

Asian Development Bank

President
Masatsugu Asakawa

September 2021



Overview: Asian Development Bank (ADB)

- Founded in 1966
 - 31 founding members: 19 regional members, 12 non-regional members
 - 68 current members: 49 regional members, 19 non-regional members
- Headquartered in Manila, Philippines
- Bonds issued first in Germany (1969), followed by in Austria (1970), Japan (1970), and the U.S. (1971)
- Main Roles: help developing members in Asia and the Pacific through: (i) combining finance and knowledge; (ii) promoting good policies; and (iii) catalyzing regional cooperation and friendship.
- 3,658 Staff (including international staff 1,327)



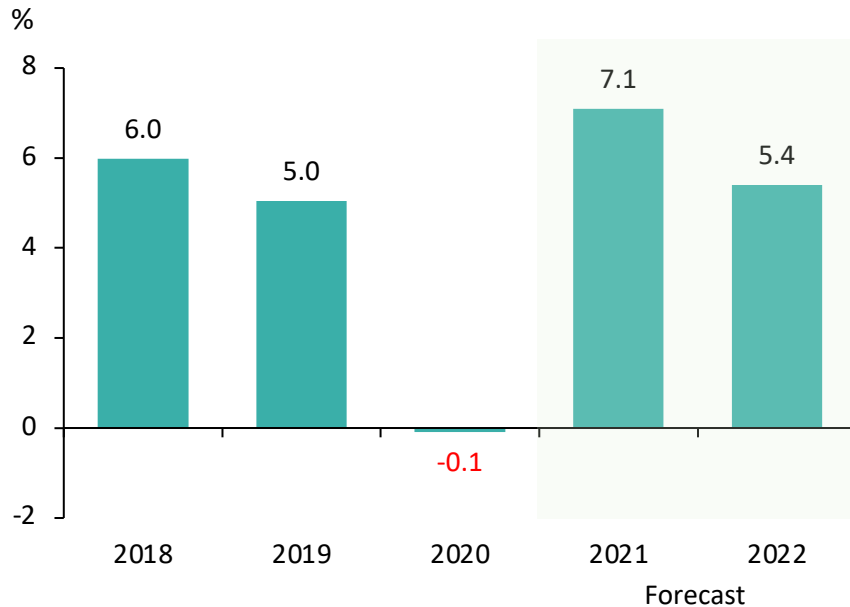
ADB Regional Members (49 economies)



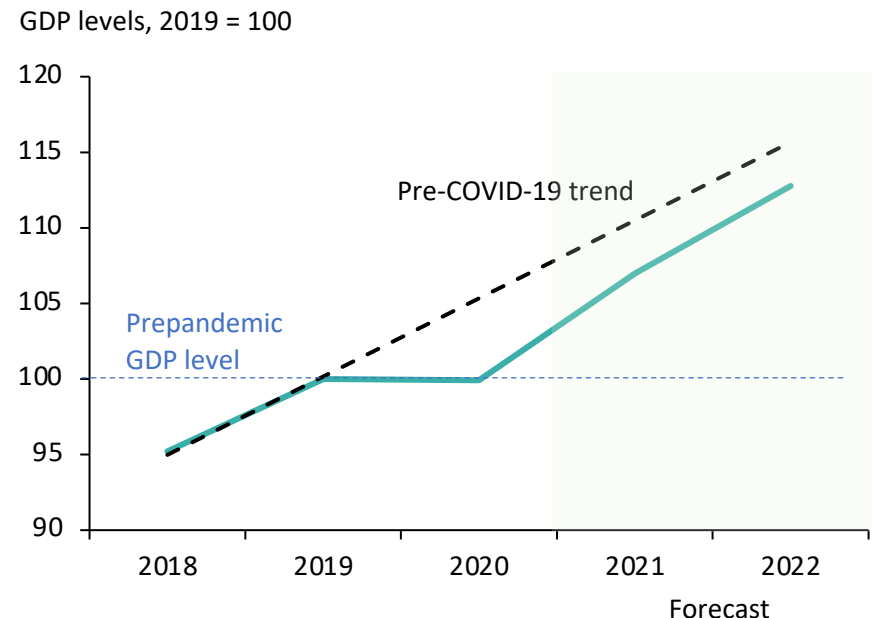
Economic Outlook for Developing Asia

- After 5.0% real GDP growth in 2019, developing Asia is estimated to have contracted by **0.1%** in 2020—the region's first contraction in 6 decades.
- Growth will rebound to 7.1% in 2021 and 5.4% in 2022, but GDP levels will remain below pre-COVID trends.
- The main risks still come from COVID-19, including renewed outbreaks, waning vaccine effectiveness, and delayed vaccine rollouts.

Real GDP growth rate in developing Asia



Real GDP level in developing Asia



Economic Outlook for Subregions

- ❑ Developing Asia is bouncing back, to varying degrees.
- ❑ Strong growth in East and South Asia contrasts with more moderate recoveries elsewhere.

GDP growth (%)

	2020	2021	2022		2020	2021	2022
Developing Asia	-0.1	7.1	5.4				
East Asia	1.8	7.6	5.1	Southeast Asia	-4.0	3.1	5.0
Mongolia	-5.3	4.6	6.0	Indonesia	-2.1	3.5	4.8
People's Rep. of China	2.3	8.1	5.5	Malaysia	-5.6	4.7	6.1
Taipei, China	3.1	6.2	3.0	Philippines	-9.6	4.5	5.5
				Thailand	-6.1	0.8	3.9
South Asia	-5.5	8.8	7.0	Viet Nam	2.9	3.8	6.5
Bangladesh	5.2	5.5	6.8				
India	-7.3	10.0	7.5	The Pacific	-5.3	-0.6	4.8
Maldives	-32.0	18.0	15.0	Fiji	-15.7	-5.0	8.8
Pakistan	-0.5	3.9*	4.0	Papua New Guinea	-3.3	1.3	4.1
Central Asia	-1.9	4.1	4.2				
Kazakhstan	-2.6	3.4	3.7				
Uzbekistan	1.6	5.0	5.5				

- Following 1.8% growth last year, East Asia will expand by 7.6% this year on strong PRC growth
- After a sharp contraction in 2020, growth in India and South Asia will rebound
- Commodity exporters (KAZ, AZE, MON, PNG) will benefit from recovery in commodity prices
- Tourism-dependent economies (especially Pacific) will be held back by slow travel recovery

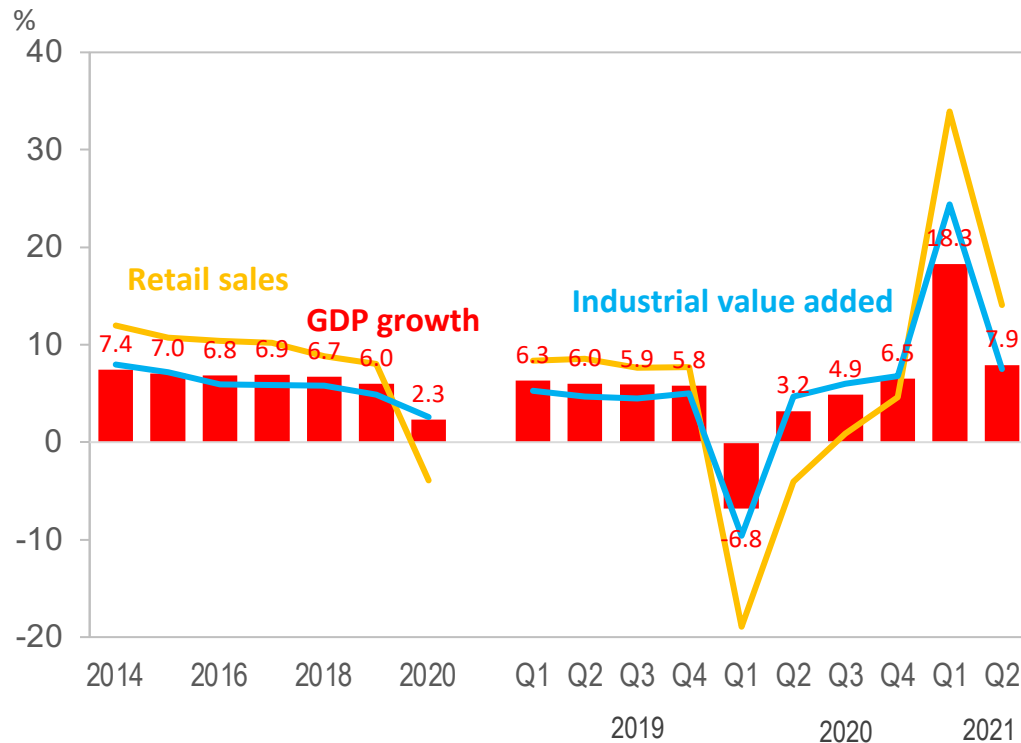
Note: * denotes official growth estimates from the government. Data for Bangladesh, India, and Pakistan are on fiscal year basis, ended 30 June 2021 for Bangladesh and Pakistan; and ending 31 March 2022 for India.

Source: Asian Development Outlook database.

Factors behind the PRC (People's Republic of China)'s Growth Moderation and Policy Priorities

- PRC grew 2.3% in 2020. This will be followed by above-normal 8.1% growth in 2021, and then a return to its pre-COVID-19 trend of moderating growth.

PRC economic growth



Source: CEIC Data Company (accessed 21 September 2021).

