

The background of the cover is a photograph of a woman wearing a light-colored hijab and a patterned garment. She is looking upwards and to the right, with her mouth open as if speaking. Her hands are raised in front of her, with fingers pointing, as if gesturing during a presentation or discussion. The lighting is soft, and the background is slightly blurred.

ADB

**Partnering for  
Development**  
2010 DONOR REPORT

Asian Development Bank



ADB



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Development**  
2010 DONOR REPORT

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# Foreword



The 2010 Donor Report is the second edition of an annual publication that the Office of Cofinancing Operations initiated last year. Its purpose is to give due recognition to ADB's bilateral and multilateral development partners with whom we work toward our common goal of fostering sustainable growth and reducing poverty in Asia and the Pacific.

Indeed, partnerships are an integral part of the effective design and implementation of development programs and projects, with each of the participants contributing their knowledge and experience to the common funding effort, yielding significant synergies and leverage for the benefit of recipients. After all, this is the true spirit behind the commitments on aid effectiveness and harmonization that the international donor community took in recent years. Partnerships are also at the core of ADB's Strategy 2020, its long-term strategic framework put forward in 2008, which explicitly recognizes the importance of working together in the planning, financing, and implementing of operations.

Coming out of the worst global financial crisis in decades of course generates quite a few challenges in developing and expanding financing partnerships.

Official cofinancing, which is the scope of this report, has seen its own challenges as a result of the crisis. While some donor countries have maintained or even increased levels of official development assistance, others are faced with significant fiscal constraints. I would like to assure all of our bilateral partners that ADB stands ready to work with each and everyone of you to identify the most suitable partnership solutions: beyond direct cash outlays there are also other partnership modalities that can and should be further explored, including the provision of guarantees and other forms of credit enhancement, knowledge and resource sharing through staff secondments, or the pursuit of partnerships in research, to name but a few.

Going forward, I would like to thank all of our bilateral and multilateral partners for the excellent cooperation we have had over the years, and invite everybody to work toward finding innovative partnering solutions that will leverage our collective impact on the stark challenges at hand, from addressing huge environmental sustainability issues to improving the lot of the 1.8 billion people in Asia and the Pacific who still live on less than \$2 per day.

Lakshmi Venkatachalam  
Vice President  
Private Sector and Cofinancing Operations

# Abbreviations

AASEDF	Asia Accelerated Solar Energy Development Fund	JBIC	Japan Bank for International Cooperation
ACEF	Asian Clean Energy Fund	JFPR	Japan Fund for Poverty Reduction
ADB	Asian Development Bank	JICA	Japan International Cooperation Agency
ADB I	Asian Development Bank Institute	JSF	Japan Special Fund
AFD	Agence Française de Développement	KEXIM	Export-Import Bank of Korea
ASEAN	Association of Southeast Asian Nations	KfW	Kreditanstalt für Wiederaufbau
ASEI	Asia Solar Energy Initiative	kW	kilowatt
AusAID	Australian Agency for International Development	Lao PDR	Lao People's Democratic Republic
BMZ	German Federal Ministry for Economic Cooperation and Development	LBM	loan buy-down mechanism
CAARP	Conflict-Affected Areas Rehabilitation Project	MFF	multitranchise financing facility
CAREC	Central Asia Regional Economic Cooperation	MOU	memorandum of understanding
CER	certified emission reduction	NDF	Nordic Development Fund
CDIA	Cities Development Initiative for Asia	NGO	nongovernment organization
CEFPF	Clean Energy Financing Partnership Facility	OCO	Office of Cofinancing Operations
CIDA	Canadian International Development Agency	ODA	official development assistance
CTI	Coral Triangle Initiatives on Coral Reefs, Fisheries, and Food Security	OFID	OPEC Fund for International Development
DFID	Department for International Development of the United Kingdom	OPEC	Organization of the Petroleum Exporting Countries
DMC	developing member country	PIDG	Private Infrastructure Development Group
DVA	direct value-added	PPIAF	Public-Private Infrastructure Advisory Facility
EBRD	European Bank for Reconstruction and Development	PPP	public-private partnership
EIB	European Investment Bank	PRIF	Pacific Region Infrastructure Facility
EU	European Union	PROPARCO	Promotion et Participation pour la Coopération économique
FCF	Future Carbon Fund	PSOD	Private Sector Operations Department
FPF	financing partnership facility	RCI	Regional Cooperation and Integration
FSDPF	Financial Sector Development Partnership Fund	SASEC	South Asia Subregional Economic Cooperation
GDP	gross domestic product	SDC	Swiss Agency for Development and Cooperation
GEF	Global Environment Facility	STI	Sustainable Transport Initiative
ICFF	Investment Climate Facilitation Fund	TA	technical assistance
ICT	information and communication technology	UFPF	Urban Financing Partnership Facility
IDRM	integrated disaster risk management	UN	United Nations
IFAD	International Fund for Agricultural Development	UNDP	United Nations Development Programme
IFC	International Finance Corporation	UNICEF	United Nations Children's Fund
IsDB	Islamic Development Bank	UNFPA	United Nations Population Fund
		WFPP	Water Financing Partnership Facility



# Introduction

Reducing poverty in Asia and the Pacific requires a scale of investment vastly bigger than the Asian Development Bank (ADB) or any other organization can deliver alone. ADB expects to provide some \$14 billion annually

for projects in developing Asia in the near term, a substantial sum.

Yet cost estimates of just the infrastructural needs through 2020 run to about \$8.0 trillion (ADB and ADBI 2009, p. 4). Substantial financing is also needed

for reaching the UN Millennium Development Goals and addressing the numerous challenges of climate change.

One way to address such huge financing gaps is to tap other financing sources and thereby



**Done well, cofinancing leverages the resources—financial, knowledge, and expertise—of all partners to the benefit of the region's poor.**

leverage the overall development impact. ADB embodies this goal in its Strategy 2020, a corporate-wide planning document calling in the long term for cofinancing of projects to exceed the value of “stand-alone” funding (ADB 2008, p. 23).

In so doing, ADB also aims to deepen and broaden its engagement with other development partners. No longer is cofinancing a simple marriage of financial convenience.

Done well, it leverages the resources—financial, knowledge, and expertise—of all partners, to the benefit of the region’s poor.

As called for in the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008), through these broader and deeper partnerships, ADB is harmonizing its operations with international development agencies, multilateral and bilateral institutions, the private sector, and

nongovernment and community-based organizations.

This Donor Report, a review of ADB’s official cofinancing activities in 2010, provides insight into progress in this endeavor. It closely examines the contribution cofinancing is making, focusing on Strategy 2020’s five core areas of development—infrastructure, environment, regional cooperation and integration,

## Box 1: Defining Official Cofinancing

**O**fficial cofinancing mobilizes financial support in the form of grants and loans (at concessional or policy-based terms) for interventions supported by the Asian Development Bank (ADB). It can be combined with a wide range of ADB’s own products, including grants, loans, and guarantees, and can be mobilized for either technical assistance activities or components of investment projects.

Grants and concessional loan cofinancing are normally blended with ADB’s lending instruments and guarantees to improve the terms of the overall financing packages.

The primary responsibility for strengthening partnerships at the institutional level rests with the Office of Cofinancing Operations (OCO), including initiation, leading negotiations with financing partners, and interdepartmental coordination. In doing so, OCO coordinates with and draws upon the expertise of other relevant departments.

### Procurement

**Untied cofinancing:** External funding from a financing partner in which procurement eligibility is extended to all ADB developing

member countries. In the case of ADB’s administration, the use of ADB Procurement Guidelines and Guidelines on the Use of Consultants apply. Universal procurement may be applied on a case-by-case basis, subject to ADB board approval.

**Tied cofinancing:** External funding provided under the financing partner’s own procurement guidelines.

### Packaging

**Joint financing:** ADB and the cofinancier finance a common list of goods, works, and services for the project in agreed-upon proportions. Normally, ADB’s guidelines on procurement and the use of consultants govern the procurement of goods, works, and services. This mode is suitable when cofinanciers do not tie their assistance, or impose any special procurement restrictions.

**Parallel financing:** The project is divided into specific, identifiable components, each of which is separately financed by ADB and cofinanciers.





financial sector development, and education—which reflect ADB’s comparative strengths and the needs of the region. Besides looking at recent achievements and challenges, it also gives a sense of future partnership opportunities.

### Making Progress

Cofinancing from official sources is particularly challenging in the current climate of fiscal

retrenchment in many donor countries as governments face large budgetary deficits left in the wake of the recent financial crisis.

Despite these fiscal constraints total direct value-added (DVA) cofinancing in 2010 was about \$3.52 billion, up from \$3.35 billion in 2009 (see Box 1, Defining Official Cofinancing). This includes official and commercial cofinancing for investment projects. With

technical assistance, the numbers rise to \$3.68 billion in 2010 and \$3.46 billion in 2009.

Until 2008, DVA cofinancing was typically below \$1.0 billion a year. But in the three years through 2010, volume has been rising steadily and reached an average of almost \$3.0 billion, backed by large increases in official loans.

