge Management

ADB continued to invest in a range of knowledge products (see Appendix 14). Sector and thematic assessments informed the country partnership strategies in Kazakhstan, Turkmenistan, and Uzbekistan. Road maps were being developed for transport, energy, and urban services in Kazakhstan and Uzbekistan. Finance and public sector and governance assessments for Turkmenistan, and transport master plans for Armenia and Tajikistan were prepared. Environment, governance, poverty, and private sector assessments were conducted for Kazakhstan and Uzbekistan. A social development analysis was conducted for Turkmenistan, and a gender analysis was undertaken of the damage and needs assessment in Pakistan.

A study on the ombudsman institution in Asia was published, as was one on pension reform in Georgia. Other economic studies dealt with economic diversification in Kazakhstan and fiscal policy in Georgia. Briefs on Azerbaijan, Kazakhstan, Uzbekistan, and CAREC showcased the

Progress toward Inclusive Growth in Central and West Asia

- A community-based irrigation project, financed by the Japan Fund for Poverty Reduction for \$5 million, helped reduce poverty in food-scarce areas in northern Afghanistan. Seventy-four traditional irrigation rehabilitation schemes benefited 1.1 million people.
- A total of \$63 million in loans for two water supply projects in Uzbekistan have brought clean water to 950,000 people in 300 villages.
- The advanced electricity metering system in Uzbekistan will reduce commercial and tariff collection losses. This will contribute to the power sector's financial sustainability and make power affordable for residential and industrial customers and public services, such as schools and hospitals.
- The \$52 million reconstruction of 94 kilometers of Azerbaijan's primary east–west highway increased freight and passenger traffic, and reduced passenger travel time by 50% and vehicle operating cost by 20%. It benefits 702,000 people, of whom 37.2% are poor.

AT A GLANCE

- Last section of national ring road in Afghanistan contracted.
- Tajikistan–Afghanistan transmission link completed.

effectiveness of ADB's development assistance, while regular monitoring of and reporting on the region's economies continued under the resident missions' lead. At various forums, the resident missions and CAREC shared knowledge on transport, energy, and trade. Two videos on climate change in Tajikistan were produced.

Publications and a video highlighted CAREC's accomplishments to mark the program's 10th year. A website (www.carecprogram.org) was launched to showcase the full spectrum of CAREC's work.

Country Highlights

Afghanistan

Partnership priorities. In line with the 2009–2013 Country Partnership Strategy, ADB, one of the country's largest development partners, is active in energy, transportation, and natural resources management, with 19 sovereign loan and grant projects totaling \$2.7 billion since 2002. Projects focus on regional connectivity, energy security, and food self-sufficiency. The ADB-managed Afghanistan Infrastructure Trust Fund is leveraging cofinancing for critical infrastructure projects. The last section of the crucial national ring road was contracted, and work continued on the north–south corridor and the road from Kabul to Jalalabad. ADB completed the transmission link from Tajikistan, augmented distribution networks in the north and east, and began preparing a power sector master plan and possible power link with Turkmenistan. ADB also started to prepare three infrastructure projects in Helmand in Afghanistan and extended technical assistance to seek ways to expand commercial lending in rural areas.

Impact of operations. The ADB-assisted rail link from Hairatan on Afghanistan's border with Uzbekistan to Mazar-e-Sharif—the first in Afghanistan—began commercial operations, and reduced time and freight costs while increasing trade. Strengthened power links stimulated

FEATURED PUBLICATIONS



How has ADB helped developing member countries? This series of development effectiveness briefs reveals the value of the partnership in Azerbaijan, Kazakhstan, and Uzbekistan.

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AT A GLANCE

- \$48 million reconstruction of rural roads in Armenia benefits 171,180 people.
- Public sector loans for Azerbaijan include \$255 million for roads, \$105 million for water, and \$160 million for energy.

FEATURED PUBLICATION



A Story Within a Story is a series of brochures that tells the often-hidden narrative of women in developing member countries, and shows how ADB promotes gender equity.

Download at
adb.org/publications

economic activity, reducing the cost of doing business, improving the environment and security, and cutting poverty. The flagship CAREC program promoted trade and competitiveness, linking Afghanistan with Central Asia, the Middle East, and South Asia.

Armenia

Partnership priorities. The 2006–2009 interim operational strategy identified rural development, private sector development, and promotion of regional cooperation as indicative and not exclusive priorities. ADB focused on transport, finance, and urban services. Consultation with the government in September confirmed the overall validity of ADB’s strategies and the shift from rural to urban development in response to the government’s post-crisis priorities. The shift is reflected in the 2012–2013 country operations business plan, and the first country partnership strategy (CPS) will be prepared.

The \$400 million Sustainable Urban Development Investment Program targets the transport sector in urban areas to improve connectivity, reduce traffic congestion, and make transport safe and efficient. About \$50 million are earmarked to construct a 5.3-kilometer ring road in the capital, Yerevan, to divert traffic from the center and encourage economic development in the outer areas and to support institutional strengthening of public transport.

Impact of operations. The \$48 million reconstruction of 268 kilometers of rural roads reduced average travel time by 47% and vehicle operating costs by 40%; improved access to social services and jobs; and benefited 171,180 people, of whom 36% are poor. Trade finance agreements with six local banks extended access to trade credit to businesses, including small and medium-sized enterprises (SMEs), and a \$65 million nonsovereign loan to four local banks increased their ability to lend to SMEs. ADB cofinanced a new two-story terminal at Zvartnots International Airport, the country’s main air gateway in Yerevan, with a \$40 million nonsovereign loan, which will increase connectivity.

Azerbaijan

Partnership priorities. Continuing the work under the 2000 interim operations strategy and subsequent country strategy program updates, ADB was guided by the 2010 country operations business plan. Public sector loans comprise \$255 million for roads, \$105 million for water supply, and \$160 million for energy. ADB started preparing a CPS for 2012–2016.

Impact of operations. Four projects were completed during 2000–2011. The project to integrate internally displaced people rehabilitated four schools and improved living conditions of more than 400 families, some of whom, including women, were provided with small loans. The flood mitigation project prevented estimated average annualized losses of \$13.2 million in 2009 prices—much higher than the \$5 million losses originally estimated. The reconstruction of 94 kilometers of the primary east–west highway increased freight and passenger traffic by about 10% annually between 2006 and 2010; served more than 4,000 vehicles per day in 2010 (originally estimated at 3,600); and reduced passenger travel time by 50% and vehicle operating cost by 20%, benefiting 702,000 people, of whom 37.2% were poor. The water supply and sanitation project brought 24-hour nonpotable water supply to about 70% of the population in one of the two project towns.

The Trade Finance Program supported almost \$41 million in trade through 52 transactions for SMEs, intraregional trade, and trade between Azerbaijan and another developing member country.

ADB's first private sector loan for infrastructure in Azerbaijan financed the replacement of a cement plant's wet-type kilns with a single modern dry-type kiln, reducing fuel consumption by nearly 50% per ton of clinker and improving environmental standards.

Georgia

Partnership priorities. ADB operations have expanded rapidly since Georgia joined ADB in 2007. Consistent with the 2008–2009 interim operational strategy, ADB focuses on enhancing sustainable economic growth by improving municipal service delivery, reducing road constraints on economic activity, and upgrading and developing energy infrastructure. Ongoing assistance supports road corridor improvements, urban water and sanitation, and urban transport. Private sector operations have focused on investments in trade finance and SMEs.

Impact of operations. Ongoing assistance through the Municipal Development Fund has improved roads, water supply, and sanitation for municipalities and districts. More than 387,000 people have better access to water supply, while more than 150,000 people have access to rehabilitated and expanded sanitation. Nearly 200 kilometers of roads were renovated or paved. In total, more than 2 million people have benefited from ADB-financed improvements through the fund.

The rehabilitated 43-kilometer road from Zugdidi to Mestia, a United Nations Educational, Scientific and Cultural Organization heritage site, has guaranteed year-round transport to local communities and encouraged tourism; it reduces travel time by half. Financing for a 1.5-kilometer Tbilisi Metro extension will serve university students and 150,000 district inhabitants. ADB assistance to the United Water Supply Company of Georgia has facilitated the piloting of a spatial planning and geographic information system. It targets 24-hour access to safe potable water supply and sanitation services for more than 11,000 residents and visitors in Anaklia and Mestia. A 32-kilometer bypass road around the coastal city of Kobuleti will reduce traffic congestion and improve road safety.

Kazakhstan

Partnership priorities. ADB supported the government's efforts to sustain a higher growth rate, promote environment-friendly development, encourage the private sector, and connect the country with its neighbors. It engaged selectively in infrastructure, SMEs, and finance, with regional cooperation a key theme. ADB is preparing a new partnership strategy to guide operations from 2012 to 2016.

Impact of operations. ADB restored almost 40,000 hectares of irrigated land in the south, improving nutritional standards and increasing crop yields and jobs; brought safe drinking water to about 65,000 people in the north and south; and helped the central bank create a macroeconomic management tool that provides economic decision makers with realistic growth forecasts and debt rescheduling. ADB, with the European Bank for Reconstruction and Development and the European Union, cofinanced the construction and rehabilitation of the 245-kilometer Almaty–Bishkek road, speeding up the movement of goods and people, cutting travel time from 5 hours to 2 hours and bringing down fuel costs. The \$500 million countercyclical support loan to help mitigate the impact of the global economic crisis helped create 247,822 temporary jobs; complete 5,261 road, school, and health projects; retrain 70,668 workers; and provide 51,186 internships.

AT A GLANCE

- In Georgia, more than 387,000 people have better access to water supply and more than 150,000 have improved sanitation.
- In Kazakhstan, almost 40,000 hectares have been improved as a result of irrigation, drainage, and flood management initiatives, and 3.8 million people benefit from 396 kilometers of built or upgraded roads.

AT A GLANCE

- ADB-supported reforms lead to a new skills-oriented curriculum for grades 1 to 11 in the Kyrgyz Republic.
- More than 500,000 textbooks are distributed and 17,000 Kyrgyz teachers trained.
- Loan portfolio of \$1.1 billion finances energy efficiency, renewable energy, and electricity transmission and distribution projects in Pakistan.

The Kyrgyz Republic

Partnership priorities. The CPS, prepared jointly with other development partners, supports public infrastructure and institutional reforms, which will promote sustainable growth with broader private sector participation. Of the international financial institutions, ADB has provided the most support for road transport and education. A \$55 million Asian Development Fund loan was approved to improve a highway connecting the Kyrgyz Republic with the People's Republic of China. The route is part of CAREC Corridor 1 and critical to regional trade. ADB also began work on a new CPS for 2013–2017.

Impact of operations. In education, ADB-supported reforms developed a new student-centered, skills-oriented curriculum for grades 1 to 11, and introduced a new curriculum in grades 1 to 4. More than 500,000 textbooks were distributed and over 17,000 teachers trained. Hardware and laboratory equipment were delivered to 90 rehabilitated schools and 7 teacher training institutes.

ADB continued improving customs services and revenue administration by introducing up-to-date software systems and hardware. Budget support helped the government maintain essential public expenditures. Progress was made in rebuilding houses damaged during unrest. ADB assistance improved tax collection, and rural water supply and sanitation.

Pakistan

Partnership priorities. Recurrent floods, energy shortages, and security and economic uncertainty were challenges. In line with the 2009–2013 CPS, ADB continued to give priority to energy, transport, irrigation, urban services, flood rehabilitation, and the finance sector. A loan portfolio of \$1.1 billion financed energy efficiency, renewable energy, and transmission and distribution projects, and \$76 million were disbursed to increase energy efficiency and reduce losses. ADB also led the Water Sector Task Force, preparing an integrated approach to ensuring adequate resources for the future, released \$200 million to strengthen the institutional framework for capital markets, and supported improvements to the national highway system and critical road networks.

ADB supported agriculture, including rural development in the Federally Administered Tribal Areas, irrigation in Punjab, and coastal development in Sindh. ADB also engaged in policy dialogue with the government on macroeconomic issues to promote sustainable job creation, power sector restructuring, and railway sector reforms.

Impact of operations. The Earthquake Emergency Assistance Project rehabilitated 800 kilometers of roads, rebuilt 400 schools and 27 rural and 3 major hospitals, and constructed 16 power stations, substantially improving the lives of people affected by the earthquake that killed 73,000 people. The Flood Emergency Reconstruction Project directly helped repair infrastructure throughout Pakistan, and irrigation and provincial roads in Sindh.

Sustained, long-term investments improved energy efficiency, reliability, and service coverage. The capital market project resulted in the removal of some legal and regulatory constraints on domestic bond markets, paving the way for improved governance of securities markets by strengthening the institutional framework. The Sindh coastal development project helped families increase their incomes and access services through better community participation, institutional capacity development, and management of coastal resources.



New Afghan Rail Line Boosts Trade and Aid

Until late 2010, border bottlenecks at Hairatan in the north and security concerns on the southern and eastern frontiers were choking off trade and aid for Afghanistan. Now, thanks to a \$165 million ADB grant, a new 75-kilometer railway line from Hairatan to the northern city of Mazar-e-Sharif is helping improve the flow of goods into the country, cutting transport costs, boosting regional trade, and making it easier to deliver humanitarian relief to conflict-affected Afghans. As a result of creative planning and good project management, the line was built in less than a year. About 5 million people in total will benefit. (PHOTO: ADB)

AT A GLANCE

- In Tajikistan, resource management program boosts social protection for 10,000 poor households.
- Rehabilitated 350-kilometer Tajikistan trade route reduces travel time, cuts transport costs, and helps boost incomes.

Tajikistan

Partnership priorities. The CPS 2010–2014 is aligned with national strategies for development and poverty reduction. ADB helps develop energy and transport infrastructure, provide renewable energy, and support the private sector. It also promotes regional cooperation; capacity building and governance, especially public financial management, procurement, and anticorruption activities; climate change mitigation and environmental protection; and inclusion of gender in policies and projects. The Strengthening Public Resource Management Program supports key expenditures, such as social protection for about 10,000 poor households in two pilot districts, and promotes reforms to improve tax administration, creating more effective and efficient social safety-net programs, and better public financial management.

Impact of operations. The 220-kilovolt power transmission line constructed under CAREC allows the export of up to 300 megawatts of summer surplus power to meet shortfalls in neighboring Afghanistan. Through CAREC, ADB helped rehabilitate a 350-kilometer highway linking Dushanbe with the Kyrgyz Republic—a significant trade route connecting Tajikistan and the

AT A GLANCE

- About 600,000 Armenians have access to safe water, thanks to a \$36 million ADB loan.
- Regional Customs Modernization and Infrastructure Development Project boosts efficiency and transparency of customs services in Tajikistan.



Cleaning Up Armenia's Water Supply

In the former Soviet republic of Armenia, inadequate funding and maintenance had led to water shortages and poor quality drinking water. In 2007, ADB approved a \$36 million loan to the country's government to help it upgrade and rehabilitate water supply and sanitation systems in many towns and villages. The project is close to completion and almost a year ahead of schedule. Some 600,000 people—about 20% of the population—have already benefited. Like these school children in the community of Artashat, residents of 21 towns and 97 villages now have access to safe water supply for an average of 13.5 hours a day. In addition, the collaboration between the water utility company and a private operator has improved operational and financial management of the sector. (PHOTO: INNA MKHITARYAN)

Kyrgyz Republic with the People's Republic of China and beyond. The road reduces travel time by an average of 5 hours and significantly cuts transport costs, helps increase incomes, creates jobs, improves access to social services, and ultimately increases regional trade and cooperation. The Regional Customs Modernization and Infrastructure Development Project improved the efficiency and transparency of customs services, reinforced ongoing customs legal reforms, and promoted trade and regional cooperation by developing a unified automated information system, and building five and rehabilitating eight customs border-posts. ADB also helped mitigate the effects of climate change through the Flood Risk Management Project in Khatlon Province by rehabilitating 8.3 kilometers of flood protection embankment along the Pyanj River, and strengthening flood warning and preparedness systems.

Turkmenistan

Partnership priorities. ADB operations have been small in scale but are steadily growing. 2011 saw ADB's first-ever lending intervention in the country. A \$125 million loan was approved to modernize 311 kilometers of the North–South Railway Project, which will improve connectivity with neighboring countries and contribute to regional cooperation, trade, and investment.

An interim CPS is under preparation. It will prioritize infrastructure development that supports regional integration. Investments in energy and transport will increase Turkmenistan's importance in regional cooperation efforts in the CAREC framework. Capacity-building programs and development of key sector strategies will be incorporated into the CPS and country operations business plan.

Impact of operations. ADB started its operations only in 2010.

Uzbekistan

Partnership priorities. The country operations business plan for 2011–2013 follows the country strategy and program for 2006–2010. The plan supports sustaining inclusive economic growth through industrial modernization, infrastructure development, and rural development. Priorities include transport, energy, water supply and sanitation, multisector rural development, and small and microenterprise support. Direct investment in the private sector started, supporting energy.

Impact of operations. With \$63 million in loans, the Western Uzbekistan Rural Water Supply Project and the Kashkadarya and Navoi Rural Water Supply Project brought clean water to 950,000 people in 300 villages in Karakalpakstan, Kashkadarya, Khorezm, and Navoi. With a \$73 million loan, the ongoing Amu Zang Irrigation Rehabilitation Project improved 19,000 hectares of agricultural land by rehabilitating a pumping station and irrigation channels. Rehabilitation of two other pumping stations will further enlarge the improved land by 80%. The project also brought \$2.5 million worth of farm machinery and equipment to farmers.

AT A GLANCE

- In Turkmenistan, a \$125 million ADB loan was approved to modernize 311 kilometers of the North–South Railway Project.
- Supported by \$63 million in loans, new supply projects bring clean water to 950,000 people in 300 Uzbekistan villages.

SEE APPENDIX FOR TABLES AND FIGURES

- Portfolio Performance Indicators for Sovereign Lending, 2010–2011 (Appendix 17.1)
- Portfolio Performance Indicators for Grants from ADF and Special Funds, 2010–2011 (Appendix 17.2)
- Sovereign Approvals by Country, 2011 (Appendix 22)
- Nonsovereign Approvals by Country, 2011 (Appendix 23)
- Cumulative Lending and Disbursements by Country as of the end of 2011 (Appendix 24)
- Cumulative Grants Approved by Country as of the end of 2011 (Appendix 25)
- Cumulative Grant Disbursements by Country as of the end of 2011 (Appendix 26)

9 East Asia

■ The People's Republic of China, Mongolia





“ ADB operations in the People’s Republic of China and Mongolia have evolved in response to changing development needs; knowledge sharing, innovation, and development effectiveness underpin our partnership that has broadened and deepened as the two countries continue to undergo remarkable transformation. ”

Klaus Gerhaeusser
Director General, East Asia Department

HIGHLIGHTS

- High-level policy discussions on middle-income transition for the PRC held to commemorate the 25th anniversary of the ADB–PRC partnership.
- High-level policy forum organized to mark the 20th anniversary of the ADB–Mongolia partnership.
- PRC–ADB knowledge-sharing platform showcased as an innovative case study of South–South cooperation and development effectiveness at the Fourth High Level Forum on Aid Effectiveness in Busan, Republic of Korea.
- Further greening of the PRC portfolio achieved with the approval of 12 loan projects covering reforestation, energy efficiency, and other development.
- A multitranche financing facility of \$170 million in Mongolia to complete the Western Regional Road Corridor.

AT A GLANCE

- Total lending operations in the PRC comprise 12 sovereign loans for \$1.34 billion.
- East Asia's sovereign portfolio of 85 loans, 37 ADF and other grants, and 143 technical assistance projects.
- 40 knowledge products and services (KPS) for East Asia disseminated through publications, 7 international conferences, 29 workshops, and 2 book launches.

FEATURED PUBLICATION



Knowledge management is a core theme in ADB's assistance program in the PRC. This case study traces the history of knowledge cooperation in the PRC.

Download at
adb.org/publications

Overview

Inclusive growth is a key operational objective for ADB in East Asia. The current People's Republic of China (PRC) country partnership strategy (CPS) emphasizes inclusive growth and balanced development, resource efficiency and environmental sustainability, regional cooperation and public goods, and private sector development. The current Mongolia CPS supports stable, broad-based growth and inclusive social development. In 2011, Mongolia was reclassified from an Asian Development Fund (ADF)-only to a blend country, providing it access to ADF as well as ordinary capital resources. Both the PRC and Mongolia are currently preparing new CPSs broadly in line with Strategy 2020.

In both countries, ADB continued to provide technical assistance to support fiscal reforms, improve access to financial services, support urban development and social services, promote private sector participation, enhance energy efficiency, facilitate trade and logistics development, and strengthen regional cooperation. Inclusive growth was a dominant theme in a number of knowledge products and services (KPS) produced for the PRC and Mongolia.

Total lending operations in the PRC consisted of 12 sovereign loans for \$1.34 billion. Nonsovereign approvals for the PRC totaled \$225 million, including \$25 million in equity investments and \$100 million in B loans. For Mongolia, financial assistance included two ADF loans for \$65 million. Grants and technical assistance for the PRC and Mongolia including regional totaled \$35.3 million, of which \$4.2 million for Mongolia was financed from the Japan Fund for Poverty Reduction.

Portfolio Management

Through its East Asia Department, ADB manages a sovereign portfolio comprising 85 loans, 37 ADF and other grants, and about 143 technical assistance projects in East Asia. All ongoing loan and grant projects have been rated *satisfactory*. Maintaining the quality and development impact of the portfolio is a key objective in portfolio management, and challenges remain with the increasing number of smaller and more innovative and complex projects.

Project administration was enhanced with the greater involvement of executing and implementing agencies during project preparation. Mandatory assessment of procurement and financial management capacities when preparing projects enabled better targeting of capacity-building support. Monitoring of contract awards, disbursements, consultant recruitment, compliance with safeguard requirements, and other project implementation milestones were given high priority and have contributed to further improvement in portfolio management. The capacity of resident missions to administer the growing number of projects was further strengthened by additional sector, safeguard, and procurement specialists.

Knowledge Management

Knowledge management remained an important pillar of ADB's assistance program in the PRC and Mongolia, with knowledge and innovation as core themes and with increased emphasis on generating knowledge from loan and technical assistance operations, and policy research work. Quality assurance measures, including joint country programming of KPS and peer reviews, were strengthened. In 2011, 40 KPS were completed and widely disseminated through publications, 7 international conferences, 29 workshops, and 2 book launches. Knowledge sharing on middle-income transition and sustainable development were held to celebrate the 25th anniversary of the ADB-PRC partnership and the 20th anniversary of the ADB-Mongolia partnership, respectively.

Progress toward Inclusive Growth in East Asia

- ADB provided about \$60 million in lending and technical assistance to increase water-use efficiency in the PRC's Qinghai Province by converting irrigation schemes, improving agricultural extension services and institutional capacity, and empowering farmer associations for irrigated agricultural services and management.
- Technical assistance was provided to improve access to financial and social security services to poor and vulnerable households in the PRC. Assistance was provided to study the sustainability of the new rural pension scheme, to design the database system for monitoring the operation of rural pensions, and to strengthen rural pension administration and services.
- A \$20 million loan was approved to provide much-needed higher education reforms in Mongolia.
- Mongolia's Agriculture and Rural Development Project developed value chains, which helped deliver unique, premium value agro-processing products to foreign niche markets.
- ADB successfully demonstrated an energy-efficient district heating project in rural towns in Mongolia, achieving a 30% reduction in fuel consumption and improving access of residents, schools, and hospitals to a reliable heating service.

KPS produced for the PRC and Mongolia are in response to country demand. Priority themes for the PRC are macroeconomic management, energy efficiency and environmental protection, poverty reduction, and interprovincial cooperation. In the PRC, core KPS were completed on industrial transfer policies (from coastal to inland regions, and from international to domestic markets) and the development of the secondary loan market.

The brief policy notes series covered topics on the 12th Five-Year Plan, middle-income transition, natural resource taxation, electricity sector challenges, and provincial development strategies. In Mongolia, KPS focused on economic growth (especially increasing productivity) and poverty reduction (including food security). Core KPS completed include good cases for university–industry collaboration and livestock-based manufacturing.

ADB continued to explore knowledge partnerships with the PRC's centers of excellence to expand mutual learning experiences between the PRC and other developing member countries in urban development, the transport sector, water security, and agricultural and rural development. The PRC–ADB Knowledge-Sharing Platform was presented as a case study at the Fourth High Level Forum on Aid Effectiveness in Busan, Republic of Korea, in November as an innovative example of South–South knowledge cooperation. ADB presented at the 17th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change in Durban, South Africa, the early findings of the study on Economics of Climate Change in Northeast Asia covering the PRC, Japan, the Republic of Korea, and Mongolia.

AT A GLANCE

- In the PRC, core KPS completed on industrial transfer policies.
- Focus on knowledge partnerships with the PRC enables excellence in environmental management, governance, and gender equality.

FEATURED PUBLICATION



Presented at the UN Climate Change Conference in Durban, South Africa, in November, this publication presents the early findings of the study on Economics of Climate Change in Northeast Asia.

Download at
adb.org/publications

AT A GLANCE

- \$45 million project start-up for regional logistics center in Zamyn Uud, Mongolia.
- Central transport corridor links Mongolia and the PRC.
- Further greening of the PRC portfolio.
- The developing world's first commercial clean-coal power plant under construction in the PRC.



Partnership for Prosperity: Impact Stories from the People's Republic of China was launched at the 25th anniversary of the ADB–PRC partnership. It is a collection of impact stories from successful ADB projects in the PRC.

Download at
adb.org/publications

Regional Cooperation

Regional cooperation and integration has become integral to ADB's operations in the PRC. ADB facilitates an increasing number of engagements with the PRC through subregional cooperation programs for Central Asia (Central Asia Regional Economic Cooperation [CAREC]), the Greater Mekong Subregion (GMS), the PRC–Mongolia partnership, and the Pan-Beibu Gulf. The PRC continued to be an active participant in regional cooperation and made notable progress in both GMS and CAREC activities. It strengthened cooperation with Mongolia by concluding an amended road transport agreement and expanding the pilot of joint customs to a new pair of border-crossing points. In 2011, the government expressed its commitment to replenish the PRC Regional Cooperation and Poverty Reduction Fund with \$20 million.

In Mongolia, regional cooperation is providing an opportunity to change from a landlocked country into a land bridge for trade, to gain greater access to international markets, and to further tap its growth potential. ADB's regional cooperation and integration-related support to Mongolia is delivered through the CAREC program and country lending operations. Major achievements include start-up of a \$45 million project to develop a regional multimodal logistics center in Zamyn Uud, establishment and full operation of a customs automated information system with financial support from ADB, pilot-testing of joint customs control with the PRC, and construction of a central transport corridor linking Mongolia with the PRC.

With support from ADB and other development partners, Mongolia completed a master plan and feasibility study on the development of a national single window, a facility that allows parties in trade and transport to lodge standardized information and documents via a single entry point.

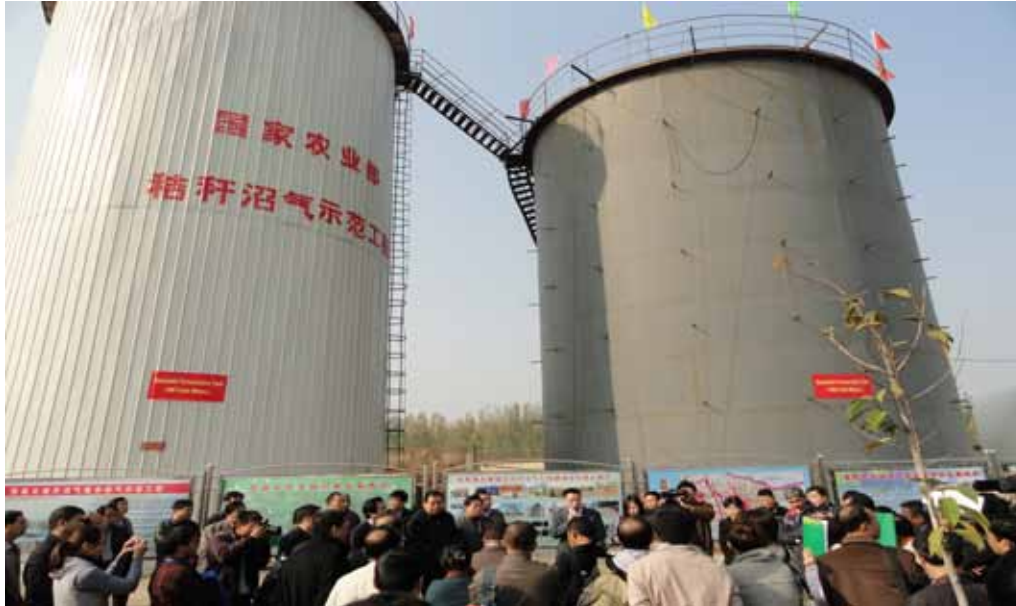
Country Highlights

The People's Republic of China

Partnership priorities. The strategic thrusts of the current CPS remain valid and are aligned with the key priorities of the PRC's 12th Five-Year Plan and ADB's Strategy 2020. Knowledge and innovation are core themes of the ADB–PRC country partnership strategy. Further greening of the PRC portfolio was achieved with the approval of projects covering reforestation, energy efficiency, environmental improvement, and integrated urban transport development. The inclusive dimension of operations was strengthened by supporting urban infrastructure development, natural resource conservation, and rural livelihood development in the less affluent central and western provinces. Private sector operations complemented public sector operations by supporting private sector participation in the provision of water supply and distribution in small and medium-sized cities.

Impact of operations. ADB is supporting the government in its efforts to fulfill the strategic priorities of inclusive and regionally balanced development, natural resource conservation, and environmental protection, including climate change adaptation and mitigation. Investments in clean energy and energy efficiency are helping the PRC to achieve the 12th Five-Year Plan target to reduce energy intensity of gross domestic product by 16%.