Government policy priorities balance growth with other considerations:

- Heading off financial risks
- Controlling environmental pollution
- Reducing rural-urban inequalities

Structural factors are also contributing to long run trend growth moderation:

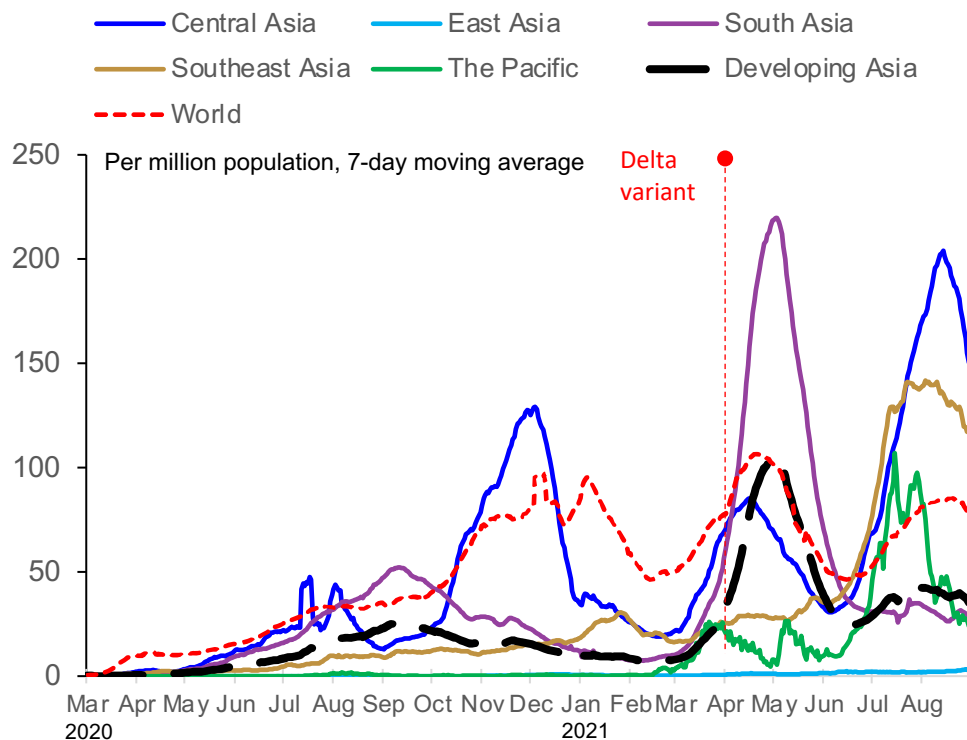
- Rebalancing from investment- to consumption-driven growth
- An aging population, which requires introducing reliable and sustainable social security
- Shifting to a more advanced development phase, driven less by low-cost labor, and more by innovation



COVID-19 continues to afflict developing Asia

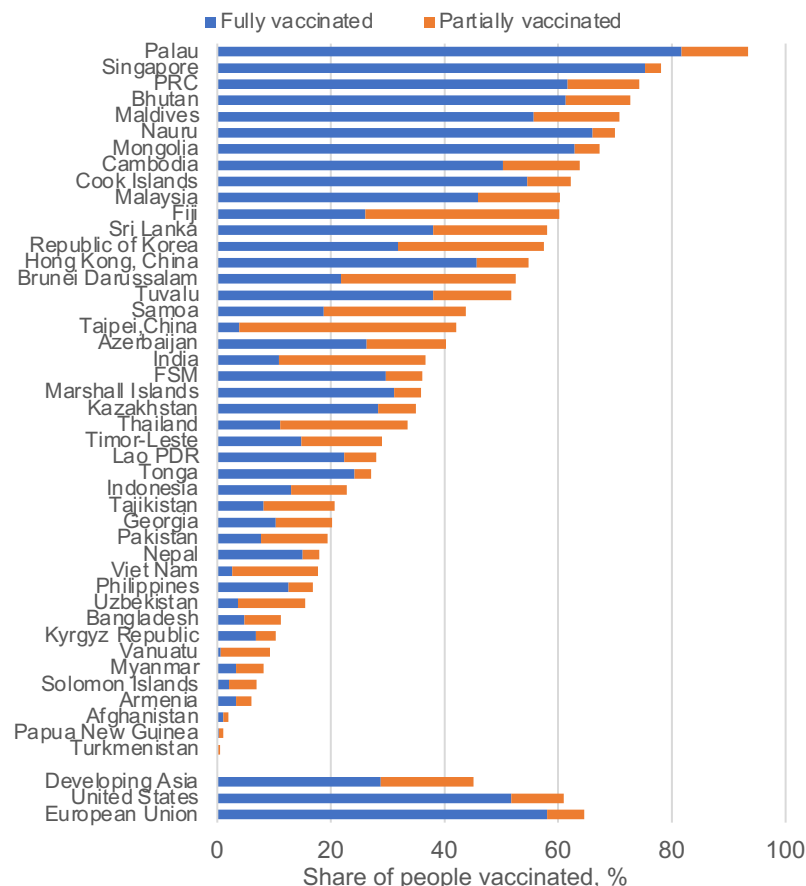
- New and more infectious variants are driving outbreaks across the region.
- Vaccination progress remains uneven and lags advanced economies.

Daily new COVID-19 cases (7-day moving average)



Sources: CEIC Data Company (accessed 6 September 2021); Ministry of Healthcare of Kazakhstan.

Persons vaccinated against COVID-19



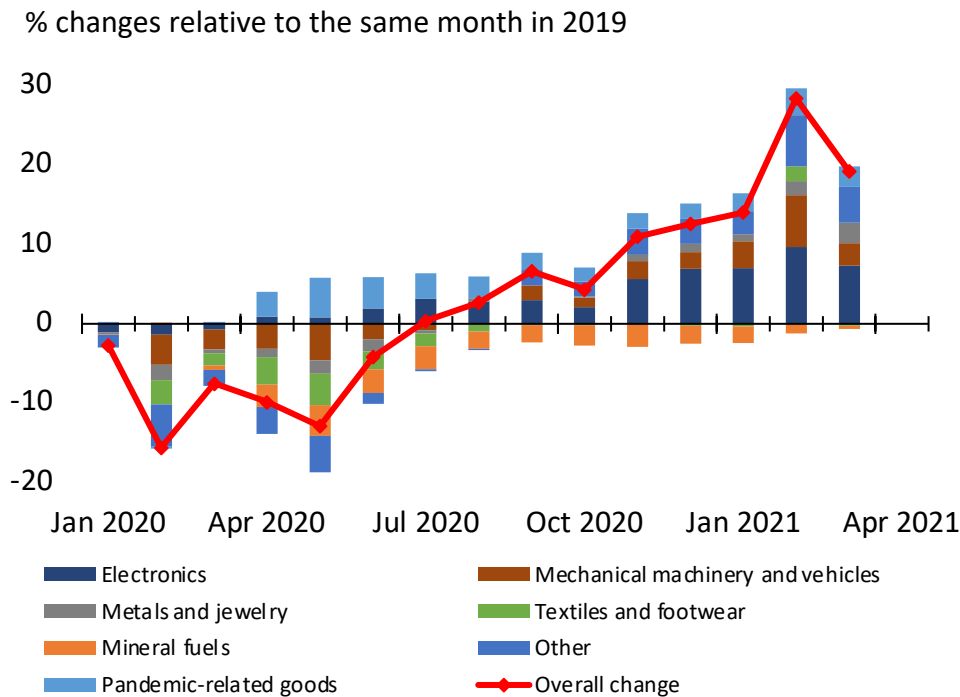
Notes: FSM = Federated States of Micronesia, Lao PDR = Lao People's Democratic Republic, PRC = People's Republic of China
 Date of data is latest available for August for all economies except Turkmenistan (April).
 Sources: CEIC Data Company (accessed 6 September 2021);



Developing Asia's external sector

- External demand for exports from developing Asia is broadening, across products and economies.
- The region's exports are stabilizing close to 20% above prepandemic levels.
- International tourism remains in the doldrums.

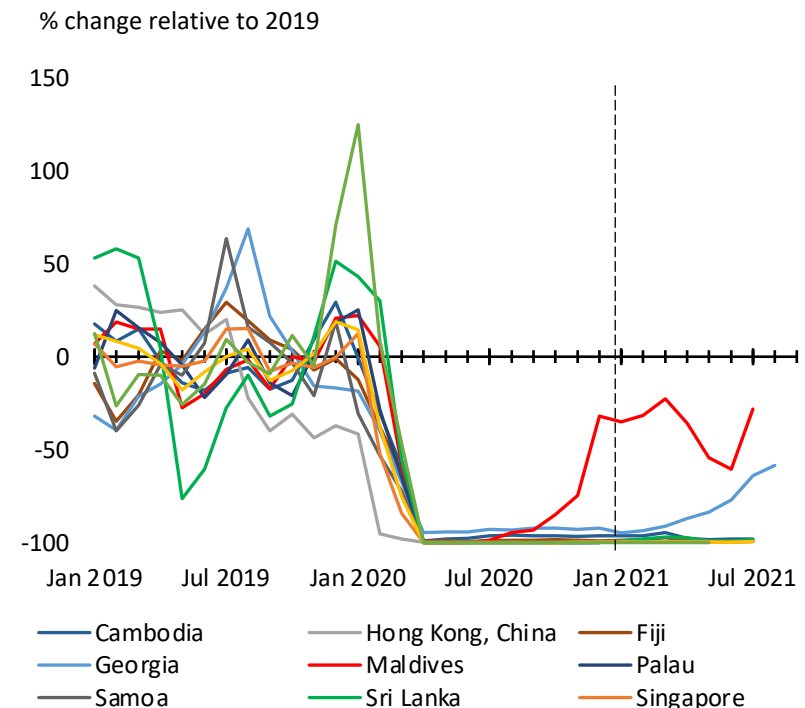
Sectoral contribution to nominal export growth



Note: The sample includes 15 economies accounting for 86% of developing Asia's exports: Armenia; Azerbaijan; Cambodia; Georgia; India; Kazakhstan; Malaysia; Pakistan; the Philippines; the People's Republic of China; the Republic of Korea; Singapore; Thailand; Taipei, China; and Uzbekistan.

Sources: International Trade Centre. Trade Map (accessed 27 July 2021); United Nations Comtrade Database; Observatory of Economic Complexity (both accessed 27 August 2021).