To reach the Strategy 2020 target of exceeding stand-alone



### Administration

**Full administration:** ADB provides a full range of services to the cofinancier, including procurement of goods, works, and services, selection and engagement of consultants, supervision of implementation, and disbursement of funds. The financing partner’s funds are normally transferred to an ADB interest-bearing account in tranches on the basis of an agreed schedule, and may be invested by ADB, pending disbursement. OCO provides periodic progress reports and financial statements on the utilization of funds.

**Partial administration:** ADB is responsible for providing a limited range of services. These may involve one or a combination of the following: (i) procurement of goods, works, and services, (ii) selection and engagement of consultants, and (iii) disbursement supervision. Reporting to the financing partner is through the provision of standard ADB implementation progress documentation produced under the overall project as opposed to the more detailed progress and financial reports generally prepared

by ADB under the full administration modality. If the cofinancier requires ADB’s disbursement administration services, two sets of withdrawal applications are prepared by the borrower (executing agency). One set each is sent to ADB and the cofinancier, on receipt of which ADB instructs the cofinancier to disburse directly to the contractor identified by the executing agency.

### Performance Parameters

#### Contractual direct value-added

**(DVA) cofinancing:** All cofinancing with contractual obligations, that is, cofinancing for which ADB assumes financial, fiduciary, and/or administrative responsibilities in implementation of which ADB resources are committed, normally in exchange for a fee. ADB’s obligations under this vary according to the financing partner and the degree of financial, fiduciary, and/or administrative responsibility. But the common denominator is the cofinancing agreement documenting the obligations and responsibilities of both ADB and the financing partner. By implication, all joint cofinancing transactions are classified as DVA cofinancing. All

## Box 1 continued.

agreements pertaining to contractual DVA cofinancing need to be cleared through and signed by the head of OCO.

**Collaborative DVA:** Cofinancing imposes no contractual obligations on either ADB or the financing partner, but requires close coordination during the processing of the specific project or program, documented through project- or activity-specific memorandums of understanding (MOUs) and aide-mémoire. ADB provides no administrative services and the financing partner follows its own policies and procedures in implementing its project component(s). All such MOUs and aide-memoires can be entered into by the regional departments and PSOD, but with OCO concurrence.

**Discrete (non-DVA) cofinancing:** Does not involve direct ADB support or collaborative arrangements. Coordination may take place at all stages of the project cycle as both clients and financing partners may benefit from ADB involvement. But such coordination varies by project and is difficult to assess in the absence of explicit value-adding arrangements. Discrete cofinancing is recorded for overall statistical purposes only but not explicitly targeted.

### Instruments

**Project specific:** For grants and loans, can be mobilized on a case-by-case basis. It is effected through joint or parallel arrangements. If ADB either fully or partially administers the external funds, project-specific cofinancing partnerships are generally governed by individual cofinancing agreements.

**Trust funds:** Under a trust fund, the financing partner—through a comprehensive arrangement with ADB—provides a lump-sum, untied grant fund to cofinance ADB's interventions for an agreed theme, sector, or group of countries. In exchange, ADB provides full administration of the financing partner's funds (see Box 3 for more details).

**Framework agreements:** Applicable mainly to financing partners willing to support ADB projects through loan cofinancing, partnership frameworks are aimed at increasing the predictability of cofinancing volumes, minimizing detailed transaction-level negotiations, streamlining methods and practices for reporting and exchange of information. Framework agreements provide opportunities for loan cofinancing on a programmatic basis. Generally structured as two-party (ADB and financing partner) agreements, they: (i) formalize the country, sector, and thematic priorities of the financing partner; (ii) establish the terms and mode of cofinancing; (iii) identify the role and responsibilities of each party; and (iv) commit the financing partner to a cofinancing amount over a period of time. In concluding framework agreements, priority is given to financing partners who can provide funding on an untied basis, although parallel cofinancing arrangements are also possible.

### Innovative Approaches

**Sector-wide approach:** The development partners work together to support a holistic program in a specific sector or subsector. This promotes harmonization of assistance and more efficient administration. In

a sense, a sector-wide approach is similar to the financing partnership facility outlined in Box 2, but specified for a single program and/or project only. (For a program promoting educational reforms using a sector-wide project in Bangladesh in 2003, page 38.)

**Debt-for-development swap:** A sovereign creditor offers to write-off part of the bilateral debt obligations of a developing member country in exchange for an equivalent grant contribution to a fund. These allow financing partners to contribute directly to rehabilitation activities rather than merely providing budget support. A typical swap is generally affected through a bilateral agreement between the financing partner and the developing member country and a trilateral agreement among the financing partners, the developing member country, and ADB. (Norway offered to write-off some of Pakistan's bilateral debt obligations in exchange for an equivalent grant contribution to ADB's Pakistan Earthquake Fund.)

**Loan buy-down:** This approach, pilot tested in the Power Sector Expansion Project in Samoa (see page 12) aims to promote reforms. Under it, a donor provides a grant to an ADB-managed fund to buy down a portion of the Asian Development Fund loan on the condition that agreed triggers or project milestones are met during project implementation.

See Box 2 for a discussion of Financing Partnership Facilities.





ADB funding, cofinancing needs to increase substantially in the coming years.

Cofinancing for technical assistance grants reached about \$161.95 million in 2010, up from about \$105.63 million in 2009. Two large grants for capacity development in Indonesia's education sector totaling \$50 million from the Australian Agency for International Development (AusAID) and the European Union (EU) were behind the continued large amount (see case study page 38). Before 2004, technical assistance cofinancing was typically well below \$100 million.

To stimulate cofinancing in operational terms, ADB has adopted near-term targets in its corporate results framework aiming to have DVA cofinancing reach 15% of total lending by value by 2011 and 20% by 2012. As an incentive to achieve these goals, a special allocation pool of about \$500 million for each of 2012 and 2013 has been established in support of education, gender mainstreaming, and cofinancing. Once an operational department reaches or exceeds the preestablished targets it will receive a reward out of the pool, on top of its regular allocations, of 2% if the

targets are met and more than 2% if exceeded.

The next section of the report presents an outline of the core areas of Strategy 2020 and illustrates how cofinancing supports them, with case studies in each.<sup>1</sup> The various instruments at ADB's disposal for promoting cofinancing are discussed in Box 1, while Box 5 on page 45 describes the bilateral and multilateral institutions with which ADB is partnering. ■

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<sup>1</sup>The projects discussed may represent more than one theme—for example, many infrastructure projects have environmental elements, and so on.

## 2010 Operational Highlights

Total cofinancing in 2010 (direct value-added and non-direct value-added): \$6.88 billion.

Direct value-added cofinancing for investment projects and programs: \$3.52 billion for 43 projects and programs in 2010 vs \$3.35 billion for 51 projects and programs in 2009.

Technical assistance grants: \$161.95 million for 119 projects in 2010 vs \$105.63 million for 128 projects in 2009.

Trust fund new contributions and replenishments: \$147.4 million in 2010 vs \$196.3 million in 2009.

Largest bilateral cofinancier (value): Japan at \$959.76 million (2010 loan and grant approvals, including Japan Fund for Poverty Reduction).

Largest total cofinancing amount for a single project: \$1.64 billion for the Padma Multipurpose Bridge Project in Bangladesh.

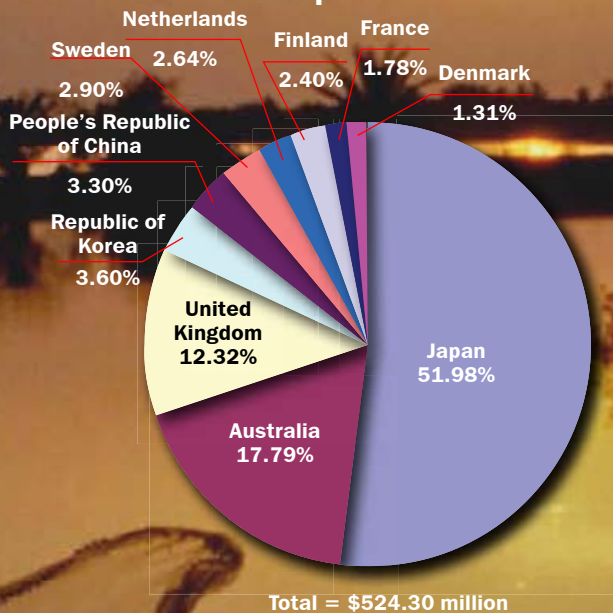
Largest single-source cofinancing amount: \$300 million for each of the Padma Multipurpose Bridge and Talimarjan Power (Uzbekistan) projects (both cofinanced by Japan).

Largest provider of grants for project components: Australia, at \$47.28 million.