Against this background, ADB made substantial progress in 2011 in constructing the first commercial-scale integrated gasification combined cycle power plant (i.e., clean-coal technology with high potential for carbon capture) in an emerging economy. Public and private sector projects in support of clean energy, energy efficiency, and emissions control were scaled up, particularly in Guangdong, Hebei, Jilin, and Shandong provinces, by supporting wind power technology,



ADB–PRC Knowledge-Sharing Platform Showcases Ideas in Sustainable Agriculture

Useful ideas in sustainable agriculture and rural development were shared at the third High Level Regional Knowledge-Sharing Platform workshop in Beijing on 8–11 November. More than 70 officials, researchers, and academics from 13 developing member countries (DMCs) attended the event, whose theme was “Agricultural and Rural Development: Improving Farm Productivity and Rural Livelihoods.” Discussions included successful policies and practices, as well as possible future cross-border collaboration in communicating knowledge between the People’s Republic of China and other DMCs. Participants went on a 2-day field visit to the Biogas Cooperative at Dongjiecun Village in Anyang County and to the Henan Yongchang Feitian Starch Sugar Company, where the production of renewable energy from agricultural wastes and sustainable agro-processing were showcased. (PHOTO: KAN LEI)

and retrofitting existing equipment with more energy-efficient equipment. These efforts will help reduce reliance on fossil fuels and, therefore, reduce greenhouse gases and improve air quality. Urban infrastructure development projects for the Xinjiang Uygur and Guangxi Zhuang autonomous regions helped to align the country program’s work with the GMS and CAREC programs by improving the enabling environment in cities in regional economic corridors. Technical assistance complemented lending by supporting sector policy reforms and climate change-related initiatives, particularly voluntary carbon trading schemes being pilot-tested by Beijing and Tianjin. Continuing the impetus on knowledge sharing, the third Knowledge-Sharing Workshop on Agriculture and Rural Development was organized with 13 DMCs participating. The delegates discussed emerging issues and challenges and shared best practices, and hailed the ADB–PRC Knowledge-Sharing Platform as an effective networking vehicle on South–South cooperation.

AT A GLANCE

- In the PRC, technical assistance supports sector policy reforms and climate change-related initiatives, including voluntary carbon trading schemes being tested in Beijing and Tianjin.

FEATURED PUBLICATION



ADB’s President Kuroda (left) led discussions during a high-level forum in Terelj, Mongolia, marking the 20th anniversary of the ADB–Mongolia partnership. *ADB–Mongolia Partnership: Building a Better Tomorrow* was launched at the meeting.

Download at
adb.org/publications

AT A GLANCE

- Mongolia reclassification provides eligibility for funding from ordinary capital resources.



With the aid of an ADB-supported food stamp assistance program, many low-income families in Mongolia can ensure their children have adequate nutrition.

Read the full story on adb.org



Upgraded Mongolia Road Link Supports Regional Trade

Zamyn Uud is a town of 15,000 in southeastern Mongolia, on the PRC border (the border crossing area is pictured here). Trade and tourism are expected to rise sharply in coming years once a paved road, which currently stops at the western edge of town, extends northward to Sainshand and Ulaanbaatar. The upgrading of the road from the city of Choir to Sainshand, financed by ADB, has already shortened journey times, facilitating trade. When rehabilitation of the 430-kilometer stretch between Choir and Zamyn Uud is finished, the corridor will support further development and facilitate the flow of goods between Siberia and the PRC, increasing Mongolia's importance as an Asian transport hub. The development is part of an initiative being undertaken by the Central Asia Regional Economic Cooperation Program, in which ADB is a major partner. (PHOTO: LILIAN VALERIO)

Mongolia

Partnership priorities. For 2 decades, ADB has been Mongolia's largest source of official development assistance, playing a key role in the country's impressive transformation to a market-based economy. The current country operations business plan for 2009–2012 focuses on health, education, the finance sector, and infrastructure. Thanks to vast mineral resources, Mongolia has become one of the fastest-growing countries in the world and finds itself on the threshold of prosperity. It was reclassified in August, making it eligible for funding from ADB's ordinary capital resources, while maintaining access to concessional financing from the ADF.

Despite breakaway growth, Mongolia faces severe development challenges, including persistent unemployment and growing inequality, rapid urbanization, and isolation from international markets. In 2010, 39% of the population was poor, with households headed by women and recent urban migrants most affected. Mining will generate revenues but not many jobs, and

could reduce competitiveness of other exports. Poverty reduction and inclusive growth, therefore, remain formidable challenges. Substantial investment in human and physical infrastructure is needed to realize Mongolia's full potential.

Impact of operations. ADB assistance is helping ensure that benefits from the country's rapid growth accrue to all citizens. Investments in education and health have kept Mongolia on track to meet the related Millennium Development Goals. In an economy increasingly dependent on mining revenue and related services, appropriate skills training is critical. ADB is supporting reform of higher education and will help modernize vocational training. ADB has also made major investments to improve primary health services and health insurance, and is supporting policy reforms and investments in the hospital sector and drug safety.

With high food prices adversely affecting the poor, ADB developed a food stamp program that accurately targets the most vulnerable households, using a new means-testing system. More than 50,000 beneficiaries have entered the program, and the goal is to reach 100,000. Targeted social assistance marks a major shift in Mongolia's social welfare strategy and is a key component of the recently approved social welfare law. More progress was made in 2011 in providing a unique safety net to ensure food security for the poor through a food and nutrition social welfare program.

Faced with high levels of migration to towns and cities from rural areas, ADB is supporting investments in water, sewerage, roads, and pathways in low-income neighborhoods. In the energy sector, ADB assisted in drafting Mongolia's energy conservation policy. The government also appointed ADB as the public-private partnership transaction adviser for a new combined heat and power plant in Ulaanbaatar. This project will support economic growth and improve residents' access to reliable heating services.

AT A GLANCE

- Food stamp program in Mongolia benefits more than 50,000.
- Public-private partnerships supported to expand access to basic services in Mongolia.

SEE APPENDIX FOR TABLES AND FIGURES

- Portfolio Performance Indicators for Sovereign Lending, 2010–2011 (Appendix 18.1)
- Portfolio Performance Indicators for Grants from ADF and Special Funds, 2010–2011 (Appendix 18.2)
- Sovereign Approvals by Country, 2011 (Appendix 22)
- Nonsovereign Approvals by Country, 2011 (Appendix 23)
- Cumulative Lending and Disbursements by Country as of the end of 2011 (Appendix 24)
- Cumulative Grants Approved by Country as of the end of 2011 (Appendix 25)
- Cumulative Grant Disbursements by Country as of the end of 2011 (Appendix 26)

10 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



“ In supporting inclusive growth in the Pacific, ADB pays particular attention to infrastructure. Transport and communication services are essential for economic activity in this region, where ADB’s climate-proofing of infrastructure is helping to boost its resilience to the impacts of climate change. ”

Robert Wihtol
Director General, Pacific Department

HIGHLIGHTS

- Timor-Leste Country Partnership Strategy 2011–2015 endorsed. Timor-Leste reclassified as a “B” member country, giving the country access to ordinary capital resources from January 2012.
- With support from ADB, Solomon Islands makes significant progress in the area of business regulatory reform, with business environment greatly improving.
- Effective partnership with traditional donors reflected in levels of direct value-added official cofinancing (\$124.53 million for grants, \$9.00 million for loans).
- ADB is supporting five Pacific DMCs in strengthening their marine and coastal resources management activities, with an emphasis on adaptation to climate change.

AT A GLANCE

- Projects engage women and youth, rural and outer islanders, and disadvantaged and vulnerable people.
- Strong commitment to Pacific Plan and Cairns Compact maintained via regional forums and consultations.

FEATURED PUBLICATION



Food Security and Climate Change in the Pacific: Rethinking the Options examines areas in which ADB and development partners can assist to improve food security in vulnerable island economies.

Download at
adb.org/publications

Overview

Total new lending to countries in the Pacific subregion was \$238.02 million and total nonregional technical assistance was \$12.95 million. Reflecting ADB's Pacific Approach 2010–2014, programming in 2011 supported Pacific developing member countries (DMCs) in focusing on projects for engaging women and youth, rural and outer islanders, and other disadvantaged and vulnerable people. Programming also supported regional cooperation and integration in response to the challenges facing Pacific island countries. ADB continued to strengthen coordination and cooperation with development partners and government agencies through high-level consultations. Another mechanism employed has been the establishment of joint development coordination offices servicing Kiribati, Samoa, Solomon Islands, Tonga, and Vanuatu.¹

ADB's approach to fragile and conflict-affected situations continued to guide its response to the special circumstances of the region.

Knowledge Management

ADB contributed to the sharing of knowledge through a variety of initiatives incorporating publications, reports, policy briefs, workshops, and conferences. For example, *The Political Economy of Economic Reform in the Pacific* was published under the Pacific Studies Series, providing insights into the challenges of economic reform in the South Pacific and Timor-Leste and pointing to ways in which ADB and development partners can provide more effective assistance to Pacific DMCs.

ADB has documented the experiences from a pilot climate change adaptation project, Protecting Island Biodiversity and Traditional Culture in the Cook Islands, to provide a better understanding of how to help communities identify and address climate and disaster risks. In November, ADB organized a Regional Inception and Launching Workshop for Strengthening Coastal and Marine Resources Management in the Coral Triangle of the Pacific (Phase 2), in Nadi, Fiji. At the workshop, key government counterparts and development partners discussed potential synergies and partnerships on effective management of coastal and marine ecosystems.

Regional Cooperation

ADB maintained a strong commitment to the Pacific's own strategic planning documents—the Pacific Plan and the Cairns Compact. It contributed to regional mechanisms for coordinating development, such as the Forum Economic Ministers' Meeting and Pacific Island Countries–Development Partners' meeting. High-level consultations with donor partners, including Australia, Japan, New Zealand, and the United States, as well as multi-party consultations with Australia, the European Commission, International Monetary Fund, the Japan International Cooperation Agency, New Zealand, and the World Bank Group, helped strengthen regional cooperation and coordination.

ADB supported the Pacific to register some significant successes in the provision of services across the region. The Pacific Region Infrastructure Facility (PRIF), a partnership between ADB, Australia, the European Commission, the European Investment Bank, New Zealand, and the World Bank Group, has approved projects with a cumulative value of \$541 million.² ADB is leading PRIF investment projects in the transport, water and sanitation, and energy sectors in four Pacific DMCs, as well as through several major regional initiatives. ADB also manages the Pacific Infrastructure

¹ These offices are operated jointly with the World Bank under a variety of specific arrangements.

² Pacific Region Infrastructure Facility estimate in November 2011.

Progress toward Inclusive Growth in the Pacific

- The Rural Primary Health Services Delivery Project in Papua New Guinea (\$71.2 million—\$20.0 million from Asian Development Fund resources and \$51.2 million cofinanced by the Government of Australia, the Japan International Cooperation Agency, the OPEC Fund for International Development, and the World Health Organization), approved by the ADB Board in 2011, will promote greater access to health services by improving the quality of primary health care.
- In Samoa, the Economic Recovery Support Program, backed by two subprogram loans totaling \$26.8 million, is facilitating the nation's recovery from the combined impact of the global financial crisis and the 2009 tsunami. Policies being implemented by the government will build greater resilience to human-made and natural disasters, benefiting communities and businesses.
- In Vanuatu, the Interisland Shipping Support Project (\$10.8 million) is enabling the government to connect rural populations to markets and provide economic opportunities by improving wharves and reestablishing outer island shipping routes.
- In Palau, the Water Sector Improvement Program (\$16.0 million) is providing a more reliable supply of treated water to communities in Babeldaob and Koror.
- A policy and advisory technical assistance (\$0.5 million funded by the Japan Fund for Poverty Reduction) is supporting the Government of the Cook Islands to introduce wide-ranging, cost-effective reforms to the public sector, including changes that will improve the delivery of essential services to communities in the outer islands.

Advisory Centre, which provides rapid-response technical assistance in all infrastructure sectors on behalf of the PRIF partners.

Issues common across the Pacific are being addressed cooperatively. ADB regional technical assistance (\$17.68 million approved in 2011) helped improve national auditing, results-based management systems, public financial management, and strengthened regional capacity to collect and compile data relating to the Millennium Development Goals. Regional projects to promote access to renewable energy, strengthen disaster preparedness, and manage coastal and marine resources improved the capacity of Pacific DMCs to respond to climate change.

Portfolio Management

ADB's portfolio in the Pacific region, comprising 35 loan and grant-funded projects, and 77 technical assistance projects, was managed through regular review missions and close coordination with the governments' executing agencies. For Papua New Guinea, with a portfolio of 11 projects amounting to 55% of the total Pacific portfolio value, an annual high-level country portfolio review with government helped resolve implementation issues.

ADB's four field offices in the Pacific region played a key role in portfolio management as 55% of the project portfolio and 27% of the technical assistance portfolio have been delegated to them. Training of executing agency staff and capacity development of institutions were undertaken through ADB's project implementation and loan disbursement seminars. These were supplemented by regional technical assistance targeting specific countries.

AT A GLANCE

- Board approves \$71.2 million for Papua New Guinea Rural Primary Health Services Delivery Project.
- Pacific portfolio comprises 35 loan and grant-funded projects, and 77 technical assistance projects.



ADB highlighted its private sector activities in the Pacific in a panel discussion broadcast on Australian TV, radio, and the internet.

See it at
www.youtube.com/watch?v=n1Ov99btK5Q

AT A GLANCE

- 29 ongoing loans for \$894.5 million and 14 ongoing grants for \$177.7 million in 13 countries.
- In the Cook Islands, ADB is supporting trade, connectivity, and improved delivery of public services.



The Pacific Solution Exchange is an e-mail-based service in which people can discuss issues, share information, and learn from each other.

Find out more at www.solutionexchange-un.net/pacific/

Budget Support

ADB's main support to countries most affected by the global economic crisis was through policy-based loans provided as general budget support. The total package of loans and grants under these Economic Recovery Support Programs to the Cook Islands, the Marshall Islands, Samoa, Solomon Islands, and Tonga was close to \$80 million. ADB and the respective governments had initially agreed on actions the respective administrations would need to take in key policy areas before ADB could release funds under the program.

In 2011, ADB approved the second tranches of policy-based loans to Samoa, Solomon Islands, and Tonga, totaling \$20.8 million. By supplementing government funds, the loans facilitated infrastructure investment, helped protect basic social services, strengthened fiscal governance, and allowed governments to pursue priority structural reforms.

An emphasis on protection for the poor and vulnerable was an innovative feature of these programs. Budget support provided under the Solomon Islands program allowed a higher level of social expenditure than would otherwise have been possible. In fact, in 2011, the government allocated more of its own funds (\$19.5 million above the 2009 level) to non-payroll costs for education, health, and infrastructure services.

The programs in the Cook Islands and Tonga supported analytical work to identify vulnerable groups. As a result, action is now being taken to target the vulnerable, including the elderly and people with disabilities. In Tonga, basic health and education expenditures were safeguarded from the impact of significant across-the-board budget cuts. In the Cook Islands, the program allowed the government to adjust social welfare allowances of vulnerable people for inflation.

In Samoa, the program supported the rebuilding of infrastructure damaged by the September 2009 tsunami, which led to an early pickup in domestic economic activity and employment.

In 2011, 60% of the Pacific Department's projects were rated *satisfactory*. Problem projects reflected start-up, contracting, and procurement delays.

There were 29 ongoing loans for \$894.5 million and 14 ongoing grants for \$177.7 million in 13 countries. Contract awards reached \$106.5 million and disbursements totaled \$110.8 million.

Country Highlights

The Cook Islands

Partnership priorities. ADB's country partnership strategy (CPS) 2008–2012 supports *Te Kaveinga Nui*, the Cook Islands' National Sustainable Development Plan 2007–2010, and is closely aligned with ADB's Pacific Approach 2010–2014. The strategy focuses on developing infrastructure, renewable energy, and improving public finance management and public service performance.

Impact of operations. Through the Avatiu Port Development Project, trade, connectivity, and service delivery to the outer islands is being strengthened. ADB technical assistance supported a functional review of the public service, including outer island administration. Cabinet has approved some recommendations which, once implemented, will improve delivery of public services.

Fiji

Partnership priorities. All ADB operations are guided by the April 2007 Approach to Reengagement. Ongoing projects address roads upgrading and water supply and sanitation, and respond to the devastating floods of 2009.

Impact of operations. Under the Third Fiji Road Upgrading Project (Supplementary), due to end in 2012, nearly 6,000 people gained access to sealed roads in 2011 with the completion of the Kings Road subproject. Vehicle operating speeds increased to more than 50 kilometers per hour. People in local communities benefited because the project gave them regular and cheaper access to markets and services, including health and education.

Kiribati

Partnership priorities. The CPS 2010–2014 supports improved public financial management and delivery of sustainable infrastructure services.

Impact of operations. With support from ADB technical assistance, the government continued reforms to improve the performance of state-owned enterprises (SOEs) and reduce the drain they place on public finances. The loss-making Kiribati Supply Company Limited was sold to a private company. Improved cash flows and financial recording helped enable Kiribati Shipping Services Limited vessels to continue operations, which included the transportation of 3,000 students back to their homes from schools in the capital, and delivery of food to the outer islands.

The Marshall Islands

Partnership priorities. The country operations business plan (COBP) 2012–2014 focuses on macroeconomic and fiscal management, private sector development, human capacity development, and environment and climate change.

Impact of operations. The electricity supply for businesses and communities improved as a result of an ADB program loan approved in 2010 to support the Marshalls Energy Company in repaying a high-interest loan. Using the cash-flow savings, the company overhauled a generator that now has a significantly higher output, uses less fuel, and has resulted in fewer power outages.

The Federated States of Micronesia

Partnership priorities. Support for governance reform and strengthening infrastructure in the energy, water, and transportation sectors remain priorities.

Impact of operations. ADB energy projects are improving electricity services to businesses and the community while lessening the country's reliance on imported oil by developing renewable energy options. Improved water supply and sanitation services ensure schools and hospitals have easy access to drinking water, and to sewerage systems. Communities, especially women, are important beneficiaries of tapped potable water. ADB expects that levels of disease, such as outbreaks of cholera which have resulted in deaths in some states, will be reduced.

Nauru

Partnership priorities. The COBP 2012–2014 includes operations in public sector management and the energy sector. This is the first COBP approved since ADB reengaged Nauru in 2008.

Impact of operations. ADB supported reform of the key SOEs that dominate Nauru's economy to make them more efficient. This included the introduction of a performance management

AT A GLANCE

- Continuing reforms to state-owned enterprises in Kiribati.
- Electricity supply in the Marshall Islands improved.
- Communities in the Federated States of Micronesia benefit from upgraded water supply and sanitation services.

AT A GLANCE

- Program to improve water supply and sanitation in Palau.
- New subsidized community shipping franchises financed by ADB established in Papua New Guinea.

system for senior management, a new corporate structure, and the recruitment of an external chief executive officer for the SOE that exports phosphate. ADB also advised on options for corporatizing SOEs. As a result of this advice, the Nauru Utilities Corporation Act was passed in June 2011, paving the way for significant reform of the Nauru Utilities Authority.

Palau

Partnership priorities. The CPS 2009–2013 focuses on improving public sector effectiveness, facilitating private sector development, delivering safe water and sanitation services, and managing the threats of climate change.

Impact of operations. A medium-term program to improve water supply and sanitation commenced in 2011. The program is expected to improve the reliability of access to water and ensure that Palauans, and the 100,000 tourists who visit annually, have access to water even during times of drought. Improvements in sanitation infrastructure and management will prevent overflows of sewage into low-lying communities. Palau was assisted in creating a national health savings account and insurance scheme, which is giving greater access for all Palauans to health services in Palau and overseas.

Papua New Guinea

Partnership priorities. The CPS 2011–2015 focuses on infrastructure to improve access to jobs, markets, and services; to strengthen electric power generation; and to open finance, telecommunications, and business opportunities. The partnership also commits ADB to helping the government deliver rural primary health services under its new National Health Plan.

Impact of operations. Two new subsidized community shipping franchises financed by ADB were established during 2011. As a result, growers along the south coast of East New Britain Province ramped up production of copra, cocoa, and palm oil because of the cheaper and more reliable access to markets afforded by the new shipping arrangements. The ADB-supported Nationwide Microbank welcomed its 100,000th account holder during 2011, making it the largest microbank in the Pacific. ADB financed the reconstruction of 115 kilometers of national roads under difficult conditions in the Highlands Region, improving access to markets and education and health services. An ADB technical assistance supported PNG Power Limited to complete power factor correction improvements at 11 major consumers in Port Moresby, saving 180,000 kilowatt-hours annually. Approximately 900,000 people benefited from health facilities and services provided by the HIV/AIDS Prevention and Control project. The newly approved Rural Primary Health Services Delivery Project (cofinanced by the Government of Australia, the Japan International Cooperation Agency, the OPEC Fund for International Development, and the World Health Organization) will promote greater access to health services by improving the quality of primary health care in selected provinces.

Samoa

Partnership priorities. ADB's CPS 2008–2012 includes support for improved public services delivery, the removal of infrastructure constraints, and promotion of private sector development. The CPS aligns with the Strategy for the Development of Samoa 2008–2012.



Bringing Banking Services to Remote Regions of Papua New Guinea

Before opening an account with Nationwide Microbank (NMB) in 2011, Tommie Seriate kept her earnings buried under her fireplace. Until then, saving had proved difficult for the 49-year-old Papua New Guinea widow and subsistence farmer. NMB (formerly Wau Microbank) was established as part of the Microfinance and Employment Project, supported with a \$9.6 million ADB concessional loan to the Government of Papua New Guinea. NMB today has branches in 13 provinces and aims to have a branch in all 20 provinces by the end of 2012. Meantime, in partnership with ADB's Pacific Private Sector Development Initiative and the government, it is working on complementary programs that will further strengthen microfinance in the country—such as offering financial services through the use of mobile phones—benefiting more people like Ms. Seriate. She is seen here, at center, receiving her account book from NMB staff. (PHOTO: NATIONWIDE MICROBANK)

AT A GLANCE

- ADB's Economic Recovery Support Program, Subprogram 2 loan of \$10.8 million supports infrastructure investment in Samoa.
- Rehabilitation and civil works for Samoan schools completed.
- 335 kilometers of roads and 119 bridges rehabilitated in Solomon Islands.

Impact of operations. ADB's Economic Recovery Support Program, Subprogram 2 loan of \$10.8 million, approved in 2011, continued to support the government's investment in infrastructure and an enabling business environment, building greater resilience to natural disasters and economic shocks. Rehabilitation and civil works for six schools supported by the Education Sector Project II were completed. The Sanitation and Drainage Project, which closed in May, contributed to significantly improving the environment and public health in Apia, the capital, by reducing flooding in the town center, establishing a large, reticulated wastewater collection and treatment system, and upgrading skills on wastewater and sanitation services of personnel in the Samoa Water Authority.

Solomon Islands

Partnership priorities. The COBP 2012–2014 includes operations in transport infrastructure and information and communication technology, public sector management, and renewable energy. Private sector development is promoted in all these sectors as a cross-cutting theme.

Impact of operations. Since 2004, ADB's assistance to develop integrated transport systems in remote islands has improved connectivity and facilitated trade by rehabilitating 335 kilometers

AT A GLANCE

- Work on construction of 130 kilometers of road upgrades commences in Timor-Leste, funded by \$46 million grant.
- Sanitation and road-widening project in Tonga benefits 32% of the population.

of roads, 119 bridges, and 10 wharves, and maintaining about 300 kilometers of roads. Online company and secured transactions registries, supported under an ADB technical assistance, are reducing the cost of doing business, encouraging compliance, and strengthening consumer protection. ADB is a key member of the Core Economic Working Group, which is a best-practice model of joint government–development partner coordination in the Pacific.

Timor-Leste

Partnership priorities. ADB’s support concentrates on infrastructure development and management, and is designed to promote the private sector as a driver of inclusive growth. A new engagement in education will deliver training in construction and automotive trades by strengthening public and private training providers. ADB will also continue to support the development of the finance sector and regional cooperation and integration.

Impact of operations. Construction of 130 kilometers of road upgrades commenced, funded by a \$46 million grant. Ten years of ADB support for the Instituição de Microfinanças de Timor-Leste culminated in its inauguration in July 2011 as the Banco Nacional de Comércio de Timor-Leste, the country’s first locally owned commercial bank. The new bank opened with branches in 11 of Timor-Leste’s 13 districts, \$4.5 million in savings from almost 40,000 depositors, and \$8.0 million in loans from more than 10,000 borrowers, 4,000 of whom were women.

Tonga

Partnership priorities. ADB’s CPS 2007–2012 focuses on poverty reduction through integrated urban infrastructure development, prudent macroeconomic and fiscal management, and the development of the private sector. The CPS remains relevant to the objectives of the Tonga Strategic Development Framework.

Impact of operations. The Integrated Urban Development Project supported improved community sanitation and road widening, which benefited 32% of the population in Nuku’alofa and other project areas. The \$5 million second tranche of the Economic Support Program grant, disbursed in 2011, enabled the government to retain adequate budget allocations for primary education and health, despite reduced revenue and remittances as a result of the global economic crisis. ADB technical assistance to economic and strategic management facilitated strengthening of the government’s corporate planning process, and preparation of a medium-term budget framework.

Tuvalu

Partnership priorities. The CPS 2008–2012 supports priorities and strategies for public enterprise management identified in *Te Kakeega II*, the Tuvalu National Strategy for Sustainable Development 2005–2015.

Impact of operations. ADB continued to focus on improving management in the public sector and strengthening the development of the private sector. A public expenditure and financial accountability assessment was undertaken, helping government identify weaknesses in public financial management systems, which is guiding the design of a reform program to allow for better expenditure decisions and usage of limited resources in the delivery of social services. Release of



Rebuilding Tonga's Infrastructure

In Tonga, in the capital Nuku'alofa and on the main island of Tongatapu, health and social services have been deteriorating along with sanitation, drainage, roads, and waste disposal facilities. To upgrade the islands' infrastructure, ADB is supporting the government with an \$11.3 million grant for its Integrated Urban Development Sector Project. Under this program, all-weather roads with proper drains (like this one at Sopo Village) are being built in low-income and low-lying residential subdivisions affected by recurring floods. As part of the project, too, workers have built wells to enable the monitoring of pollution levels in groundwater round the capital. Checks are made monthly to see if sewage from septic tanks is getting into the sea with implications for health.

(PHOTO: S. B. OLSSON)

the second tranche (\$2.0 million) of the Improved Financial Management Program allowed the government to further reduce its debt with the National Bank of Tuvalu and improved the ability of the bank to operate commercially.

Vanuatu

Partnership priorities. The CPS 2010–2014 continues to focus on transport, urban development, and energy. It aims to strengthen the private sector through an improved regulatory environment, better access to finance, and the reform of SOEs.

Impact of operations. ADB continued to improve access for rural businesses and communities to financial services. Establishment of the ADB–World Bank Development Coordination Office in Vanuatu in 2010 significantly strengthened ADB's relationship with the Government of Vanuatu and its development partners. This was reflected through two successful loan negotiations in late 2011 for the Interisland Shipping Support Project (cofinanced by the New Zealand Aid Programme) and the Port Vila Urban Development Project (cofinanced by the Australian Agency for International Development). The Interisland Shipping Support Project will provide enhanced access to markets and social services through improved water transport infrastructure to and from rural areas.

AT A GLANCE

- In Vanuatu, the ADB–World Bank Development Coordination Office, established in 2010, significantly strengthens ADB's relationship with the government and its development partners.

SEE APPENDIX FOR TABLES AND FIGURES

- Portfolio Performance Indicators for Sovereign Lending, 2010–2011 (Appendix 19.1)
- Portfolio Performance Indicators for Grants from ADF and Special Funds, 2010–2011 (Appendix 19.2)
- Sovereign Approvals by Country, 2011 (Appendix 22)
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- Cumulative Lending and Disbursements by Country as of the end of 2011 (Appendix 24)
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11

South Asia

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



“ In 2011, we paid particular attention to making our projects more sustainable and inclusive. We aggressively mainstreamed climate change mitigation, persisting in ‘green’ growth and ensuring social inclusion. We were able to tap into the Climate Investment Funds substantially (an additional \$750 million), focusing on energy efficiency and renewable energy, thus contributing to a lower-carbon growth path in our developing member countries. ”

Sultan Hafeez Rahman
Director General, South Asia Department

HIGHLIGHTS

- Climate Investment Funds provided an additional \$750 million for energy efficiency and renewable energy programs.
- Introduced innovative financing structures through the nonsovereign public sector financing facility.
- Gender mainstreaming strengthened. About 60% of projects have a gender component in their design.
- More than 100 quality knowledge products produced, ranging from working papers, books, and book chapters, to project briefs and studies.
- South Asia Subregional Economic Cooperation working groups on transport, trade facilitation, and energy endorsed investment projects worth \$2 billion.



AT A GLANCE

- Efforts to foster private sector development in core operations strengthened.
- Department-wide approach developed to promote the effective generation, dissemination, and application of knowledge.
- South Asia loan disbursements reach \$2.2 billion, and contract awards reach \$2.9 billion.

FEATURED PUBLICATION



ADB's India program has grown in size and strength over the years. *India-ADB Development Partnership* provides an overview of how the design and delivery of its assistance has improved over a quarter of a century.

Download at
adb.org/publications

Overview

ADB's operations in South Asia are aimed at accelerating sustainable development and inclusive growth. Regional cooperation and integration initiatives achieved major milestones in 2011, including the approval of the new South Asia Regional Cooperation Strategy.

Through the South Asia Department, ADB continued to deliver a program fully aligned with the priorities of Strategy 2020. Efforts to foster private sector development in core operations were strengthened. Particular attention was given to ensuring that assistance was sustainable and inclusive by mainstreaming climate change initiatives aggressively, persisting with a focus on green growth, and supporting social inclusion. Assistance was also provided for addressing education and skills constraints, water scarcity, energy inefficiency, and poor transport connectivity, and for tackling finance sector and public sector management challenges. Efforts at regional cooperation and integration emphasized improvements to transport connectivity, trade facilitation, and energy cooperation.

Knowledge Management

In 2011, ADB developed a department-wide knowledge management approach to promote the effective generation, dissemination, and application of knowledge in and from the operations of the South Asia Department. ADB continued to produce many products that provide regular avenues for knowledge creation and sharing, promote discussion, and enhance understanding of current economic and development issues in South Asia, and facilitate policy dialogue and reforms.

As of 31 December, a total of 123 knowledge products had been completed. These include working papers, sector/thematic papers, and country briefs. Topics range from finance, such as the working paper *Product Innovations for Financing Infrastructure*, to climate change, such as the report *Adapting to Climate Change: Strengthening the Climate Resilience of Water Sector Infrastructure in Khulna, Bangladesh*.

Portfolio Management

Through its South Asia Department, ADB manages a portfolio comprising 193 projects (loans and grants) and 209 technical assistance projects in the six South Asian countries. About 73% of the ongoing projects are on track.

During 2011, ADB focused attention on further improvements in portfolio performance in the subregion, to address systemic issues. Backed by strong client engagement, regular high-level country and tripartite portfolio performance reviews played a key role in identifying key measures and actions. Continued capacity development and training complemented clients' own efforts to improve performance and deliver results.