International tourist arrivals

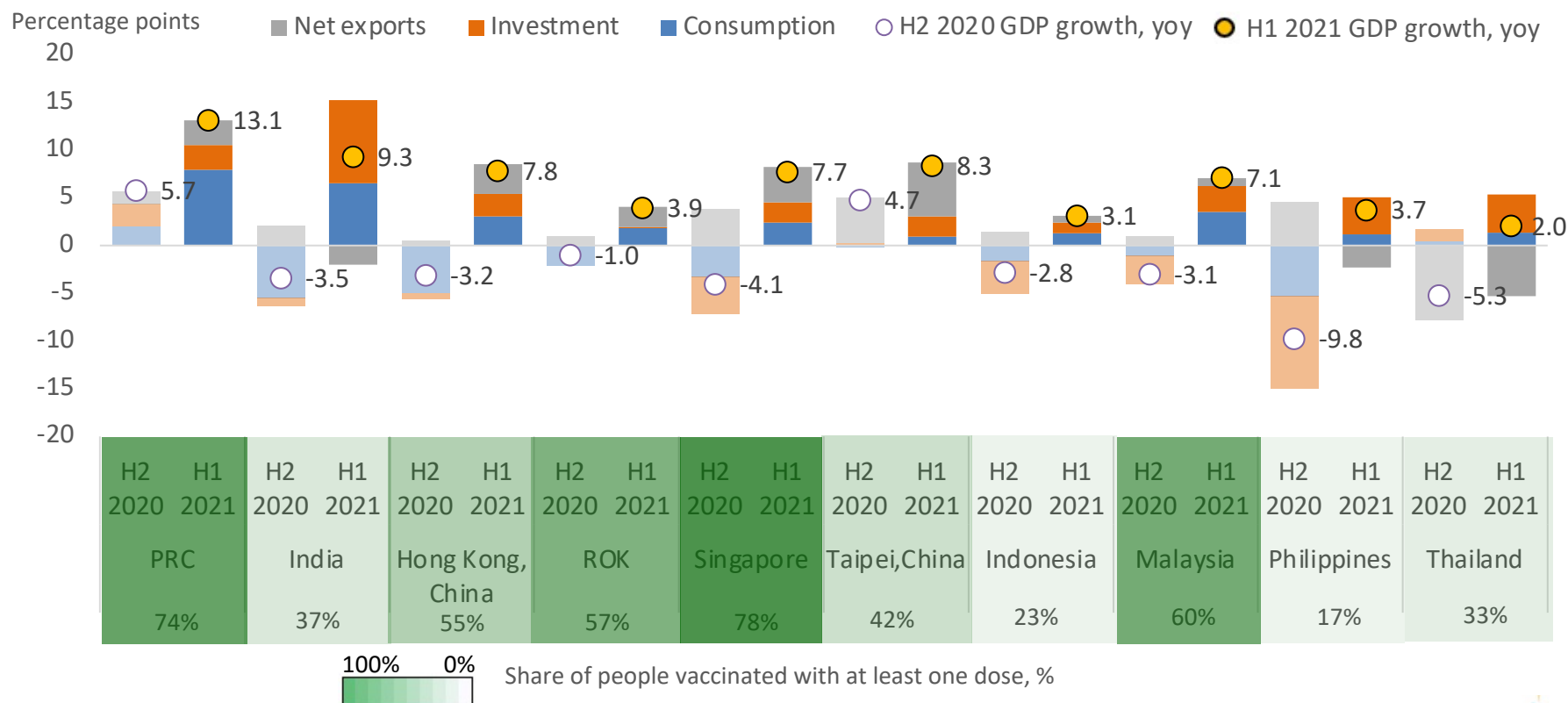


Note: The sample is restricted to economies where tourism accounted for at least 5% of GDP in the latest year with available data during 2017–2019.

Sources: CEIC Data Company; national sources (accessed 3 September 2021).

Economic Recovery in Developing Asia

- The strength of the recovery in first half of 2021 has varied across economies.
- In general, economies that did better with vaccination and pandemic control tended to have better economic performance.



GDP = gross domestic product, H = half, PRC = People's Republic of China, ROK = Republic of Korea, yoy = year on year.

Note: Data refers to calendar half years. Consumption and Investment includes both the private and public sector.

Statistical discrepancy is excluded from the bars.

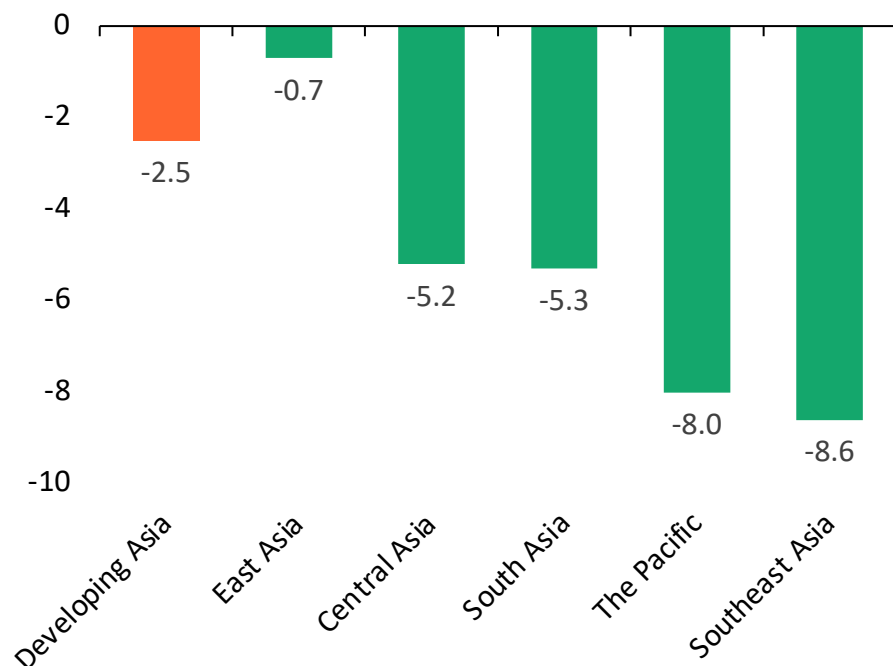
Source: CEIC Data Company (accessed 8 September 2021).



GDP levels will not catch up to its pre-COVID-19 trend in 2022

- Regional output will remain below its prepandemic trend by 2022, with gaps varying due to divergence in forecasts.

The gap between 2022 forecast and its prepandemic trend



Note: The 2022 prepandemic GDP level is measured based on its trend in the 5 years before the pandemic begins.

Source: Asian Development Outlook database.

- Developing Asia's GDP next year will be 2.5% below the pre-COVID-19 trend. But the gap varies across subregions.
- Recovery in exports, COVID-19 containment and vaccination coverage are shaping the outlook.
- Strong performance by the PRC and the NIEs will bring back GDP in East Asia close to its pre-COVID-19 trend in 2022.
- Gaps are wider elsewhere in the region. Southeast Asia has the largest gap, at 8.6%, as the recovery is held back by renewed outbreaks and slower vaccination progress.

ADB's Response to COVID-19

- ❑ ADB announced **\$20 billion comprehensive COVID 19 response package** on 13 April 2020.
- ❑ As of 10 September 2021, **ADB committed \$18.5 billion** for DMCs and the private sector.
- ❑ ADB mobilized **\$15.0 billion through cofinancing** from development partners and commercial cofinancing.

Quick-Disbursing Budget Support: COVID-19 Pandemic Response Option (CPROs)

1. Indonesia	1,508	11. Tajikistan	50	21. FSM	14
2. Philippines	1,505	12. Solomon Islands	20	22. Cook Islands	21
3. India	1,500	13. Uzbekistan	500	23. Afghanistan	100
4. Bhutan	20	14. Kazakhstan	1,078	24. Papua New Guinea	250
5. Kyrgyz Republic	50	15. Maldives	50	25. Marshall Islands	16
6. Bangladesh	500	16. Thailand	1,500	26. Vanuatu	17
7. Mongolia	100	17. Cambodia	250	TOTAL (\$ million) 10,191*	
8. Nepal	250	18. Palau	20	*Based on US dollar equivalent at time of signing.	
9. Georgia	102	19. Samoa	20		
10. Pakistan	500	20. Myanmar	250		

Other COVID-19 Response Projects

- **\$3.25 billion in other COVID-19 response projects** (mostly in health and social protection)

Technical Assistance and Grants

- **\$214 million in technical assistance and quick-disbursing grants to 41 DMCs for urgent needs** (PPE purchase, health systems, food distribution, vaccine strategy), coordinated closely with the World Bank and UN agencies, such as WHO and UNICEF.

Private Sector Support

- **\$527 million in direct private sector lending** (e.g. to a medical equipment logistics firm in Wuhan, PRC)
- **\$4.34 billion through short-term financing program** (trade and supply chain finance, and microfinance)



ADB's Support for COVID-19 Vaccine

- ❑ ADB announced **\$9 billion Asia Pacific Vaccine Access Facility (APVAX)** on 11 December 2020.
- ❑ The facility will support DMCs to access and distribute COVID-19 vaccines safely and swiftly.
- ❑ As of 10 September 2021, **ADB committed \$2.3 billion and mobilized \$321 million cofinancing**, for Afghanistan, Bangladesh, Mongolia, Nepal, Pakistan, Philippines, Samoa, Sri Lanka, Tajikistan, Tonga, Tuvalu, and Vanuatu.

Asia Pacific Vaccine Access Facility

▪ Components:

- (i) Rapid Response: Procuring COVID-19 vaccine
- (ii) Project Investment: Investing in system and capacity for distribution

▪ Vaccine Eligibility Criteria:

- (i) the vaccine has been selected for procurement through COVAX on behalf of its participating countries, or
- (ii) the vaccine has received WHO prequalification or WHO emergency use listing (EUL), or
- (iii) the vaccine has received regular or emergency licensure or authorization by a stringent regulatory authority (SRA).