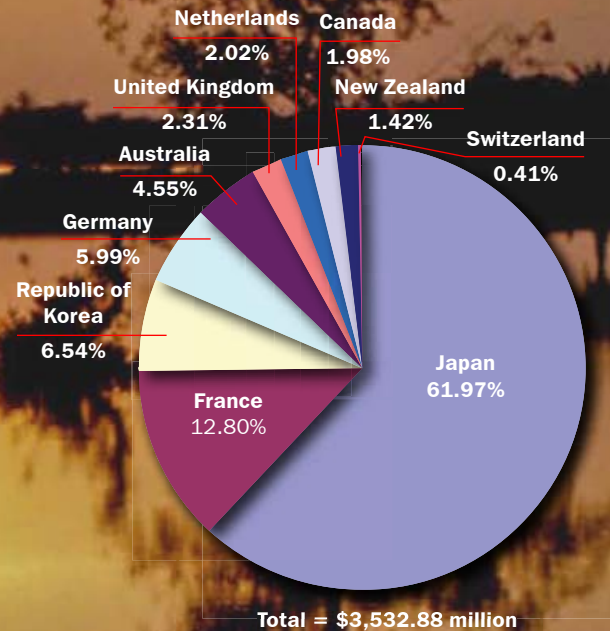
### Cofinancing Approvals, by Donor (Technical assistance, 2006–2010)

#### Top 10

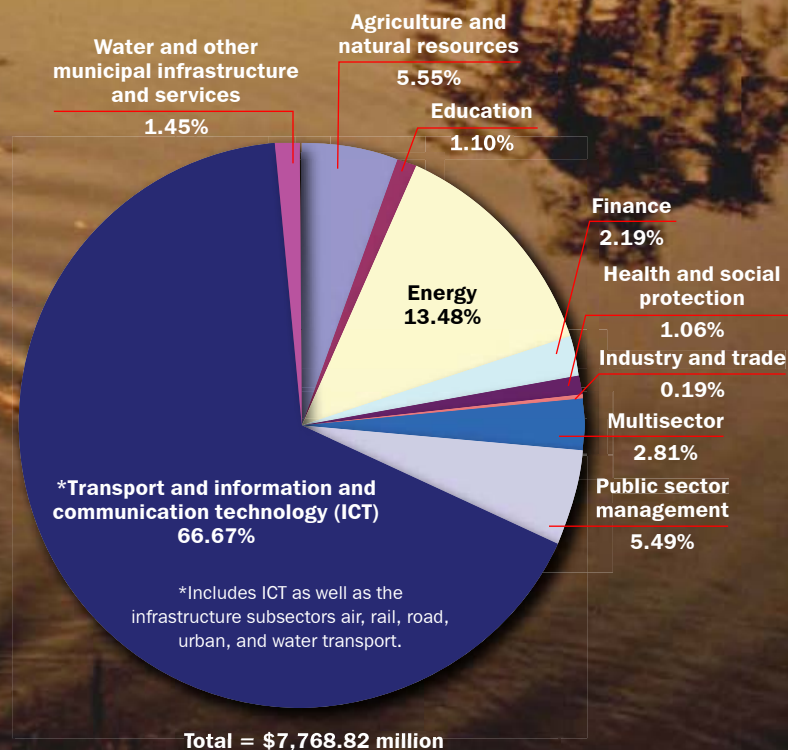


### Cofinancing Approvals, by Donor (Loans and grants, 2006–2010)

#### Top 10



### Cofinancing Approvals, by Sector (Loans and grants, 2006–2010)



# Infrastructure

As noted earlier, the estimated need in developing Asia for infrastructural investment is vast, at some \$8.0 trillion over the next 10 years. According to the 2009 ADB study *Investing in Sustainable Infrastructure: Improving Lives in Asia and the Pacific*, countries in the region must spend about 6%–7% of gross domestic product on infrastructure to sustain strong

economic growth, much more than the average public sector investment of just 3%–4% managed in recent years (ADB 2009a, p. 14).

ADB's main operational focus is on infrastructure and the bulk of ADB's cofinancing similarly targets that sector, with projects expected to account for 77% of ADB loans and grants by 2010–2012. This report looks at

urban, energy, transport, water and sanitation, and communications infrastructure.

## Urban Infrastructure

As some 44 million Asians each year move into the region's booming cities, neglect and years of insufficient investment in infrastructure have led to overcrowding and unhealthy living conditions.



Infrastructure projects are expected to account for 77% of ADB loans and grants by 2012.



To help address these issues ADB in 2010 set up the multi-donor Urban Financing Partnership Facility (UFPF) in support of wide-ranging urban development projects, including water supply and sanitation, solid waste management, public transport, renewable energy and energy efficiency, and district heating/cooling. (See Box 2 for a discussion of financing partnership facilities.)

The Government of Sweden was the first donor, in 2010 committing the equivalent of about \$14 million in grants, through the Swedish International Development Cooperation Agency,

to the Urban Environmental Infrastructure Fund, the first fund established under the UFPF.

Sweden also provided a guarantee amounting to \$70 million, a novel mechanism that leverages resources by guaranteeing part of the risk that commercial lenders face in financing urban environmental infrastructure in developing countries. In the wake of the global financial crisis, the regulatory environment and internal risk management policies of international lenders have become even more restrictive, such that without these guarantee mechanisms it would not be possible to tap this important source of commercial cofinancing.

The UFPF may also be used to set up other trust funds and finance a wide range of activities in the areas of technical assistance, capacity development, and knowledge networking.

Another objective is to strengthen UFPF collaboration with the Cities Development Initiative for Asia (CDIA), a multidonor regional partnership program established in 2008 that links cities to the financing they need to improve urban services (see ADB 2009).

Supported by ADB and the governments of Germany, Spain, and Sweden, it has a pipeline of urban lending in 2011 of around \$3.9 billion (both ordinary capital resources and Asian Development Fund), suggesting significant potential demand for supplementary cofinancing through the UFPF.

The CDIA has identified investment opportunities of around \$10 billion in areas such as public

transport, inner city revitalization, water and wastewater, solid waste management, and energy efficiency. In 2010, Sweden contributed almost \$1.37 million to the regional technical assistance project Managing Cities in Asia, which supports CDIA components.

Cofinancing is also highly important to investment projects funding new infrastructure. In Viet Nam, for example, booming Ho Chi Minh City has begun two major programs to help decongest traffic-clogged streets, with cofinancing in both. This includes a program of almost \$1.4 billion to construct a second metro rail line in the city, which involves cofinancing, as well as a project of about \$1.6 billion to complete a modern expressway allowing traffic to bypass the city center.

The population of greater Ho Chi Minh City is expected to grow from about 9 million now to almost 14 million by 2025, which of course will mean more traffic, particularly as people switch from motorcycles to cars as incomes rise.

Germany has committed to contributing \$313.0 million to the 11.3-kilometer metro rail line, the European Investment Bank \$195.0 million, ADB \$540 million from a multitranche financing facility (MFF), and the government \$326.5 million (ADB 2010a).<sup>2</sup>

Running from Ben Thanh in the central area of the city, past the Tan Son Nhat International Airport, to Tham Luong, the line is expected to carry about 213,000 passengers a day in its first year in 2017, 300,000

<sup>2</sup>See the appendixes for a complete list of projects in 2010 and the reference list at the end of the main section for project links.



## Box 2: Financing Partnership Facilities

**B**egun in 2006, the financing partnership facility (FPF) is a “platform” for providing what is considered more sustained and coordinated financing of projects.

There are now four such facilities, focused on the core areas of Strategy 2020: the multi-donor Urban Financing Partnership Facility (UFPF) launched in 2010 and the Water Financing Partnership Facility of 2006, as well as the Regional Cooperation and Integration Financing Partnership Facility and the Clean Energy Financing Partnership Facility, both launched in 2007.

### Financing Mechanisms

The financing mechanisms may include any of the various funding instruments or structures used for cofinancing, not only trust funds—

from loan cofinancing to financing framework agreements or cooperation arrangements for knowledge provision and exchange. Indeed, they may include any other form ADB and its financing partners can agree upon.

Subprojects or components may be fully financed by cofinanciers on a stand-alone basis, linked to an established ADB program or facility, and administered by ADB.

FPF funds may also be delivered as concessional loans, grant components of investment projects, or technical assistance, although concessional loans have not yet been used.

### Independent Review

In an independent review of three of the four FPFs, completed in 2010, the instruments were rated *successful* overall, looking both at the facilities

themselves and the projects under their funds. Only three of the four facilities were assessed in that the UFPF had only recently been launched. Four measures were used:

**Relevance:** Measured as a useful platform for strategic, long-term, and multi-partner cooperation, FPFs were found *relevant* in their general compliance with eligibility criteria and flexible in devising innovative delivery modes. Had they taken full advantage of the range of mechanisms envisaged (not just trust funds), *relevance* would have been higher.

**Effectiveness:** In delivering their intended outputs and outcomes, at the facility level, FPFs were generally found *effective*, although it was still too early to assess the achievement of FPF outcomes and impacts. Likewise, at the project level, there was evidence that some projects had achieved



expected outcomes, but in general it was still too early to draw conclusions on the other grant and technical assistance projects.

**Efficiency:** Measured for efficiency in using resources, FPFs were rated less *efficient*, FPF service levels (setting up trust funds and day-to-day administration of trust funds, processing, and administering projects) were found to be too high for the sizes of the FPFs and the number of financing partners involved. The processing cycle for projects financed from nondelegated trust funds was found to be excessively long, while implementation delays contributed to the lower rating.

**Sustainability:** In the likelihood that achieved outcomes could be maintained the FPFs were rated *likely sustainable* (but on the low side). At the facility level, institutional sustainability is considered likely due to the high coordination and collaboration among the ADB units involved. But future financial sustainability is not fully guaranteed, given no clear indication of new funding. At the project level, sustainability of outcomes appears likely, although it is still too early to draw firm conclusions.