Portfolio results were also strong in 2011. Loan disbursements reached \$2.2 billion, and contract awards reached \$2.9 billion.

Regional Cooperation

Under the auspices of ADB, in October 2011, the South Asia Subregional Economic Cooperation (SASEC) working groups on transport, trade facilitation, and energy met and forged important agreements. The working groups endorsed investment projects worth \$2.0 billion and demonstrated a strong commitment of SASEC countries (Bangladesh, Bhutan, India, and Nepal) to strengthen transport connectivity, trade facilitation, and energy cooperation.

Progress toward Inclusive Growth in South Asia

- In Bangladesh, the Northwest Crop Diversification Project (2001–2011) raised the average income of more than 3.2 million farmer households by up to 56% and cropping intensity by 28%. The project generated over 4.2 million days of additional employment opportunities per year.
- In Bhutan, ADB's Road Network Project and the Road Network Project II expanded accessibility to rural areas and improved economic prospects, living conditions, and the quality of life for communities near the project by providing jobs, shortening travel times, decreasing transport costs, and improving access to health services and education.
- In Nepal, the ADB-supported Gender Equality and Empowerment of Women Project provided income-generating and entrepreneurship training to 9,700 women. More than 71,189 households benefited from community infrastructure schemes relating to drinking water, irrigation, water mills, and roads. Nearly 46,000 women have accessed microfinance services through women's saving and credit cooperatives.
- In India, the Chhattisgarh Irrigation Development Program approved in 2005 has adopted a participatory irrigation management approach to rehabilitate and upgrade minor and medium-sized irrigation systems and improve water resources management. Nearly 200 water users' associations have been strengthened through capacity building, and inclusivity has been ensured through one-third participation of women. Holistic agricultural interventions covering about 100,000 hectares have resulted in 100% increase in paddy yield benefiting about 150,000 farm families.
- In Sri Lanka, ADB's support for the North East Coastal Community Development Project (2005–2010) helped people affected by conflict and the 2004 tsunami. The project assisted in rebuilding schools, health facilities, local access roads, community infrastructure, and livelihoods with targeted assistance to households headed by women. In the city of Batticaloa, the project helped more than 25,000 households headed by women to rebuild their lives.

AT A GLANCE

- Assistance provided for the Indian Ocean Cargo and Passenger Ferry Project to strengthen sea connectivity in South Asia.
- South Asia Regional Cooperation Strategy for 2011–2015 endorsed by the Board.

ADB assisted South Asian Association for Regional Cooperation (SAARC) members in studies on regional economic integration, data collection on trade in services, and development of capital markets. The studies will provide inputs for conceptualizing a South Asia Economic Union. ADB also provided assistance to SAARC for the Indian Ocean Cargo and Passenger Ferry Project, which aims to strengthen sea connectivity in South Asia. An interim report examining the economic viability of the ferry services was submitted to the 17th SAARC Summit in November.

A knowledge-sharing conference on regional cooperation, along with a consultative session on the institutional strengthening of SAARC, was jointly organized by the Government of the Maldives, the SAARC Secretariat, and ADB in Malé, Maldives, in October. Discussions focused on knowledge products prepared by two think tanks, the South Asia Centre for Policy Studies and the South Asia Network of Economic Research Institutes, with the support of ADB. The consultative session provided valuable inputs for debate on strengthening the institutional architecture of SAARC.

On 8 December, the Board endorsed the South Asia Regional Cooperation Strategy (RCS) for 2011–2015, which has four distinct features. These are a high degree of ownership by the concerned governments; sharper focus on transport, energy, and trade facilitation;

AT A GLANCE

- Energy, transport, urban, education, agriculture, and finance prioritized in Bangladesh strategy for inclusive, greener growth.
- 700,000 people, half of them women, acquire functional literacy and income-generating skills in Bangladesh.
- \$19.9 million provided for Bhutan's Urban Infrastructure Project.
- Five technical assistance grants for Bhutan worth \$2.7 million approved to support projects in energy, finance, public sector management, and transport.



Regional cooperation in action was evident at the Fourth Meeting of the SAARC Energy Ministers in Dhaka, Bangladesh, where the ADB-financed SAARC Regional Energy Trade Study was endorsed.

For more information, visit saarc-sec.org

a flexible implementation framework; and strong synergy between the new RCS and country partnership strategies.

The RCS will adopt a two-pronged approach: assistance for project implementation and for capacity development. Effective gender mainstreaming, greater private sector participation, and promotion of green technologies will be the main cross-cutting themes embedded in project designs. Progress will be tracked through design and monitoring frameworks and results matrices.

Country Highlights

Bangladesh

Partnership priorities. Under the country partnership strategy (CPS) for Bangladesh 2011–2015, which is closely aligned with the government's Sixth Five Year Plan, ADB is contributing to making the growth process greener and more inclusive. The strategy focuses on energy, transport, urban, education, agriculture, and finance. ADB is promoting public–private partnerships for closing infrastructure-financing deficits, and making greater efforts to enhance cofinancing from other development partners.

Five loans totaling \$900 million were approved in 2011. Jointly financed with eight other development partners, the Third Primary Education Development Project will support government priorities to improve student learning and completion rates and to reduce disparities across the country. The Power System Efficiency Improvement Project, cofinanced by the Islamic Development Bank, will help replace aging, energy-inefficient power plants.

Impact of operations. The ADB-assisted Second Rural Infrastructure Improvement Project made social services and economic opportunities more accessible to rural people, including poor women, in various districts. The Post-Literacy and Continuing Education Project helped about 700,000 people, half of them women, acquire functional literacy and social and income-generating skills. The West Zone Power System Development Project nearly tripled the capacity for transferring power from eastern to western regions, and improved the voltage profile of the west. The Chittagong Port Trade Facilitation Project contributed to enhancing container terminal capacity and port and customs management through the introduction of modern automated systems.

Bhutan

Partnership priorities. The current CPS and the country operations business plan for 2012–2014 continue to guide ADB's operations for the remainder of the country's current Five Year Plan. ADB provides program and project assistance in four sectors (energy, transport, urban sector development, and finance and private sector development) along with capacity development in operational sectors and support for overall management of the development process. In 2011, ADB provided \$19.9 million for the Urban Infrastructure Project, which will provide urban infrastructure facilities in Thimpu, Pheuntsholing, and other towns. Five technical assistance grants, worth a combined \$2.7 million, were approved to support projects in the energy, finance, public sector management, and transport sectors.

Impact of operations. Accessibility is Bhutan's key development challenge. A series of road projects contributed to increased passenger and freight transport by supporting better transport



The Children of Bangladesh Look to a Brighter Future

In Bangladesh, inadequacies in the primary school education system have resulted in low levels of teacher–pupil interaction, poor teacher training, and high dropout rates. To improve achievement levels, the government put \$1,161 million into the Second Primary Education Development Program. As the lead agency coordinating 10 development partners' support for the initiative, ADB contributed \$109.8 million. Nationally, about 45,000 new teachers were recruited under the project and more than 526 million textbooks were distributed free of charge to 113 million students. As a direct result of this ADB-supported program, more and more children are completing school, getting good grades, and winning scholarships. (PHOTO: RICHIE ABRINA)

efficiency on the trunk road network, and expanded accessibility in rural areas. The Road Network Project connected the main east–west highway at Trongsa to the Indian border at Gelephu, while the Road Network Project II integrated the southern region with India, Bhutan's largest trading partner. The provision of electricity in rural areas through rural electrification projects has helped more than 17,000 households and micro industries since 2004. It has also helped make education more accessible.

AT A GLANCE

- Bhutan road projects contribute to increased passenger and freight transport.



To boost children's achievement levels in Bangladesh, ADB's assistance to improve the quality of primary education uses disbursement-linked indicators.

Read more at
adb.org/news

AT A GLANCE

- Cost-effective solar power generation targeted for Gujarat.
- \$50 million ADB credit line assists over 1,000 Indian entrepreneurs running small manufacturing enterprises in eight states.



To boost solar power development in India, ADB has approved financing for the Charanka Solar Park in Gujarat. The park will have an expected capacity of 500 megawatts.

Read more at adb.org



ADB Loans Transform Indian Microbusinesses

A \$50 million ADB credit line for entrepreneurs running micro- and small businesses is directly assisting hundreds of Indian artisans involved in manufacturing goods ranging from furniture, handicrafts, and jewelry to machinery and clothing. The loans are provided via the Small Industries Development Bank of India, the implementing agency for ADB's Micro, Small, and Medium Enterprise Development Project, which is aimed at businesses that are too small to access formal banking services. About 1,089 entrepreneurs in eight states have so far received funds under the project. By the time it ends in 2015, ADB expects it to have benefited about 4,000 enterprises like those of Vijaya Lakshmi (right), seen here with her sister in Bhubaneswar, Orissa. Ms. Lakshmi's garment-manufacturing business, Vijaya Handicrafts, supplies to 52 institutions across the state.

(PHOTO: MADHU SHARAN)

India

Partnership priorities. ADB continued to support India's efforts to achieve inclusive and environmentally sustainable growth, as emphasized in ADB's CPS for India 2009–2012. While infrastructure development remained a key priority, the 2011 program focused on assisting India in promoting clean and renewable energy and balanced regional development through operations in economically weaker and remote states.

India's loan approvals in 2011 were \$2.3 billion (excluding nonsovereign operations). Contract awards amounted to \$1.75 billion and disbursements were over \$1.4 billion.

Many projects were innovative and met the government's "Finance Plus" criterion whereby projects undertaken with funding from multilateral development agencies should make significant contributions in addition to the provision of finance. For instance, the Madhya Pradesh State Roads Project III introduced the concept of "green highways" by incorporating bioengineering designs, the use of extensive vegetative cover, structural measures to combat erosion, and the adoption of compensatory reforestation beyond the minimum statutory requirement.

The Gujarat Solar Power Transmission Project, approved on 12 September, supports the development of dedicated common infrastructure for solar power generation that will help scale up cost-effective generation; promote public-private partnerships; and support vocational training and skills development for the local population, including women. The Himachal Pradesh Clean Energy Transmission Project, also approved on 30 September, uses an approach for gas-insulated substations that occupy less space, and are technologically advanced and well suited to the state's mountainous and snow-covered terrain.

Impact of operations. Through the Madhya Pradesh State Roads Sectors Development Program and the Madhya Pradesh State Roads Project II, ADB has helped to modernize and build the capacity of the Madhya Pradesh Road Development Corporation and rehabilitate and reconstruct nearly 1,700 kilometers of state roads. The project has helped reduce traffic congestion, travel time, and travel costs while enhancing road safety. A traffic survey conducted after the opening of the project roads indicated an average vehicle speed on rehabilitated roads of between 40 and 60 kilometers per hour, more than double the average speeds before rehabilitation. By improving connectivity with the state's rural road and national highway network, ADB has helped to improve access to markets and public service facilities, reducing travel time.

The Kolkata Environmental Improvement Project (2000–2011) significantly helped to improve the overall environment, public health, and hygiene conditions in Kolkata. More than 1 million people have benefited from sewerage and drainage facilities constructed under the project, with over 300,000 slum dwellers experiencing better sanitation and hygiene.

Through the Chhattisgarh Irrigation Development Project (2005–2013), ADB has helped rehabilitate and upgrade 147 medium-sized and minor irrigation schemes, including lining of canal; repairs of damaged structures and cross-drainage works; and construction of new structures, sluices, and outlets to improve water distribution and reduce water losses. ADB support has encouraged the mobilization of water users' associations and contributed to strengthening the participation of women and vulnerable sectors of the community. By improving agriculture practices, the project also helped diversify the crop mix and raise yields.

The Maldives

Partnership priorities. The Maldives' operations continue to be guided by the CPS for 2007–2011, which concentrates on increasing human resource capacity, strengthening economic management, improving development effectiveness, and assisting private sector development through public-private partnerships. The three priority sectors of the strategy are finance (small and medium-sized enterprise development), energy, and transport. ADB formulated an interim CPS for the Maldives covering 2012–2013, which will continue to support the priority sectors. It approved technical assistance projects in 2011 to address capacity constraints in policy

AT A GLANCE

- Loan approvals for India, excluding nonsovereign operations, reach \$2.3 billion; contract awards amount to \$1.75 billion and disbursements are over \$1.4 billion.
- Madhya Pradesh State Roads Project III introduces concept of "green highways."
- Environment, public health, and hygiene conditions boosted in Kolkata, benefiting more than 1 million people.
- 147 irrigation schemes rehabilitated and upgraded in Chhattisgarh (2005–2013).

AT A GLANCE

- The Maldives electrification project (2002–2010) provides 19 islands with power.
- In Nepal, \$532.5 million commitment expands power transmission, reforms school sector, creates better access to finance, and improves water supply.
- Between 2004 and 2010, 1,015 kilometers of highways and roads built or upgraded in Nepal, benefiting 5.5 million people.
- In Sri Lanka, ADB provides \$120 million for strengthening power transmission and distribution system and rural electrification in four provinces.

formulation and implementation for the Maldives Energy Authority, to prepare a master plan for maritime transport, and to develop a management information system for the country's tax administration system.

Impact of operations. The Outer Islands Electrification Project implemented for the period 2002–2010 provided 19 islands with power supplies, and the Information Technology Development Project implemented for the period 2002–2010 improved access to computers in remote atolls. The Capacity Development for Economic Recovery Project is helping expand micro-, small, and medium-sized enterprises. The ongoing Economic Recovery Program has assisted in sustaining the recovery and contributed to sustainable economic growth over the medium term. Meanwhile, technical assistance attached to the program is enhancing government capacity to achieve policy and institutional reforms supported by the Program.

Nepal

Partnership priorities. Nepal's operations continue to be guided by the four strategic pillars of the CPS for 2010–2012, namely, broad-based and inclusive economic growth, inclusive social development, governance and capacity building, and climate change adaptation and environmental sustainability. ADB's \$532.5 million commitment in 2010–2011 consisted of \$262.5 million in 2010 and \$270 million in 2011. The assistance was aimed at expanding electricity transmission lines, reforming the school sector, creating better access to finance, improving water supply in the Kathmandu Valley, and strengthening agriculture and rural livelihoods, and transport and urban development. In addition, support for mainstreaming climate change and disaster risk management, gender development, the private sector, and good governance was continued.

Impact of operations. ADB is the main development partner in the agriculture sector, which represents one of the largest components of its assistance to Nepal. It has supported increased production of crops and livestock, higher agricultural incomes, better agriculture marketing infrastructure, and greater employment opportunities for rural people. Increased commercialization of agriculture with programs linking farms to markets has been achieved through the construction and rehabilitation of rural roads, which are particularly important in Nepal's remote mountainous areas. Between 2004 and 2010, ADB helped build or upgrade 1,015 kilometers of national highways, as well as provincial, district, and rural roads, benefiting an estimated 5.5 million people. The ADB-assisted Teacher Education Project has provided preservice training to 15,000 potential teachers—so far offering scholarships to 2,500 female candidates from the disadvantaged Dalit community in 12 districts—and helped promote equality and inclusion by increasing the number of female teachers and teachers from disadvantaged communities.

Sri Lanka

Partnership priorities. In line with Sri Lanka's CPS 2009–2011, ADB projects in Sri Lanka supported the development of sustainable power, water supply, road development, and local government infrastructure. ADB provided \$120 million for strengthening the power transmission and distribution system and rural electrification in four provinces, including the former conflict-affected Eastern Province. The water supply project targets rural and urban supply in several

districts spread over the eastern, northern, north central, and southern provinces of the country. In 2011, ADB provided \$85 million as additional financing for the National Highways Sector Project and \$59 million for improving infrastructure and services delivered by local governments in less-developed areas of seven provinces. The Local Government Enhancement Sector Project aims to strengthen the capacity of those governments.

Impact of operations. A total of 202,467 households were connected to electricity through ADB projects by 2010, and 3,932 kilometers of transmission lines were installed or upgraded. Rehabilitation of national, provincial, and local authority roads within, and leading to, the Northern Province increased connectivity for returning displaced people, facilitated the provision of basic services and livelihood recovery, and will encourage increased investment. ADB assistance to education improved 1,200 secondary schools, strengthened provincial education, and allowed a stipend program for up to 50,000 disadvantaged students to continue.

AT A GLANCE

- ADB assistance improves 1,200 Sri Lanka secondary schools.

SEE APPENDIX FOR TABLES AND FIGURES

- Portfolio Performance Indicators for Sovereign Lending, 2010–2011 (Appendix 20.1)
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12

Southeast Asia

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



“ In Southeast Asia, ADB strives to ensure significant valued-added assistance—through enhancing quality at entry, and improving project implementation and portfolio management. Our three key ‘i’ words are Innovation, Implementation, and Impact. ”

Kunio Senga
Director General, Southeast Asia Department

HIGHLIGHTS

- Approvals of sovereign loans and grants reach \$2.6 billion.
- 78 technical assistance projects approved, amounting to \$45.7 million.
- Cofinancing for loans, grants, and technical assistance projects rises significantly to \$1.7 billion from \$365 million in 2010.
- Country partnership strategies (CPSs) for Cambodia, the Lao People's Democratic Republic, and the Philippines, and an interim CPS for Malaysia endorsed.
- Use of measures to improve project processing and implementation intensified.

AT A GLANCE

- ASEAN Infrastructure Fund established.
- Renewed ADB–ASEAN partnership memorandum of understanding prepared.
- GMS Ten-Year Strategic Framework (2012–2022) adopted.



Leaders of the six nations that share the Mekong River agreed on a new 10-year plan to boost growth, development, and poverty reduction across the GMS in December 2011.

Read more at adb.org/news

Overview

In support of inclusive growth aligned with country priorities and ADB's Strategy 2020, ADB formulated country partnership strategies (CPSs) and strategic documents on regional cooperation. ADB operations in the region focused on creating productive jobs, widening economic opportunities, and promoting social inclusion.

To create more market opportunities and jobs, ADB supported development of a climate-resilient and cost-effective road network in Cambodia, infrastructure for rural poverty enhancement in the Philippines, and strengthening of institutions in irrigation management in Viet Nam, among others. To strengthen infrastructure project financing in the near future, ADB and the Association of Southeast Asian Nations (ASEAN) member states established the innovative ASEAN Infrastructure Fund (AIF). The fund will unlock ASEAN's untapped resources, especially foreign exchange reserves and other fund sources, to promote Asia-wide infrastructure financing requirements. (See box on page 102.)

To promote social inclusion, ADB continued to invest in quality education in the Lao People's Democratic Republic (Lao PDR). Programs to eliminate market and institutional failures and promote good governance are under way in Viet Nam, with the active involvement of the Women's Union.

Justice sector reforms in the Philippines place special emphasis on poor and vulnerable sectors. Social safety nets continue to be implemented in community-driven development programs in the Tonle Sap Basin of Cambodia and smallholder development projects in the Lao PDR. In addition, microfinance programs in the Philippines and Thailand promote financial intermediations for the poor and for small businesses.

Regional Cooperation

ASEAN. In addition to supporting the establishment of the AIF in 2011, a renewed ADB–ASEAN partnership memorandum of understanding 2011–2015 was prepared, which is expected to be signed in 2012. Future cooperation activities will be in the areas of connectivity, financial and capital market integration, environmental sustainability, macroeconomic surveillance and monitoring of regional economic integration, and trade and investment.

Brunei Darussalam–Indonesia–Malaysia–The Philippines East ASEAN Growth Area (BIMP–EAGA) and Indonesia–Malaysia–Thailand Growth Triangle (IMT–GT). ADB assisted in the preparation of the implementation blueprints 2012–2016 for BIMP–EAGA and IMT–GT as strategic guiding documents, to follow their respective road maps to development. The overarching objectives of the implementation blueprints are to focus on projects and activities in hardware and software to quickly demonstrate the impact of development. The associated changes in institutional structure and operational processes will enable sustainable project development from 2012 onward. The BIMP–EAGA and IMT–GT implementation blueprints are due to be launched at the BIMP–EAGA and IMT–GT summits, respectively, in mid-2012.

Greater Mekong Subregion (GMS). Support for GMS connectivity and competitiveness reached a new level as the GMS Ten-Year Strategic Framework (2012–2022), prepared with ADB assistance, was formally endorsed and adopted by GMS leaders at their fourth summit held in Nay Pyi Taw, Myanmar, in December. The strategic framework, based on an enhanced economic corridor approach, provides broad directions for surmounting the challenges of the

Progress toward Inclusive Growth in Southeast Asia

- A community-managed irrigation project in five northern provinces of the Lao PDR was approved, boosting rice yields and expanding the areas under irrigation through innovative community and government partnerships in planning and implementation of projects.
- The construction and rehabilitation of farm-to-market roads, irrigation infrastructure, and potable water systems under the Infrastructure for Rural Productivity Enhancement Sector Project has helped increase income of small farmers and reduce poverty in farming communities in the Philippines.
- The Environmental Management Project in Cambodia's Tonle Sap Basin helped to raise incomes among poor communities by empowering 178 community organizations to manage flooded forests and fish sanctuaries.
- The Second Education Quality Improvement Project in the Lao PDR involved community participation in education, particularly in repairing schools and encouraging parents to send their children, especially girls, to schools. This resulted in improved gender parity in primary education.
- In Viet Nam, the government adopted ADB's safeguard policy procedures in its preparation of a resettlement strategy and ethnic minorities development plan for the Northern Chu and Southern Ma rivers irrigation project. The project, which covers 41 communes in six districts of Thanh Hoa Province, will benefit about 120,000 households through improved irrigation facilities and water supplies.
- Microfinance programs in the Philippines and Thailand support strengthening of inclusive finance and the improvement of financial literacy, targeting small businesses and poor households that otherwise have no access to banking finance.

next decade. The summit also reviewed and formally recognized achievements in the various GMS sectors during the year, among which are the launching of the second phases of the GMS Core Environment Program and Biodiversity Conservation Corridors Initiative and of the Core Agriculture Support Program. Initial consultations were also undertaken to pilot a new \$25 million Government of Japan-supported initiative for trade facilitation in Asia.

Knowledge Management

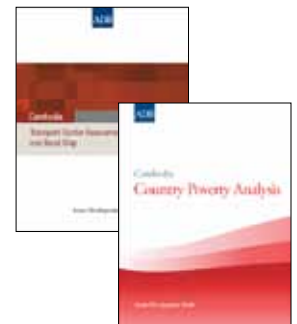
In 2011, greater emphasis was placed on the “knowledge first, and investments will follow” approach. Three CPSs and an interim CPS (ICPS) were endorsed, and three more were under preparation: Indonesia, Thailand, and Viet Nam. As part of CPS/ICPS preparations and dialogue, country, thematic, and sector assessments, strategies, and road maps were prepared. A total of 85 CPS-related studies were completed. Greater emphasis was placed on the importance of knowledge support being relevant and responsive by ensuring strong ownership and demand from developing member countries.

To this end, country knowledge strategies are currently under preparation in Cambodia and Thailand. Country-specific, grant-financed knowledge technical assistance in the education sector

AT A GLANCE

- ADB safeguard policy procedures adopted in Viet Nam irrigation project.
- 85 CPS-related studies completed.
- “Knowledge first” approach prioritized.

FEATURED PUBLICATIONS



To inform the Cambodia Country Partnership Strategy 2011–2013, ADB produced a new series of sector assessments, strategies, and road maps and thematic studies.

Read more at adb.org/publications

AT A GLANCE

- ASEAN Infrastructure Fund's annual projected lending approval of \$300 million.
- 136 projects and 214 technical assistance projects for Southeast Asia.
- \$2.4 billion contracts awarded and \$1.89 billion disbursed in Southeast Asia.

FEATURED PUBLICATIONS



The Greater Mekong Subregion-Phnom Penh Plan for Development Management's Research Program engages research institutions and think tanks in GMS countries to provide knowledge on the impacts and consequences of policy choices.

Read more at adb.org/publications

ASEAN Infrastructure Fund

The ASEAN Infrastructure Fund (AIF) was established by members of the Association of Southeast Asian Nations (ASEAN) and ADB for a total equity contribution of about \$485 million, with additional capital to be raised through hybrid capital and debt issuance. The AIF represents an innovative initiative on infrastructure financing to further promote regional cooperation and integration. Through the AIF, and with ADB's investment, technical, and operational support, ASEAN's untapped resources, especially the foreign exchange reserves, will be catalyzed, representing an important effort at South-South economic links. This will be achieved through the expected debt issuance (bonds) from the AIF, which can be purchased by the region's central banks using their foreign exchange reserves.

The AIF is expected to combine its resources with those from ADB and other development partners to enhance infrastructure development and physical connectivity within the ASEAN region. With projected lending approval of \$300 million, and lending approval growing to an annual level of about \$450 million by 2018 and thereafter, maintaining such a level would result in the outstanding loan balance of about \$2.1 billion by 2020 and about \$4 billion by 2026. The AIF can also finance the public portion of public-private partnership projects to catalyze additional resources from the private sector. While the AIF will engage only in sovereign operations during its initial operations, once a strong track record has been developed, it is expected to expand to nonsovereign (private) operations.

continues to play an important role in Indonesia. ADB's knowledge role and value addition is being emphasized in middle-income country partnerships, with quick-response knowledge support being provided, as exemplified after the 2011 floods in Thailand.

Portfolio Management

The Southeast Asia Department manages a portfolio comprising 136 projects (loans and grants) and 214 technical assistance projects. About 66% of the ongoing projects are on track. Contract awards reached \$2.4 billion and disbursements totaled \$1.89 billion. Measures to further improve portfolio performance increasingly focused on addressing systemic issues affecting project implementation and on achieving results. These included intensified use of project readiness filters, regular sector and country-based portfolio performance reviews, improved project implementation arrangements through enhanced coordination between ADB headquarters and its resident missions, strengthened staff capacity through training and mentoring, and rationalized project extensions based on their relevance and cost benefits.

Country Highlights

Brunei Darussalam

Brunei Darussalam's participation in BIMP-EAGA gained further momentum in 2011 through its active role in transport, infrastructure, information and communication technology development clusters, progress in trade facilitation, and strengthening actions in environmental sustainability and project development. The country's contribution to BIMP-EAGA and its initiatives are closely aligned to enhancing ASEAN connectivity, as well as building the ASEAN Economic Community by 2015.

Brunei Darussalam has contributed to the AIF and, with the finalization and approval of the AIF's equity contribution, it is expected to take an active role in its implementation.

In addition, the country has requested that ADB review its membership classification status.

Cambodia

Partnership priorities. ADB's CPS is aligned with the government's National Strategic Development Plan Update 2009–2013. The strategy supports inclusive economic growth through integrated interventions in agriculture and rural development; provincial and rural roads; education; finance; water supply, sanitation, and urban development; decentralization and deconcentration; regional economic integration; private sector development; and a significant program to mainstream climate resilience into a number of ADB-financed projects. ADB is also substantially strengthening efforts to ensure safeguards compliance in projects.

Impact of operations. ADB approved the \$52 million Provincial Roads Improvement Project. Its expected outcome includes a safe, climate-resilient, and cost-effective road network that provides all-year access in agricultural areas of the project provinces. The Environmental Management Project supported government reform in fisheries and natural resources management in the Tonle Sap Basin by empowering 178 community fisheries organizations (CFO) to control illegal fishing, protect and maintain over 16,000 hectares of flooded forests, set up over 1,000 hectares of fish sanctuaries, and initiate 31 community-driven projects. This resulted in improved protection and management of over 438,000 hectares of the CFO areas.

Indonesia

Partnership priorities. ADB's partnerships are aligned with the government's medium-term development plan and economic development priorities. ADB's current strategy focuses on fostering pro-poor, sustainable economic growth and social development. In 2011, the preparation of the new CPS continued in close consultation with the government. ADB is rebalancing its support to Indonesia, leaning toward project investments and redoubling its efforts to support private sector investment through its private sector operations.

Impact of operations. ADB provided support through a \$151 million project loan to improve the quality of the road infrastructure on the islands of Sumatra and Kalimantan. The project rehabilitated over 1,200 kilometers of road links that serve interregional trade and local traffic. The upgrades along these vital routes opened up access to markets, investments, job opportunities, and social services for many poor communities. ADB supports the Education Sector Analytical and Capacity Development Partnership (ACDP), which is a facility under Indonesia's Education Sector Support Program, and manages the ACDP financial resources on behalf of the government.

The Lao People's Democratic Republic

Partnership priorities. The CPS for 2012–2016 aligns with the Seventh National Socio-Economic Development Plan 2011–2015 and focuses on four core sectors: energy, education, urban development, and agriculture and natural resources. The CPS will support the country in diversifying its economy, with an emphasis on public financial management.

AT A GLANCE

- \$52 million roads improvement project approved for Cambodia.
- Reform empowered community fisheries organizations in Cambodia to protect and manage over 438,000 hectares.
- Over 1,200 kilometers of roads rehabilitated in Sumatra and Kalimantan in Indonesia.

AT A GLANCE

- Neighborhood upgrade project transforms riverside slums in Indonesia.
- Irrigation improves food security in the Lao PDR.
- Interim country partnership strategy with Malaysia concluded.



Delivering a Better, Healthier Life for Indonesia's Urban Poor

In the Indonesian city of Palembang, many slum dwellers have traditionally used the Musi River for washing and waste disposal. ADB's \$73 million Neighborhood Upgrading and Shelter Sector Project has helped improve the lives of these riverside dwellers. By the time the project was finished in 2011, 152 hectares of Palembang's slum areas had been transformed, benefiting about 7,000 families. Existing roads, pathways, and drainage channels were upgraded, and new clean water supply, sanitation, and solid waste management facilities were built. In total, the neighborhood upgrading project—set up to support the government's urban poverty reduction strategy—has improved the quality of life for more than 3 million people in 32 cities.

(PHOTO: MINISTRY OF PUBLIC WORKS OF INDONESIA)

Impact of operations. The Second Education Quality Improvement Project involved 9,800 community members, including Lao Women's Union representatives. The project encourages parents to send their children, especially girls, to school. It resulted in an increase of the national enrollment rate to 92.7% in 2010.

The Northern Community-Managed Irrigation Sector Project has improved food security, contributing to poverty reduction in rural communities in five northern provinces of the Lao PDR. Local communities participated fully in planning and implementation, which supports longer-term sustainability. Family food security improved as the areas under irrigation expanded and rice yields increased.

Malaysia

Partnership priorities. An ICPS between ADB and Malaysia was endorsed by the Board in November. The country-based engagement signals an expansion in cooperation over regional initiatives and subregional programs. Designed to support the Tenth Malaysia Plan 2011–2015, the ICPS prioritizes areas in which ADB has comparative advantage. National operations

will thus support ADB's regional initiatives. The ICPS is based entirely on nonsovereign operations with a reimbursable country developmental technical assistance.