▪ Access Criteria:

- (i) Needs assessment and national vaccine allocation plan acceptable to ADB
- (ii) Effective partner coordination with WHO, UNICEF, GAVI, COVAX, World Bank Group, and others

Private Sector Support and Technical Assistance

▪ In addition to APVAX, ADB will support vaccines through:

- (i) **Nonsovereign operations** for supply and trade financing; storage, logistics and distribution
- (ii) **Technical assistance** for needs assessments; capacity building, design and implementation

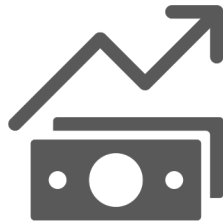
Focus of ADB's Future COVID-19 Support

- Responding to the needs of developing members, and learning from experience to date, ADB's future support will be organized around 5 Pillars.



Pillar 1

Expanding safe and equitable access to COVID-19 vaccines



Pillar 2

Providing development financing and ensuring debt sustainability



Pillar 3

Creating jobs and rebuilding incomes



Pillar 4

Creating infrastructure to enhance preparedness and resilience to future pandemics



Pillar 5

Providing targeted COVID-19 knowledge solutions

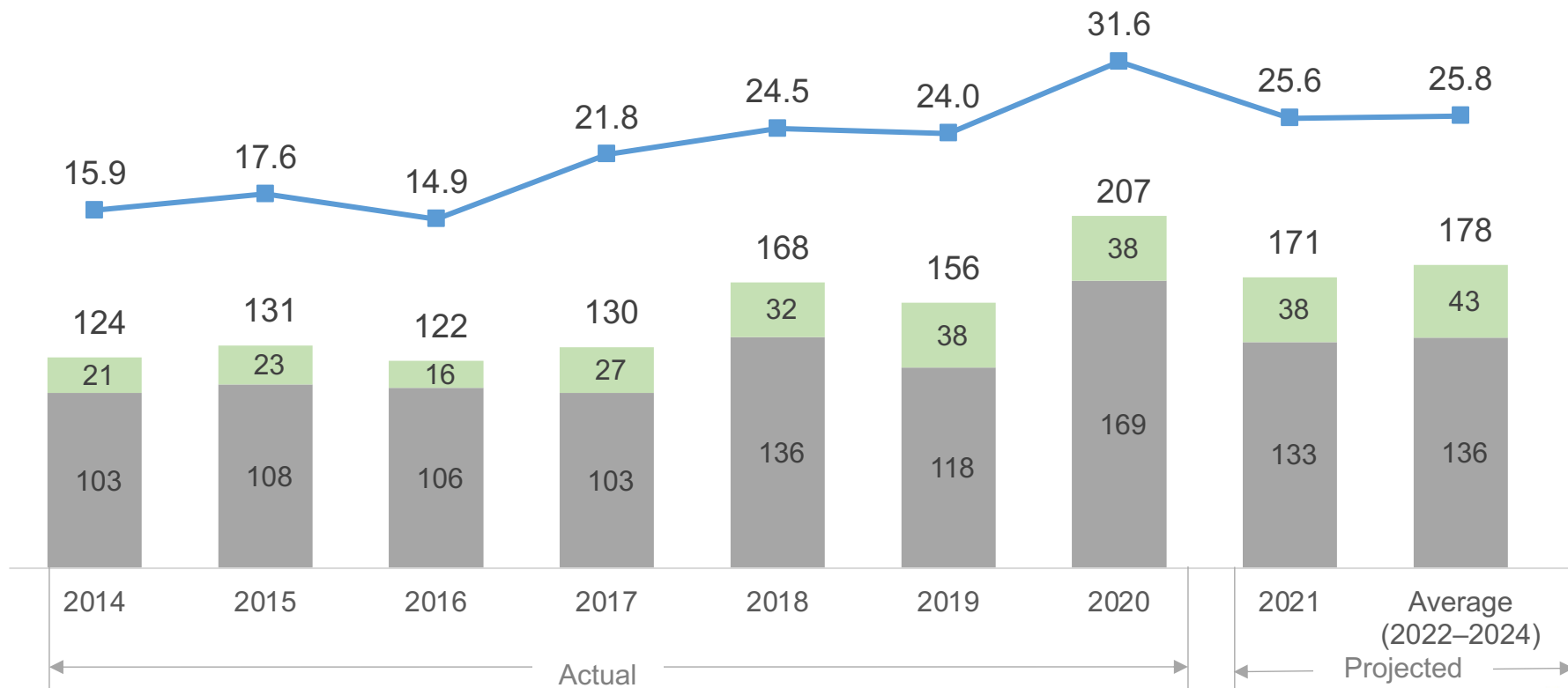


ADB

Annual and Projected Commitments (2014–2024)

Ordinary Capital Resources (OCR), Asian Development Fund (ADF) and Special Funds (\$ billion)

■ Sovereign Project Count ■ Nonsovereign Project Count ■ Total Commitments (\$ billion)



Source: Asian Development Bank.

Note: Commitment is the financing approved by ADB's Board of Directors or Management, and whose legal agreement has been signed by the borrower, recipient, or the investee company and ADB. It is the amount indicated in the legal agreement that may or may not be equal to the approved amount, depending on the exchange rate at the time of signing.



Five Priorities to Achieve Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific

1. Deepening Regional Cooperation and Integration:

- enhancing regional trade and investment, diversifying value chain and strengthening regional health security.

2. Investing in Human Capital and Social Protection:

- addressing worsening inequality and opportunity gap, strengthening health system, and accelerating gender equality.

3. Promoting Green and Resilient Infrastructure:

- boosting economic activity, generating jobs, while strengthening resilience and mitigating the impact of climate change.

4. Harnessing Digitalization:

- accelerating the transition to the digital economy, while closing the digital divide and ensuring cyber security.

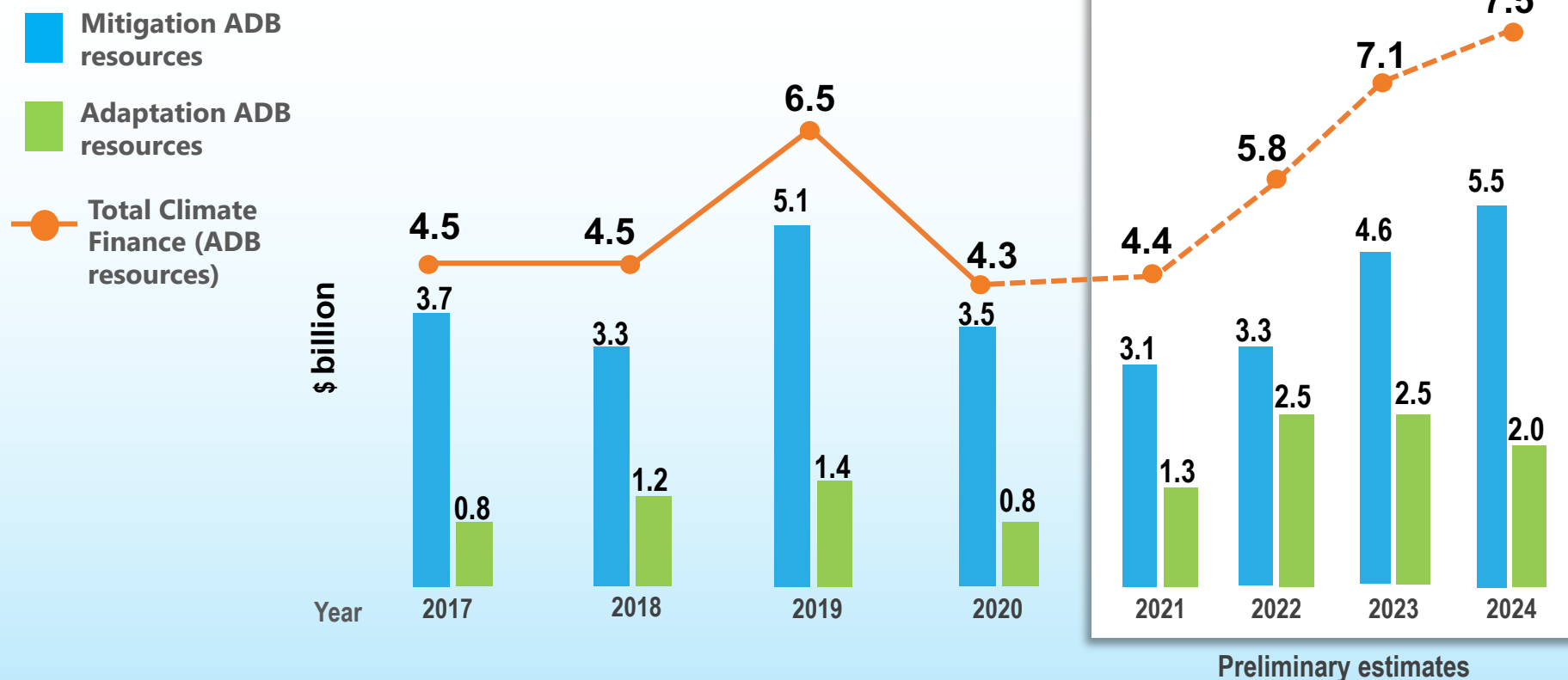
5. Strengthening Domestic Resource Mobilization (DRM):

- ensuring stable and sustainable financial resources to achieving the SDGs, while closing the tax loophole.
- ADB's new Regional Hub for DRM and International Tax Cooperation will support this agenda.



Climate Finance Commitments (2017–2020) and Projections (2021–2024)

- Tackling **climate change, building climate and disaster resilience, and enhancing environmental sustainability** is one of ADB's seven operational priorities under Strategy 2030.
- By 2030, **at least 75%** of the number of committed operations (on a 3-year rolling average) will be supporting climate change mitigation and adaptation.
- Climate finance from ADB's own resources will reach **\$80 billion** for 2019–2030.