One lesson highlighted by the review is that there would be potential benefits from consolidating the trust funds currently outside the FPFs into the facilities. This would diversify the sources of finance (and increase the nonmonetary financing mechanisms provided), thereby improving both *relevance* and financial sustainability and increasing economies of scale. ■

\*For more information on lessons learned and recommendations go to [www.adb.org/Documents/SES/REG/SES-OTH-2010-74/default.asp](http://www.adb.org/Documents/SES/REG/SES-OTH-2010-74/default.asp)

by 2020, and over 700,000 by 2035.

The 57-kilometer Ben Luc and Long Thanh expressway, meanwhile, will allow road traffic to bypass the city center, with completion expected in 2017. ADB in 2010 released a further \$636 million from an MFF financing the project, while the Government of Japan may provide \$635 million (ADB 2010b).

The Ho Chi Minh metro project, it should be noted, also complies with the standards set down in ADB's newly approved Sustainable Transport Initiative (STI), which aims to encourage the construction of transport infrastructure around the region that is accessible, affordable, safe, and environmentally friendly (see Box 4). Additionally, ADB plans to establish the Sustainable Transport Partnership Facility to support the STI and to provide a mechanism for partners to contribute financing and expertise (see Box 5).

A smaller transport project—the Kathmandu Sustainable Urban Transport Project—launched in 2010 to improve services in the city, likewise, complies with the STI. With a grant/loan package from ADB of \$20 million and a \$2.52 million grant from the Global Environment Facility, it will promote the use of electric or low-emission vehicles, construct pedestrian-only areas, and improve sidewalks and other facilities, among other things (ADB 2010c).

### Energy Infrastructure

Primary demand for energy in developing Asia is projected to nearly double from 2006 to 2030. To meet it, over \$7

trillion will be needed for energy infrastructure from 2007 to 2030. Outdated and poorly maintained infrastructure—or simply a lack of infrastructure—contribute to energy inefficiency and significant environmental degradation.<sup>3</sup> If business-as-usual energy use continues, developing Asia could account for 17 billion tons of energy-related carbon dioxide emissions a year in 2030, or 43% of global emissions from energy use (ADB 2009a, pg. 6).

A project approved in 2010 to improve electricity distribution on the Indonesian islands of Java and Bali provides a recent example of ADB joining forces with a development partner in support of energy efficiency. France's Agence Française de Développement (AFD) is cofinancing the Java-Bali project with a \$50 million loan that, in conjunction with a \$50 million loan from ADB, aims at overhauling a key power distribution network in a bid to save energy and cut greenhouse gas emissions (ADB 2010d).

The project will rehabilitate the overburdened distribution network of the two islands and introduce energy-efficient compact fluorescent lamps and light emitting diodes. These measures will help reduce peak power load demand and system losses and contribute to sizeable cuts in greenhouse gas emissions. The project is also helping the State Electricity Corporation invest about \$1.2 billion from 2010 to

<sup>3</sup>Many energy projects also fall under the core area of environment and are explored further on page 21.



2014 to improve efficiency in the distribution sector.

Increasingly sophisticated cofinancing arrangements can also help cushion the financial impact on poor countries of implementing expensive infrastructure projects. For example, the \$100 million Power Sector Expansion Project of 2007 in Samoa included a loan buy-down mechanism (LBM) (ADB 2007). Australia contributed a grant of A\$4 million into an ADB-managed fund to finance the LBM, which will be used to buy down a portion of the loan during repayment. It contains provisions under which Samoa must meet specific reform measures by 2012 for the LBM to take effect, an innovative approach to promoting reforms in developing countries.

More generally, the project helped improve the cost effectiveness, quality, and reliability of electricity services in the Pacific Island country, with financing of \$88 million from ADB, Japan, and Australia.

### **Funding Clean Energy**

Another of the recently established financing partnership facilities, meanwhile, is helping to increase investments in clean energy. The Clean Energy Financing Partnership Facility (CEFPF) in 2010 provided nearly \$36 million to 34 projects financing more efficient and less polluting energy technologies, raising its cumulative total to about \$64 million for 69 projects. Secured commitments in 2010 reached more than \$90 million.

Backed by funding from Australia, Japan, Norway, Spain, and Sweden, CEFPF projects are



helping developing Asian countries improve energy security and shift to low-carbon economies. By the end of 2010, the facility's projects had catalyzed clean energy investments of \$1.1 billion.

Among the funds under the CEFPF, Japan's Asian Clean Energy Fund (ACEF) in 2010 supported eight projects totaling \$10.13 million. The ACEF focuses on countries where organizers have determined it can have high impact, including Bangladesh, Bhutan, Cambodia, Indonesia, Lao People's Democratic Republic (Lao PDR), Nepal, Pakistan, and the Philippines.

The Danish Cooperation Fund for Renewable Energy and Energy Efficiency in Rural Areas also provided support for clean energy projects. It provided technical

assistance of \$983,000 overall in 2010, including \$833,000 to help Nepal increase energy access among poor people (ADB 2010e). Supporting ADB's Energy for All Initiative, the fund finances renewable energy such as wind, solar, and hydro that can help meet energy demands without threatening ecosystems or degrading natural resources. An estimated 800 million people in developing Asia currently have no access to basic electricity and some 1.8 billion rely on traditional biomass fuels for cooking and heating.

### **Transport Infrastructure**

The challenge of transportation throughout developing Asia looms large as the region's economies



expand and the need for mobility becomes ever more important. Good roads and bridges are crucial for connecting remote regions to health and education facilities in bigger urban centers and for promoting access to markets in general.

But the region's transportation networks, despite many outstanding projects, remain inefficient and insufficient in many countries. They are too often dependent on resource-intensive private transportation, contributing to environmental problems and hindering economic growth, while poor maintenance often means new roads quickly deteriorate after construction is completed.

Transport-related investment accounts for about 24% of total ADB lending, while cofinancing has been used in a number of recent projects to overcome the often high costs of installing modern road networks and infrastructure.

In November 2010, for instance, ADB and cofinancing partners teamed up on a \$2.92 billion project to build a bridge over the 5-kilometer-wide Padma River in Bangladesh. The World Bank, the Japan International Cooperation Agency, and the Islamic Development Bank have joined the effort, which will construct a two-level, 6-kilometer steel truss bridge with a four-lane highway and a lower deck, with a single-track railway to be added in the future. Completion is expected in December 2015 (ADB 2010f).

By better connecting the underdeveloped southwest region to the capital, Dhaka, it will open significant new economic

opportunity to the region's residents. At present, passengers and freight must cross the Padma—at the confluence of the Ganges and the Jamuna rivers—on insufficient ferries and smaller vessels that are frequently suspended during bad weather, leaving the region relatively isolated.

The bridge will also form part of the proposed Asian Highway route that connects Asia to Europe, thus promising a significant contribution to regional integration and cooperation.

A similar bridge across the Jamuna River in Bangladesh, linking the northwest to the east, has stimulated economic growth and reduced poverty, with similar benefits expected in the southwest.

There was also significant cofinancing in 2010 for transport

projects in the ADB-supported regional development programs, including the Greater Mekong Subregion (GMS) Economic Cooperation Program or the Central Asia Regional Economic Cooperation (CAREC) Program. These are discussed in the section on regional cooperation and integration.

In the Pacific, cofinancing for transport infrastructure is also being implemented under the Pacific Region Infrastructure Facility (PRIF), launched in 2008 with support from the Australian Agency for International Development, the New Zealand Aid Programme, ADB, the World Bank, and the European Union. Partners committed A\$200 million in funding over 4 years at its establishment.





The bridge across the Jamuna River in Bangladesh: a new project is now underway to build a similar bridge across the Padma River.

In 2010, the PRIF supported a \$12.0 million loan for a project in Kiribati to help rehabilitate and upgrade the road network in South Tarawa, the official capital. By improving the poor condition of the country's most important roads, it will better connect about 42% of Kiribati's population to clinics, markets, and other services in the town of Bairiki (ADB 2010g).

The PRIF is also supporting road improvement in the Solomon Islands, with a grant package in 2009 to replace or upgrade about 30 water crossings, reconstruct about 20 kilometers of roads, and relocate selected roads for climate change adaptation (ADB 2009b). With a \$15 million ADB grant, an initial \$2.9 million from Australia, an expected \$3.34 million from

the European Union, and \$1.16 million equivalent from the government, the project aims to improve access to markets and health and education services for rural and urban households.

An environmental component will ensure that the roads and bridges are rebuilt to withstand the extreme weather events that could occur under climate change.

### Water and Sanitation

More than 600 million people in the region lack access to safe drinking water and nearly 2 billion are without adequate sanitation facilities. Increasing water scarcity and pollution are compounded by economic growth, population pressures, and rapid urbanization, while water security is a major

concern for many countries in arid and semi-arid regions.

Such problems are particularly acute in areas recovering from conflict. Crucial water-related infrastructure in Sri Lanka, for example, deteriorated or was damaged during nearly 30 years of civil conflict (ending in May 2009).

To address these issues, ADB and AFD in 2010 jointly financed a project that will help rehabilitate and expand water and sanitation infrastructure in the Jaffna and Kilinochchi districts of Northern Province. ADB is providing a \$90 million loan package, AFD \$40 million, and the Sri Lankan government \$34 million (ADB 2010h).