Impact of operations. Though it is too early at present to report the impact of the ICPS initiatives, ADB expects that the Sarawak–Kalimantan Transmission Link, for example, will promote regional energy security as large reserves of clean hydropower in Sarawak are utilized. Planned assistance to development financial institutions will help promote private sector investments and enable private enterprises to foster regional trade and investment.

Myanmar

Partnership priorities. ADB intensified its monitoring of economic developments in Myanmar, in coordination with development partners, including participation in the International Monetary Fund Article IV consultation.

Impact of operations. As a participating member of the GMS Economic Cooperation Program, Myanmar participates in major GMS meetings and some regional technical assistance projects. Under the GMS program, ADB undertook analytical work in Myanmar on the railway and energy sectors. In December, Myanmar hosted the Fourth GMS Summit meeting, at which ADB participated in a closed-door leaders' retreat.

The Philippines

Partnership priorities. ADB's 2011–2016 CPS for the Philippines is aligned with the priorities of the government's Philippine Development Plan 2011–2016 and ADB's Strategy 2020. It aims to improve the investment climate and boost private sector development, improve social services delivery, reduce environmental degradation and vulnerability to climate change and disasters, strengthen governance, and reduce corruption. ADB is also supporting government efforts to achieve energy security and reduce carbon dioxide emissions by transforming the tricycle industry through large-scale adoption of locally made, energy-efficient electric tricycles.

Impact of operations. The recently completed Infrastructure for Rural Productivity Enhancement Sector Project has helped improve socioeconomic conditions in poor rural areas through the construction and rehabilitation of 1,435 kilometers of farm-to-market roads, irrigation infrastructure for 1,454 hectares of lands, and the installation of 37 potable water systems.

Through the Social Support Protection Project, ADB is supporting the government's implementation of the conditional health and education cash grants provided to about 582,000 poor households in 436 municipalities and 37 cities in 53 provinces. Thus far, the project has increased the rates of beneficiary households' compliance with health and education conditions for cash grants.

ADB provided a \$3 million grant to support relief and rehabilitation efforts for families affected by Tropical Storm Sendong in December.

Thailand

Partnership priorities. The CPS for 2007–2011 focused on infrastructure, environmental sustainability, and capital market development to enhance economic competitiveness. Policy dialogue catalyzed public–private partnerships, strengthened regional cooperation, and reinforced

AT A GLANCE

- Sarawak–Kalimantan Transmission Link to promote regional energy security.
- Monitoring of economic developments in Myanmar intensified together with development partners.
- Irrigation infrastructure and potable water systems improve conditions in rural poor areas in the Philippines.
- A total of 1,435 kilometers of farm-to-market roads in the Philippines constructed and rehabilitated.



ADB helps the Philippines overhaul its social protection programs via a project to make them more effective and better targeted at the poor. The Social Support Protection Project has increased beneficiaries' compliance with health and education conditions for cash grants.

AT A GLANCE

- New country partnership strategy for Thailand under preparation.
- Increased support for Thai public–private partnerships.



ADB will provide \$1 billion toward a \$2.8 billion water investment program in Viet Nam.

Watch the video at adb.org/news



Farming Smarter in the Lao People's Democratic Republic

A decade ago, life for the villagers of Pak Xong in the southern Lao People's Democratic Republic was difficult. Families ate what they could grow and little else. But signs of modernity, like satellite dishes and mobile phones, have come to these highlands. Much of the transformation is owed to the Smallholder Development Project, funded by a \$15.2 million ADB loan, to modernize farming techniques. Pak Xong once produced about 200 tons of cabbage a year. The average is now roughly 2,500 tons. Improved roads connect local producers to newly built markets on the Thai–Lao border, and farmers have learned basic market economics and techniques to negotiate with faraway buyers using text messaging. (PHOTO: GERHARD JOREN)

government efforts to promote inclusive economic growth. In 2011, preparations started for the 2012–2016 CPS. It will be consistent with priorities in the government's 11th National Economic and Social Development Plan 2012–2016 and in ADB's Strategy 2020.

Impact of operations. ADB technical assistance helped the government mainstream public–private partnerships, boost private sector investment, and decrease the rate of greenhouse gas emissions by promoting energy efficiency in Thai municipalities. It has also increased support for public–private partnerships in Thailand through its private sector operations. ADB has financed two large solar farms, which are now under construction, and a 1,600-megawatt natural gas power project.

Viet Nam

Partnership priorities. In line with Viet Nam's lower-middle-income country status, ADB's current CPS supports economic growth, social inclusiveness, and environmental management. It focuses on infrastructure improvement, education and training, and policy support. To meet development challenges and maintain the growth momentum, ADB, in partnership with other development partners—Agence Française de Développement, Japan International Cooperation Agency, KfW (Germany), Korea Eximbank, and the World Bank—also plays an active role in supporting government reforms and providing advice on macroeconomic management. Preparation of the new CPS 2012–2015 was officially launched in 2011.

ADB has been working with partners to improve portfolio performance, ensure safeguard compliance, and address project management issues through policy dialogue. Ongoing activities include, among others, the piloting of advance actions, revisions to the decree on official development assistance management, and study of land valuation. Impacts of these operations include improved disbursements, harmonization of common feasibility guidelines, reform of cost norms, and improved circulars and guidelines.

Impact of operations. The recently completed Central Region Urban Environmental Improvement Project upgraded water supply and sanitation in six towns. A gender plan was successfully carried out with active involvement of the Women's Union. This enabled women's participation, improved well-being through public health programs, and participation in household sanitation credit schemes in which more than 12,000 women participated and over 75% of credit recipients were women. The Second Red River Basin Project improved conditions in communities through irrigation, watershed management, and flood protection, and by building community capacity in project management. A total of 4.7 million households benefited from the project.

AT A GLANCE


- 12,000 Vietnamese women take part in household sanitation credit schemes.
- In Viet Nam, 4.7 million households benefit from the Second Red River Basin Project providing irrigation, watershed management, and flood protection.

SEE APPENDIX FOR TABLES AND FIGURES

- Portfolio Performance Indicators for Sovereign Lending, 2010–2011 (Appendix 21.1)
- Portfolio Performance Indicators for Grants from ADF and Special Funds, 2010–2011 (Appendix 21.2)
- Sovereign Approvals by Country, 2011 (Appendix 22)
- Nonsovereign Approvals by Country, 2011 (Appendix 23)
- Cumulative Lending and Disbursements by Country as of the end of 2011 (Appendix 24)
- Cumulative Grants Approved by Country as of the end of 2011 (Appendix 25)
- Cumulative Grant Disbursements by Country as of the end of 2011 (Appendix 26)

13 Nonsovereign Operations





“ ADB recognizes that a vibrant private sector is an essential part of inclusive and sustainable growth and development. In 2011, ADB’s private sector operations focused on investments in infrastructure, small and medium-sized enterprise development, renewable energy, energy efficiency, and environmentally sustainable growth. By year-end, the value of the nonsovereign portfolio of loans, equity investments, and guarantees amounted to \$5.5 billion. ”

Philip Erquiaga
Director General, Private Sector Operations Department

HIGHLIGHTS

- Private sector operations account for most of ADB’s nonsovereign operations in 2011, with \$1 billion in loans, \$89 million in equity investments, \$100 million in B loans, \$417 million in guarantees, and \$12 million in technical assistance.
- Private Sector Operations Department exceeded its commitment to have 40% of projects approved (by number) in Group A and Group B countries (excluding India).
- Credit Guarantee and Investment Facility expected to promote harmonization of standards and practices for bond issuance within ASEAN+3, paving the way for regional integration.

AT A GLANCE

- Support to the private sector to account for 50% of ADB operations by 2020.
- Private sector projects approved in Armenia, Bangladesh, the PRC, India, the Lao PDR, Pakistan, Thailand, and Uzbekistan.

ADB recognizes that private investment is a key driver of economic growth and has become even more important in the aftermath of the global financial crisis. ADB works with governments in designing strategies that meet growth and development objectives by improving the environment for private investment. Through nonsovereign operations, ADB helps catalyze private investment in developing member countries (DMCs) that contributes to such growth.

ADB's assistance to the private sector is provided through several products. These include loans without sovereign guarantees, equity investments, credit enhancement products, and B loans, where ADB acts as the arranger of a complete financing package for a project in which local and international commercial banks and other financial institutions participate. Companies receiving assistance benefit both from the funds and from the expertise and guidance of ADB. In addition, ADB provides assistance to public sector entities without a central government guarantee. Such assistance, together with private sector operations, is collectively defined as nonsovereign operations.

ADB's nonsovereign operations are integral to the objectives of Strategy 2020, which aims to scale up private sector development and private sector operations (PSOs) in all operational areas, targeting 50% of annual operations by 2020. In 2011, 33% of approved projects (12% from PSOs and 21% from public sector operations) supported private sector development.

Private Sector Operations

PSOs accounted for the majority of ADB's nonsovereign operations in 2011, with \$1,000 million in loans, \$89 million in equity investments, \$100 million in B loans, \$417 million in guarantees, and \$12 million in technical assistance. PSOs cover 23 DMCs. Projects were approved in Armenia, Bangladesh, the People's Republic of China, India, the Lao People's Democratic Republic, Pakistan, Thailand, and Uzbekistan.

Portfolio Management

The total value of projects supported by ADB's private sector investments ranged from a factor 3.1 to 33.5 times the amount of its own funding. In infrastructure, the total estimated project cost of private sector projects was approximately 7.4 times ADB's funded participation. The total committed capital in equity funds was 7.03 times ADB's investment, and total trade supported by the Trade Finance Program (TFP) was 3.08 times the amount of loans and guarantees provided under the program.

Excluding TFP accounts, commitments for the private sector portfolio had outstanding balances of \$3.82 billion and undisbursed commitments of \$676.74 million. This represents a 3.4% increase over the total commitments of \$4.35 billion in 2010.

PSOs contribute to inclusive growth by creating productive work opportunities directly and indirectly. They support environmentally sustainable growth, which is particularly critical for low-income countries, by financing infrastructure to improve the environment (clean energy, water and wastewater treatment, and waste to energy) and to improve service delivery.

PSOs also invest in banks and nonbank financial institutions to channel financial resources into priority areas, such as small and medium-sized enterprises (SMEs), infrastructure, clean energy, and trade. In 2011, 43% of the approved assistance by number was for renewable energy, energy efficiency, and climate technology funds, while 14% supported hydropower. The balance financed water, transport, telecommunications, SMEs, and conventional energy projects.

The Private Sector Operations Department exceeded its commitment to have 40% of its projects approved (by number) in Group A (countries only eligible for ADF funding) and Group B (countries eligible for both ADF and OCR funding) countries (excluding India).

Support for Inclusive Growth through Private Sector Operations

- The focus of private sector operations (PSOs) has been on catalyzing investment for the development of capital markets and infrastructure. Promoting broad-spectrum financial sector development includes increased financing for small and medium-sized enterprise (SME) development, an area that has enormous potential for employment and income generation. In infrastructure, ADB is promoting renewable energy and energy efficiency, particularly in energy-deficient developing member countries, thus helping generate jobs through the development of industries. In telecommunications, ADB-supported investments generated employment opportunities for 135,000 vendors.
- ADB has introduced an annual report detailing development outputs and outcomes associated with its private sector transactions. The *Development Effectiveness Report 2010: Private Sector Operations* reviews how PSOs have fared in promoting ADB's development effectiveness agenda. To date, all targets for development of infrastructure and for private equity funds are on track or have been met or exceeded.
- Some of the more notable outputs and outcomes of PSOs in low-income countries are from investments in telecommunications. For example, ADB, through its Private Sector Operations Department, supported Grameenphone in Bangladesh, whose customer base has reached 23 million. An additional 2.7 million mobile telephone customers are anticipated from telecommunication projects in Afghanistan and Papua New Guinea by 2012.
- Power projects have provided a total capacity of 13,800 megawatts. Expected outputs of projects in the energy sectors by 2016 include 7,800 megawatts of additional power, 9,500 kilometers of energy distribution lines, and reduction of 22 million metric tons of carbon dioxide emissions per year.
- In all, 593 loans with a corresponding total amount of \$244 million were extended to SMEs by banks supported by ADB PSOs. By 2016, these banks are expected to provide \$152 million in credit to approximately 1,200 SME borrowers. ADB-supported private equity funds had invested \$2.75 billion in 295 companies. A total of \$461 million (including \$80 million from ADB) is expected to be further invested in 75 companies until 2016.

Seven of the 14 projects (50%) approved in 2011 were for assistance in Group A and Group B countries (excluding India).

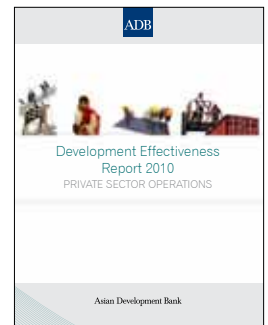
The department further enhanced its support to the SME sector. In Armenia, a program was approved to provide funding to SMEs through four local banks. Another project targeting assistance to the SME sector is a \$15 million private equity fund that will invest in a balanced and diversified portfolio of SMEs in target countries in Southeast Asia. In addition, innovative financing in the capital markets sector included equity investments of \$40 million in two venture capital funds involved in financing projects related to climate change mitigation and adaptation technologies, and environmental protection.

ADB's value addition lies in helping bridge the financing gap faced by private sector investors through the commitment of ADB resources and through the mobilization of resources from other cofinanciers. In general, ADB's private sector policy restricts direct funding to 25% of any project's total cost. Cofinancing that could directly be attributed to ADB's PSOs amounted to \$4.1 billion in 2011, consisting of \$100 million in B loans and \$1.62 billion from parallel loans, as well as \$2.38 billion from the TFP.

AT A GLANCE

- In telecommunications, ADB-supported investments generate employment opportunities for 135,000 vendors.
- ADB-supported power projects provided a total capacity of 13,800 megawatts.
- Innovative financing in the capital markets sector includes equity investments of \$40 million in two venture capital funds.

FEATURED PUBLICATION



In capital markets, infrastructure, and business, all ADB private sector operations targets to date have been met or exceeded, as this *Development Effectiveness Report 2010* reveals.

Download at
adb.org/publications

AT A GLANCE

- With ADB's advisory support, Mongolia to build a \$750 million heat and power plant in Ulaanbaatar, which will be the country's largest non-mining project.

Knowledge Management

ADB's PSOs also promote knowledge transfer and sharing. In 2011, 11 technical assistance projects were approved, totaling \$12.4 million. Approved technical assistance spanned seven countries and covered a variety of sectors, including clean energy, energy efficiency, the social sector, health, and trade finance.

ADB provided advisory support to the Government of Mongolia to structure and tender to private sector investors a \$750 million combined heat and power plant for Ulaanbaatar, the country's largest infrastructure project to date outside the mining sector.

In sharing knowledge with other multilateral development banks, ADB collaborated with the African Development Bank (AfDB) to help it set up a trade finance program to boost African trade and, more broadly, South–South trade. ADB shared templates, operations manuals, information technology, and know-how related to its own TFP with AfDB. ADB also took the lead in harmonizing development indicators for infrastructure among multilateral development banks with PSOs.

Trade Finance Program

Cross-border trade is a key contributor to economic growth and job creation, and trade finance keeps such trade functioning smoothly. However, smaller firms can find it difficult to obtain trade finance support. The Trade Finance Program (TFP) aims to fill that gap by providing guarantees and loans to banks in support of trade in the most challenging markets.

ADB's ongoing TFP provides guarantees and loans through banks in support of trade. In 2011, TFP supported over \$3.5 billion in trade, \$2.4 billion of which was cofinancing from commercial banks, as well as TFP exposures shifted to risk distribution partners (insurance companies, export credit agencies, and development entities). TFP supported 1,803 transactions, of which 1,063 supported intraregional trade and 728 supported trade between developing member countries (DMCs). TFP supported 668 small and medium-sized enterprises in the year. While TFP operated in 16 DMCs in 2011, its five most active markets were Viet Nam, Pakistan, Sri Lanka, Bangladesh, and Nepal.

	(\$ million)		
	2011	2010	2009
TFP Exposure ^a	1,142.41	1,215.93	633.11
TFP Cofinancing ^b	2,380.86	1,549.23	1,263.10
Total TFP Support	3,523.27	2,765.16	1,896.21

^a This figure represents the cumulative exposure assumed by TFP over the course of 2011. The \$1 billion TFP limit approved by the Board in previous years is the maximum exposure TFP can assume at any one point in time. This limit has never been breached. Because maturities under TFP transactions tend to be short—on average less than 180 days—TFP exposure can revolve (be reused) within a year. This explains how TFP's exposure in the course of 2011 was greater than its \$1 billion limit without actually breaching the limit at any one point in time.

^b The 2010 cofinancing figure has been revised in the 2011 annual report compared to the 2010 annual report. A sum of \$7.34 million has been moved from TFP exposure to TFP cofinancing to reflect the amount that was transferred under a risk distribution agreement.



AT A GLANCE

- Steady electricity supply from Thailand brings benefits to Cambodian provinces.

Reliable, Affordable Power for Cambodian Villagers

A steady supply of electricity is still a novelty in the Cambodian provinces of Banteay Meanchey, Battambang, and Siem Reap—perhaps because a few years ago the cost of power here was prohibitively high. A reliable supply from Thailand, transmitted to urban and rural consumers at affordable rates under a project supported by an \$8 million ADB loan to a private company, has made all the difference. Before the imports, a private supplier could provide electricity only 4 hours a day. Now it is available at all times. It is especially welcomed by entrepreneurs who once depended on expensive generators, such as Chhy Kimyea, pictured, in her hairdressing business in the Ek Phnom District. (PHOTO: PRING SAMRANG)

In addition, ADB continued to provide capacity building and knowledge management support to DMCs on the use of credit enhancement products (CEPs), including guarantees and B loans funded by technical assistance. To date, ADB has conducted 14 workshops in 10 DMCs, attended by more than 600 senior government officials representing a variety of economic sectors. The workshops introduced participants to CEPs available from ADB, other multilateral development banks, export credit agencies, export–import banks, and private insurance companies. Follow-up workshops on ADB CEPs were held in the People’s Republic of China at the request of its national export credit agency and export–import bank to explore potential areas of cooperation with ADB. ADB also organized a high-level panel discussion in Ha Noi, Viet Nam, during its 44th Annual Meeting on the use of guarantees to catalyze private capital for investment in infrastructure.

AT A GLANCE

- National Grid Improvement Project in India to strengthen transmission connections for 15,000 megawatts of bulk power supply.
- \$250 million loan approved for Bangalore Metro Rail Transit System.



Generating Revenue and Jobs in the Mekong

Back in 2002, having determined that small and medium-sized enterprises (SMEs) were crucial for creating jobs and reducing poverty, ADB completed an investment of \$4 million in the Mekong Enterprise Fund. Managed by Mekong Capital, the fund has since been fully invested in 10 SMEs in Viet Nam involved in industries such as manufacturing, information technology, textiles, and printing, providing capital and business assistance. The Mekong Enterprise Fund has helped revive and grow the private equity industry in Viet Nam. According to data tracked by Mekong Capital, investees have created 3,000 jobs over the fund's holding period, and their annual tax payments have increased by about \$1.5 million. Pictured is one of the restaurants operated by Golden Gate, an investee company of Mekong Enterprise Fund II, a follow-on fund to the Mekong Enterprise Fund. (PHOTO: MEKONG CAPITAL, LTD.)

Public Nonsovereign Operations

Public nonsovereign operations cover technical assistance and lending without sovereign guarantee to public sector entities that are structurally separate from the sovereign or central government. The National Grid Improvement Project and the Bangalore Metro Rail Transit System in India, and Indonesia Eximbank were approved in 2011.

The National Grid Improvement Project in India will strengthen the interregional transmission connections for 15,000 megawatts of bulk power supply from 14 private independent power producers in the western region of the country to demand centers in the north. ADB's support consists of a \$500 million loan with a sovereign guarantee and \$250 million without sovereign guarantee to the Power Grid Corporation of India.

The Bangalore Metro Rail Transit System is among the first major metro rail systems in India to use a leveraged finance model combining government funds with commercial loans. It is a critical model for infrastructure development in other cities in India given the accelerating demand for infrastructure. ADB approved a \$250 million loan for this project.

Indonesia Eximbank involves \$200 million in funding—\$100 million in the form of a direct loan from ADB, and another \$100 million in B loans. The funds will be used to pioneer energy efficiency financing and help overcome the financing gap for US dollar-denominated term lending, and meet exporter demand for term trade finance and working capital.

Among the public nonsovereign operations under administration, the Credit Guarantee and Investment Facility (CGIF) is expected to promote harmonization of standards and practices for bond issuance within the Association of Southeast Asian Nations, plus the People's Republic of China, Japan, and the Republic of Korea (ASEAN+3), paving the way for regional integration. CGIF is a trust fund established to guarantee bonds in the region. In 2011, ADB laid the organizational groundwork to support the operations of the facility, as key executives began to design the business plan and risk management framework.

AT A GLANCE

- For Indonesia's Eximbank, \$200 million to be used to pioneer energy efficiency financing.

14

Human Resources, Finance, and Administration



ADB continued to prioritize programs to expand the knowledge and skills of its people in 2011. Departmental studies and reviews identified process improvement opportunities to maximize the cost effectiveness of operations. Market studies helped align staff compensation and benefits schemes to meet the needs of an expanding bank. Several initiatives were undertaken to create a greener environment in the headquarters building.

Human Resources

Staffing. ADB's staff as of 31 December totaled 2,958 from 59 of its 67 member countries: 6 members of Management, and 1,055 international and 1,897 national and administrative staff, of whom 612 (about 20.7%) were in field offices. Appointments and departures numbered 118 and 87 among international staff and 191 and 96 among national and administrative staff, respectively. Women accounted for 31.47% of the international staff.

The 2012 Budget concluded with an allocation of 90 new positions in 2012 (44 international staff, 23 national staff, and 23 administrative staff). These were provided to address the remaining gaps in delivery of ADB's key outputs and results, further enhance skills in priority sectors and themes, and strengthen resident missions (RMs).

Initiatives. The prime aims of ADB's human resources initiatives and interventions in 2011 were to ensure staffing with the right skills and diversity mix, and to improve the work environment. All undertakings to this end were guided by Our People Strategy and the Human Resources Function Strategic Framework and Action Plan, which were approved in 2010 to provide ADB with the right people, leaders, and environment.

HIGHLIGHTS

- Proactive recruitment of international staff, revised assessment tools, and other measures support diversity and gender balance and improve staff quality at entry.
- Remuneration study assesses competitiveness of compensation system; market-based approach retained.
- New programs to strengthen staff knowledge of ADB's business process developed and delivered.
- Financial reporting structure realigned for more efficient use of staff resources, improvements in business processes, and better service for external and internal clients.

AT A GLANCE

- Opportunities for career progression increased.
- Total remuneration study undertaken.
- 2.9% average salary increase for international staff, 6.0% average and 12.5% average for national and administrative staff in headquarters and resident missions, respectively.
- Management and leadership development prioritized.



ADB hosted and expressed continued support to the Philippines at a reception, held in March, to show appreciation to its host country. The President of the Philippines, Benigno S. Aquino III (left), attended the event.

The adoption of proactive recruitment of international staff, implementation of the revised selection assessment tools, a refined competency framework, increased involvement of communities of practice and hiring departments, the extension of the Third Gender Action Program, and the Young Professionals Program supported greater balance and diversity and contributed to improved staff quality at entry. The Internship Program and other recruitment marketing initiatives raised awareness of career opportunities at ADB and contributed to a broader pool of candidates.

Developmental assignments, a staff exchange program, and secondment increased opportunities for career progression and staff development. ADB's improved performance review and reward and recognition program were introduced to provide meaningful appreciation for teams and individuals whose achievements, activities, and behaviors have had a valuable impact in contributing to ADB's goals. The mandatory annual declaration of compliance and briefings on staff conduct, harassment, and corruption ensured greater focus and awareness on ethics and values required from the workforce.

The impact of ADB undertakings to deliver an effective human resources strategy will be assessed in the forthcoming 2012 Staff Engagement Survey.

Compensation and benefits. A total remuneration study covering headquarters and three RMs (the People's Republic of China, India, and Indonesia) was undertaken in 2011 to assess the competitiveness of ADB's compensation system for national and administrative staff. The Board approved the retention of the market-based approach and asked ADB to continue conducting similar reviews in the remaining RMs over the next 2 to 3 years. As a result of the review, Management approved several changes to unify benefits policies, where feasible, and align benefits with those in similar organizations.

The Board approved the following salary increases as recommended by Management: a 2.0% weighted average increase in the salary structure, and a 2.9% average salary increase for international staff. The reallocated bonus pool will be used to provide additional salary increases for high performers. A 2.3% weighted average increase in the salary structure and a 6.0% average salary increase were approved for national and administrative staff at headquarters. For RM national and administrative staff, an average salary increase of 12.5% was approved.

With the endorsement of the Pension Committee, the Board also approved several changes to the Staff Retirement Plan that will help keep the plan sustainable while providing some flexibility to participants. As in 2010, ADB made an additional contribution of \$44.7 million to the Staff Retirement Plan to improve its funded status and potentially reduce ADB's contribution rate in future years.

Staff development. All staff development programs and approaches are designed to support Strategy 2020 and Our People Strategy, enabling staff to have the necessary knowledge and skills to implement operational programs and/or projects successfully. Several learning and development opportunities were made available to staff to help support ADB's evolving business and organizational needs.

In consultation with client departments, new programs to strengthen staff knowledge of ADB's business processes were developed and delivered. Management and leadership development continued to be a priority, supported by a variety of coaching and training programs. As a result, staff members at headquarters and RMs were offered 106 training programs with 2,091 staff members participating in 232 learning sessions. Also introduced in 2011 was the technical skills registry—a tool designed to capture the skills and proficiency level of staff in technical skills that are relevant to ADB.

Organizational and Business Review

ADB continues to manage its program of organizational reviews of individual departments. These reviews focus on business process improvement opportunities to optimize the cost of operations, identify opportunities for savings, and enhance the efficiency and quality of service.

ADB undertook departmental reviews of the Office of Information Systems and Technology (OIST), Controller's Department (CTL), and Office of Administrative Services. All identified opportunities for efficiency improvements.

AT A GLANCE

- Organizational reviews of departments continue to focus on process improvement opportunities.

Internal Administrative Expenses

Internal administrative expenses for 2011 totaled \$484.50 million including the administrative expenses for the Independent Evaluation Department (IED) of \$8.52 million, compared with the budget of \$496.35 million (including the budget for IED of \$8.95 million). Of the total savings of \$11.86 million, about 2% of the 2011 internal administrative expenses budget amounting to \$9.60 million is being carried forward to 2012. Savings in the Board of Governors budget were attributed to lower-than-budgeted utilization for (i) travel, (ii) administrative expenses, and (iii) seminars. Savings in the Board of Directors category were realized in the Accountability Mechanism and Independent Evaluation. Savings for the Accountability Mechanism were due to slightly lower utilization for salaries, professional fees, and relocation costs. These savings were partly reallocated to meet overrun in benefits items such as staff retirement contribution, medical insurance, dependency allowance and education assistance, severance payment, consultants, and business travel. The savings for IED were mainly due to lower utilization in salaries because of lower staff-years than projected, home country travel, and business travel. These savings were partly reallocated to meet overrun in rental assistance, education assistance, and consulting services because of enhanced media outreach activities and some of the activities originally scheduled for 2012 such as external peer review and advisory services that were advanced to 2011. The overruns in certain budget items in the operational and administrative expenses budget categories were fully met through inter-item transfers or reallocations within the same budget categories. Savings in the operational expenses budget category were mainly attributed to lower-than-budgeted utilization for (i) salaries, (ii) education assistance and special allowances, and (iii) other expenses such as staff development, relocation, staff consultants, and business travel. These savings were partly offset by overruns in staff benefits, mainly because of additional contribution to the staff retirement fund to meet increasing funding requirements, medical insurance, dependency allowance, home country travel, rental assistance, severance payment, and health services. The savings in the administrative expenses were realized due to lower-than-budgeted utilization for communications, library, office supplies, equipment, maintenance and support, contractual services, insurance, and miscellaneous expenses. These savings were partly offset by overruns in depreciation, primarily because of earlier-than-projected capitalization of some information technology (IT) projects completed in 2011 under the Information Systems and Technology Strategy (ISTS), capitalization of the costs of retrofitting the 30th floor at Oakwood Premier Joy~Nostalg Center, part of office expansion for headquarters, and completion of office expansions in some of the field offices.

The internal administrative expenses budget for 2012 is \$544.80 million, including a general contingency of 1% (\$5.47 million) and after deducting \$7.12 million of service charges estimated to be recoverable from administering trust funds of multilateral and bilateral institutions. The increase of \$48.50 million or 9.8% over the 2011 budget reflects a price increase of 5.3% and a volume

AT A GLANCE

- Greening of headquarters building prioritized.
- Reduced consumption of energy, paper, and water.
- Bidding for headquarters building extension initiated.
- Web content management and governance tool rolled out.
- Strengthened IT security.



Solar panels on the roof of the ADB headquarters building in Manila. Upon completion in 2012, the new power system will supply 613,000 kilowatt-hours annually, or 3.5% of the building's energy needs.

growth of 4.5%. The 2012 net internal administrative expenses budget of \$544.80 million consists of \$9.88 million for IED and \$534.92 million for ADB excluding IED.

In addition to internal administrative expenses, the 2012 budget also includes an annual capital budget of \$7.47 million, mainly to fund cyclical capital expenditures for headquarters and field offices.

Administrative Services

In 2011, through the Office of Administrative Services, ADB prioritized the greening of the headquarters building while addressing the needs of an expanding bank. ADB was granted a gold certification in Leadership in Energy and Environmental Design (LEED) and is the first existing building in the Philippines to be given this award by the US Green Building Council. Two smoking lounges were built, and the solar power project was initiated to supply 613,000 kilowatt-hours annually, or 3.5% of the headquarters' energy needs, in early 2012.

Other conservation initiatives were sustained through the reuse of water processed by the sewage treatment plant and collected from the rainwater harvesting facility; through the International Organization for Standardization resource conservation program that delivered cumulative savings of \$130,000 in reduced consumption of energy, paper, and water and solid waste segregation; and through green procurement and use of recycled products for building services and printing.