Notes: 2015 target to double climate finance approvals from own resources to \$6 billion by 2020 was achieved in 2019.

What ADB is Doing Toward COP26

- **Aligning operations with the Paris Agreement:** ADB plans to have full alignment of sovereign operations with the goals of the Paris Agreement by 1 July 2023, and of non-sovereign operations to 85% by 1 July 2023 and fully by 1 July 2025.
- **Revised Energy Policy:** ADB's new Energy Policy is currently being processed, to be approved by the Board before COP26. Without pre-empting any decision of the Board, ADB is aiming for a formal withdrawal from financing new coal-fired power generation.
- **Coal to clean energy transition:** ADB plans to announce the Energy Transition Mechanism (ETM) partnership in Southeast Asia with key public and private sector sponsors. The partnership will comprise a regional facility to crowd in grant and concessional resources, and a set of pilot ETM funds with commercial sponsors in 1-2 select countries, to be established in 2022.
- **Enhance investments in Adaptation and Resilience:** ADB seeks to double its annual average adaptation and resilience financing in 2021-2024, compared to 2015-2018, resulting in cumulative financing of \$9 billion from 2019 to 2024. ADB will invest in more projects with climate adaptation as their primary purpose.
- **Continue to help DMCs with Paris Agreement commitments:** ADB will support programs focusing on Nationally Determined Contributions (NDCs), carbon markets, and long-term national strategies that support a just transition.



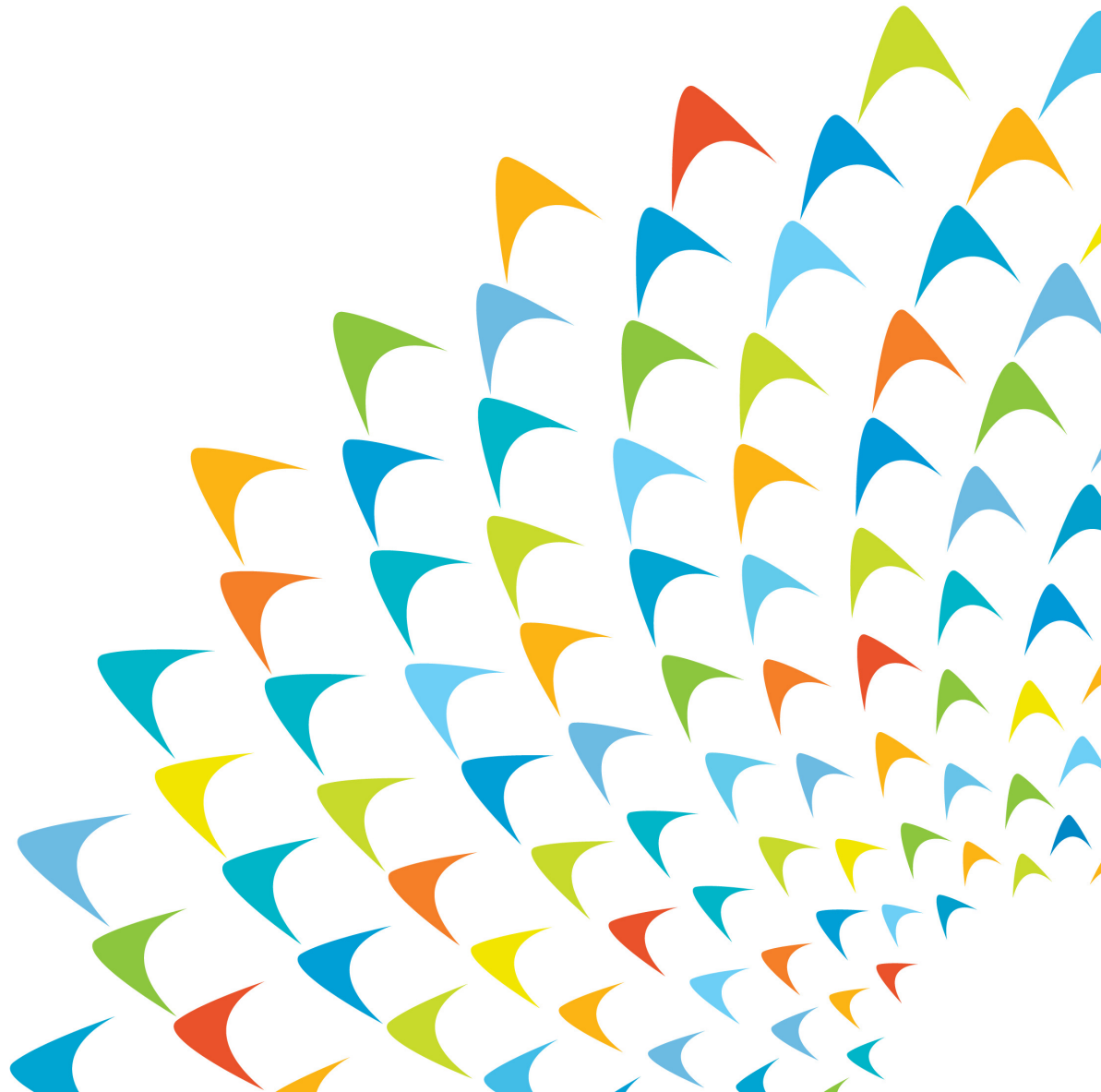
Strengthening Domestic Resource Mobilization (DRM) and International Tax Cooperation (ITC)

- **DRM and ITC have become a more crucial agenda for DMCs in the pandemic due to:**
 - Revenue decline across the region due to economic contraction and tax expenditure programs to support business and households;
 - Increasing pressure on national budgets and bigger public debt; and
 - Clear need to make significant investments in public services, such as health care.
- **ADB DMCs Participation in Global Taxation Efforts is lagging.**

	The Global Forum (GF)	Inclusive Framework on BEPS
As of September 2021	27 DMCs are members	20 DMCs are members
Summary	19 out of 46 DMCs have not joined GF and are not committed to automatic exchange of information	26 out of 46 DMCs have not joined BEPS Inclusive Framework

- **ADB launched the Asia Pacific Tax Hub on DRM and ITC at the ADB Annual Meeting in May 2021.**
 - The Tax Hub will serve as an open and inclusive platform for (i) strategic policy dialogue, (ii) knowledge sharing, and (iii) collaboration and development coordination.
 - ADB will organize a high-level tax conference in Q4 2021 to exhibit the progress and discuss next steps of the Tax Hub.

Thank you.