Among other things, the project will rehabilitate and

improve reservoirs and construct a water treatment and distribution system serving the two districts, while a sewage collection and treatment system will be built for Jaffna Municipality (Sri Lanka is discussed further in the next section, Conflict and Disaster).

ADB and AFD in 2010 also cofinanced a project to rehabilitate one of Viet Nam's oldest and largest irrigation and drainage systems, located in the heart of the Red-Thai Binh river basin. Irrigated agriculture (largely for rice) is by far the largest user of water in Viet Nam, but in recent years aquaculture and other crops have combined with strong economic growth to raise the demands on water resources.

Backed by an AFD loan of \$28 million equivalent, ADB in 2010 approved a \$100 million concessional loan to improve irrigation in the Red-Thai Binh system. The project will also fund education facilities to train engineers in water-related fields to meet the heightened demand of the rapidly growing economy (it will help build a campus for Water Resources University) (ADB 2010i).

ADB's Water Financing Partnership Facility (WFPF), established in 2006, meanwhile, provides significant funding for water-related infrastructure in its support of the ambitious Water Financing Program. ADB aims during 2011–2020 to provide better water resources for some 340 million people throughout Asia and the Pacific, including access to safe drinking water and better sanitation for 200 million, and



**Boats and other ferry services are often disrupted by bad weather and frequently overloaded.**

fewer floods and more efficient irrigation or drainage for the rest.

With commitments totaling \$48 million at the end of 2010 from Australia, Austria, the Netherlands, Norway, and Spain, the WFPF has so far helped leverage over \$4.0 billion in additional water investments.

In 2010, the WFPF Multi-Donor Trust fund provided \$3.35 million for six projects: two regional projects—\$1.5 million for knowledge support for the Water Financing Program and \$1.0 million in the area of climate change response in the region—and projects to improve irrigation management in the Indian state of Chhattisgarh, water supply in Ho Chi Minh City, and reservoir management and participatory

irrigation in the People's Republic of China.

### **Conflict and Disaster**

As noted in the discussion of the Sri Lankan irrigation project above, cofinancing provides an important tool for rebuilding basic infrastructure in countries recovering from prolonged military conflict.

In Afghanistan, for example, the country still needs infrastructural investment of about \$4 billion through 2012, far more than the government or any single funding agency can provide. To that end, late last year, ADB created the Afghanistan Infrastructure Trust Fund to help pool public and private resources. Stronger transport links, greater



energy security, partnerships for the development of mineral resources, and support for private sector development are needed.

The new fund—designed to provide grant cofinancing alongside ADB-funded infrastructure projects—will allow bilateral, multilateral, and private-sector contributors to form partnerships with ADB to finance infrastructure investments such as roads, railways, airports, energy facilities, and irrigation systems. Japan is committing funding of \$20 million, while ADB is in discussion with other donors to do so (see Box 4).

In Sri Lanka, meanwhile, ADB's Conflict-Affected Areas Rehabilitation Project (CAARP) in 2003 had already begun assessing the need for restoration of infrastructure destroyed during the country's conflict, giving priority to electricity, expediting the installation of medium-voltage lines, and rural electrification schemes. Norway provided a grant of \$8.6 million for the power and electrification component of the project, implemented through the Ceylon Electricity Board, with some 27,000 households helped to reconnect to the main power grid. The Norwegian grant covered over 18,000 households in the northern districts and upgraded the medium voltage network to provide additional load (ADB 2003).<sup>4</sup>

ADB and the European Union in 2010 also completed a project to rehabilitate major sections of

coastal roadways damaged by the 2004 tsunami in Sri Lanka. With a total of more than \$69 million (equivalent) from the EU, it was hailed as *highly successful* (ADB 2005).

Done under a component of the already established Tsunami Affected Areas Rebuilding Project, it rehabilitated the 158-kilometer Matara-Wellawaya road and the 78-kilometer Siyambalanduwa-Akkarapattu road and restored basic social infrastructure, community and public services, and livelihoods.

### Communications Infrastructure

Despite the huge potential of information and communication technology (ICT), its usage and diffusion are inadequate and the benefits unevenly distributed. This is particularly evident in least developed countries and in rural and remote areas. Although around 70% of people in the region use a mobile phone, only 14% have access to the internet, and only 3% have access to broadband internet. Consequently, the use of ICT for development applications—such as e-government, e-health, and e-education—remains limited.

Among the sources of cofinancing for communications technology, the Republic of Korea's e-Asia and Knowledge Partnership Fund was created in 2006 with a \$20 million endowment, its two portions providing financing in two different areas. In 2010, it funded ten projects totaling \$4.9 million (see Appendix 2).

The "e-Asia program" supports projects to help bridge the digital divide through ICT, such as

research, education and training, information dissemination, innovative approaches to promoting ICT, and so on. The "Knowledge Partnership program" supports projects promoting knowledge and sharing of information and experience in poverty reduction and social development through workshops, training, research, and publications.

### Enticing the Private Sector

In closing the huge infrastructure gap in the region, of course, the

<sup>4</sup> In 2010 ADB also approved a \$150 million emergency assistance loan to Sri Lanka for reconstruction of infrastructure and restoration of essential services in regions damaged by the war.







public sector cannot operate alone. Greater private sector participation is essential. This Donor Report deals only with official cofinancing, but such financing is instrumental in laying the groundwork for making it easier for the private sector to take part.

The private sector is often reluctant to commit capital to projects in low-income countries because of the high, early-stage risks of developing infrastructure, such as uncertain regulatory,

institutional, and political environments, or currency, credit, and market risks. Strategy 2020 recognizes the difficulties of drawing private players into infrastructure development in low-income countries.

In this area, ADB has participated in two multidonor facilities whose objectives are to catalyze the involvement of the private sector in financing infrastructure in developing countries.

One of these is the Public-Private Infrastructure Advisory Facility (PPIAF), a multidonor technical assistance facility<sup>5</sup> set up in 1999 to help developing

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<sup>5</sup>The facility is financed by 17 other multilateral and bilateral donors including Australia, Canada, European Union, France, Germany, International Finance Corporation, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom, United States, Millennium Challenge Corporation, and the World Bank. PPIAF funds are untied and grants are provided on a demand-driven basis.



## CASE STUDY

# Clean Power to Benefit All

Hydropower projects in Pakistan and the Lao People's Democratic Republic demonstrate the value of cofinancing in meeting the complex and expensive needs of major infrastructure projects.

**N**ayyar Alauddin and Purdil Khan Shinwari—the Technical Deputy Director and Project Chief Engineer of the Ghazi Barotha Hydropower Plant in Pakistan—are rightly proud as they

walk the gallery of the five giant underground generators at this huge facility, enough for the needs of 1.5 million Pakistanis.

Jointly financed by ADB, the World Bank, the European

Investment Bank, the Islamic Development Bank, and Japanese and German funding agencies, it was constructed with close attention to strict environmental and social standards and raised thousands of local people out of rural poverty through jobs, better social conditions, and equitable settlements.

The plant, which began commercial operations in May 2004, employed 10,000 people during construction, while nongovernment organizations provided vocational training to 8,000 as heavy equipment operators, electricians, and others. This training continues today as one of many social legacies of the project.

The Ghazi Barotha Taraqiat Idara, a unique project-dedicated nongovernment organization set up at the hydropower project's inception to ensure the participation and consultation of local residents, helped resolve land compensation and resettlement issues and completed 422 infrastructure schemes benefitting some 40,000 households.

Huge projects like Ghazi Barotha underscore the importance of cofinancing to sourcing the long-term funds needed for expensive infrastructure. By bringing the resources and expertise of many development partners to bear, cofinancing allows relatively poor countries to build top-of-the-line facilities, yet with strict attention



Power generated by Nam Theun 2 is being sold to Thailand and generating revenues for poverty reduction.





to environmental standards and enriching the lives of the poor in the areas affected.

### Nam Theun 2

Similarly, the Nam Theun 2 hydroelectric dam project in the Lao People's Democratic Republic effectively coordinated the resources of many institutions

in a long-term, concerted effort. Among the 27 institutions financing the \$1.43 billion project were the World Bank, the European Investment Bank, Agence Française de Développement, and ADB.

The plant began operations in March 2010 with generating capacity of 1,070 megawatts. It sells 90% of its electricity to

Thailand, the revenues of which are expected to provide Lao PDR \$2 billion over 25 years, for use to improve health and education services and fund poverty alleviation programs. Before the project, more than half of families in the surrounding Nakai Plateau lived in poverty, child mortality rates were high, clean drinking water scarce, and sanitation almost non-existent. Today, the vast majority are better off.

The project invested over \$60 million in downstream water quality management—with better-than-expected results—and is disbursing \$1 million annually for the protection of the 4,000 square kilometer Nakai-Nam Theun Biodiversity Conservation Area. The plant releases 35 times less greenhouse gases than a coal-fired power plant of equal size. ■



**Nam Theun 2 was constructed with strict attention to environmental safeguards.**





countries fully tap private sector potential in this area.

ADB joined the PPIAF in 2001 and by end-2009 had contributed \$1.75 million. It extended its trust fund agreement to October 2012 to allow implementation of ongoing PPIAF-funded technical assistance operations in ADB and at the same time approved a new contribution of \$500,000.