Bidding for the construction of the extension of ADB's main headquarters building was initiated for construction to start in 2012. Spaces were optimized and converted to office spaces with savings of \$167,000 in lieu of rental fees, while a third floor was leased at the Joy~Nostalg Building for OIST personnel. A 305-vehicle, multistory car park was built and the cafeteria servery was rehabilitated.

ADB strengthened support to RMs in building rehabilitation, crisis management and security, records and inventory management, and procurement. A new memorandum of understanding was signed with the United Nations for the coordination of security arrangements at ADB field offices.

ADB undertook a business impact analysis to support its business continuity strategy and to strengthen mitigation plans. It allows ADB to reduce the impact of risks in the event of natural or other disasters and ensure timely recovery of critical business functions with minimal or no interruption to time-sensitive operations. The business continuity management was integrated with security and emergency services, and multiple backup systems for critical applications were further developed.

Information Systems and Technology

ADB continued to deliver, through OIST, several major projects under the ISTS, Phase II (ISTS II). These include a web content management and governance tool enabling staff to easily publish content, rollout of an accounting system to all field offices, an integrated procurement management system, and administrative projects supporting the decommissioning of the obsolete Sybase system. IT security has been improved across all areas, from strengthening of policy to the implementation of additional technical security.

ADB also focused its efforts on user service improvements through the review and enhancement of service processes, engagement of a new IT service desk provider under stringent service-level agreements, upgrade of the service desk tool, and commissioning of a new service desk team.

Through OIST, ADB has embarked on a reorganization following a review covering all areas of IT operations and organization. These include strategy and planning, governance mechanisms, IT procurement and sourcing, IT effectiveness, enterprise architecture, IT organizational structure,

and IT skills and talent management. Initial steps included the implementation of IT metrics and scorecards, and pilot outsourcing of development contracts.

While closely monitoring the progress of ISTS II, OIST has initiated work on the development of the next IT strategy in coordination with the IT Committee and stakeholders. The development of an IT project management framework and enhancement of the project management tool have helped in monitoring and managing IT projects. IT training for ADB staff is now managed by OIST, synchronizing the development of new IT skills with evolving business requirements. ADB has conducted regional training for field offices in RMs, delivering the expertise required to optimize the use and rollout of IT systems and enable easier participation for field office staff.

Several infrastructure projects addressed the continued demand for IT services and the provision of these services to field offices. Mobile communications were enhanced to improve the access of ADB staff from any location. Storage, network infrastructure, and higher performance servers have been commissioned, all taking into account ADB's expansion requirements. Field office communications capabilities from headquarters have increased with backup links in place to ensure connectivity and access to ISTS II applications.

ADB continued to successfully obtain Sarbanes–Oxley attestation over internal controls by external auditors, while embedding these controls and their review into regular IT activities, improving efficiency and sustaining ADB's commitment to standards and compliance.

Financial Reporting

Through CTL, ADB realigned its organizational structure in 2011 in line with core functional responsibilities aimed at achieving more efficient use of staff resources, facilitating improvements in its business processes, and better service for internal and external clients.

ADB continued to update accounting policies to comply with changes in global accounting standards, especially those stemming from the accounting standard setters' project to converge international accounting standards. ADB continued to monitor market developments and assess the implications of a possible future transition to international financial reporting standards from those based on the generally accepted accounting principles in the United States.

In 2011, ADB rolled out the Time Management System as part of a pilot program. This is an important initiative that can potentially improve reliability, allowing better monitoring and tracking of staff costs and improving accountability to shareholders and Asian Development Fund donors.

Supporting Disbursement Operations for Loans and Grants

In 2011, to further enhance ADB's efficiency in managing the expanding loans and grants portfolio, the CTL loan administration division separated its fiduciary control function and the client service and portfolio management function from the ordinary disbursements processing function.

A dedicated team provided adequate control and service in processing and authorizing loan and grant disbursements. The team also supported ADB's decentralized disbursement operation by providing adequate oversight and training to the disbursement units established in seven RMs. The team provided a number of capacity-building workshops for developing member country participants in coordination with the RMs.

For all the loan and grant projects processed for approval, a separate dedicated team provided effective support and guidance to internal and external clients in designing disbursement and financing mechanisms to ensure all fiduciary requirements were fulfilled.

AT A GLANCE

- Sarbanes–Oxley attestation maintained.
- More efficient use of staff resources.
- Continued updating of accounting policies.



Reflecting ADB's commitment to energy efficiency and conservation, the headquarters building in Manila has been awarded a gold certification in Leadership in Energy and Environmental Design (LEED).

AT A GLANCE

- Efficiency and control improvement measures implemented.

To further improve the service level for clients and efficiency in disbursement processing, a team focusing on client service and portfolio management implemented a series of efficiency and control improvement measures through enhancements of the existing systems and business processes for disbursement.

Supporting Technical Assistance Disbursements

In 2011, technical assistance disbursement and accounting gained additional impetus through the reorganization of CTL by its core functional areas. The reorganization enabled ADB to empower national staff further and realign its resources to improve technical assistance administration and portfolio management.

ADB's technical assistance projects are funded by ADB's core resources from the Technical Assistance Special Fund and external resources. In 2011, funding from external resources increased significantly, while the funding from ADB's core resources remained around the 2010 level. Technical assistance disbursements, excluding the Japan Fund for Poverty Reduction, increased marginally in 2011. ADB's scalable staff resourcing strategy helped meet the resulting increase in demand for its services. In addition, the collaborative efforts of CTL, the Central Operations Services Office, and the operations departments helped improve the quality of the technical assistance portfolio.

Fiduciary compliance and internal control over its financial reporting are paramount for technical assistance disbursement operations. While ensuring full compliance with these requirements, CTL consistently met the expected service-level standards in 2011.

ADB continued work on the P3M Financial system project in 2011 to replace the legacy systems supporting technical assistance disbursements and accounting. Its successful completion will help improve ADB's services to clients, mainly developing member countries and project consultants.

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APPENDIX 1

Members, Capital Stock, and Voting Power

(as of 31 December 2011)

	Year of Membership	Subscribed Capital ^a (% of total)	Voting Power ^b (% of total)
REGIONAL			
Afghanistan	1966	0.03	0.33
Armenia	2005	0.30	0.54
Australia	1966	5.80	4.94
Azerbaijan	1999	0.45	0.66
Bangladesh	1973	1.02	1.12
Bhutan	1982	0.01	0.30
Brunei Darussalam	2006	0.35	0.58
Cambodia	1966	0.05	0.34
China, People's Republic of	1986	6.46	5.47
Cook Islands	1976	0.003	0.30
Fiji	1970	0.07	0.35
Georgia	2007	0.34	0.57
Hong Kong, China	1969	0.55	0.74
India	1966	6.35	5.38
Indonesia	1966	5.17	4.44
Japan	1966	15.65	12.82
Kazakhstan	1994	0.81	0.95
Kiribati	1974	0.004	0.30
Korea, Republic of	1966	5.05	4.34
Kyrgyz Republic	1994	0.30	0.54
Lao People's Democratic Republic	1966	0.01	0.31
Malaysia	1966	2.73	2.48
Maldives	1978	0.004	0.30
Marshall Islands	1990	0.003	0.30
Micronesia, Federated States of	1990	0.004	0.30
Mongolia	1991	0.02	0.31
Myanmar	1973	0.55	0.74
Nauru	1991	0.004	0.30
Nepal	1966	0.15	0.42
New Zealand	1966	1.54	1.53
Pakistan	1966	2.19	2.05
Palau	2003	0.003	0.30
Papua New Guinea	1971	0.09	0.37
Philippines	1966	2.39	2.21
Samoa	1966	0.003	0.30
Singapore	1966	0.34	0.57
Solomon Islands	1973	0.01	0.30
Sri Lanka	1966	0.58	0.76
Taipei, China	1966	1.09	1.17
Tajikistan	1998	0.29	0.53
Thailand	1966	1.37	1.39
Timor-Leste	2002	0.01	0.31
Tonga	1972	0.004	0.30
Turkmenistan	2000	0.25	0.50
Tuvalu	1993	0.001	0.30
Uzbekistan	1995	0.68	0.84
Vanuatu	1981	0.01	0.30
Viet Nam	1966	0.34	0.57
Subtotal		63.43	65.07

	Year of Membership	Subscribed Capital ^a (% of total)	Voting Power ^b (% of total)
NONREGIONAL			
Austria	1966	0.34	0.57
Belgium	1966	0.34	0.57
Canada	1966	5.25	4.50
Denmark	1966	0.34	0.57
Finland	1966	0.34	0.57
France	1970	2.33	2.17
Germany	1966	4.34	3.77
Ireland	2006	0.34	0.57
Italy	1966	1.81	1.75
Luxembourg	2003	0.34	0.57
The Netherlands	1966	1.03	1.12
Norway	1966	0.34	0.57
Portugal	2002	0.11	0.39
Spain	1986	0.34	0.57
Sweden	1966	0.34	0.57
Switzerland	1967	0.59	0.77
Turkey	1991	0.34	0.57
United Kingdom	1966	2.05	1.94
United States	1966	15.65	12.82
Subtotal		36.57	34.93
TOTAL		100.00	100.00

Notes: Totals may not sum precisely due to rounding. For other details, see table on Statement of Subscriptions to Capital Stock and Voting Power (OCR-7) in Volume 2 of Annual Report 2011.

^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 2
Resolutions of the Board of Governors Adopted in 2011

Resolution No.	Subject	Date Adopted
348	Election of Directors	25 April
349	Financial Statements, Management's Report on Internal Control over Financial Reporting and Independent Auditors' Reports	5 May
350	Allocation of Net Income	5 May
351	Place and Date of Forthcoming Annual Meetings	6 May
352	Election of President	10 August
353	Amendment to Section 7(B)(a) of the By-Laws	16 December

APPENDIX 3
Selected Policy, Strategy, and Financial Papers Discussed by the Board in 2011

Subject	Date
Refinements to ADB's Results Framework	13 January
Establishing the Project Design Facility	21 January
Annual Financial Statements	6 April
Review of the Asian Development Bank's Allocation of 2010 Net Income	6 April
Establishing the Project Design Facility	12 April
2010 Development Effectiveness Review	20 April
Review of the Accountability Mechanism Policy	26 April
Review of ADB's Policy-Based Lending	14 July
Mainstreaming Nonsovereign Public Sector Financing	13 September
Review of the Asian Development Bank's Sovereign Loan Charges	5 October
Review of the Asian Development Bank's Liquidity Policy	6 October
Work Program and Budget Framework 2012–2014	7 October
Review of the Accountability Mechanism Policy (Second Working Paper)	13 October
Review of the Public Communications Policy of the Asian Development Bank: Disclosure and Exchange of Information	25 October
2011 Comprehensive Review of Salaries and Benefits for National Officers and Administrative Staff in Headquarters and Field Offices	17 November
Annual Review of Salaries and Benefits for International Staff	17 November
Review of the Asian Development Bank's Liquidity Policy	12 December
Borrowing Program for 2012	14 December
Review of the Asian Development Bank's Loan Charges and Allocation of 2011 Net Income	14 December
Budget of the Asian Development Bank for 2012	15 December
Asian Development Bank Institute Three-Year Rolling Work Program, 2012–2014 and Budget for 2012	15 December

Note: If the Board discussed an R-paper and a W-paper in 2011, only the Board date for the R-paper is given.

APPENDIX 4
Board of Governors
(as of 31 December 2011)

Member	Governor	Alternate Governor
Afghanistan	Omar Zakhilwal	Abdul Qadeer Fitrat
Armenia	Tigran Davtyan ¹	Karine Minasyan ²
Australia	Wayne Swan, MP	David Bradbury, MP
Austria	Maria Fekter ³	Günther Schönleitner
Azerbaijan	Samir Sharifov	Shahin Mustafayev
Bangladesh	Abul Maal A. Muhith	Iqbal Mahmood ⁴
Belgium	Didier Reynders	Gino Alzetta
Bhutan	Wangdi Norbu	Nim Dorji
Brunei Darussalam	Pehin Dato Abdul Rahman Ibrahim	Shahbudin Musa ⁵
Cambodia	Keat Chhon	Aun Porn Moniroth
Canada	John Baird ⁶	James A. Haley
China, People's Republic of	Xie Xuren	Li Yong
Cook Islands	Mark Brown	Richard Neves ⁷
Denmark	Susan Ulbæk	Martin Bille Hermann
Fiji	Josaia Voreqe Bainimarama	Barry Whiteside
Finland	Anne Sipiläinen ⁸	Pasi Hellman
France	Francois Baroin ⁹	Ramon Fernandez
Georgia	Dimitri Gvindadze ¹⁰	Vera Kobalia
Germany	Gudrun Kopp	Wilfried Steinheuer ¹¹
Hong Kong, China	John Tsang Chun-wah	Norman Chan
India	Pranab Mukherjee	R. Gopalan ¹²
Indonesia	Agus D. W. Martowardojo	Armida Alisjahbana
Ireland	Michael Noonan, TD ¹³	Michael J. McGrath
Italy	Ignazio Visco ¹⁴	Carlo Monticelli
Japan	Jun Azumi ¹⁵	Masaaki Shirakawa
Kazakhstan	Kairat Nematovich Kelimbetov ¹⁶	Ruslan Erbolatovich Dalenov

¹ Succeeded Nerses Yeritsyan in March.

² Succeeded Mushegh Tumasyan in February.

³ Succeeded Josef Pröll in May.

⁴ Succeeded Md. Musharraf Hossain Bhuiyan in October.

⁵ Succeeded Mohd Roselan Mohd Daud in November.

⁶ Succeeded Lawrence Cannon in April.

⁷ Succeeded Priscilla Maruariki in June; Maruariki succeeded Garth Henderson in January.

⁸ Succeeded Ritva Koukku-Ronde in August.

⁹ Succeeded Christine Lagarde in June.

¹⁰ Succeeded Kakha Baindurashvili in July.

¹¹ Succeeded Rolf Wenzel in May.

¹² Succeeded Ashok Chawla in March.

¹³ Succeeded Brian Lenihan, TD in February.

¹⁴ Succeeded Mario Draghi in November.

¹⁵ Succeeded Yoshihiko Noda in August.

¹⁶ Succeeded Zhanar Aitazhanova in August.

CONTINUED

Member	Governor	Alternate Governor
Kiribati	Natan Teewe	Atanteora Beiatou
Korea, Republic of	Jaewan Bahk ¹⁷	Choongsoo Kim
Kyrgyz Republic	Melis T. Mambetjanov ¹⁸	Uchkunbek A. Tashbaev ¹⁹
Lao People's Democratic Republic	Phouphet Khamphounvong ²⁰	Bounsong Sommalavong ²¹
Luxembourg	Luc Frieden	Arsène Jacoby
Malaysia	Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak	Tan Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Maldives	Ali Hashim	Ibrahim Mohamed Rasheed ²²
Marshall Islands	Jack J. Ading	Amon Tibon
Micronesia, Federated States of		Lorin Robert
Mongolia	Bayartsogt Sangajav	Purevdorj Lkhasuren
Myanmar	Hla Tun	Daw Myat Myat So
Nauru	David Adeang ²³	Seve Paeniu ²⁴
Nepal	Barshaman Pun ²⁵	Krishnahari Baskota ²⁶
The Netherlands	Ben Knapen	Yoka Brandt
New Zealand	Bill English	Gabriel Makhoul ²⁷
Norway	Ingrid Fiskaa	Aud Lise Norheim ²⁸
Pakistan	Abdul Hafeez Shaikh	Abdul Wajid Rana ²⁹
Palau	Kerai Mariur	Marino Rechesengel
Papua New Guinea	Don Polye ³⁰	Simon Tosali
Philippines	Cesar V. Purisima	Amando M. Tetangco, Jr.
Portugal	Vitor Gaspar ³¹	Maria Luis de Albuquerque ³²
Samoa	Faumuina Tiatia Liuga ³³	Tupaimatuna Iulai Lavea
Singapore	Tharman Shanmugaratnam	Peter Ong Boon Kwee
Solomon Islands	Rick N. Houenipwela	Shadrach Fanega
Spain	Luis de Guindos Jurado	Fernando Jimenez Latorre
Sri Lanka	Mahinda Rajapaksa	P. B. Jayasundera

¹⁷ Succeeded Jeung-Hyun Yoon in May.

¹⁸ Succeeded Chorobek Imashevich Imashev in February.

¹⁹ Succeeded Emilbek Satarovich Umetaliyev in February.

²⁰ Succeeded Somdy Douangdy in July.

²¹ Succeeded Somphao Phaysith in August.

²² Succeeded Ahmed As-ad in December.

²³ Succeeded Kieren Keke, MP in November.

²⁴ Succeeded Tim Drown in February.

²⁵ Succeeded Bharat Mohan Adhikari in August.

²⁶ Succeeded Rameshore Prasad Khanal in March.

²⁷ Succeeded John Whitehead in May.

²⁸ Succeeded Henrik Harboe in September.

²⁹ Succeeded Sibtain Fazal Halim in February.

³⁰ Succeeded Patrick Pruaitch in August; Pruaitch succeeded Peter O'Neill, CMG MP in June.

³¹ Succeeded Fernando Teixeira dos Santos in September.

³² Succeeded Carlos Costa Pina in September.

³³ Succeeded Nickel Lee-Hang in February.

CONTINUED

Member	Governor	Alternate Governor
Sweden	Hanna Hellquist ³⁴	Per Orneus
Switzerland	Beatrice Maser Mallor	Willi Graf ³⁵
Taipei, China	Fai-nan Perng	Ming-Chung Tseng
Tajikistan	Matlubkhon S. Davlatov	Khamdam Tagaymurodov
Thailand	Thirachai Phuvanatanarubala ³⁶	Areepong Bhoocha-oom
Timor-Leste	Emilia Pires	Joao Mendes Goncalves
Tonga	Sunia Manu Fili ³⁷	Tiofilusi Tiueti
Turkey	İbrahim H. Çanakçı	Evren Dilekli
Turkmenistan	Tuvakmammet Japarov ³⁸	Muhammetgeldi Atayev
Tuvalu	Lotoala Metia ³⁹	Minute Alapati Taupo
United Kingdom	Andrew Mitchell	Alan Duncan
United States	Timothy Geithner	Robert D. Hormats
Uzbekistan	Rustam Azimov	
Vanuatu	Bakoa Mariki Kaltongga ⁴⁰	George Singara Maniuri
Viet Nam	Nguyen Van Binh ⁴¹	Le Minh Hung ⁴²

³⁴ Succeeded Joakim Stymne in April.

³⁵ Succeeded Jurg Benz in August.

³⁶ Succeeded Korn Chatikavanij in August.

³⁷ Succeeded Feleti Vaka'uta Sevele in January.

³⁸ Succeeded Guvanchmurad Geoklenov in July.

³⁹ Succeeded Monise Tuivaka Laafai in February.

⁴⁰ Succeeded Moana Kalosil Carcasses in April.

⁴¹ Succeeded Nguyen Van Giau in July.

⁴² Succeeded Nguyen Van Binh in September.

APPENDIX 5
Board of Directors and Voting Groups
 (as of 31 December 2011)

Executive Director	Alternate Director	Members Represented
Micheline Aucoin ^a	Jacob A. Rooimans	Canada, Denmark, Finland, Ireland, The Netherlands, Norway, Sweden
Phil Bowen	Andrew Collins ^b	Australia; Azerbaijan; Cambodia; Georgia; Hong Kong, China; Kiribati; Federated States of Micronesia; Nauru; Palau; Solomon Islands; Tuvalu
Jérôme Destombes ^c	José-Miguel Cortés	Belgium, France, Italy, Portugal, Spain, Switzerland
Gaudencio S. Hernandez, Jr. ^d	Siraj S. Shamsuddin ^e	Kazakhstan, Maldives, Marshall Islands, Mongolia, Pakistan, Philippines, Timor-Leste
Ashok K. Lahiri	Bounleua Sinxayvolavong	Afghanistan, Bangladesh, Bhutan, India, Lao People's Democratic Republic, Tajikistan, Turkmenistan
Robert M. Orr	Maureen Grewe	United States
Masakazu Sakaguchi	Hideo Fukushima ^f	Japan
Maurin Sitorus ^g	C. J. (Stan) Vandersyp	Armenia, Cook Islands, Fiji, Indonesia, Kyrgyz Republic, New Zealand, Samoa, Tonga
Jaejung Song	Wilson Kamit	Republic of Korea; Papua New Guinea; Sri Lanka; Taipei, China; Uzbekistan; Vanuatu; Viet Nam
Chaiyuth Sudthitanakorn	Govinda Bahadur Thapa	Brunei Darussalam, Malaysia, Myanmar, Nepal, Singapore, Thailand
Eduard Westreicher ^h	Cédric Crelo ⁱ	Austria, Germany, Luxembourg, Turkey, United Kingdom
Yingming Yang	Guoqi Wu ^j	People's Republic of China

^a Elected to replace Howard Brown in September.

^b Appointed to replace Dereck Rooken-Smith in July.

^c Elected to replace Michele Miari Fulcis in October.

^d Elected to replace Siraj Shamsuddin in July.

^e Appointed to replace Gaudencio S. Hernandez, Jr. in July.

^f Appointed to replace Yasuto Watanabe in July.

^g Elected to replace Marwanto Harjowiryo in March.

^h Elected to replace Richard Edwards in July.

ⁱ Appointed to replace Eduard Westreicher in July.

^j Appointed to replace Xiuzhen Guan in November.

APPENDIX 6

Committees of the Board of Directors

(as of 31 December 2011)

Audit Committee

Jérôme Destombes (*Chair*)
Phil Bowen
Gaudencio S. Hernandez, Jr.
Robert M. Orr
Wilson Kamit
C. J. (Stan) Vandersyp

Budget Review Committee

Yingming Yang (*Chair*)
Masakazu Sakaguchi
Maurin Sitorus
Jaejung Song
José-Miguel Cortés
Maureen Grewe

Compliance Review Committee

Eduard Westreicher (*Chair*)
Jérôme Destombes
Jaejung Song
Chaiyuth Sudthitanakorn
Siraj S. Shamsuddin
Bounleua Sinxayvolavong

Development Effectiveness Committee

Ashok K. Lahiri (*Chair*)
Eduard Westreicher
Andrew Collins
Hideo Fukushima
Jacob A. Rooimans
Govinda Bahadur Thapa

Human Resources Committee

Maurin Sitorus (*Chair*)
Micheline Aucoin
Robert M. Orr
Masakazu Sakaguchi
Cédric Crelo
Guoqi Wu

Ethics Committee

Chaiyuth Sudthitanakorn (*Chair*)
Micheline Aucoin
Gaudencio S. Hernandez, Jr.
Ashok K. Lahiri
Yingming Yang

2011 Annual Report Board Working Group

Jacob A. Rooimans (*Chair*)
Andrew Collins
Hideo Fukushima
Guoqi Wu
Maureen Grewe
Govinda Bahadur Thapa

APPENDIX 7

ADB Institute Advisory Council

(as of 31 December 2011)

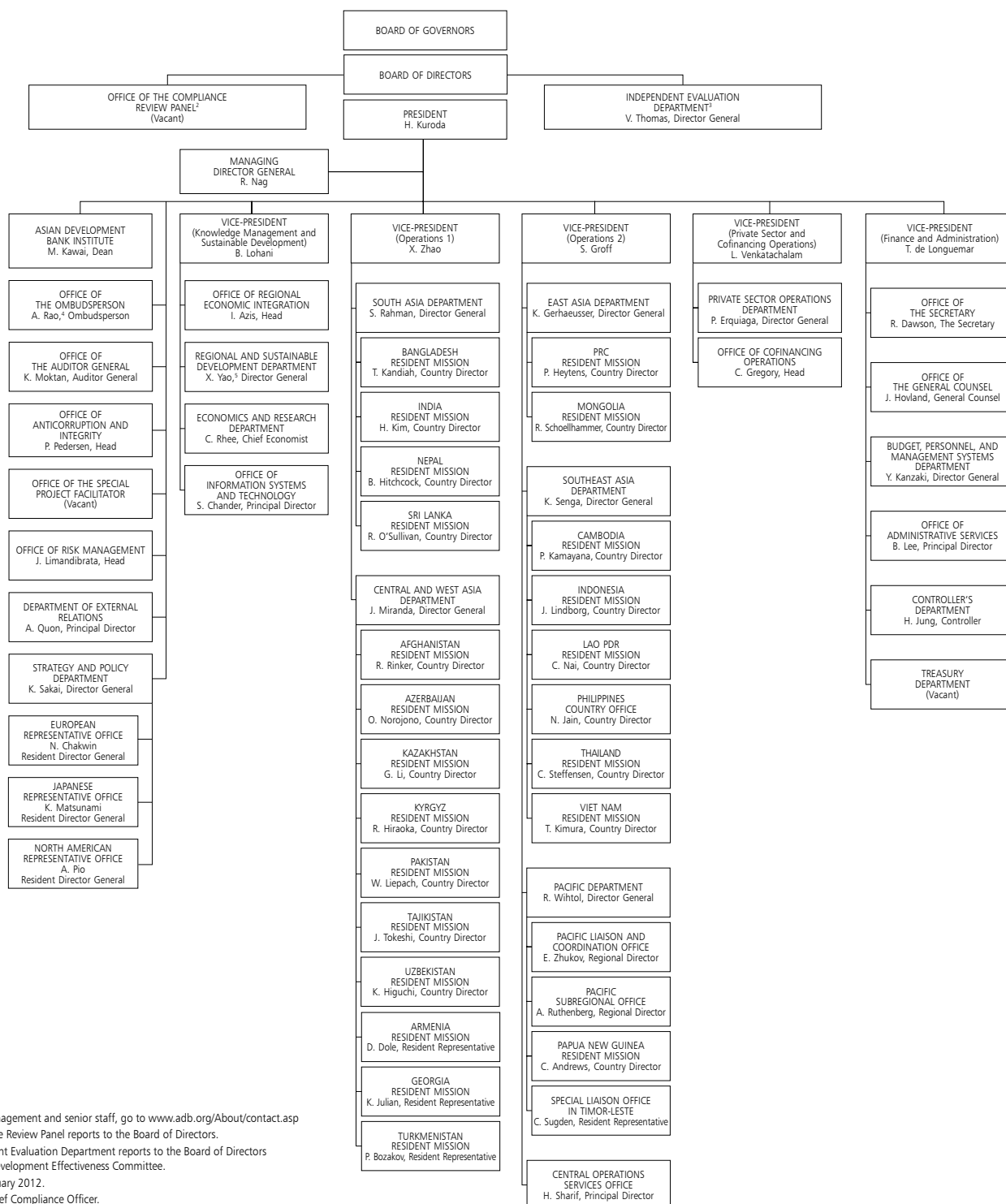
Cinnamon Dornsife	Acting Co-Director, International Development Program, The Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, United States
Masahisa Fujita	President and Chief Research Officer, Research Institute of Economy, Trade and Industry, Japan
Eric Girardin	Professor of Economics, Aix-Marseille School of Economics, Aix-Marseille University, France
Stephen Howes	Director, Development Policy Centre, Crawford School of Economics and Government, Australian National University, Australia
Li Yong	Vice Minister of Finance, Ministry of Finance, People's Republic of China
Sanjiv Misra	Former Minister of State, Government of India
Changyong Rhee	Chief Economist, Asian Development Bank

Former and Current ADB Institute Deans

(as of 31 December 2011)

Jesus P. Estanislao (December 1997–January 1999)
Masaru Yoshitomi (January 1999–January 2003)
Peter McCawley (January 2003–January 2007)
Masahiro Kawai (January 2007–present)

APPENDIX 8
Organizational Structure¹
 (as of 31 December 2011)



¹ To contact management and senior staff, go to www.adb.org/About/contact.asp

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.

⁴ Effective 5 January 2012.

⁵ Concurrent Chief Compliance Officer.

APPENDIX 9

Former and Current ADB Presidents and Vice-Presidents

(as of 31 December 2011)

PRESIDENTS

Takeshi Watanabe	24 November 1966–24 November 1972
Shiro Inoue	25 November 1972–23 November 1976
Taroichi Yoshida	24 November 1976–23 November 1981
Masao Fujioka	24 November 1981–23 November 1989
Kimimasa Tarumizu	24 November 1989–23 November 1993
Mitsuo Sato	24 November 1993–15 January 1999
Tadao Chino	16 January 1999–31 January 2005
Haruhiko Kuroda	1 February 2005–present

VICE-PRESIDENTS

C. S. Krishna Moorthi	19 December 1966–31 March 1978
A. T. Bambawale	1 April 1978–28 October 1985
S. Stanley Katz	1 April 1978–28 September 1990
Günther G. Schulz	1 April 1983–30 June 1995
M. Narasimham	1 November 1985–31 July 1988
In Yong Chung	1 August 1988–31 July 1993
William R. Thomson	1 October 1990–30 June 1994
Bong-Suh Lee	1 August 1993–31 July 1998
Peter H. Sullivan	6 July 1994–20 September 2000
Pierre Uhel	1 July 1995–24 November 1998
Myoung-Ho Shin	1 August 1998–31 July 2003
John Lintjer	18 January 1999–16 January 2004
Joseph B. Eichenberger	15 December 2000–23 December 2005
Liqun Jin	1 August 2003–18 July 2008
Geert H. P. B. van der Linden	1 September 2003–31 August 2006
Khempheng Pholsena	5 April 2004–4 April 2007
C. Lawrence Greenwood, Jr.	28 February 2006–24 May 2011
Ursula Schaefer-Preuss	6 November 2006–5 November 2011
Bindu N. Lohani	9 April 2007–present
Xiaoyu Zhao	29 September 2008–present
Lakshmi Venkatachalam	7 June 2010–present
Stephen P. Groff	3 October 2011–present
Thierry de Longuemar	21 November 2011–present

APPENDIX 10

Summary of Internal Administrative Expenses – 2011 and Budget for 2012

(\$ thousand)

Item	2011			Budget 2012
	Budget	After Transfers ^a	Actual	
A. Board of Governors	2,327	2,327	1,762	1,156
B. Board of Directors	27,298	27,298	26,631	29,331
Offices of the Directors	15,509	15,509	15,438	16,174
Accountability Mechanism	2,839	2,839	2,670	3,277
Independent Evaluation	8,950	8,950	8,523	9,880
C. Operational Expenses	378,227	378,227	374,482	414,250
Salaries	190,408	186,481	186,481	211,042
Benefits	111,872	121,095	121,095	124,706
Staff Development	6,323	6,323	5,429	6,786
Relocation	7,922	5,628	5,628	8,350
Consultants	29,293	26,291	25,712	30,465
Business Travel	31,919	31,919	29,704	32,399
Representation	490	490	432	502
D. Administrative Expenses	90,728	90,728	88,887	101,713
Communications	8,577	8,372	8,107	9,545
Office Occupancy	25,030	25,253	25,211	27,867
Library	1,481	1,481	1,387	1,525
Office Supplies	2,079	2,079	1,853	2,163
Equipment, Maintenance and Support	7,892	7,892	7,479	8,114
Contractual Services	22,121	21,304	21,243	24,770
Insurance	4,146	4,146	3,549	4,590
Depreciation	18,484	19,283	19,283	22,160
Miscellaneous	918	918	775	979
E. Total Before General Contingency	498,580	498,580	491,761^b	546,450
F. General Contingency	4,986	4,986	0	5,465
G. Less: Reimbursements from Trust Funds	(7,214)	(7,214)	(7,265)^c	(7,118)
H. Net IAE	496,352	496,352	484,496	544,797^d
I. Carryover of IAE Budget	9,600^e	...
J. Net IAE after Carryover	496,352	496,352	494,096	544,797

... = not available or not calculated, () = negative, IAE = internal administrative expenses.