SUPPLEMENTAL BACKGROUND



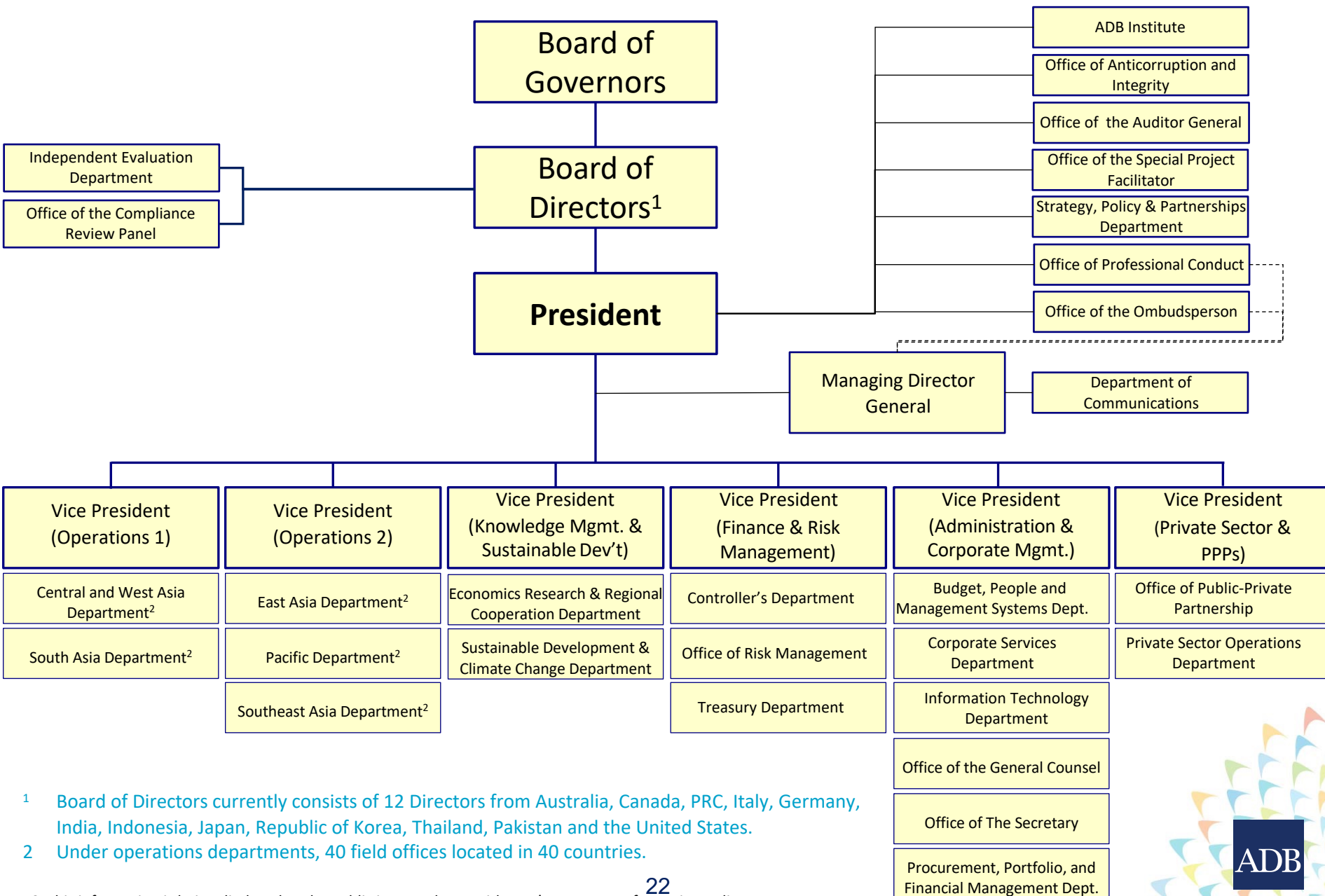
Contribution by Members

- Ordinary Capital Resources (capital share, voting power share)
Japan (15.6%, 12.8%), United States (15.6%, 12.8%),
PRC (6.4%, 5.4%), India (6.3%, 5.3%), Australia (5.8%, 4.9%),
Indonesia (5.4%, 4.6%), Canada (5.2%, 4.5%), Korea (5.0%, 4.3%),
Germany (4.3%, 3.7%), others (30.4%, 41.7%)
- Asian Development Fund (cumulative contribution)
Japan (38.6%), United States (13.2%), Australia (8.2%),
Canada (5.9%), Germany (5.6%), United Kingdom (5.1%),
France (4.0%), others (19.4%)
- International Staff (1,327)
Japan (140), United States (139), India (109), United Kingdom (88),
Australia (85), Korea (78), PRC (68), Philippines (57), Canada (54),
Germany (48), France (41), Pakistan (39), Indonesia (25), others (356)

Note: All data as of 31 August 2021



Organization Chart of ADB



¹ Board of Directors currently consists of 12 Directors from Australia, Canada, PRC, Italy, Germany, India, Indonesia, Japan, Republic of Korea, Thailand, Pakistan and the United States.

² Under operations departments, 40 field offices located in 40 countries.



ADB Operations

- **Loans** are financed from Ordinary Capital Resources (OCR)
 - Middle-income countries (per capita income \leq \$7,155): regular OCR at quasi market rate
 - Low-income countries (per capita income \leq \$1,205): concessional terms with long maturities and low interest rates
- **Asian Development Fund (ADF) grants** are offered to countries lacking in creditworthiness, i.e., Afghanistan, Tajikistan, and some Pacific island countries
- **Technical assistance** includes capacity building, project preparation, and research

(billion USD)

	2020 Commitments excluding cofinancing	30 June 2021 Outstanding	30 June 2021 Equity
OCR (loans)	30.22	132.53 ^a	52.42
Regular	25.79 ^b	101.01	
Concessional	4.43	31.52	
ADF (grants)	1.02		1.21
Technical assistance	0.29		

^a Excluding allowance for credit losses of \$0.73 billion.

^b Including other debt securities of the private sector. Starting in 2020, ADB includes commitments from nonsovereign revolving programs (Trade Finance and Supply Chain Finance Program, and Microfinance Risk Participation and Guarantee Program). These totaled \$1.74 billion in 31 July 2021.

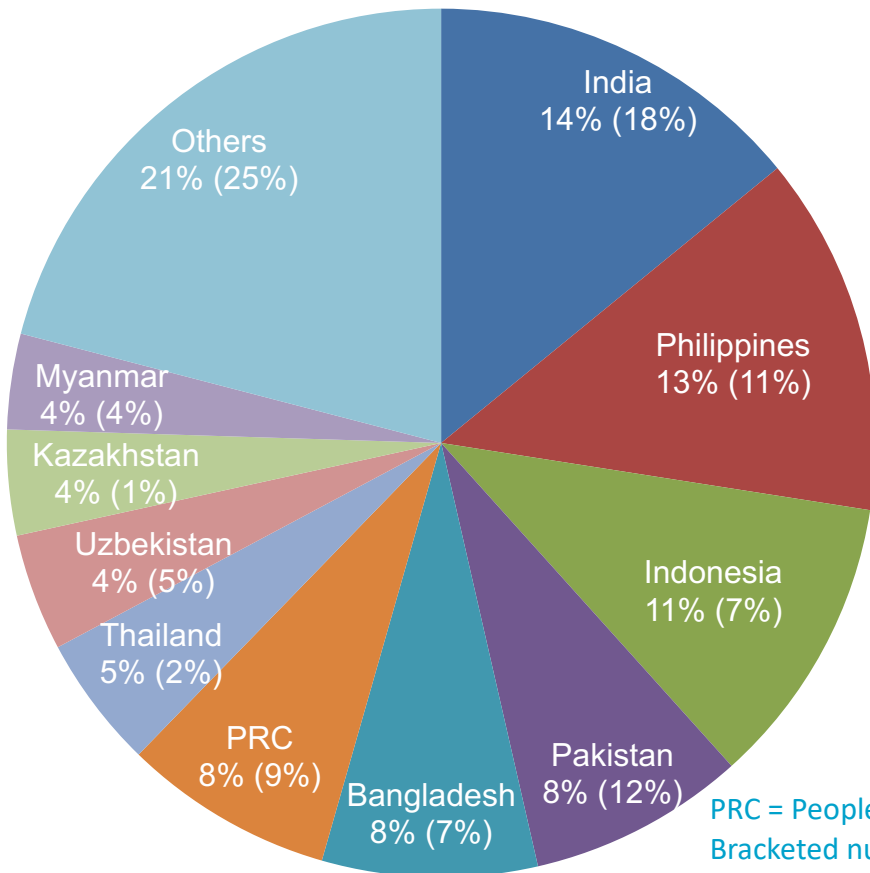


ADB Operations in 2020 by Volume of Financing

Ordinary Capital Resources (OCR), Asian Development Fund (ADF), and Other Special Fund Operations

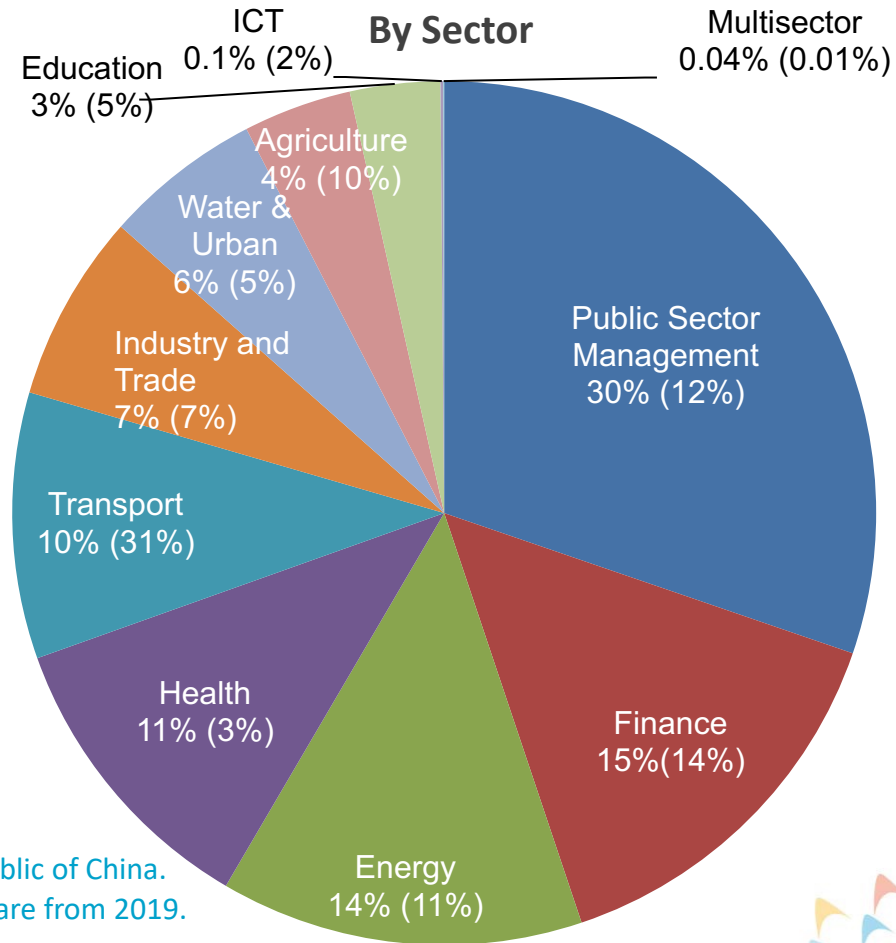
(Financing committed in 2020 increased to \$31.6 billion from \$24.0 billion in 2019)

By Country



PRC = People's Republic of China.
Bracketed numbers are from 2019.

By Sector



ADB Operations include loans, grants, equity investments, guarantees, and technical assistance. Starting in 2020, ADB includes commitments from nonsovereign revolving programs (Trade Finance and Supply Chain Finance Program, and Microfinance Risk Participation and Guarantee Program). These totaled \$3.07 billion in 2020 (\$2.14 billion in 2019), of which 52% were allocated to the finance sector, and 48% to industry and trade.