In partnering with PPIAF, ADB has been able to draw on international best practice in providing advice to its developing member countries in matters relating to public-private partnerships in infrastructure and subnational borrowing. Some 13 technical assistance operations have been financed so far, and the expectation is that ADB, in

addition to knowledge sharing, will soon be able to leverage its contribution by having access to the pool of PPIAF funding provided by other donors.

The other facility is the Private Infrastructure Development Group (PIDG) set up in 2002. It uses a range of specialized investment and technical assistance vehicles to develop infrastructure projects in frontier countries to the point where they become attractive to the private sector. The group invited ADB to strengthen its capabilities and cooperation in Asia and the Pacific with funding for selected initiatives, fitting well with ADB's efforts to increase private sector participation in infrastructure.

To this end, ADB in December 2009 contributed \$1.0

million to the PIDG Technical Assistance Facility, which helps the investment vehicles and affiliated programs to identify, develop, and implement projects. Out of that contribution, about \$200,000 has been committed to support studies on hydropower plants in Nepal and a tollway project in Thailand.

More recently a \$300,000 technical assistance operation was approved that responds to the Indian government's request for advice on developing a solid waste disposal strategy for the fly ash subsector, with a view to developing fly ash reuse facilities on a public-private partnership basis in the country's poorer states, including Bihar, Madhya Pradesh, Orissa, and West Bengal. ■

# Environment

Unless approaches to economic growth are altered, environmental problems could ultimately hinder long-term prospects in Asia and the Pacific. Air pollution is already the worst in the world, and environmental pressures on land, forests, water, and other natural resources are crushing.

The Asian energy sector's share of global carbon dioxide emissions

more than tripled to about 28% in 2005, from about 8% in 1980, while the International Energy Agency forecasts a doubling of the region's energy demand by 2015.

Supporting environmentally sustainable growth is central to ADB operations. Projects are focused on promoting clean energy, sustainable transport and urban development, land use and forest management, climate

change mitigation and adaptation, as well as strengthening policies, governance, and technical capacity in this area.

An average of 41% of ADB's planned projects for 2010–2012 are expected to mainstream environmental and climate change considerations.

Clean energy investments, for example, have become one of ADB's highest priorities as



**An average of 41% of ADB's planned projects for 2010–2012 are expected to mainstream environmental and climate change considerations.**



it seeks to expand renewable energy generation capacity and to promote greater energy efficiency. To help developing member countries address climate change, ADB is promoting efforts to reduce greenhouse gas emissions, climate-resilience projects, and use forest management for carbon sequestration. These investments are accompanied by policy advice and capacity building.

### Climate Change and Energy Efficiency

In addition to a \$10 million replenishment of ADB's own Climate Change Fund, ADB has strengthened collaboration with development partners in mobilizing additional resources for climate actions, such as through the Climate Investment Funds, under which donor funds are channeled through multilateral development banks to help developing countries pilot low-emissions and climate-resilient development.

Within ADB, considerable funding in the environmental area is also channeled through trust funds and through the Clean Energy Financing Partnership Facility (CEFPF) and Water Financing Partnership Facility.

One project, funded by Japan through its Asian Clean Energy Fund (ACEF), discussed earlier under the CEFPE, is studying the feasibility of wind power in the northern Philippines to reduce the country's reliance on coal and oil-fired power and cut greenhouse gas emissions.

Japan in 2010 provided a technical assistance grant of up to \$630,000—administered by ADB—to prepare three potential

### Box 3: Trust Funds

**T**rust funds channel grants from cofinancing partners to finance ADB technical assistance projects and investment project components. Through trust funds, ADB's partners provide ADB with lump-sum untied grants to cofinance interventions for a theme, sector, or group of countries. ADB provides full administration of the funds.

The main advantage is that a single agreement can cover a number of projects, reducing the need to negotiate on a case-by-case basis. In 2010, new contributions and replenishments of trust funds totaled \$147.4 million, compared with \$196.3 million in 2009.

The Japan Fund for Poverty Reduction (JFPR) is the largest single-donor trust fund available to ADB, with its focus on several areas, including alleviating poverty and renewable energy. (See case study, page 24.)

A single donor may set up a fund to underscore its development priorities, such as the United Kingdom's Poverty Reduction Cooperation Fund, created in 2002 to help ADB reorient and supplement its portfolio in line with its poverty reduction objectives and to enhance its potential to contribute to the

Millennium Development Goals.

The People's Republic of China's Regional Cooperation and Poverty Reduction Fund, meanwhile, is the first fund set up by an ADB developing member country. It promotes faster economic and social development through regional cooperation with a priority on the Greater Mekong Subregion and the Central Asia Regional Economic Cooperation program. It provided \$2.4 million for five projects in 2010. Among them, it provided \$500,000 for Supporting the Boao Forum for Asia and the Asian Exim Banks Forum in Dialogues on Regional Economic Integration and Partnership. It is the first technical assistance to the Boao Forum and is aimed at facilitating policy dialogue and information exchange. Most thematic trust funds, however, are based on a multidonor concept, that is, where many partners get together to contribute funds for a particular sector or theme, such as environment, regional cooperation, HIV/AIDS, financial sector development, or gender equality.

wind farm projects on the island of Luzon (ADB 2010j). This includes annual energy production estimates, and assessments of environmental impacts, social acceptability, wind energy and related issues, and so on.

The Philippines generates a large portion of its electricity from imported coal and oil, exposing it to considerable price volatility in world markets and energy security

concerns. A 2008 government "energy roadmap" set a target of doubling the installed generating capacity from renewable energy to 5,300 megawatts by 2030. The Northwind Bangui Bay Power Plant in northern Luzon is, for now, the country's only wind power facility.

The ACEF in 2009 also provided \$1.5 million to support distribution of energy-saving light





bulbs in a project in the Philippines promising to save millions of pesos and to reduce debilitating power failures.

Among the 2010 projects supporting cleaner energy, was the Java-Bali Electricity Distribution Project, discussed in the previous section.

### **Environmental Protection**

Often referred to as “the Amazon of the Seas,” the Coral Triangle covering areas in Southeast Asia and the Pacific contains about 76% of all known coral species and 37% of coral reef fish species among its vast natural wealth. It is also crucial to the economic and food security of an estimated 120 million people.

Yet climate change, overfishing, and other unsustainable practices put these resources at immediate risk.

The Coral Triangle Initiative on Coral Reefs, Fisheries, and Food Security (CTI) was launched in 2007 as a six-country program of regional cooperation to protect the region.

Located along the equator at the confluence of the Western Pacific and Indian Oceans, the Coral Triangle’s boundaries cover all or part of seas around Indonesia, Malaysia, Papua New Guinea, Philippines, Solomon Islands, and Timor-Leste.

In 2010, ADB, the Global Environment Facility (GEF), and the Australian Institute of

Marine Science announced a grant package of just over \$15 million, including \$13.1 million from the GEF, to better manage and provide more sustainable financing networks to the marine areas under management. Participating governments will together provide about \$3.0 million.

Covering Papua New Guinea, Solomon Islands, and Timor-Leste, in addition to Fiji and Vanuatu outside the triangle areas, the project will strengthen watershed and coastal management systems and test measures for improving climate change adaptability. ■



## CASE STUDY

# Renewable Power

Micro hydropower stations and other infrastructure financed by the Japan Fund for Poverty Reduction are helping villagers in the Philippines escape poverty.

**W**hen residents in the hard-to-reach districts of Toboso on the Philippine island of Negros heard they would soon get electricity from a micro hydropower project, many of them refused to believe it.

But after a couple of years and many meetings, Winrock International, the implementing agency behind the project—Renewable Energy and Livelihood for the Poor in Negros Occidental—converted the doubters. When a 26-kilowatt (kW) power plant on the Dalinson River was opened for business in mid-2008, villagers celebrated with typical Filipino zeal: roasted pork, midday fireworks, and singing and dancing.

With JFPR funding, the project built three micro hydropower plants with an aggregate output of 88 kW to provide energy to 308 homes and rice and corn mills.

The JFPR is ADB's largest single-donor fund. Begun in 2000 and available to all ADB developing member countries, its funding now stands at nearly half a billion US dollars and has helped ADB clients







provide direct relief to the poorest and most vulnerable.

The isolation of communities like Toboso, often caused or worsened by poor roads, can make it hard to attract economic opportunity. Roads over rugged terrain or built on clay-like soil can pierce tires or sink vehicles up to the axles. Even on foot,

farmers can take a half day to carry produce 6 kilometers down to the town, using patches of grass running down the middle of the road to negotiate mud and puddles.

The local electric utility, Central Negros Electric Cooperative, could not connect the hard-to-reach parts of the district to the grid

because of the high cost and lack of economic activity.

### Hydroelectric Potential

Isidro Zayco, governor of Negros Occidental, encouraged by the hydroelectric potential of the province's seven large rivers and year-round rains, pushed for the plants to help end the province's rotating power outages.

Dubbed "Renew Negros," the project completed 11 systems in all: the 3 micro hydropower plants, 2 solar-biomass hybrid systems under the environmentally friendly renewable energy plans, and 6 hydraulic ram pump systems for water supply, benefiting more than 1,970 households. Residents of Toboso were trained to form and manage a cooperative—the Vergara Magtuod Development Cooperative—to run the project.