Note: Totals may not add up because of rounding.

^a Transfers were made between budget items without exceeding the original amount of each category to meet overruns within the same category.

^b Includes \$303,000 in expenses associated with Japan Special Fund. Excludes the following adjustments incorporated in the financial statements to comply with the Generally Accepted Accounting Principles, and recording and reporting requirements: (i) postretirement medical benefits (\$28,030,000); (ii) actuarial assessment of costs associated with pension benefit obligations (\$64,998,000); (iii) expenses charged to the budget carryover (\$3,696,000); (iv) accumulated compensated absences (\$2,034,000); (v) accrued resettlement and repatriation allowances (\$586,000) and severance payments (-\$1,204,000); and (vi) other miscellaneous adjustments (\$213,000). Total adjusted administrative expenses of \$571,077,000 reflected in the financial statements are allocated as ordinary capital resources, \$315,945,000; Asian Development Fund, \$254,829,000; and Japan Special Fund, \$303,000.

^c This amount (\$7,265,000) reflects the estimated total expenses apportioned for administering the trust funds during the year.

^d Net IAE budget for 2012 consists of \$9,880,000 for the Independent Evaluation Department (IED) and \$534,917,000 for ADB excluding IED.

^e In 2006, the Board approved introduction of a budget carryover of up to 2% of net IAE budget to the next year, beginning with the 2007 budget. Accordingly, \$9.6 million (about 2% of the 2011 net IAE budget) has been carried over to 2012.

Appendixes

APPENDIX 11

Management and Staff Representation of ADB Members (as of 31 December 2011)

Member	Management	International Staff	National Staff/ Administrative Staff	Total
REGIONAL				
Afghanistan	0	0	18	18
Armenia	0	0	5	5
Australia	0	54	9	63
Azerbaijan	0	0	5	5
Bangladesh	0	9	55	64
Bhutan	0	3	0	3
Brunei Darussalam	0	0	0	0
Cambodia	0	0	23	23
China, People's Republic of	1	66	45	112
Cook Islands	0	1	0	1
Fiji	0	3	15	18
Georgia	0	2	6	8
Hong Kong, China	0	4	0	4
India	1	72	52	125
Indonesia	0	33	39	72
Japan	1	145	4	150
Kazakhstan	0	6	11	17
Kiribati	0	0	0	0
Korea, Republic of	0	52	1	53
Kyrgyz Republic	0	7	9	16
Lao People's Democratic Republic	0	2	18	20
Malaysia	0	27	0	27
Maldives	0	0	0	0
Marshall Islands	0	0	0	0
Micronesia, Federated States of	0	0	0	0
Mongolia	0	3	10	13
Myanmar	0	2	0	2
Nauru	0	0	0	0
Nepal	1	7	33	41
New Zealand	0	16	0	16
Pakistan	0	25	40	65
Palau	0	1	0	1
Papua New Guinea	0	1	11	12
Philippines	0	41	1,381	1,422
Samoa	0	1	0	1
Singapore	0	10	0	10
Solomon Islands	0	0	0	0
Sri Lanka	0	13	24	37
Taipei, China	0	4	0	4
Tajikistan	0	2	11	13
Thailand	0	9	10	19
Timor-Leste	0	1	4	5
Tonga	0	2	1	3
Turkmenistan	0	0	4	4
Tuvalu	0	0	1	1
Uzbekistan	0	8	16	24
Vanuatu	0	0	0	0
Viet Nam	0	9	32	41
Subtotal	4	641	1,893	2,538

Member	Management	International Staff	National Staff/ Administrative Staff	Total
NONREGIONAL				
Austria	0	9	0	9
Belgium	0	8	0	8
Canada	0	50	0	50
Denmark	0	8	0	8
Finland	0	7	1	8
France	1	31	0	32
Germany	0	39	2	41
Ireland	0	3	0	3
Italy	0	18	0	18
Luxembourg	0	1	0	1
The Netherlands	0	17	0	17
Norway	0	3	0	3
Portugal	0	6	0	6
Spain	0	12	0	12
Sweden	0	8	0	8
Switzerland	0	5	0	5
Turkey	0	4	0	4
United Kingdom	0	38	0	38
United States	1	147	1	149
Subtotal	2	414	4	420
OVERALL TOTAL	6	1,055	1,897	2,958

APPENDIX 12

**Number of Authorized Positions in Resident Missions^a
(2011)**

Country	International Staff	National Staff	Administrative Staff	Total
Resident Missions				
Bangladesh	8	22	25	55
India	13	27	31	71
Nepal	5	18	15	38
Sri Lanka	4	14	13	31
Afghanistan	5	9	10	24
Azerbaijan	1	4	1	6
Kazakhstan	6	7	6	19
Kyrgyz Republic	2	5	5	12
Pakistan	6	20	17	43
Tajikistan	2	4	9	15
Uzbekistan	6	9	8	23
Armenia	1	4	3	8
Georgia	1	4	3	8
Turkmenistan	1	3	1	5
Turkey	1	1	0	2
China, People's Republic of	11	26	22	59
Mongolia	4	7	4	15
Cambodia	7	10	9	26
Indonesia	13	17	16	46
Lao People's Democratic Republic	5	9	8	22
Philippines	5	5	4	14
Thailand	8	6	4	18
Viet Nam	12	16	15	43
Pacific Liaison and Coordination Office in Sydney, Australia ^b	3	5	5	13
Pacific Subregional Office in Suva, Fiji ^c	5	8	10	23
Papua New Guinea	4	5	7	16
Special Office in Timor-Leste	2	3	2	7
Subtotal	141	268	253	662
Representative Offices				
Europe	2	1	2	5
Japan	2	1	2	5
North America	2	1	2	5
Subtotal	6	3	6	15
Headquarters ^d	881	462	940	2,283
OVERALL TOTAL	1,028	733	1,199	2,960

^a Includes outposted positions.^b Covers Nauru, Solomon Islands, and Vanuatu.^c Covers Cook Islands, Fiji, Kiribati, Samoa, Tonga, and Tuvalu.^d Excluding Young Professionals and Board of Directors.

APPENDIX 13

Growth in Resident Missions (RMs) and Authorized Staff Positions at RMs

	Number of Resident Missions and Authorized Positions									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Number of Resident Missions (RMs)	18^a	20^b	22	23	23	23	24	25	26^c	26^c
Total Authorized Positions at RMs	317	361	389	437	448	490	520	553	604	662
International Staff (IS) and National Staff (NS) Positions at RMs	190	223	240	270	267	300	321	339	368	409
International Staff ^d	72	80	87	107	96	112	119	130	134	141
National Staff ^e	118	143	153	163	171	188	202	209	234	268
Administrative Staff	127	138	149	167	181	190	199	214	236	253
Total Authorized Positions at ADB	2,116	2,187	2,229	2,310	2,340	2,381	2,498	2,550	2,800	2,960
IS and NS Positions at ADB	1,071	1,153	1,189	1,253	1,271	1,304	1,378	1,418	1,596	1,761
International Staff ^f	759	791	797	824	824	836	875	892	982	1,028
National Staff	312	362	392	429	447	468	503	526	614	733
Administrative Staff	1,045	1,034	1,040	1,057	1,069	1,077	1,120	1,132	1,204	1,199
% of Authorized Positions at RMs to Total Authorized Positions at ADB	15.0	16.5	17.5	18.9	19.1	20.6	20.8	21.7	21.6	22.4
% of IS and NS Positions at RMs to Total IS and NS Positions at ADB	17.7	19.3	20.2	21.5	21.0	23.0	23.3	23.9	23.1	23.2
International Staff	9.5	10.1	10.9	13.0	11.7	13.4	13.6	14.6	13.6	13.7
National Staff	37.8	39.5	39.0	38.0	38.3	40.2	40.2	39.7	38.1	36.6
Administrative Staff	12.2	13.3	14.3	15.8	16.9	17.6	17.8	18.9	19.6	20.7

^a Includes Special Office in Timor-Leste, but excludes Thailand Resident Mission.

^b Excludes Thailand Resident Mission; Azerbaijan Resident Mission; Pacific Subregional Office in Suva, Fiji; and Pacific Liaison and Coordination Office in Sydney, Australia.

^c Excludes regional office in Turkey.

^d Includes outposted positions.

^e Includes outposted positions and 1 national staff provided for Turkey.

^f Excludes Young Professionals and Board of Directors.

APPENDIX 14 Selected Knowledge Products of ADB

Asian Development Bank Institute

Books

- ADB. 2011. ADBI: Year in Review 2010. Tokyo: ADBI.
- Derviş, K., M. Kawai, and D. Lombardi (eds.). Asia and Policymaking for the Global Economy. Washington, DC: Brookings Institution Press.
- Kawai, M., and E.S. Prasad (eds.). Financial Market Regulation and Reforms in Emerging Markets. Washington, DC: Brookings Institution Press.
- Chung, D.K., and M. Kawai (eds.). The Global Financial Crisis, Future of the Dollar, and the Choice for Asia. Seoul: NEAR Press.
- Kawai, M., and E. Prasad (eds.). Asian Perspectives on Financial Sector Reforms and Regulation. Washington, DC: Brookings Institution Press.
- Kawai, M., and G. Wignaraja (eds.). Asia's Free Trade Agreements: How is Business Responding? Cheltenham, UK: Edward Elgar.

Working Papers

- Zhang, ZhongXiang. Policies and Measures to Mitigate Potential Environmental Impacts of Cross-Border Infrastructure Projects in Asia. No. 261. January.
- Girardin, Eric. A De Facto Asian-Currency Unit Bloc in East Asia: It Has Been There but We Did Not Look for It. No. 262. January.
- Thorbecke, Willem. The Effect of Exchange Rate Changes on Trade in East Asia. No. 263. January.
- Acharya, Viral V., Thomas Cooley, Matthew Richardson, and Ingo Walter. Market Failures and Regulatory Failures: Lessons from Past and Present Financial Crises. No. 264. February.
- Ping, Luo. What Regulatory Policies Work for Emerging Markets? No. 265. February.
- Morgan, Peter J. The Role of Macroeconomic Policy in Rebalancing Growth. No. 266. February.
- Hamanaka, Shintaro. Examination of the Singapore Shift in Japan's Foreign Direct Investment in Services in ASEAN. No. 267. March.
- Shepherd, Ben, and Gloria O. Pasadilla. Trade in Services and Human Development: A First Look at the Links. No. 268. March.
- Carney, Richard W. Financial Regulatory Harmonization in East Asia: Balancing Domestic and International Pressures for Corporate Governance Reforms. No. 269. March.
- Xing, Yuqing. Processing Trade, Exchange Rates, and the People's Republic of China's Bilateral Trade Balances. No. 270. March.
- Mohan, Rakesh. Emerging Contours of Financial Regulation: Challenges and Dynamics. No. 271. March.
- Kumar, Rajiv, and Pankaj Vashisht. Crisis, Imbalances, and India. No. 272. March.
- Sussangkarn, Chalongsob, and Deunden Nikomborirak. Trans-Pacific Rebalancing: Thailand Case Study. No. 273. March.
- Fung, Kwok-Chiu, Alicia Garcia-Herrero, and Francis Ng. Foreign Direct Investment in Cross-Border Infrastructure Projects. No. 274. April.
- Ogawa, Eiji, and Junko Shimizu. Asian Monetary Unit and Monetary Cooperation in Asia. No. 275. April.
- Krishnan, K.P. Financial Development in Emerging Markets: The Indian Experience. No. 276. April.
- Estevadeordal, Antoni, Matthew Shearer, and Kati Suominen. Regional Integration in the Americas: State of Play, Lessons, and Ways Forward. No. 277. April.
- Eichengreen, Barry, and Gisela Rua. Exchange Rates and Global Rebalancing. No. 278. April.
- Huang, Yiping, and Kunyu Tao. Causes of and Remedies for the People's Republic of China's External Imbalances: The Role of Factor Market Distortion. No. 279. April.
- Tham, Siew Yean. Exploring Access and Equity in Malaysia's Private Higher Education. No. 280. April.
- Van der Geest, Willem, and Jorge Núñez-Ferrer. Appropriate Financial Instruments for Public-Private Partnership to Boost Cross-Border Infrastructural Development—EU Experience. No. 281. May.

- Zhang, Yunling, and Minghui Shen. The Status of East Asian Free Trade Agreements. No. 282. May.
- Kohpaiboon, Archanun, and Nipon Poapongsakorn. Industrial Upgrading and Global Recession: Evidence of Hard Disk Drive and Automotive Industries in Thailand. No. 283. May.
- Park, Yung Chul. The Role of Macroprudential Policy for Financial Stability in East Asia's Emerging Economies. No. 284. May.
- Chow, Hwee Kwan. Towards an Expanded Role for Asian Currencies: Issues and Prospects. No. 285. May.
- Gopinath, Shyamala. Macroprudential Approach to Regulation—Scope and Issues. No. 286. June.
- Lee, Bernard, and Hefei Wang. Reevaluating the Roles of Large Public Surpluses and Sovereign Wealth Funds in Asia. No. 287. June.
- Doraisami, Anita. The Global Financial Crisis: Countercyclical Fiscal Policy Issues and Challenges in Malaysia, Indonesia, the Philippines, and Singapore. No. 288. June.
- Park, Yung Chul. The Global Financial Crisis: Decoupling of East Asia—Myth or Reality? No. 289. June.
- Thorbecke, Willem, and Nimesh Salike. Understanding Foreign Direct Investment in East Asia. No. 290. June.
- Domanski, Dietrich, and Philip Turner. The Great Liquidity Freeze: What Does It Mean for International Banking? No. 291. June.
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- De, Prabir, and Chiranjib Neogi. Global Financial and Economic Crisis: Implications for Trade and Industrial Restructuring in South Asia. No. 294. July.
- Drake-Brockman, Jane. The Importance of Measuring the Delivery of Services via Commercial Presence of Offshore Foreign Affiliates: Some Case Studies from Australian Business Experience. No. 295. July.
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- Hiratsuka, Daisuke. Production Networks in Asia: A Case Study from the Hard Disk Drive Industry. No. 301. July.
- Yap, Josef T. The Political Economy of Reducing the US Dollar's Role as a Global Reserve Currency. No. 302. July.
- Sen Gupta, Abhijit. The Current State of Financial and Regulatory Frameworks in Asian Economies: The Case of India. No. 303. August.
- Fan, Ying. Services Policy Reform in the People's Republic of China: Before and After the Global Financial Crisis. No. 304. August.
- Anbumozhi, Venkatachalam, Qwanruedee Chotichanathawong, and Thirumalainambi Muruges. Information Disclosure Strategies for Green Industries. No. 305. August.
- Zhang, Bin. Is It Desirable for Asian Economies to Hold More Asian Assets in Their Foreign Exchange Reserves?—The People's Republic of China's Answer. No. 306. August.
- Stephenson, Sherry, and Maryse Robert. Evaluating the Contributions of Regional Trade Agreements to Governance of Services Trade. No. 307. August.
- Capannelli, Giovanni. Institutions for Economic and Financial Integration in Asia: Trends and Prospects. No. 308. September.

Aoyagi-Usui, Midori, Eiko Suda, and Tomomi Shinada. Gender Inclusion in Climate Change Adaptation. No. 309. September.

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Packing the Sustainability Punch: Making Projects That Last!

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Successful Engagement with Civil Society Organizations

Success Factors in Implementing Primary and Secondary Education Projects

Video Clip

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Papua New Guinea Resident Mission brochure

Policy-Based Programs for the Pacific Islands

South Pacific Subregional Office brochure

Reports/Report Series

Community-Based Climate Vulnerability Assessment and Adaptation Planning

Economic Growth to 2030 in Timor-Leste

Finding Balance 2011: Benchmarking the Performance of State-Owned Enterprises in Fiji, Marshall Islands, Samoa, Solomon Islands, and Tonga

Pacific Private Sector Development Initiative Reports 2010

Food Security and Climate Change: Rethinking the Options

Sustainable Health Care Financing in the Republic of Palau

The Political Economy of Economic Reform in the Pacific

Development Effectiveness Briefs

Marshall Islands: Together Forging a Better Future

Tonga: Sustaining a Strong Culture While Building the Future

Pacific Knowledge Seminar Series

Business Registry Reform in the Pacific

Food Security and Climate Change / Vulnerability Assessment and Priorities

Health and Gender Adaptation to Climate Change

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Public–Private Partnership for Rural Health Services Improvement in PNG

Road Transport in Timor-Leste

State-Owned Enterprise Reform in the Pacific

Timor-Leste to 2030

Understanding Fragile Situations: Use of Peace Building Tool in Nepal

Regional and Sustainable Development Department

ADB Briefs

Civil Society Briefs (for Armenia, Azerbaijan, Georgia, the Kyrgyz Republic, the Lao People's Democratic Republic, Tajikistan, Thailand, and Viet Nam)

Facing the Challenge of Environmental Migration in Asia and the Pacific

Awareness-Raising and Multimedia Materials

2011 Carbon Expo – Sustainable Fuel Partnership Market Mechanism

A Cameo on Storytelling and the Most Significant Change Technique

ADB–Philippine Public–Private Partnership Country Workshop

Advisory Group on Climate Change and Sustainable Development

An Appreciative Inquiry Cameo

Asia Clean Energy Forum

Building a Knowledge-Centric Organization

Brochures/Flyers

A Timeline of ADB-Hosted Communities of Practice

ADB Resources for Communities of Practice

Asia Solar Energy Initiative: Affordable Solar Power for Asia and the Pacific

In Focus

ADB and Civil Society

Addressing Climate Change in Asia and the Pacific: Impacts on Food, Fuel, and People

Agriculture, Rural Development, and Food Security

Clean Energy

Climate Change and ADB

Communities of Practice (updated)

Disaster Risk Management

Education

Environment Services

Gender and Development

Governance and Public Management

Knowledge Solutions (updated)

Safeguards

Sustainable Transport

Water Financing Program

Appendixes

Capacity Development Training on Involuntary Resettlement

CDM Briefs

Additionality for Micro-Scale Clean Development Mechanism Project Activities
Clean Development Mechanism, Key Elements
Clean Development Mechanism, Overview
Kinoya Sewerage Treatment Project: First Clean Development Mechanism Initiative of Its Kind in Fiji
Regional Distribution of Clean Development Mechanism Projects
Communication Tools for Knowledge Management and Learning
Communities of Practice webpage in MyADB and www.adb.org (update)
CSO Web Review
Enhancing Social Protection in Asia and the Pacific
Handle with Knowledge Planner 2012
Integrated Climate Impact Assessment Tool for Urban Policy Makers – Brochure for Expert Consultations
Intersections eNewsletter (3 quarterly issues)
i.prompt.u e-Newsletter (12 monthly issues)

Knowledge Showcase

ADB-Hosted Communities of Practice: Driving Knowledge Activities
Carbon Credits: Improving Financing and Sustainability of a Landfill Closure Project
Communities of Practice 101
Empowering ADB-Hosted Communities of Practice
Expanding Water Supply and Sanitation Coverage through Output-Based Aid
Responding to Disasters: Emergency Flood Damage Rehabilitation in Bangladesh
Rising from the Rubble: Reconstruction and Rehabilitation after the 2011 Gujarat Earthquake

knowledge@ADB e-Newsletter (12 monthly issues)

Learning for Peace

Partnership e-Newsletter

Poverty Matters e-Newsletter

Safeguards for Indigenous Peoples Development Projects: Building the National Capacity

Social Protection Briefs

Capacity Development for Rural Pension Administration and Services in the People's Republic of China
Reducing Persistent Chronic Child Malnutrition in Mongolia
Strengthening Equitable Provision of Public Employment Services in Sichuan Province, People's Republic of China

Sustainable Development Week

Books

Compendium of Knowledge Solutions
Environment Program (Greening Growth in Asia and the Pacific)
Learning in Development
Public–Private Partnership Infrastructure Projects: Case Studies from the Republic of Korea
Volume 1: Institutional Arrangements and Performance
Volume 2: Cases of Build–Transfer–Operate Projects for Ports and Build–Transfer–Lease Projects for Education Facilities
Attachment: Global Country Comparison of Public–Private Partnership Frameworks and Projects

Database

Power Project Database

Operational Reports

Carbon Market Program: Future Carbon Fund – Change in Fund Regulations
Financial Sector Operational Plan
Water Operational Plan 2011–2020

Reports

2010 Clean Energy Investments: Project Summaries
2011 Survey of ADB-Hosted Communities of Practice
Accounting for Health Impacts of Climate Change (with Sida)
Asia Solar Energy Initiative: A Primer
Asian Development Bank Sustainability Report 2011
Clean Energy Financing Partnership Facility: Annual Report 2010
Community-Based Climate Vulnerability Assessment and Adaptation Planning: A Cook Islands Pilot Project
Enhancing Knowledge Management under Strategy 2020: Plan of Action for 2009–2011—Final Report as of July 2011
Fiscal Decentralization in Asia: Challenges and Opportunities
Gender and Development Plan of Action Annual Implementation Progress Reports
Gender Equality Results Case Studies: Bhutan
Global Food Price Inflation and Developing Asia (with ERD)
Guidelines for Knowledge Partnerships
The Impact of Fiscal Decentralization: Issues in Theory and Challenges in Practice
Pacific Millennium Development Goals Report
Parking Policy in Asia
Policy Note – Fiscal Decentralization in Asia: Challenges and Opportunities
Policy Note – Impact of Fiscal Decentralization: Issues in Theory and Challenges in Practice
Policy Note – Taxation in Asia
Renewable Energy, Energy Efficiency and Climate Change Program Annual Report 2010
A Review of Recent Developments in Impact Evaluation (with ERD)
Smart Water Solutions in Small Packages: Stories from Pilot and Demonstration Activities
A Study of ADB's Knowledge Taxonomy
Study of Information on Knowledge Management and Communication in Country Partnership Strategies, Reports and Recommendations of the President, and Technical Assistance Reports
Toward Sustainable Municipal Organic Waste Management in South Asia
Viet Nam's Success in Increasing Access to Energy through Rural Electrification (with SERD)
Water Financing Partnership Facility Semiannual Progress Report: January to June 2011
Women and Labour Markets in Asia: Rebalancing for Gender Equality. Copublished with the International Labour Organization.

Training and Instructive Materials

Enhancing Knowledge Management under Strategy 2020: Plan of Action for 2009–2011
Enhancing Social Protection in Asia and the Pacific
Guidelines for Climate Proofing Investment in the Transport Sector: Road Infrastructure Projects
Guidelines on Peer Review for Loan Delivery

Knowledge Solutions

A Primer on Intellectual Capital
Conflict in Organizations
Critical Thinking
Delegating in the Workplace
Learning Histories
Managing Corporate Reputation
Moral Courage in Organizations
On Second Thought
Political Economy Analysis for Development Effectiveness
Primer on Corporate Governance
Surveying Communities of Practice
The Travails of Micromanagement

Resources for Communities of Practice: Creating Value through Knowledge Networks

Working Papers

Food and Nutrition Security Status in India: Opportunities for Investment Partnerships. RSDD Working Paper. No. 16.
Regional Cooperation for Food Security: The Case of Emergency Rice Reserves in the ASEAN Plus Three (ADB Sustainable Development Working Paper)
Strategic Directions Paper on HIV/AIDS 2011–2015
Walkability and Pedestrian Facilities in Asian Cities: State and Issues (ADB Sustainable Development Working Paper)
Walkability Index in Asia

Communities of Practice

Agriculture, Rural Development, and Food Security
Working Papers

Food and Nutrition Security Status in India
Regional Cooperation for Food Security: The Case of Emergency Rice Reserves in the ASEAN Plus Three

Education

Awareness-Raising and Multimedia Material
Education in Asia and the Pacific brochure

Reports

Higher Education across Asia: An Overview of Issues and Strategies
Improving Instructional Quality: Focus on Faculty Development
Non-State Providers and Public–Private Partnerships in Education for the Poor
The National Qualifications Framework for Skills Training in Sri Lanka

Energy

Awareness-Raising and Multimedia Materials
ADB Asia Solar Energy Initiative brochure
ADB Clean Energy Program Brief brochure
ENERcall 2.0 (revamped)

Database

ADB Power Project Database

Reports

Energy CoP 2010 Annual Report
Energy CoP Triennial Report (2007–2010)
Indicators for ADB's Energy Sector Operations (2005–2010)

Training and Instructive Material

ADB Asia Solar Energy Initiative: A Primer

Environment

Report

Environment CoP 2010 Annual Report

Financial Sector Development

Operational Report

Financial Sector Operational Plan

Gender Equity

Awareness-Raising and Multimedia Materials
Gender Network News (Newsletter, 4 issues)
Gender Equality: Bridging the Gap (ADB Gender and Development brochure)
In Focus: Gender and Development
SeaGen Waves (Newsletter, 2 issues)

Reports

Community-Based Routine Maintenance of Roads by Women's Groups: Guide for Communications Bureaus
Community-Based Routine Maintenance of Roads by Women's Groups: Manual for Maintenance Groups
Earnings and Quality of Female Labor in the Border Areas of Viet Nam and Implications for Greater Mekong Subregion Cooperation
Gender and Development Cooperation Fund: Seventh Progress Report
Gender and Development Plan of Action (2008–2010): 2010 Annual Implementation Progress Report
Gender Equality Results Case Studies: Bhutan

A Story Within a Story: ADB Helps Women during Pakistan's Post-Flood Reconstruction
Women and Labour Markets in Asia: Rebalancing for Gender Equality

Health

Report

The Impact of Tax Increases on Cigarette Smoking, Smoking-Related Mortality and Revenues in Selected High Burden Asian Countries

Public Management and Governance

Reports

Capacity Development Thematic Report (2008–2010)
Fiscal Decentralization in Asia – Challenges and Opportunities
Governance Thematic Report (2008–2010)
The Impact of Fiscal Decentralization – Issues in Theory and Challenges in Practice
Learning Lessons: Electricity
Learning Lessons: Urban Water Supply
Public Management and Governance 2010 Annual Report
Stocktake and Review of ADB's Governance and Public Sector Management Operations
Taxation in Asia

Social Development and Poverty

Report

Social Development and Poverty in Asia and the Pacific: Emerging Issues and Implications for the Social Development and Poverty Community of Practice

Transport

Report

Transport CoP 2010 Annual Report

Urban

Awareness-Raising and Multimedia Materials
Competitive Cities brochures
Green Cities: Livable and Sustainable Cities in Asia brochures
Inclusive Cities brochures

Books

Competitive Cities in the 21st Century: Cluster-Based Local Economic Development
Inclusive Cities

Water

Awareness-Raising and Multimedia Material
Good Practices in Sanitation and Wastewater Management video

Report

Water CoP 2011 Annual Report

Training and Instructive Material

Addressing Non-Revenue Water Reduction in Project Preparation

South Asia Department

Books

India–ADB Development Partnership
Tool Kit for Public–Private Partnerships in Urban Bus Transport for the State of Maharashtra, India
Understanding Poverty in India

Working Papers

South Asia Working Paper Series

Evaluating the PRMPA Using a Synthetic Control Group. No. 2. February.
The Global Financial Crisis: Impact on Asia and Emerging Consensus. No. 3. February.
Economy-Wide Impacts of Biodiesel Production and Use in India: A Computable General Equilibrium Model Assessment. No. 4. May.

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Product Innovations for Financing Infrastructure: A Study of India's Debt Markets. No. 6. October.
ADB's Water Sector Operations in India: Review and Way Forward. No. 7. October.
Financial and Economic Assessment of Biodiesel Production and Use in India. No. 8. November.