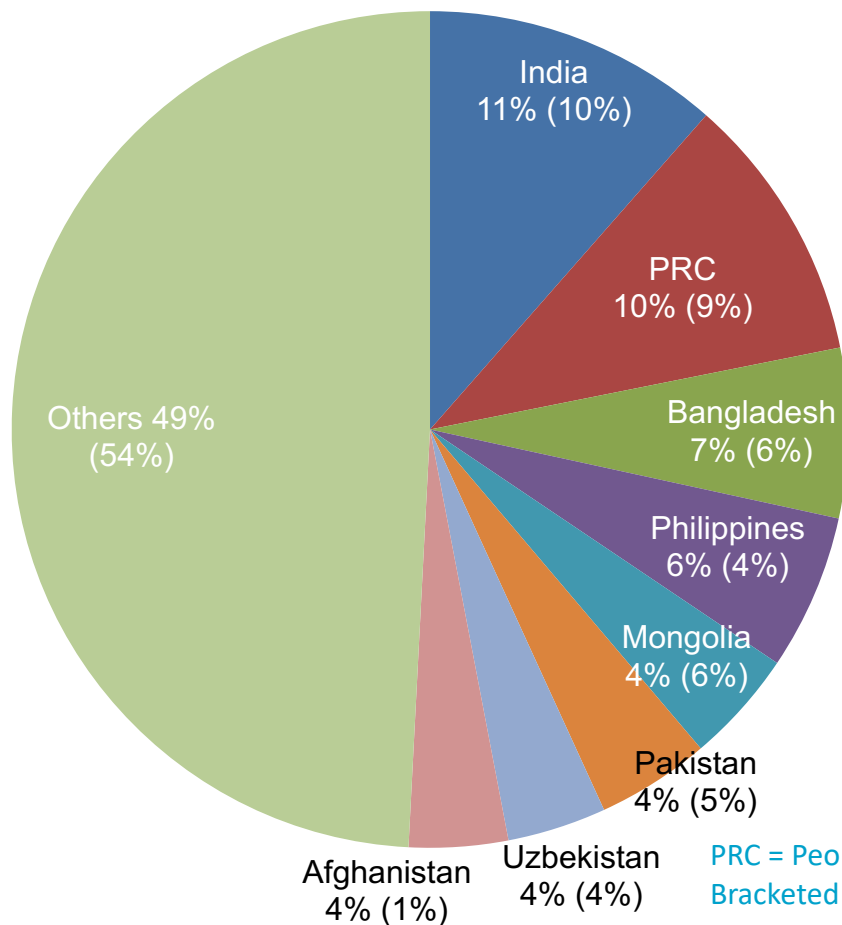


ADB Operations in 2020 by Number of Projects

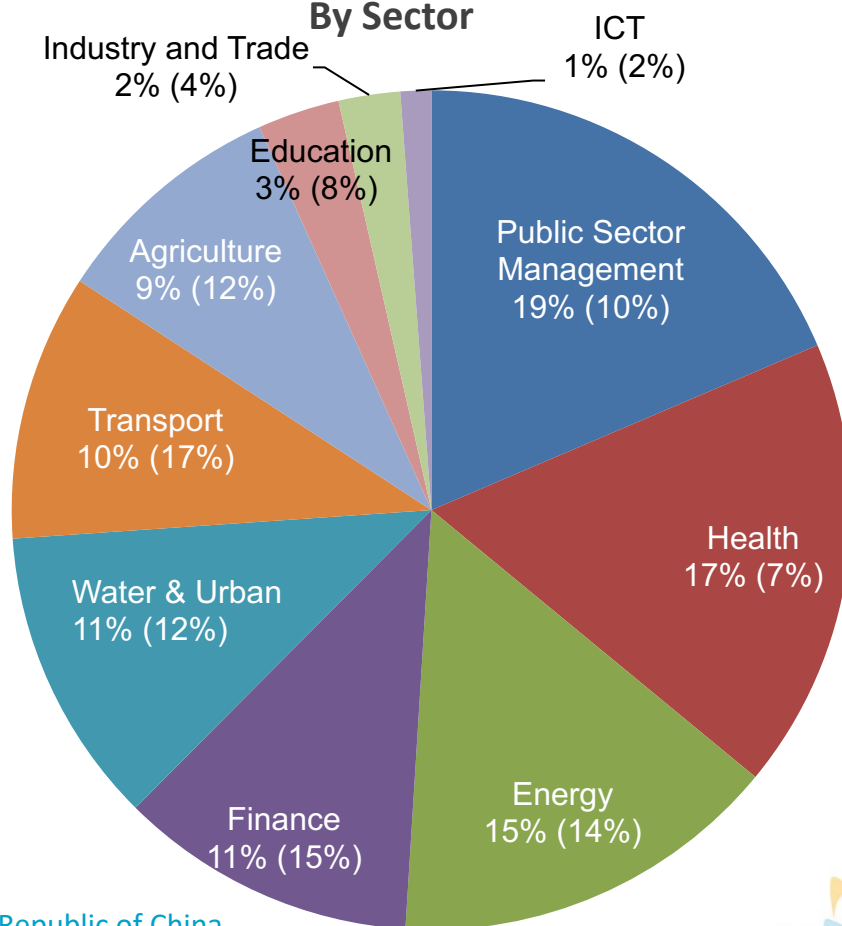
Ordinary Capital Resources (OCR) and Asian Development Fund Operations (ADF)

(Number of projects committed in 2020 increased to 183 from 156 in 2019)

By Country



By Sector



PRC = People's Republic of China.
Bracketed numbers are from 2019.

Note: Projects covering more than one sector are counted in each relevant sector. Revolving programs are excluded.

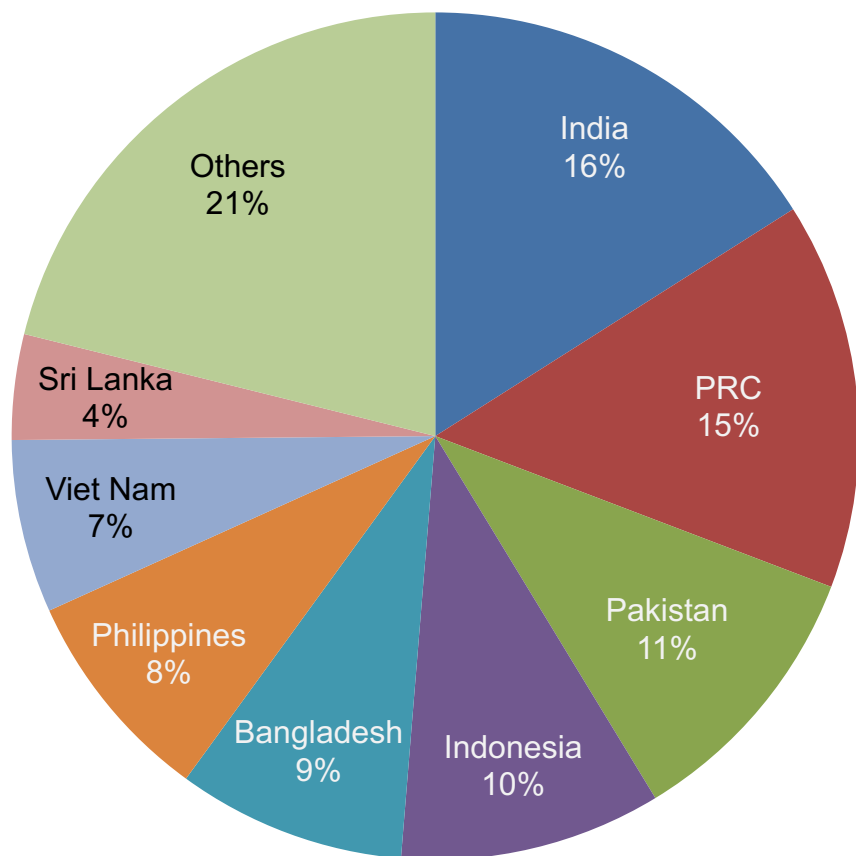


ADB Operations as of 31 Dec 2020 by Loans Outstanding

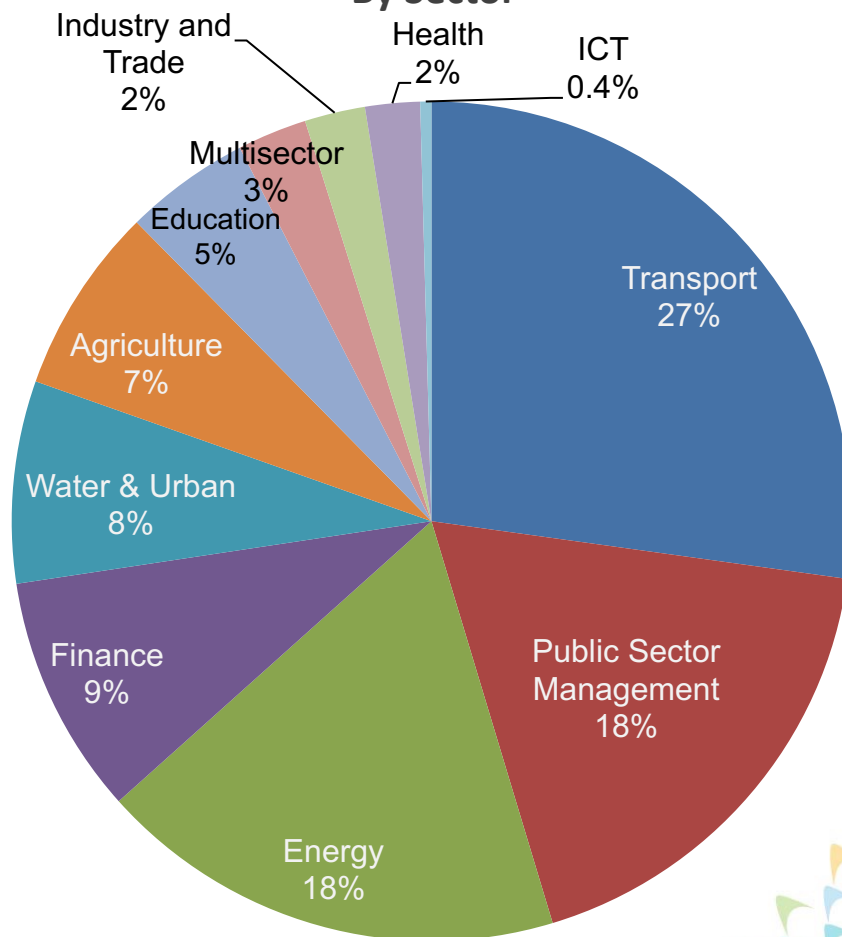
Ordinary Capital Resources (OCR)

(Loans Outstanding as of 31 Dec 2020 increased to \$130.5 billion from \$114.7 billion as of 31 Dec 2019)