"While the electricity will not totally solve the community's isolation due to the existing bad roads, (it) will boost agricultural production and economic activities that will eventually get the attention of local leaders and business interests, resulting in more development interventions in the area," says Winrock's Jim Orprecio. ■





# Regional Cooperation and Integration

**T**he case for regional cooperation and integration (RCI) has often been made in the Asian context: not only is RCI able to spur economic opportunity through greater physical connectivity, greater

financial integration, and expansion of trade and investment, but it also promotes knowledge sharing and the production of regional “public goods,” such as cooperation in the response to cross-border epidemics or natural disasters.

**Cofinancing helps improve transport networks.**



## Cross-Border Infrastructure

Sustained partnerships in support of the RCI agenda are essential, as evidenced in the context of ADB’s regional development programs: the Greater Mekong Subregion (GMS) Economic Cooperation Program, the Central Asia Regional Economic Cooperation (CAREC), or the South Asia Subregional Economic Cooperation (SASEC) programs among others. Because these need stable and substantial support on a multiyear basis to upgrade or build transport, communications and other networks, they have naturally turned to shared financing of projects.

Among the interesting cofinancing developments, the Republic of Korea has become an important source of funds for infrastructure in the last few years in the GMS.

In 2008, it signed a memorandum of understanding (MOU) with ADB to increase funding from its Economic Development Cooperation Fund (EDCF), earmarking \$500 million for ADB projects. Of recent approved projects, all were bound for the region. The relatively successful performance under the MOU has organizers considering a new memorandum and increasing 3-year funding to more than \$500 million.

EDCF funding is supporting road projects in the “economic corridors” the GMS Program is establishing to boost trade, tourism and other economic activities along selected routes, and, thus, reduce poverty.

In 2010, for example, the government of Republic of Korea provided a \$70 million loan to Viet Nam for the Southern Coastal Corridor Project (ADB 2010l), which runs 924 kilometers from Bangkok, Thailand, through Cambodia to Nam Cam in southern Viet Nam.

Support is helping to rehabilitate 15 kilometers of national road in Cambodia (expected to be completed in 2012) that links to the Vietnamese border and 96.1 kilometers of national highway in Viet Nam. This includes building two bridges across the Cai Be and Cai Lon rivers (expected to be completed in December 2014).

The Republic of Korea also provided a \$37.88 million loan in 2010 to the GMS Northern Power Transmission Project in the Lao People’s Democratic Republic (ADB 2010m). ADB is helping the country roll out new power lines in underserved areas to improve living standards and help it export excess power to neighboring Thailand through cross-border interconnection.

Other donors funding road development include the



**Cofinancing helps improve communication networks.**

OPEC Fund for International Development, which in 2010 provided \$12.0 million for the Second Northern GMS Transport Network Improvement Project, part of funding that will go toward

improving 340 kilometers of roads in an economic corridor stretching from Thanh Hoa in northern Viet Nam, through the Lao PDR to Bangkok (2010n).

**Sustained partnerships in support of regional cooperation and integration are essential.**





**Cofinancing can contribute to efforts to expand trade.**

In CAREC, the Japan International Cooperation Agency (JICA) in 2010 provided a large, \$170 million loan for Georgia's \$3 billion, 7-year Road Corridor Investment Program, part of the first tranche of a multitranche financing facility (ADB 2010o).

As the shortest land route connecting Central Asia to Europe, Georgia's main highways are essential to transporting oil and other exports from Central Asian countries, particularly through the Georgian ports of Poti and Batumi on the Black Sea.

JICA also provided a \$68 million loan to Kazakhstan in 2010 for construction on the Zambyl–Oblast section of CAREC Transport Corridor 1. (See case study, page 30 for more on CAREC).

#### **Trade and Investment**

The GMS is also implementing the Cross-Border Transport Agreement to streamline regulations and reduce nonphysical barriers to trade at borders throughout the region. Traffic volumes at border crossings remain low amid slow progress in

establishing the needed rights to increase commercial traffic flows and due to inadequate border infrastructure, leading to poor coordination of goods clearance procedures and raising the cost of delivering goods.

A \$5.7 million technical assistance grant from Australia in 2010 is helping to improve coordination of border management, transit procedures, and implementation of traffic rights (ADB 2010p). This will enable cheaper and faster transport across borders and help the GMS





countries to better integrate production bases and markets for goods.

### **Interregional Capital Markets**

Financial integration across Asia and the Pacific presents significant challenges and opportunities.

Unlike physical connectivity, the financing requirements focus less on hard infrastructure and more on policy advice, regulation, and capacity building.

Without preempting the discussion in the next section

looking at support for financial sector development, a number of regional trust funds have focused on finance-related projects.

For example, Japan's Investment Climate Facilitation Fund (ICFF) in 2010 provided several grants. A \$1.5 million grant to promote an interlinked capital market in the Association of Southeast Asian Nations (ASEAN), \$1.25 million to improve liquidity in ASEAN+3 bond markets, and \$1.1 million to broaden the investor base for local currency bonds in ASEAN+3.<sup>1</sup> The ICFF supports the Regional Cooperation and Integration Financing Partnership Facility.

Another important partnership set up in 2010 in support of regional financial markets was the Credit Guarantee Investment Facility, a \$700 million trust fund created by ASEAN, the People's Republic of China, Japan, the Republic of Korea, and ADB. With operations to start in 2011, the facility aims at promoting financial stability and boosting long-term investment in the region by providing guarantees on local currency denominated bonds issued by companies in the region. This will make it easier for firms to issue local bonds with longer maturities. The credit protection to investors should also help unlock the region's vast savings for needed investment in infrastructure and other key areas.

### **Public Goods**

Other development challenges that transcend national borders and

are therefore best handled from a regional perspective—regional “bads” such as air and water pollution—are addressed in the discussion on infrastructure and environment. But there are separate cofinancing needs for other issues, such as communicable diseases affecting both people and animals.

A prominent example in 2010 included a \$5.0 million grant from Sweden to the ADB Cooperation Fund for HIV/AIDS in Asia and the Pacific, adding to \$14 million already committed. To be released in three installments from 2010 to 2012, Sweden's support has been crucial to ADB efforts to scale up the fight against the disease. Around 4.9 million people in Asia still live with the virus and HIV prevalence in recent years has been increasing even in such low-prevalence countries as Armenia, Bangladesh, Georgia, Kazakhstan, Kyrgyz Republic, Philippines, and Tajikistan. Women and girls are particularly vulnerable. ■

<sup>1</sup> ASEAN+3 includes the ASEAN nations plus the People's Republic of China, Japan, and the Republic of Korea.



## CASE STUDY

# Reconnecting Asia

Cofinancing is playing an important role in efforts to build a transcontinental transport network, including in Azerbaijan.

Outside Baku, Azerbaijan's oil-rich capital, the largely agrarian country is still struggling with the transition to a market economy some 20 years after the fall of the Soviet Union.

But the divide between capital and countryside is narrowing with the upgrading of a road that starts in Baku, on the Caspian Sea, and traverses the length of the country to Georgia, Europe, and beyond. Better transport links and shorter travel times will help revive the agriculture and industry sectors and spur regional growth.

Key sections of the 500 kilometer East–West Corridor have been rehabilitated under projects with cofinancing from ADB, the Saudi Fund for Development, and the Islamic Development Bank. This is part of the larger CAREC Program under which eight countries have agreed to spend \$18.7 billion to modernize and expand six road and rail corridors that were once part of the Silk Road network between the People's Republic of China (PRC) and Europe.

CAREC groups Afghanistan, Azerbaijan, PRC, Kazakhstan, Kyrgyz Republic, Mongolia,







Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. Founded in 1997, it aims to reintegrate trade and transport on the Eurasian continent.

### Using Oil Revenues

In Azerbaijan, the government has committed to using substantial oil revenues, which still account for

over 90% of export earnings, to help the economy diversify and to improve the road network.

Much of the country's attraction is as part of a regional bloc and its future prosperity depends on attracting multinational companies as part of emerging regional trading relationships and ultimately as

part of a network connecting Europe with Asia.

The new road is helping rural industries become more competitive. "Much of the industrial strategy involves processing agricultural goods and accessing the highly competitive and quality-conscious European markets," says Emil Majidov, head of Azpromo, the government agency tasked with encouraging exports and investment.

Majidov aims to persuade small and medium-sized producers in the food-processing sector, for example, to come together to improve product quality as well as become more competitive in marketing and distribution.

The road is also important to resuscitating an agricultural sector still stricken by the dismantling of Soviet-era collective farms. This is evident around Ganja, the country's second largest city 430 kilometers west of Baku. Farmers there are adjusting to new realities, says Arif Jahangirov, deputy director of the Ganja Regional Consulting Centre, a privately funded agency that advises farmers how to increase productivity.