Reports

Adapting to Climate Change: Strengthening the Climate Resilience of Water Sector Infrastructure in Khulna, Bangladesh
Analysis of Government's Annual Budget Statement
Asia 2050
Bangladesh: Countercyclical Support Facility Support Program Annual Report 2011
Facilitating Infrastructure Development in India: ADB's Experience and Best Practices in Project Implementation
Food Security, Energy Security, and Inclusive Growth in India: The Role of Biofuels
Gender Equality Results Case Studies: Bhutan
Gender Mainstreaming Case Studies: India
Growth, Inequality, and Poverty in Asia (Sri Lanka)
India: A Partnership for Inclusive Growth (Development Effectiveness Brief)
India-ADB Development Partnership
Irrigation Efficiency and Productivity: Status, Issues, and Prospects
IWRM and Sustainable Water Service Delivery in Karnataka (TA Final Report)
Mainstreaming Road Safety in ADB Operations: Action Plan
Maldives Country Governance Risk Assessment and Risk Management Plan
Preliminary Study on Human Resources Gap in Infrastructure Development in India: Focusing on Renewable Energy Sector
South Asia Pension Forum: Fostering Inclusive and Sustainable Pension Systems in the Region
Study for Exploring PPP in Irrigation and Drainage Sector
Survey on SMEs in Bangladesh
Sustainable Riverbank Erosion Management
Tool Kit for Public-Private Partnerships in Urban Bus Transport for the State of Maharashtra
Toward Sustainable Municipal Organic Waste Management in South Asia

Sector/Thematic Papers

Bangladesh Economic Indicators Update
Climate Change Adaptation-Focused Sustainable Water Resources Strategy for Himachal Pradesh
Comprehensive Private Sector Assessment (Bangladesh)
Country Governance Risk Assessment and Risk Management Plan (Maldives)
Country Performance Assessment (Bangladesh)
Country Performance Assessment (Nepal)
Employment Impact of ADB's Rural Development Investment Portfolio 2011 (Nepal)
IWRM Scoping Study for Sutlej River Basin, Himachal Pradesh
Sri Lanka Environment Assessment
Sri Lanka Governance Assessment
Sri Lanka Poverty Assessment
Sri Lanka Private Sector Assessment
Understanding Poverty in India

Briefs

India: A Partnership for Inclusive Growth (Development Effectiveness Brief)
Nepal Economic Updates
President Visit to the Maldives – Briefing Papers

Serials

Bangladesh Quarterly Economic Update (March)
Bangladesh Quarterly Economic Update (June)
Bangladesh Quarterly Economic Update (September)
Bangladesh Quarterly Economic Update (December)
Nepal Quarterly Newsletter I (March)
Nepal Quarterly Newsletter II (June)
South Asia Research Alert (January)

South Asia Research Alert (April)
South Asia Research Alert (May)
South Asia Research Alert (June)
South Asia Research Alert (August)
South Asia Research Alert (September)
South Asia Research Alert (October)
South Asia Research Alert (November)
South Asia Research Alert (December)

Awareness-Raising and Multimedia Materials

ADB's Program Loans Experience in India (Presentation)
ADB-India Development Partnership (Presentation)
Asia Solar Energy Forum and Mainstreaming Solar Energy and Smart Grid in South Asia Workshop
Basic Road Safety and Incorporation of Road Safety in ADB Projects
Clean Energy Finance and Poverty Impact Assessment Seminar

Clean Energy Forum

Renewable Energy Development in South Asia – Economics of Solar Power: Do Solar Projects Meet the Cost-Benefit Criterion?
Renewable Energy Development in South Asia – Energy Security, Food Security, and Economics of Biofuels in India
Renewable Energy Development in South Asia – Policy and Regulatory Instruments for Renewable Energy Development in South Asia

Designing and Implementing Social Transfer Programs
Energy Sector Capacity Building Inception Report (TA 7628-NEP)
Lateral Learning, Project Staff of ADB Gender Equality, and Empowerment of Women
Maldives In-Country National Gender Workshop
National Training Workshop of GESI and Infrastructure for the Preparation of the Operational Guidelines for the MPPW (GAD Cooperation Fund)
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 Current Trends in India's Agriculture and Food Policy. No. 79.
 Workshop for Selected Project Directors from Bangladesh to Sri Lanka
 Workshop on Sustaining Asia's Growth and Investment in a Changing World (Final Workshop)
 Workshop on the Use of Credit Rating Information and Regulatory Framework

Strategy, Policy, and Administrative Documents

Regional Cooperation Strategy (RCS) 2011–2015
 Bangladesh Country Partnership Strategy
 Sri Lanka Country Partnership Strategy
 Maldives Interim Country Partnership Strategy

Southeast Asia Department

Books

Deconcentration and Decentralization Reforms in Cambodia: Recommendations for an Institutional Framework
 Rural and Microfinance in the Lower Mekong Region: Policies, Institutions, and Market Outcomes
 Strategies for the Development of Islamic Capital Markets: Infrastructures and Legal Aspects of Islamic Asset Securitisation

Journal

Journal of GMS Development Studies. Vol. 5.

Working Papers

Southeast Asia Working Paper Series
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 Biofuels in the Greater Mekong Subregion: Energy Sufficiency, Food Security, and Environmental Management. No. 8.

Reports/Report Series

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 Climate Change Vulnerability, Adaptation, and Mitigation in the Greater Mekong Subregion
 Comprehensive Action Plans of the Sulu–Sulawesi Marine Ecoregion: A Priority Seascape of the Coral Triangle Initiative
 Greater Mekong Subregion Cross-Border Transport Facilitation Agreement Instruments and Drafting History
 Mapping Trade Patterns and Encouraging Business Cluster Development in BIMPEAGA

Policy Brief: Strategic Environmental Assessment of Power Development Plans in Viet Nam
 Private Sector Assessment: Philippines
 Searching for Effective Poverty Interventions: Conditional Cash Transfers in the Philippines

Sector and Thematic Assessments, Strategies, and Road Maps

Cambodia Country Partnership Strategy, 2011–2013
 Agriculture and Natural Resources Sector Assessment, Strategy and Road Map (ASR), 2011–2015
 Country and Portfolio Indicators
 Economic Analysis (Summary)
 Energy Sector ASR
 Environment and Climate Change Assessment
 Finance Sector ASR, 2011–2013
 General Education Sector ASR, 2011–2013
 Governance Risk Assessment and Risk Management Plan
 Poverty Analysis
 Private Sector Assessment (Summary)
 Public Sector Management Assessment
 Transport Sector ASR, 2011–2013
 Technical and Vocational Education and Training Subsector ASR
 Urban Sector ASR, 2011–2015
 Water Supply and Sanitation Sector ASR, 2011–2015

Greater Mekong Subregion

Tourism Sector ASR

Lao People's Democratic Republic Country Partnership Strategy, 2012–2016

Agriculture, Natural Resources and Environment Sector ASR
 Civil Society Analysis (Summary)
 Country and Portfolio Indicators
 Economic Analysis (Summary)
 Education Sector ASR
 Energy Sector ASR
 Finance Sector Assessment (Summary)
 Gender Analysis (Summary)
 Health Sector ASR
 Overcoming Most Critical Constraints to Inclusive Growth in the Lao PDR
 Poverty Analysis (Summary)
 Public Sector Management Sector Assessment (Summary)
 Risk Assessment and Risk Management Plan (Summary)
 The Lao People's Democratic Republic in the Greater Mekong Subregion
 Trade and Industry (Small and Medium-Sized Enterprises) Sector ASR
 Transport Sector ASR
 Urban Development Sector ASR

Malaysia Interim Country Partnership Strategy, 2011–2012

Country and Portfolio Indicators
 Energy Sector Assessment
 Financial Sector Assessment
 Macroeconomic Analysis
 Risk Assessment and Risk Management Plan

Philippines Country Partnership Strategy, 2011–2016

Assessment of Country Safeguards Systems (Summary)
 Climate Change and Disaster Risk Reduction Assessment (Summary)
 Country and Portfolio Indicators
 Economic Analysis (Summary)
 Education Sector Assessment
 Energy Sector Assessment (Summary)
 Environment Assessment (Summary)
 Financial Sector ASR
 Gender Analysis (Summary)
 Good Governance and Political Economy Assessment (Summary)
 Health and Social Protection Sector Assessment (Summary)

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Information Note on Revisions of National Accounts in 2011 and Implications for the Country Partnership Strategy
Poverty Analysis (Summary)
Public Sector Management Subsector Assessment (Summary): Decentralization and Local Governance
Public Sector Management Subsector Assessment (Summary): Fiscal Policy Assessment
Public Sector Management Subsector Assessment (Summary): Investment Climate
Public Sector Management Subsector Assessment: Legal and Judiciary Reforms
Risk Assessment and Risk Management Plan (Summary)
Strategy 2020 Core Operational Area Assessment: Regional Cooperation and Integration (Philippines)

Thailand
Transport Sector ASR

Viet Nam
Finance Sector ASR
Health Sector ASR
Technical and Vocational Education and Training ASR
Transport Sector ASR

Tax Reforms toward Fiscal Consolidation: Policy Options for the Government of the Philippines

Greater Mekong Subregion–Phnom Penh Plan for Development Management Research Report Series

Factors Affecting Firm-Level Investment and Performance in Border Economic Zones and Implications for Developing Cross-Border Economic Zones between the People's Republic of China and Its Neighboring GMS Countries. Vol. 1. Issue 1.
Cross-Border Contract Farming Arrangement: Variations and Implications in the Lao People's Democratic Republic. Vol. 1. Issue 2.
Earnings and Quality of Female Labor in the Border Areas of Viet Nam and the Implications for GMS Cooperation. Vol. 1. Issue 3.
Improving Accessibility of Financial Services in the GMS Border-Gate Areas to Facilitate Cross-Border Trade: The Case of Viet Nam and Implications for GMS Cooperation. Vol. 1. Issue 4.

Awareness-Raising and Multimedia Materials

Cambodia: Voices from the Field Results of Health Sector Project and Its Stories
GMS e-Newsletter
Knowledge Management for the Coral Triangle Initiative: Learning Notes
SEAGEN Waves Newsletter
Viet Nam: Southeast Asia's Rising Star Takes the Next Step in Its National Development

Treasury Department

ADB Financial Products brochure

APPENDIX 15.1

Evaluation Results^a for Sovereign Operations by Country
Cumulative from Evaluation Year 1973–2011

Country	No. of Total Rated Projects and Programs	Proportion (%)		
		HS/GS/S	PS	US
Afghanistan	8	62.5	37.5	0.0
Armenia	2	100.0	0.0	0.0
Azerbaijan	3	66.7	33.3	0.0
Bangladesh	115	60.9	31.3	7.8
Bhutan	14	71.4	21.4	7.1
Cambodia	28	82.1	17.9	0.0
China, People's Republic of	93	88.2	7.5	4.3
Georgia	3	100.0	0.0	0.0
India	49	65.3	26.5	8.2
Indonesia	197	63.5	29.9	6.6
Kazakhstan	10	60.0	40.0	0.0
Kyrgyz Republic	23	73.9	21.7	4.3
Lao People's Democratic Republic	51	72.5	23.5	3.9
Malaysia	57	64.9	29.8	5.3
Maldives	12	75.0	16.7	8.3
Mongolia	26	65.4	30.8	3.8
Myanmar	11	63.6	27.3	9.1
Nepal	83	60.2	30.1	9.6
Pacific DMCs ^b	106	47.2	34.9	17.9
Pakistan	158	50.0	34.8	15.2
Papua New Guinea	41	34.1	56.1	9.8
Philippines	128	46.1	37.5	16.4
Sri Lanka	84	57.1	36.9	6.0
Tajikistan	14	85.7	14.3	0.0
Thailand	64	87.5	12.5	0.0
Uzbekistan	17	58.8	35.3	5.9
Viet Nam	45	82.2	15.6	2.2
Regional	3	100.0	0.0	0.0
Graduate Economies ^c	61	86.9	11.5	1.6
TOTAL	1,506	63.4	28.4	8.2

GS = generally successful, HS = highly successful, PS = partly successful, S = successful, US = unsuccessful; DMC = developing member country.

Note: Totals may not add up because of rounding.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where both PCR and PCRVR or PPER ratings are available.

^b Cook Islands, Fiji, Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

^c Hong Kong, China; the Republic of Korea; and Singapore.

APPENDIX 15.2

Evaluation Results^a for Sovereign Operations by Sector
Cumulative from Evaluation Year 1973–2011

Sector	No. of Total Rated Projects and Programs	Proportion (%)		
		HS/GS/S	PS	US
Agriculture and Natural Resources	378	46.8	38.9	14.3
Education	113	70.8	25.7	3.5
Energy	205	78.5	19.0	2.4
Finance	153	51.0	38.6	10.5
Health and Social Protection	52	59.6	36.5	3.8
Industry and Trade	66	60.6	27.3	12.1
Multisector	76	75.0	19.7	5.3
Public Sector Management	49	51.0	38.8	10.2
Transport and ICT	257	82.9	12.1	5.1
Water Supply and Other Municipal Infrastructure and Services	157	59.2	32.5	8.3
TOTAL	1,506	63.4	28.4	8.2

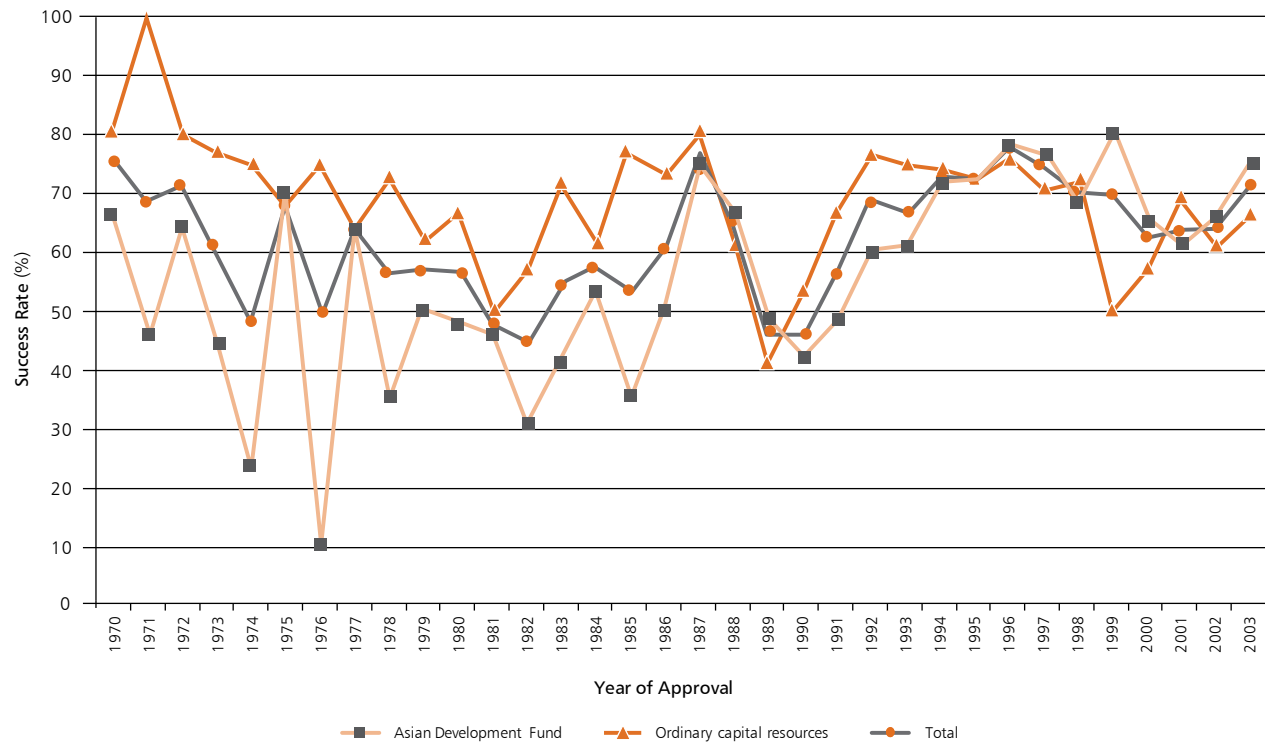
GS = generally successful, HS = highly successful, PS = partly successful, S = successful, US = unsuccessful; ICT = information and communication technology.

Note: Totals may not add up because of rounding.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where both PCR and PCRVR or PPER ratings are available.

APPENDIX 15.3

Percentage of Sovereign Operations (Projects/Programs) Deemed Successful by Source of Funds



Notes:
Based on completed projects/programs evaluated from 1973 to 2011.
Project/program implementation: 4–7 years.
Completion report: 1–2 years after completion.
Project/program evaluation: 3 years or more after completion.
Data from 2004 onward are not included due to small sample size.

APPENDIX 15.4

**Evaluation Results^a for Nonsovereign Operations by Country
Cumulative from Evaluation Year 1992–2011**

Country	No. of Total Rated Projects	Projects Evaluated from 1992 to Mid-2006 Using Old Criteria ^b (% of total)			No. of Total Rated Projects	Projects Evaluated from End-2006 to 2011 Using New Criteria ^c (% of total)		
		HS/GS/S	PS	US		HS/GS/S	PS	US
Afghanistan	0	0.0	0.0	0.0	1	100.0	0.0	0.0
Azerbaijan	0	0.0	0.0	0.0	4	50.0	50.0	0.0
Bangladesh	2	100.0	0.0	0.0	2	100.0	0.0	0.0
Bhutan	0	0.0	0.0	0.0	1	100.0	0.0	0.0
Cambodia	0	0.0	0.0	0.0	1	100.0	0.0	0.0
China, People's Republic of	0	0.0	0.0	0.0	7	71.4	14.3	14.3
India	2	100.0	0.0	0.0	6	83.3	16.7	0.0
Indonesia	2	100.0	0.0	0.0	0	0.0	0.0	0.0
Kazakhstan	0	0.0	0.0	0.0	4	50.0	0.0	50.0
Mongolia	0	0.0	0.0	0.0	1	100.0	0.0	0.0
Nepal	1	0.0	100.0	0.0	0	0.0	0.0	0.0
Pakistan	3	100.0	0.0	0.0	0	0.0	0.0	0.0
Philippines	4	75.0	25.0	0.0	4	50.0	50.0	0.0
Sri Lanka	1	100.0	0.0	0.0	2	50.0	50.0	0.0
Thailand	0	0.0	0.0	0.0	1	100.0	0.0	0.0
Viet Nam	0	0.0	0.0	0.0	3	100.0	0.0	0.0
Regional	2	50.0	50.0	0.0	5	60.0	40.0	0.0
TOTAL	17	82.4	17.6	0.0	42	71.4	21.4	7.1

GS = generally successful, HS = highly successful, PS = partly successful, S = successful, US = unsuccessful.

Note: Totals may not add up because of rounding.

^a Based on aggregate results of project completion reports (PCRs), extended annual review reports (XARRs), XARR validation reports (XVRs), and project evaluation reports (PPERs) using XVR or PPER ratings in all cases where both PCR/XARR and XVR/PPER ratings are available.

^b The criteria used in evaluating sovereign projects were also used in evaluating nonsovereign projects from 1992 to mid-2006.

^c The new criteria for evaluating nonsovereign projects, as harmonized with other members of the Evaluation Cooperation Group (ECG), were used starting end-2006.

APPENDIX 15.5

**Evaluation Results^a for Nonsovereign Operations by Sector
Cumulative from Evaluation Year 1992–2011**

Sector	No. of Total Rated Projects	Projects Evaluated from 1992 to Mid-2006 Using Old Criteria ^b (% of total)			No. of Total Rated Projects	Projects Evaluated from End-2006 to 2011 Using New Criteria ^c (% of total)		
		HS/S	PS	US		HS/S	PS	US
Industry	3	100.0	0.0	0.0	1	100.0	0.0	0.0
Infrastructure	7	71.4	28.6	0.0	14	92.9	7.1	0.0
Capital Markets, Funds, and Fls	7	85.7	14.3	0.0	27	59.3	29.6	11.1
TOTAL	17	82.4	17.6	0.0	42	71.4	21.4	7.1

GS = generally successful, HS = highly successful, PS = partly successful, S = successful, US = unsuccessful; FI = financial institution.

Note: Totals may not add up because of rounding.

^a Based on aggregate results of project completion reports (PCRs), extended annual review reports (XARRs), XARR validation reports (XVRs), and project evaluation reports (PPERs) using XVR or PPER ratings in all cases where both PCR/XARR and XVR/PPER ratings are available.

^b The criteria used in evaluating sovereign projects were also used in evaluating nonsovereign projects from 1992 to mid-2006.

^c The new criteria for evaluating nonsovereign projects, as harmonized with other members of the Evaluation Cooperation Group (ECG), were used starting end-2006.

APPENDIX 16a Sovereign and Nonsovereign Operations by Sector,^a 2010–2011

OCR and Special Funds

	Loans				Grants				Guarantees			
	2010		2011		2010		2011		2010		2011	
	\$ Million	%	\$ Million	%	\$ Million	%	\$ Million	%	\$ Million	%	\$ Million	%
Agriculture and												
Natural Resources	613.9	5.4	844.2	6.7	114.8	11.7	33.0	5.4	–	–	–	–
Education	70.0	0.6	540.0	4.3	23.0	2.3	107.0	17.4	–	–	–	–
Energy	2,454.0	21.4	3,941.7	31.3	211.2	21.5	63.3	10.3	200.0	28.6	416.6	100.0
Finance	1,263.4	11.0	180.0	1.4	17.1	1.7	5.0	0.8	500.0	71.4	–	–
Health and Social												
Protection	177.0	1.5	20.0	0.2	39.0	4.0	3.0	0.5	–	–	–	–
Industry and Trade	–	–	–	–	–	–	–	–	–	–	–	–
Public Sector												
Management	894.5	7.8	529.8	4.2	29.0	3.0	60.0	9.8	–	–	–	–
Transport and ICT	3,813.1	33.3	3,602.1	28.6	466.5	47.5	319.5	52.0	–	–	–	–
Water Supply and												
Other Municipal												
Infrastructure												
and Services	607.0	5.3	1,176.0	9.3	21.6	2.2	17.1	2.8	–	–	–	–
Multisector	1,551.4	13.6	1,771.7	14.1	59.5	6.1	6.0	1.0	–	–	–	–
TOTAL	11,444.3	100.0	12,605.5	100.0	981.7	100.0	613.9	100.0	700.0	100.0	416.6	100.0

– = nil, ICT = information and communication technology, OCR = ordinary capital resources, TA = technical assistance.

Note: Totals may not add up because of rounding.

^a Excludes Trade Finance Program.

	Equity Investments				TA Grants			
	2010		2011		2010		2011	
	\$ Million	%	\$ Million	%	\$ Million	%	\$ Million	%
Agriculture and								
Natural Resources	–	–	–	–	22.1	12.7	13.7	9.3
Education	–	–	–	–	3.6	2.0	7.4	5.0
Energy	48.0	20.4	–	–	17.5	10.0	20.9	14.1
Finance	157.0	66.8	15.0	6.3	11.7	6.7	9.3	6.3
Health and Social								
Protection	–	–	–	–	3.4	2.0	3.0	2.0
Industry and Trade	–	–	–	–	4.6	2.6	3.0	2.0
Public Sector								
Management	–	–	–	–	43.0	24.6	32.4	21.9
Transport and ICT	–	–	9.0	3.8	17.4	10.0	17.9	12.1
Water Supply and								
Other Municipal								
Infrastructure								
and Services	30.0	12.8	–	–	8.6	4.9	11.6	7.9
Multisector	–	–	215.0	90.0	42.6	24.4	28.8	19.5
TOTAL	235.0	100.0	239.0	100.0	174.5	100.0	148.0	100.0

– = nil, ICT = information and communication technology, OCR = ordinary capital resources, TA = technical assistance.

Note: Totals may not add up because of rounding.

^a Excludes Trade Finance Program.

APPENDIX 16b Sovereign and Nonsovereign Operations by Sector,^a 2010–2011

Cofinancing

	Loan and Trade Finance Program Cofinancing				Grants				TA Grants			
	2010		2011		2010		2011		2010		2011	
	\$ Million	%	\$ Million	%	\$ Million	%	\$ Million	%	\$ Million	%	\$ Million	%
Agriculture and Natural Resources	50.0	1.0	45.0	0.7	25.7	20.1	14.2	1.5	23.7	15.8	57.3	27.1
Education	–	–	300.0	4.6	3.0	2.4	700.0	72.1	51.7	34.5	1.4	0.7
Energy	1,185.6	23.0	2,703.4	41.5	5.0	3.9	60.4	6.2	20.4	13.6	31.8	15.0
Finance	1,549.2	30.1	2,480.9	38.1	8.5	6.7	2.0	0.2	7.0	4.6	10.3	4.9
Health and Social Protection	–	–	9.0	0.1	3.0	2.4	42.2	4.3	0.3	0.2	1.3	0.6
Industry and Trade	–	–	–	–	3.0	2.4	1.9	0.2	3.2	2.2	3.7	1.7
Public Sector Management	100.0	1.9	–	–	8.8	6.9	–	–	5.5	3.7	22.6	10.7
Transport and ICT	2,111.8	41.0	676.0	10.4	43.2	33.9	75.9	7.8	7.3	4.9	39.7	18.8
Water Supply and Other Municipal Infrastructure and Services	157.0	3.0	284.0	4.4	–	–	53.4	5.5	12.3	8.2	16.2	7.6
Multisector	–	–	13.5	0.2	27.2	21.4	21.5	2.2	18.4	12.3	27.1	12.8
TOTAL	5,153.5	100.0	6,511.8	100.0	127.3	100.0	971.5	100.0	149.8	100.0	211.4	100.0

– = nil, ICT = information and communication technology, TA = technical assistance.

Note: Totals may not add up because of rounding.

^a Excludes Trade Finance Program.

APPENDIX 17.1

Central and West Asia: Portfolio Performance Indicators for Sovereign Lending, 2010–2011

Country	No. of Ongoing Loans (as of 31 Dec 2011)	Contract Awards/Commitments ^{a, b}		Disbursements ^a	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
Afghanistan	10	7.4	18.1	43.0	65.9
Armenia	4	4.2	22.7	19.6	22.3
Azerbaijan	9	61.1	169.4	108.5	47.0
Georgia	7	36.7	85.6	42.5	138.3
Kazakhstan	7	273.2	122.5	293.5	90.3
Kyrgyz Republic	7	40.1	25.0	39.3	7.8
Pakistan	24	478.6	362.7	529.5	799.1
Tajikistan	5	4.3	2.8	19.2	37.8
Turkmenistan	1	2.6	–	–	–
Uzbekistan	23	279.2	149.0	113.4	81.8
TOTAL	97	1,187.5	957.9	1,208.5	1,290.2

– = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.^b Excludes policy-based lending.

APPENDIX 17.2

Central and West Asia: Portfolio Performance Indicators for Grants from ADF and Special Funds Resources,^a 2010–2011

Country	No. of Ongoing Grants (as of 31 Dec 2011)	Contract Awards/Commitments ^{b, c}		Disbursements ^b	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
Afghanistan	15	352.8	29.1	77.9	170.1
Armenia	–	–	–	–	–
Azerbaijan	–	–	–	–	–
Georgia	–	–	–	–	–
Kazakhstan	–	–	–	–	–
Kyrgyz Republic	11	65.9	27.7	64.1	20.4
Pakistan	3	3.6	0.6	12.7	22.3
Tajikistan	8	142.5	17.2	55.3	12.2
Turkmenistan	–	–	–	–	–
Uzbekistan	–	–	–	–	–
TOTAL	37	564.8	74.5	210.1	225.0

– = nil, ADF = Asian Development Fund.

Note: Totals may not add up because of rounding.

^a Includes grants funded by Asian Tsunami Fund (ATF), Pakistan Earthquake Fund (PEF), Climate Change Fund (CCF), and Asia Pacific Disaster Response Fund (APDRF).^b Includes closed grants that had contract awards or disbursements during the year.^c Excludes policy-based grants.

APPENDIX 18.1

East Asia: Portfolio Performance Indicators for Sovereign Lending, 2010–2011

Country	No. of Ongoing Loans (as of 31 Dec 2011)	Contract Awards/Commitments ^{a, b}		Disbursements ^b	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
China, People's Republic of	77	1,293.0	1,377.7	1,580.2	1,341.7
Mongolia	8	8.4	21.7	14.1	15.1
TOTAL	85	1,301.4	1,399.4	1,594.3	1,356.8

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.

^b Excludes policy-based lending.

APPENDIX 18.2

East Asia: Portfolio Performance Indicators for Grants from ADF and Special Funds Resources,^a 2010–2011

Country	No. of Ongoing Grants (as of 31 Dec 2011)	Contract Awards/Commitments ^{b, c}		Disbursements ^a	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
China, People's Republic of	3	0.4	0.6	0.7	0.2
Mongolia	13	55.7	24.5	15.6	18.3
TOTAL	16	56.1	25.1	16.2	18.5

ADF = Asian Development Fund.

Note: Totals may not add up because of rounding.

^a Includes grants funded by Asian Tsunami Fund (ATF), Pakistan Earthquake Fund (PEF), Climate Change Fund (CCF), and Asia Pacific Disaster Response Fund (APDRF).

^b Includes closed grants that had contract awards or disbursements during the year.

^c Excludes policy-based grants.

APPENDIX 19.1

Pacific: Portfolio Performance Indicators for Sovereign Lending, 2010–2011

Country	No. of Ongoing Loans (as of 31 Dec 2011)	Contract Awards/Commitments ^{a, b}		Disbursements ^b	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
Cook Islands	3	–	13.9	9.1	10.6
Fiji	4	18.8	23.0	21.4	16.7
Kiribati	2	2.3	–	0.8	–
Marshall Islands	–	–	–	–	10.0
Micronesia, Federated States of	2	8.2	2.3	6.3	1.1
Nauru	–	–	–	–	–
Palau	2	–	–	9.9	–
Papua New Guinea	19	26.2	30.0	20.5	27.9
Samoa	3	5.4	14.0	9.8	25.6
Solomon Islands	–	–	–	–	–
Timor-Leste	–	–	–	–	–
Tonga	–	–	–	–	–
Tuvalu	–	0.0	0.0	(0.0)	0.3
Vanuatu	2	–	–	–	–
Regional	–	–	0.0	–	0.2
TOTAL	37	61.0	83.2	77.8	92.3

– = nil, () = negative, 0.0 = amount less than \$50,000.

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.

^b Excludes policy-based lending.

APPENDIX 19.2

Pacific: Portfolio Performance Indicators for Grants from ADF and Special Funds Resources,^a 2010–2011

Country	No. of Ongoing Grants (as of 31 Dec 2011)	Contract Awards/Commitments ^{b, c}		Disbursements ^b	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
Cook Islands	1	–	–	–	–
Fiji	–	–	–	–	–
Kiribati	–	–	–	–	–
Marshall Islands	–	–	–	–	–
Micronesia, Federated States of	–	–	–	–	–
Nauru	–	–	–	–	–
Palau	–	–	–	–	–
Papua New Guinea	1	1.1	1.4	2.9	3.6
Samoa	2	2.5	4.2	3.6	2.5
Solomon Islands	5	18.0	16.2	14.5	10.4
Timor-Leste	4	8.9	6.6	3.0	1.5
Tonga	3	0.0	4.0	7.1	5.7
Tuvalu	–	–	–	2.0	–
Vanuatu	–	–	–	–	–
Regional	–	0.0	0.3	0.0	0.9
TOTAL	16	30.6	32.6	33.1	24.6

– = nil, 0.0 = amount less than \$50,000, ADF = Asian Development Fund.

Note: Totals may not add up because of rounding.

^a Includes grants funded by Asian Tsunami Fund (ATF), Pakistan Earthquake Fund (PEF), Climate Change Fund (CCF), and Asia Pacific Disaster Response Fund (APDRF).

^b Includes closed grants that had contract awards or disbursements during the year.

^c Excludes policy-based grants.

APPENDIX 20.1

South Asia: Portfolio Performance Indicators for Sovereign Lending, 2010–2011

Country	No. of Ongoing Loans (as of 31 Dec 2011)	Contract Awards/Commitments ^{a, b}		Disbursements ^a	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
Bangladesh	52	574.7	331.9	412.8	469.1
Bhutan	7	8.1	4.7	29.0	41.5
India	79	1,697.2	1,536.0	1,434.3	1,699.0
Maldives	6	3.8	4.4	7.0	25.9
Nepal	16	60.0	68.1	76.2	80.1
Sri Lanka	37	301.7	200.7	271.8	308.4
TOTAL	197	2,645.6	2,145.9	2,231.1	2,624.1

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.