By Country



By Sector

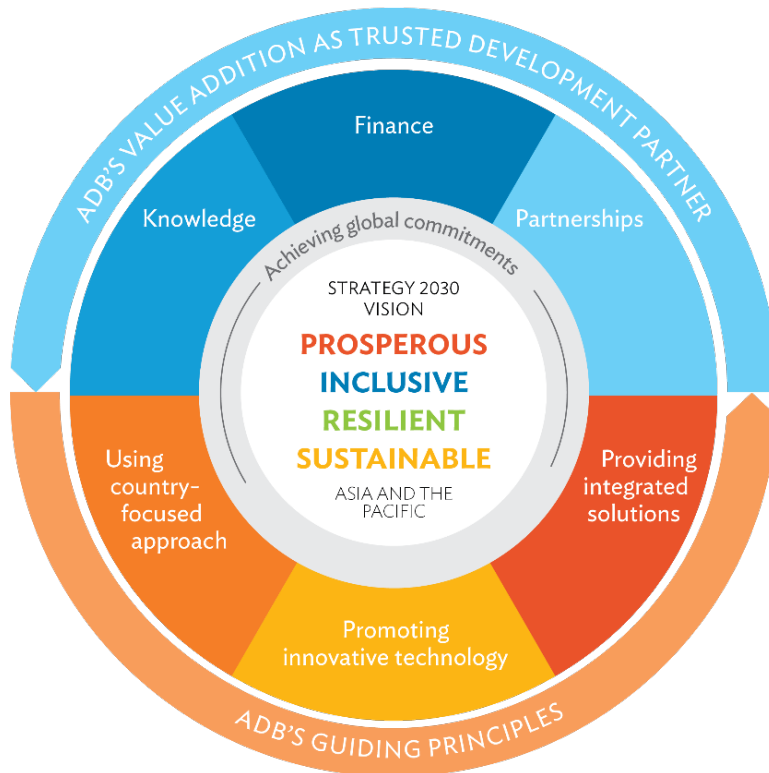


PRC = People's Republic of China.

Note: Revolving programs are excluded.



Strategy 2030 Responds to the Region's Changing Needs



Vision

Achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining efforts to eradicate extreme poverty

Value Addition

- Finance
- Knowledge
- Partnerships

Guiding Principles

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



Climate Change Targets Under Strategy 2030

- **Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability**
 - One of seven operational priorities under Strategy 2030
 - Focus on low greenhouse gas emissions development, building climate and disaster resilience, environmental sustainability, and water– food–energy security nexus
- **Scaling-up ambition for climate change mitigation and adaption by 2030**
 - At least **75% of the number of its committed operations** (3-year rolling average)
 - **\$80 billion cumulative in climate finance** from ADB's own resources (2019–2030)
 - In 2015, target to **double annual climate financing by 2020 to \$6 billion¹**
 - **Committed in the President's Vision Statement released on 1 July 2021:**
 - **Full alignment with Paris Agreement for sovereign operations by 1 July 2023** and for **non-sovereign operations by 1 July 2025.**
 - A **new target for financing adaptation and resilience of \$9 billion** cumulatively between 2019-2024.
- **Supporting low carbon and climate resilient growth for DMCs**
 - **NDC Advance** supports DMCs, through technical assistance, to translate Nationally Determined Contributions (NDCs) into climate investment plans
 - **Building climate & disaster resilience** through investments integrating physical, ecological, financial, social and institutional aspects
 - Enabling development of **long-term strategies with just transition and enhancing capacity to access carbon markets**

¹- Based on own resources and on approvals



Strategy 2030: ADB to Scale-up Support for Gender Equality in Asia and the Pacific

- **Accelerating progress in gender equality**
 - One of seven operational priorities under Strategy 2030
 - Five areas of focus: women's economic empowerment, gender equality in human development, gender quality in decision-making and leadership, reduced time poverty of women, and women's resilience to external shocks
- **Scaling-up ambition by 2030**
 - At **least 75% of the number of its committed operations** (3-year rolling average), both sovereign and nonsovereign, will promote gender equality by 2030 (from 65% in 2017; previous target of 50% was for gender equity and mainstreaming in sovereign only)
 - At **least 80% of completed operations delivering intended gender equality results** (3-year rolling average, both sovereign and nonsovereign, by 2024) (from 75% baseline in 2018; previous target of 70% for sovereign only)
- **Gender in ADB**
 - Female comprise 59% of all ADB staff and 38.2% of international staff
 - **11 out of 28 (39.3%)** of heads of departments
 - ADB committed to **17 Actions to Improve Institutional Gender Equality** (2016)
 - ADB Gender Action Plan target of % of women international staff is **40% by 2022**



Strategy 2030: Stronger, Better, and Faster ADB

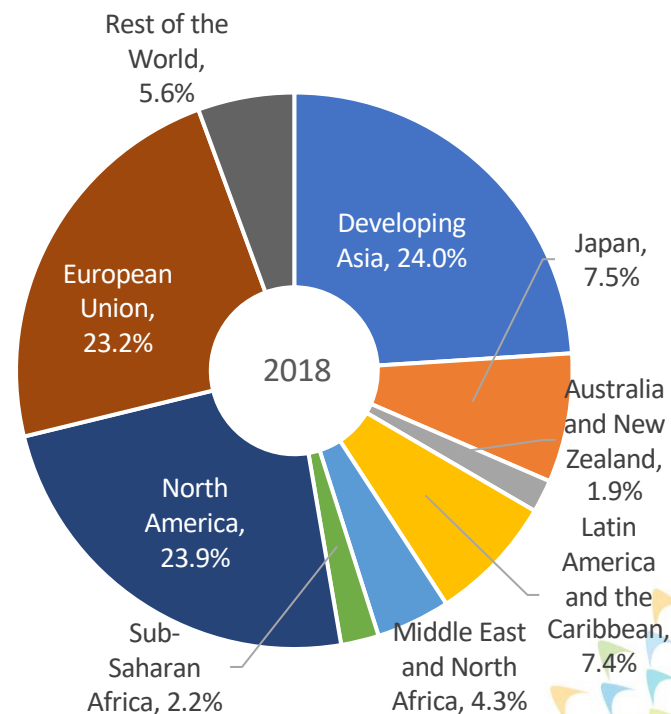
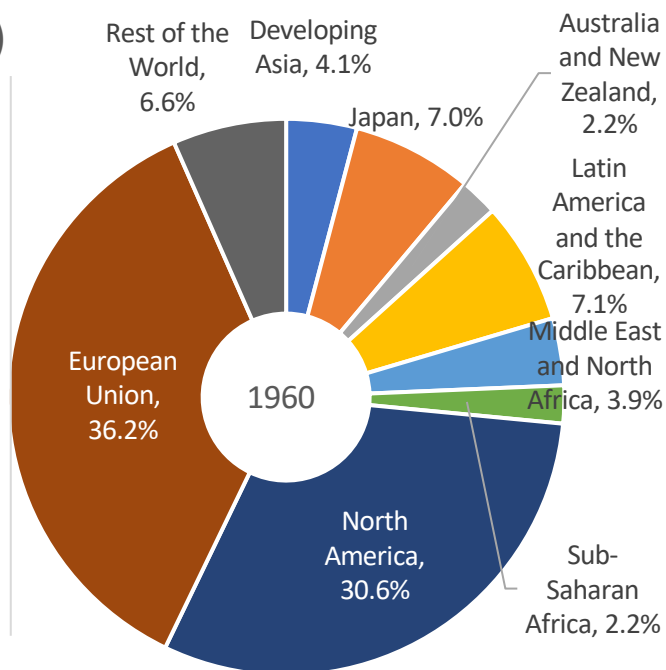
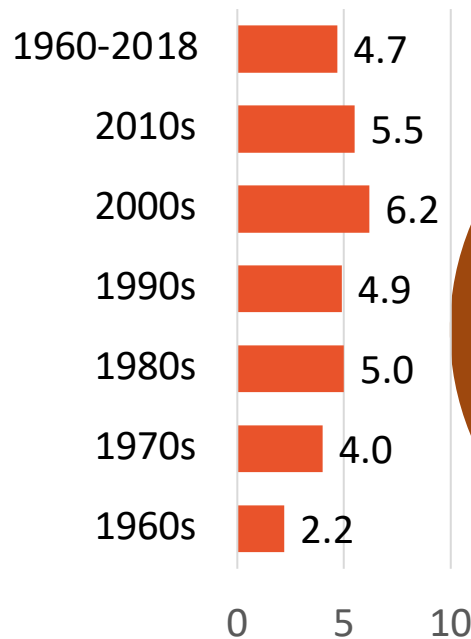
- **Ensure ADB's robust financial resource base**
 - ✓ Rationalizing internal administrative and operational costs and exploring various options to generate organic capital
- **Improving ADB products and instruments**
 - ✓ Responding to diverse client needs by more effective use of tools including PBL (Policy-Based Loan), RBL (Results-Based Lending), credit enhancement products, and local currency financing
- **Enhance ADB's human resources**
 - ✓ Ensuring staff mobility, gender and diversity, respectful workplace, performance management system
- **Maintain a strong country presence**
 - ✓ Advancing “one ADB” approach: further collaboration between private sector/sovereign operations, knowledge work and public relations
 - ✓ Strengthening field presence in FCAS (Fragile and Conflict Affected States) and SIDS (Small Islands Developing States)
- **Modernizing business processes and improving operational efficiency**
 - ✓ Enhancing data management, promoting digital transformation



Asia's Key Development Achievements

- Rapid economic growth led to a rising share in global GDP.
- Developing Asia's share increased from 4% to 24% between 1960 and 2018.
- Including Japan, Australia and New Zealand, regional share rose from 13% to 34%.

Average Annual per Capita GDP growth (%)



Source: ADB, 2020. [Asia's Journey to Prosperity](#).