^b Excludes policy-based lending.

APPENDIX 20.2

South Asia: Portfolio Performance Indicators for Grants from ADF and Special Funds Resources,^a 2010–2011

Country	No. of Ongoing Grants (as of 31 Dec 2011)	Contract Awards/Commitments ^{b, c}		Disbursements ^b	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
Bangladesh	2	0.1	0.7	0.7	2.3
Bhutan	6	45.7	4.5	13.0	17.6
India	–	–	0.1	–	2.7
Maldives	–	–	–	0.1	(0.8)
Nepal	26	76.3	36.3	132.6	31.3
Sri Lanka	5	5.9	9.8	13.4	26.3
TOTAL	39	128.0	51.4	159.8	79.4

– = nil, () = negative, ADF = Asian Development Fund.

Note: Totals may not add up because of rounding.

^a Includes grants funded by Asian Tsunami Fund (ATF), Pakistan Earthquake Fund (PEF), Climate Change Fund (CCF), and Asia Pacific Disaster Response Fund (APDRF).

^b Includes closed grants that had contract awards or disbursements during the year.

^c Excludes policy-based grants.

APPENDIX 21.1

Southeast Asia: Portfolio Performance Indicators for Sovereign Lending, 2010–2011

Country	No. of Ongoing Loans (as of 31 Dec 2011)	Contract Awards/Commitments ^{a, b}		Disbursements ^a	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
Cambodia	15	41.5	34.7	75.3	53.5
Indonesia	23	153.1	190.8	631.9	965.8
Lao People's Democratic Republic	10	3.1	8.8	14.3	22.2
Philippines	10	60.5	13.1	280.8	31.1
Thailand	2	–	–	100.0	–
Viet Nam	60	1,235.1	605.6	792.7	406.7
TOTAL	120	1,493.3	852.9	1,895.0	1,479.3

– = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.^b Excludes policy-based lending.

APPENDIX 21.2

Southeast Asia: Portfolio Performance Indicators for Grants from ADF and Special Funds Resources,^a 2010–2011

Country	No. of Ongoing Grants (as of 31 Dec 2011)	Contract Awards/Commitments ^{b, c}		Disbursements ^b	
		2011 (\$ million)	2010 (\$ million)	2011 (\$ million)	2010 (\$ million)
Cambodia	15	21.7	20.1	50.0	17.9
Indonesia	–	–	35.7	5.3	51.5
Lao People's Democratic Republic	21	30.1	35.6	56.9	35.3
Philippines	2	–	–	3.0	0.0
Thailand	1	–	–	–	–
Viet Nam	3	2.0	6.7	4.8	6.8
TOTAL	42	53.8	98.1	120.0	111.5

– = nil, 0.0 = amount less than \$50,000, ADF = Asian Development Fund.

Note: Totals may not add up because of rounding.

^a Includes grants funded by Asian Tsunami Fund (ATF), Pakistan Earthquake Fund (PEF), Climate Change Fund (CCF), and Asia Pacific Disaster Response Fund (APDRF).^b Includes closed grants that had contract awards or disbursements during the year.^c Excludes policy-based grants.

APPENDIX 22
Sovereign Approvals by Country,^a 2011
(\$ million)

Country	OCR	ADF	Other Sources	Total
Central and West Asia	2,635.2	998.6	68.4	3,702.3
Afghanistan	–	232.0	65.4	297.4
GRANTS				
Energy Sector Development Investment Program – Tranche 3	–	43.0	32.4	75.4
Transport Network Development Investment Program – Tranche 1	–	189.0	33.0	222.0
Armenia	–	48.6	–	48.6
LOAN				
Sustainable Urban Development Investment Program – Tranche 1	–	48.6	–	48.6
Azerbaijan	500.0	–	–	500.0
LOANS				
Road Network Development Program – Tranche 3	200.0	–	–	200.0
Water Supply and Sanitation Investment Program – Tranche 2	300.0	–	–	300.0
Georgia	140.0	120.0	–	260.0
LOANS				
Road Corridor Investment Program – Tranche 3 (Additional Financing)	140.0	–	–	140.0
Urban Services Improvement Investment Program – Tranche 1	–	80.0	–	80.0
Urban Services Improvement Investment Program – Tranche 2	–	40.0	–	40.0
Kazakhstan	207.0	–	–	207.0
LOANS				
CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe–Western People's Republic of China International Transit Corridor] Investment Program – Tranche 4	112.0	–	–	112.0
CAREC Corridor 1 (Taraz Bypass)	95.0	–	–	95.0
Kyrgyz Republic	–	55.0	–	55.0
LOAN				
CAREC Corridor 1 (Bishkek–Torugart Road) – Project 3	–	55.0	–	55.0
Pakistan	843.2	320.0	3.0	1,166.2
LOANS				
Flood Emergency Reconstruction	600.0	50.0	–	650.0
Power Transmission Enhancement Investment Program – Tranche 3	243.2	–	–	243.2
Punjab Irrigated Agriculture Investment Program – Tranche 2	–	270.0	–	270.0

– = nil, ADF = Asian Development Fund, CAREC = Central Asia Regional Economic Cooperation, OCR = ordinary capital resources.

^a Excludes cofinancing for projects approved in previous years, technical assistance grants, and multitranche financing facilities.

CONTINUED

Country	OCR	ADF	Other Sources	Total
GRANT				
Sindh and Balochistan Flood Emergency Response	–	–	3.0	3.0
Tajikistan	–	165.0	–	165.0
GRANTS				
CAREC Corridor 3 (Dushanbe–Uzbekistan Border) Improvement	–	120.0	–	120.0
Strengthening Public Resource Management Program	–	45.0	–	45.0
Turkmenistan	125.0	–	–	125.0
LOAN				
North–South Railway	125.0	–	–	125.0
Uzbekistan	820.0	58.0	–	878.0
LOANS				
Advanced Electricity Metering	150.0	–	–	150.0
CAREC Corridor 2				
Road Investment Program – Tranche 2	240.0	–	–	240.0
CAREC Corridor 6 (Marakand–Karshi) Railway Electrification	100.0	–	–	100.0
Housing for Integrated Rural Development Investment Program – Tranche 1	200.0	–	–	200.0
Second CAREC Corridor 2 Road Investment Program – Tranche 1	130.0	–	–	130.0
Water Supply and Sanitation Services Investment Program – Tranche 3	–	58.0	–	58.0
East Asia	1,339.8	65.0	5.1	1,409.9
Mongolia	–	65.0	–	65.0
LOANS				
Higher Education Reform	–	20.0	–	20.0
Western Regional Road Corridor Development Program – Tranche 1	–	45.0	–	45.0
China, People's Republic of	1,339.8	–	5.1	1,344.9
LOANS				
Forestry and Ecological Restoration in Three Northwest Provinces	100.0	–	–	100.0
Gansu Tianshui Urban Infrastructure Development	100.0	–	–	100.0
Guangdong Energy Efficiency and Environment Improvement Investment Program – Tranche 3	42.9	–	–	42.9
Guangxi Beibu Gulf Cities Development	200.0	–	–	200.0
Hai River Estuary Area Pollution Control and Ecosystem Rehabilitation	100.0	–	–	100.0

– = nil, ADF = Asian Development Fund, CAREC = Central Asia Regional Economic Cooperation, OCR = ordinary capital resources.

CONTINUED

Country	OCR	ADF	Other Sources	Total
Hebei Energy Efficiency Improvement and Emission Reduction	100.0	–	–	100.0
Jiangsu Yancheng Wetlands Protection	36.9	–	–	36.9
Qinghai Rural Water Resources Management	60.0	–	–	60.0
Railway Energy Efficiency and Safety Enhancement Investment Program – Tranche 3	250.0	–	–	250.0
Shandong Energy Efficiency and Emission Reduction	100.0	–	–	100.0
Xi'an Urban Road Network Improvement	150.0	–	–	150.0
Xinjiang Altay Urban Infrastructure and Environment Improvement	100.0	–	–	100.0
GRANT				
Forestry and Ecological Restoration in Three Northwest Provinces	–	–	5.1	5.1
Pacific	129.7	152.1	134.3	416.1
Cook Islands	4.7	–	0.8	5.5
LOAN				
Avatiu Port Development (Supplementary)	4.7	–	–	4.7
GRANT				
Avatiu Port Development	–	–	0.8	0.8
Kiribati	–	7.6	14.0	21.5
LOAN				
South Tarawa Sanitation Improvement Sector	–	7.6	–	7.6
GRANT				
South Tarawa Sanitation Improvement Sector	–	–	14.0	14.0
Papua New Guinea	125.0	74.1	49.0	248.1
LOANS				
Bridge Replacement for Improved Rural Access Sector	40.0	50.0	–	90.0
Lae Port Development Project (Additional Financing)	85.0	4.1	–	89.1
Rural Primary Health Services Delivery	–	20.0	–	20.0
GRANT				
Rural Primary Health Services Delivery	–	–	49.0	49.0
Samoa	–	10.8	–	10.8
LOAN				
Economic Recovery Support Program (Subprogram 2)	–	10.8	–	10.8
Solomon Islands	–	5.0	4.0	9.0
GRANTS				
Economic Recovery Support Program – Subprogram 2	–	5.0	–	5.0
Second Road Improvement (Sector) (Supplementary)	–	–	4.0	4.0

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

CONTINUED

Country	OCR	ADF	Other Sources	Total
Timor-Leste	–	23.0	–	23.0
GRANTS				
District Capitals Water Supply	–	11.0	–	11.0
Mid-Level Skills Training	–	12.0	–	12.0
Tonga	–	15.8	22.9	38.7
GRANTS				
Nuku'alofa Urban Sector Development	–	6.1	6.4	12.5
Tonga–Fiji Submarine Cable	–	9.7	16.5	26.2
Vanuatu	–	15.8	43.6	59.4
LOANS				
Interisland Shipping Support	–	10.8	–	10.8
Port Vila Urban Development	–	5.0	–	5.0
GRANTS				
Interisland Shipping Support	–	–	12.6	12.6
Port Vila Urban Development	–	–	31.0	31.0
South Asia	2,974.2	822.2	1,476.1	5,272.5
Bangladesh	450.0	450.0	1,139.7	2,039.7
LOANS				
Khulna Water Supply	–	75.0	184.0	259.0
Power System Efficiency Improvement	300.0	–	200.0	500.0
Railway Sector Investment Program – Tranche 2	150.0	–	–	150.0
Second Chittagong Hill Tracts Rural Development	–	55.0	–	55.0
Third Primary Education Development	–	320.0	735.5	1,055.5
GRANTS				
City Region Development	–	–	14.9	14.9
Institutional Support for Migrant Workers' Remittances	–	–	2.0	2.0
Public–Private Infrastructure Development Facility	–	–	3.3	3.3
Bhutan	–	19.9	2.0	21.8
LOAN				
Urban Infrastructure	–	19.9	–	19.9
GRANT				
Advancing Economic Opportunities of Women and Girls	–	–	2.0	2.0
India	2,324.9	–	–	2,324.9
LOANS				
Agribusiness Infrastructure Development Investment Program – Tranche 2	24.3	–	–	24.3

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

CONTINUED

Country	OCR	ADF	Other Sources	Total
Assam Power Sector Enhancement Investment Program – Tranche 3	50.0	–	–	50.0
Assam Urban Infrastructure Investment – Tranche 1	81.0	–	–	81.0
Gujarat Solar Power Transmission	100.0	–	–	100.0
Himachal Pradesh Clean Energy Transmission Investment Program – Tranche 1	113.0	–	–	113.0
Infrastructure Development Investment Program for Tourism – Tranche 2	43.8	–	–	43.8
Madhya Pradesh Energy Efficiency Improvement Investment Program – Tranche 1	200.0	–	–	200.0
Madhya Pradesh Energy Efficiency Improvement Investment Program – Tranche 2	200.0	–	–	200.0
Madhya Pradesh State Roads III	300.0	–	–	300.0
National Grid Improvement	500.0	–	–	500.0
National Power Grid Development Investment Program – Tranche 3	76.0	–	–	76.0
North Eastern Region Capital Cities Development Investment Program – Tranche 2	72.0	–	–	72.0
North Eastern State Roads Investment Program – Tranche 1	74.8	–	–	74.8
Railway Sector Investment Program – Tranche 1	150.0	–	–	150.0
Second India Infrastructure Project Financing Facility – Tranche 3	240.0	–	–	240.0
Uttarakhand Urban Sector Development Investment Program – Tranche 2	100.0	–	–	100.0
Nepal	–	270.0	321.5	591.5
LOANS				
Decentralized Rural Infrastructure and Livelihood (Additional Financing)	–	18.0	27.1	45.1
Electricity Transmission Expansion and Supply Improvement	–	56.0	–	56.0
Kathmandu Valley Water Supply Improvement	–	80.0	–	80.0
GRANTS				
Capital Market and Infrastructure Capacity Support	–	5.0	–	5.0
Decentralized Rural Infrastructure and Livelihood (Additional Financing)	–	7.0	–	7.0
Electricity Transmission Expansion and Supply	–	19.0	25.0	44.0
Establishing Women and Children Service Centers (Supplementary)	–	–	0.2	0.2
High Mountain Agribusiness and Livelihood Improvement	–	20.0	–	20.0
Reducing Child Malnutrition through Social Protection	–	–	2.0	2.0

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

CONTINUED

Country	OCR	ADF	Other Sources	Total
School Sector Program	–	65.0	264.5	329.5
Support for Targeted and Sustainable Development Programs for Highly Marginalized Groups	–	–	2.7	2.7
Sri Lanka	199.3	82.3	13.0	294.6
LOANS				
National Highways Sector (Additional Financing)	85.0	–	–	85.0
Local Government Enhancement Sector	–	59.0	–	59.0
National Highways Sector	–	–	8.0	8.0
Secondary Towns and Rural Community-Based Water Supply and Sanitation (Supplementary)	4.3	13.3	–	17.6
Sustainable Power Sector Support	110.0	10.0	–	120.0
GRANTS				
Improving Community-Based Rural Water Supply and Sanitation in Post-Conflict Areas of Jaffna and Kilinochchi	–	–	2.0	2.0
Sri Lanka Flood Disaster	–	–	3.0	3.0
Southeast Asia	1,971.6	513.7	1,607.2	4,092.5
Cambodia	–	67.0	21.9	88.9
LOANS				
Provincial Roads Improvement	–	52.0	10.0	62.0
Third Financial Sector Program – Subprogram 1	–	15.0	–	15.0
GRANTS				
Cambodia Flooding 2011	–	–	3.0	3.0
Improving Market Access for the Poor in Central Cambodia	–	–	1.9	1.9
Provincial Roads Improvement	–	–	7.0	7.0
Indonesia	480.0	–	65.0	545.0
LOANS				
Regional Roads Development	180.0	–	65.0	245.0
Second Local Government Finance and Governance Reform Program – Subprogram 2	200.0	–	–	200.0
Urban Sanitation and Rural Infrastructure Support to the PNPM Mandiri	100.0	–	–	100.0
Lao People's Democratic Republic	98.2	81.9	–	180.1
LOANS				
Greater Mekong Subregion Nam Ngum 3 Hydropower	98.2	16.9	–	115.1
Nam Ngum River Basin Development Sector (Additional Financing)	–	5.0	–	5.0

– = nil, ADF = Asian Development Fund, OCR = ordinary capital resources, PNPM = Program Nasional Pemberdayaan Masyarakat.

CONTINUED

Country	OCR	ADF	Other Sources	Total
Second Private Sector and Small and Medium-Sized Enterprises Development Program – Subprogram 1	–	5.0	–	5.0
Secondary Education Sector Development Program	–	10.0	–	10.0
Smallholder Development (Additional Financing)	–	5.0	–	5.0
GRANTS				
Second Private Sector and Small and Medium-Sized Enterprises Development Program – Subprogram 1	–	10.0	–	10.0
Secondary Education Sector Development	–	30.0	–	30.0
Philippines	362.0	–	33.0	395.0
LOANS				
Governance in Justice Sector Reform Program – Subprogram 2	300.0	–	–	300.0
Road Improvement and Institutional Development	62.0	–	30.0	92.0
GRANT				
Tropical Storm Washi (Sendong)	–	–	3.0	3.0
Thailand	–	–	3.0	3.0
GRANT				
Thailand Flooding 2011	–	–	3.0	3.0
Viet Nam	1,031.4	364.8	1,484.3	2,880.5
LOANS				
Comprehensive Socioeconomic Urban Development in Viet Tri, Hung Yen, and Dong Dang	–	70.0	13.5	83.5
Development of the Northern Chu and Southern Ma Rivers Irrigation System	–	110.0	–	110.0
Ha Noi Metro Rail System (Line 3: Nhon–Ha Noi Station Section)	293.0	–	563.0	856.0
Mong Duong 1 Thermal Power – Tranche 2	–	–	510.0	510.0
O Mon IV Combined Cycle Power Plant	309.9	–	370.0	679.9
Phuoc Hoa Water Resources (Supplementary)	–	60.0	25.0	85.0
Power Transmission Investment Program – Tranche 1	120.5	–	–	120.5
Support for the Implementation of the Poverty Reduction Program V – Subprogram 3	–	24.8	–	24.8
Transport Connections in Northern Mountainous Provinces	–	80.0	2.8	82.8
University of Science and Technology of Hanoi Development (New Model University)	170.0	20.0	–	190.0
Water Sector Investment Program – Tranche 1	138.0	–	–	138.0

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

CONTINUED

Country	OCR	ADF	Other Sources	Total
Regional	150.0	–	5.0	155.0
GRANTS				
Developing Sustainable Alternative Livelihoods in Coastal Fishing Communities in the Coral Triangle	–	–	2.0	2.0
Improving Gender-Inclusive Access to Clean and Renewable Energy in Bhutan, Nepal, and Sri Lanka	–	–	3.0	3.0
EQUITY INVESTMENT				
ASEAN Infrastructure Fund	150.0	–	–	150.0
TOTAL	9,200.6	2,551.6	3,296.1	15,048.3

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

Notes:

- (i) For ADB loan, cofinancing column will include collaborative and contractual cofinancing regardless of product provided by the cofinancier. If there is a related ADB grant (administered by ADB), this should not be included in the cofinancing figure under the ADB loan line item, as there is a separate line item for the ADB grant.
- (ii) For ADB-financed or -administered grant, official cofinancing figure will include both collaborative and contractual (meaning grant is administered by ADB).

APPENDIX 23
Nonsovereign Approvals by Country,^a 2011
(\$ million)

Country	OCR			Project Cofinancing	Total
	Loans	Guarantees	Equity Investments		
Central and West Asia	262.0	266.6	–	330.0	858.6
Armenia	65.0	–	–	–	65.0
Small and Medium-Sized Enterprise Finance Program (ACBA Credit Agricole Bank)	20.0	–	–	–	20.0
Small and Medium-Sized Enterprise Finance Program (Ameriabank)	20.0	–	–	–	20.0
Small and Medium-Sized Enterprise Finance Program (Ardshinvestbank)	15.0	–	–	–	15.0
Small and Medium-Sized Enterprise Finance Program (Inecobank)	10.0	–	–	–	10.0
Pakistan	97.0	66.6	–	230.0	393.6
Foundation Wind Energy 1	–	33.4	–	–	33.4
Foundation Wind Energy 2	–	33.2	–	–	33.2
Patrind Hydropower	97.0	–	–	230.0	327.0
Uzbekistan	100.0	200.0	–	100.0	400.0
Kandym Gas Field Development	100.0	200.0	–	100.0	400.0
East Asia	100.0	–	25.0	100.0	225.0
China, People's Republic of	100.0	–	25.0	100.0	225.0
Equity Investment in the Sino-green Climate Investment Fund	–	–	25.0	–	25.0
Municipal Water Distribution Infrastructure Development	100.0	–	–	100.0	200.0
Pacific	40.0	–	9.0	–	49.0
Papua New Guinea	40.0	–	9.0	–	49.0
Bemobile Expansion	40.0	–	9.0	–	49.0
South Asia	578.0	150.0	20.0	65.0	813.0
Bangladesh	30.0	–	–	–	30.0
Industrial Energy Efficiency Program (Bangladesh Energy Efficiency Facility)	30.0	–	–	–	30.0
India	548.0	150.0	20.0	65.0	783.0
Bangalore Metro Rail Transit System	250.0	–	–	–	250.0
Climatech Venture Capital Funds	–	–	20.0	–	20.0
Dahanu Solar Power	48.0	–	–	65.0	113.0
National Grid Improvement	250.0	–	–	–	250.0
Solar Power Generation	–	150.0	–	–	150.0

– = nil, OCR = ordinary capital resources.

CONTINUED

Country	OCR			Project Cofinancing	Total
	Loans	Guarantees	Equity Investments		
Southeast Asia	620.0	–	–	1,014.8	1,634.8
Indonesia	100.0	–	–	100.0	200.0
Indonesia Eximbank	100.0	–	–	100.0	200.0
Lao People's Democratic Republic	350.0	–	–	–	350.0
Nam Ngum 3 Hydropower	350.0	–	–	–	350.0
Thailand	170.0	–	–	914.8	1,084.8
Nong Saeng Natural Gas Power	170.0	–	–	914.8	1,084.8
Regional	–	–	35.0	–	35.0
Climatech Venture Capital Funds	–	–	20.0	–	20.0
Equity Investment in Aureos Southeast Asia Fund II (ASEAF II)	–	–	15.0	–	15.0
TOTAL	1,600.0	416.6	89.0	1,509.8	3,615.4

– = nil, OCR = ordinary capital resources.

^a Excludes cofinancing for projects approved in previous years, technical assistance grants, and Trade Finance Program cofinancing.

APPENDIX 24

Cumulative Lending and Disbursements by Country as of the end of 2011^{a, b}

(amounts in \$ million)

Country	Cumulative No. of Loans	Lending	Disbursements
Central and West Asia	488	32,620.2	21,971.2
Afghanistan	23	952.3	779.3
Armenia	13	547.6	238.1
Azerbaijan	17	1,187.4	330.1
Georgia	15	1,028.8	437.1
Kazakhstan	23	2,516.6	1,545.3
Kyrgyz Republic	32	791.2	623.3
Pakistan	298	22,154.9	16,812.6
Tajikistan	23	372.5	347.2
Turkmenistan	1	125.0	—
Uzbekistan	42	2,923.9	855.1
Regional	1	20.0	3.0
East Asia	340	33,356.3	24,477.1
China, People's Republic of	196	25,976.5	18,063.8
Mongolia	46	839.7	667.3
Hong Kong, China	5	101.5	94.5
Korea, Republic of	81	6,338.3	5,560.3
Taipei, China	12	100.4	91.1
Pacific	226	2,576.5	1,559.6
Cook Islands	17	59.7	47.4
Fiji	19	317.3	235.9
Kiribati	8	34.7	14.5
Marshall Islands	13	87.6	74.1
Micronesia, Federated States of	8	75.1	54.5
Nauru	1	5.0	2.3
Palau	2	16.0	9.9
Papua New Guinea	77	1,581.4	794.5
Samoa	35	186.2	150.0
Solomon Islands	16	79.3	65.8
Tonga	15	57.8	52.3
Tuvalu	3	7.8	7.9
Vanuatu	11	67.1	49.0
Regional	1	1.5	1.6

CONTINUED

Country	Cumulative No. of Loans	Lending	Disbursements
South Asia	731	48,695.7	32,029.6
Bangladesh	218	13,064.3	8,805.9
Bhutan	26	275.9	218.1
India	178	26,995.7	16,959.8
Maldives	21	152.8	117.2
Nepal	127	2,782.6	1,933.5
Sri Lanka	161	5,424.3	3,995.0
Southeast Asia	1,003	62,330.0	44,664.3
Cambodia	58	1,234.8	979.3
Indonesia	312	27,072.5	20,922.6
Lao People's Democratic Republic	75	1,701.6	1,209.0
Malaysia	77	1,997.5	1,414.0
Myanmar	32	530.9	411.8
Philippines	213	12,790.9	10,104.8
Singapore	14	181.1	144.4
Thailand	89	6,139.5	4,526.8
Viet Nam	133	10,681.2	4,951.4
Regional	4	125.0	253.9
TOTAL	2,792	179,703.7	124,955.7

– = nil.

Note: Totals may not add up because of rounding.

^a Loan component of regional projects distributed to the countries whenever possible.

^b Includes nonsovereign (public and private) sector loans specific to the region.

APPENDIX 25

Cumulative Grants Approved by Country as of the end of 2011

(amounts in \$ million)

Country	Cumulative No. of Grants	ADF	Other Special Funds	Cofinancing ^a	Total
Central and West Asia	93	2,228.3	143.5	359.0	2,730.8
Afghanistan	35	1,547.1	—	214.9	1,762.0
Armenia	—	—	—	—	—
Azerbaijan	1	—	—	2.5	2.5
Georgia	—	—	—	—	—
Kazakhstan	—	—	—	—	—
Kyrgyz Republic	18	246.6	—	6.0	252.6
Pakistan	13	5.0	143.5	97.0	245.5
Tajikistan	19	429.6	—	19.8	449.4
Uzbekistan	5	—	—	10.0	10.0
Regional	2	—	—	8.9	8.9
East Asia	54	172.2	9.7	101.2	283.1
China, People's Republic of	21	—	7.2	65.2	72.4
Mongolia	33	172.2	2.5	36.0	210.7
Pacific	52	228.1	1.8	215.4	445.3
Cook Islands	1	—	0.8	—	0.8
Fiji	—	—	—	—	—
Kiribati	1	—	—	14.0	14.0
Marshall Islands	1	—	—	1.8	1.8
Micronesia, Federated States of	1	—	—	1.0	1.0
Nauru	—	—	—	—	—
Palau	—	—	—	—	—
Papua New Guinea	9	15.0	—	65.4	80.4
Samoa	7	23.5	1.0	25.2	49.7
Solomon Islands	15	56.3	—	52.1	108.4
Timor-Leste	6	85.0	—	3.0	88.0
Tonga	5	37.1	—	6.4	43.5
Tuvalu	1	3.2	—	—	3.2
Vanuatu	3	—	—	43.6	43.6
Regional	2	8.0	—	3.0	11.0

CONTINUED

Country	Cumulative No. of Grants	ADF	Other Special Funds	Cofinancing ^a	Total
South Asia	121	886.8	278.8	1,024.9	2,190.5
Bangladesh	25	10.0	1.3	681.9	693.2
Bhutan	13	105.3	–	12.4	117.8
India	9	–	100.0	71.3	171.3
Maldives	2	–	20.0	1.0	21.0
Nepal	45	719.3	0.3	108.4	827.9
Sri Lanka	26	52.2	157.2	146.9	356.3
Regional	1	–	–	3.0	3.0
Southeast Asia	154	680.1	319.0	409.7	1,408.8
Cambodia	45	255.7	3.0	99.2	357.9
Indonesia	23	–	307.0	108.0	415.0
Lao People's Democratic Republic	35	378.8	–	51.3	430.0
Malaysia	–	–	–	–	–
Myanmar	–	–	–	–	–
Philippines	18	–	6.0	32.7	38.7
Thailand	2	–	3.0	2.0	5.0
Viet Nam	26	45.6	–	104.5	150.1
Regional	5	–	–	12.1	12.1
Non-Operational	4	25.0	–	3.6	28.6
Regional	4	25.0	–	3.6	28.6
TOTAL	478	4,220.5	752.8	2,113.8	7,087.1

– = nil, ADF = Asian Development Fund.

^a Excludes cofinancing not administered by ADB.

APPENDIX 26

Cumulative Grant Disbursements by Country as of the end of 2011

(\$ million)

Country	ADF	Other Special Funds ^a	Total
Central and West Asia	590.9	126.7	717.6
Afghanistan	342.0	–	342.0
Armenia	–	–	–
Azerbaijan	–	–	–
Georgia	–	–	–
Kazakhstan	–	–	–
Kyrgyz Republic	132.1	–	132.1
Pakistan	2.5	126.7	129.2
Tajikistan	114.3	–	114.3
Uzbekistan	–	–	–
Regional	–	–	–
East Asia	50.9	3.4	54.2
China, People's Republic of	–	0.9	0.9
Mongolia	50.9	2.5	53.4
Pacific	88.1	1.0	89.1
Cook Islands	–	–	–
Fiji	–	–	–
Kiribati	–	–	–
Marshall Islands	–	–	–
Micronesia, Federated States of	–	–	–
Nauru	–	–	–
Palau	–	–	–
Papua New Guinea	13.2	–	13.2
Samoa	9.6	1.0	10.6
Solomon Islands	26.2	–	26.2
Timor-Leste	14.5	–	14.5
Tonga	14.3	–	14.3
Tuvalu	3.2	–	3.2
Vanuatu	–	–	–
Regional	7.0	–	7.0

Country	ADF	Other Special Funds ^a	Total
South Asia	426.7	268.5	695.2
Bangladesh	6.6	–	6.6
Bhutan	38.0	–	38.0
India	–	100.0	100.0
Maldives	–	17.2	17.2
Nepal	361.6	–	361.6
Sri Lanka	20.5	151.3	171.8
Regional	–	–	–
Southeast Asia	310.1	312.9	623.0
Cambodia	128.6	3.0	131.6
Indonesia	–	303.9	303.9
Lao People's Democratic Republic	142.5	–	142.5
Malaysia	–	–	–
Myanmar	–	–	–
Philippines	–	6.0	6.0
Thailand	–	–	–
Viet Nam	39.0	–	39.0
Regional	–	–	–
Non-Operational	23.9	–	23.9
Regional	23.9	–	23.9
TOTAL	1,490.6	712.5	2,203.0

– = nil, ADF = Asian Development Fund.

Note: Totals may not add up because of rounding.

^a Includes grants funded by Asian Tsunami Fund (ATF), Pakistan Earthquake Fund (PEF), Climate Change Fund (CCF), and Asia Pacific Disaster Response Fund (APDRF).

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ACKNOWLEDGMENTS

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Jacob A. Rooimans (Chair) • Andrew Collins • Hideo Fukushima • Guoqi Wu • Maureen Grewe • Govinda Bahadur Thapa

Publisher

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Overall Production

Department of External Relations

Fulfillment

Office of Administrative Services, Printing Unit



The *Annual Report 2011* is printed using vegetable oil-based inks on recycled paper.

The *Annual Report 2011* can be downloaded from ADB's website at www.adb.org

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ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

Asian Development Bank
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Printed in the Philippines