In the village of Morul, 30 kilometers north of Ganja, Oruch Mammedov, a former manager of a collective farm, is now raising crops, breeding cattle, and selling seeds to other farmers, plans to construct a market in a nearby town in hopes that he and other farmers can negotiate better prices as a group. "Better roads will help," he says. ■





# Financial Sector Development

Asia has emerged from the financial crisis of 2008/09 in better shape than other parts of the world, leading to unprecedented calls for the region to assume greater responsibility in the global economy. This good performance is in part a direct result of the region's sweeping reforms in the wake of the Asian financial crisis of 1997/98—such as sustained reduction of non-performing loans at banks and consistent budgetary and current account surpluses at the macro-level—bolstering it against future crises.

Its emergence from the crisis relatively unscathed also reflects the underdeveloped nature of many of the region's financial markets, which did not offer sophisticated financial products, some of which were the basis of the financial troubles in more developed economies.

As Asia's economies expand and become more integrated into the world economy, nonetheless, the development of the financial sector must keep pace in the longer term.

For now, however, many markets fall short of the needs of their expanding manufacturing and trading sectors, regulatory and supervisory frameworks are weak in many countries, and banks often still dominate financial systems. At the same time, the

pace of development varies widely from country to country.

More broadly, financial market globalization, technological development and innovation, and increasing market demands for greater transparency pose significant challenges.

Financial sector development projects are expected to account for about 5% of ADB loans and grants by 2012.

Unlike the financing of infrastructure needs, the demands for promoting financial sector development are less onerous, since



most of it relies on policy advice in the regulatory area.

Among the cofinancing measures tapped to meet them, the Financial Sector Development Partnership Fund (FSDPF), established in 2006, provides a multi-donor platform for grant funding in support of national and regional financial systems.

Luxembourg was the first donor to contribute and has since added several installments, for a total contribution so far of \$5.8 million equivalent (the latest tranche was

paid in 2010 in the amount of about \$2.0 million equivalent).

Recent projects supported include a grant of \$450,000 in 2010 to a long-term program helping Cambodia rebuild its financial sector, in this case under the Second Financial Sector Program Cluster (see case study, page 34).

Within the framework of ADB's Financial Sector Operational Plan currently under preparation, the need for more stand-alone knowledge works, policy advice, and technical assistance has again been highlighted. In addition to ADB partnering with international financial standard setters, the necessity of developing the existing FSDPF into a truly multi-donor facility has been recognized (see Box 4).

On a regional basis, financial sector technical assistance, cofinanced in 2010, has supported the better linkage of capital markets in the Association of Southeast Asian Nations (ASEAN), with \$500,000 from the Republic of Korea's e-Asia Fund and Knowledge Partnership and \$1.5 million

from the Investment Climate Facilitation Fund. They will, among other things, improve ASEAN corporate governance standards, develop regionally oriented capital markets products, study regional tax harmonization, and build capacity among regional capital market regulators.

More locally in 2010, a \$2.5 million grant to Mongolia from the Japan Fund for Poverty Reduction will help overhaul the savings and credit cooperative market and provide basic financial education nationwide, particularly for poor households. Mongolia is passing a law requiring savings and credit cooperatives to be licensed and regulated according to the latest international best practice. The grant will help the Financial Regulatory Commission carry out on-site inspections and field reviews of savings and credit cooperative activities, provide staff training, and introduce a comprehensive evaluation system for measuring results. ■

**Financial sector development projects are expected to account for 5% of ADB loans and grants by 2012.**





## CASE STUDY

# Rebuilding a Financial System

With help from ADB, the Republic of Korea, and Luxembourg, Cambodia has been rebuilding its financial system to meet the needs of a rapidly expanding economy.

**B**efore the 1990s, Cambodia had no formal financial intermediation, its financial system was confined to one institution—the People’s Bank of Kampuchea—and the economy had crumbled after 2 decades of conflict.

By August 2007, a newly established National Bank of Cambodia anchored a banking system that included 16 commercial banks, seven specialized financial institutions, and representative offices of two foreign banks. An economic revival led by private sector expansion in the garment industry, tourist-related services, construction, and agriculture saw gross domestic product (GDP) expand an average of more than 9% from 1998 to 2008.

The turnaround resulted in part from reforms through the Financial Sector Development Program. Luxembourg has extended some \$1.0 million to the program, including through a \$500,000 grant from the Financial Sector Development Partnership Fund, while the Republic of Korea provided \$500,000 through the e-Asia and Knowledge Partnership Fund.





### Blueprint for Reform

In the early 1990s, a newly secured Cambodian government began putting the financial system back together, gaining ADB support in 1999. Starting in 2001, it redoubled efforts under a blueprint for the financial sector worked out



with ADB that would prepare the way for the program of projects. The first Financial Sector Program Cluster (2001–2007) helped deepen financial services and expand financing to businesses. Credit to the private sector increased to 22.9% of GDP by June 2009, from just 6.5% in 2000, while total bank deposits rose to 25.8% of GDP by June 2008, from 9.2% in 2000.

Now, as Cambodia's economy expands, its financial needs are growing increasingly sophisticated, presenting new challenges that require sustained commitments of money and knowledge.

"With the recent global financial crisis, Cambodia needs more than ever to have a sound and efficient financial system that will contribute toward sustaining broad-based economic growth," says Samiuela Tukuafu, Principal Financial Sector Specialist in ADB's Southeast Asia Department.

In a second set of major reforms under the Financial Sector Program II of 2007, Cambodia began improving check clearance and settlement amongst commercial banks and the government, installing regulations to guide interbank transactions, promoting greater transparency in the insurance industry, installing measures to combat money laundering, and introducing an integrated accounting system at the central bank.

Importantly, the program is also designed to bring new financial services to the poor. It is improving microfinance through the promotion of deposit-taking by microfinance institutions, for example, in compliance with new prudential requirements and better prudential supervision of banks and microfinance institutions. "Financial sector development helps reduce poverty by cutting transaction costs for economic activities and expanding the reach of the formal finance sector to lower income groups, including rural microenterprises," says Tukuafu.

Organizers expect the latest funding to encourage credit expansion, the creation of over 12,000 jobs, and the opening of over 980 new branches of banks and microfinance institutions.

For the more complex financing needs of the growing business community, the program is also laying the groundwork for the creation of a domestic capital market. The predominantly rural nature of the economy, high transaction costs, the dearth of viable investment projects, and low creditor confidence have impeded formal intermediation in the financial sector, slowed the development of nonbank financial institutions, and limited financial products and services. ■




# Education

Asia's education sector has made impressive gains in recent decades. Primary sector enrollment around the region now averages 90%, and secondary participation is also rising (ADB 2010q). Indeed Asia's

economic success has been fueling demand for higher education: according to a recent ADB study (ADB 2008), demand for higher education will double in 5 years and triple in 10. The same holds true for technical and vocational

training, as economies in Asia's developing countries make the transition to more sophisticated manufacturing processes.

But several constraints in this otherwise booming education sector have to be addressed: beyond



**“Partnerships can play an important role in the development of education projects.”**

nominally high enrollment rates, the primary education sector faces serious deficiencies in student retention, quality of education, and knowledge gained. In secondary education, enrollment rates are far lower, and there is a pressing need for comprehensive policy, financing, and structural reforms. With regard to vocational training, skills development systems are often ill equipped to produce

graduates whose competencies are aligned to the needs of the labor market.

Partnerships can play an important role in the development of education projects, be it to enhance synergies in priority areas with other multilaterals, or to foster in-country coherence of policy implementation with bilateral donor agencies. In 2010, a large ADB-administered

technical assistance grant provided to Indonesia totaling \$50 million (AusAID \$23 million and the European Union \$27 million) is a good example of the role cofinancing can play. The grant will help Indonesia work toward its medium-term education goals under its Education Sector Support Program and prepare plans for a much larger, system-wide focus on the country's education system.

In Bangladesh, cofinancing was central to a system-wide approach to the Second Primary Education Development Program of 2003–2011—a major, multiyear program involving 11 bilateral and multilateral development partners. Planning is now under way for a third program, with many of the same cofinanciers (see case study, page 38). ■







## CASE STUDY

# Reforming Education

In Bangladesh and now Indonesia cofinancing in increasingly complex and complementary partnerships, using a sector-wide approach, is being used to implement major changes in education systems.

**D**espite impressive net primary school enrollment of more than 93% in 2009, youthful hopes for further education or promising careers in Bangladesh are often dashed by poor teacher training and other problems.

System shortcomings lead to high dropout rates and produce students with poor literacy and numeracy, even after 5 years of schooling. Among the problems, student-teacher contact in many primary schools is low (as much

as 30% below the international average) with too many teachers running two shifts catering to two groups of pupils every day. This is a common issue in cash-strapped school systems with insufficient facilities.





Recognizing this, in 2003 the Bangladeshi government began reforms under the \$1.80 billion Second Primary Education Development Program, which tapped more than \$740 million in assistance from 11 donors in a huge and successful cofinancing package. This included ADB, Australia, Canada, the European Union (EU), Japan, the Netherlands, Norway, Sweden, the United Kingdom, the United Nations, and the World Bank.

The program recruited and trained some 45,000 new teachers, built about 38,000 classrooms, and provided refresher courses to trained staff. About 105,000 teachers received a Certificate of Education, 16,000 received subject-based training, and 5,700 new head teachers were trained.

This eventually enabled more than 20% of schools in the program to move to a single teaching shift, among many other reforms.

"After we changed ...to one shift, students' grades began to improve a lot, mainly because we (spent) more time on each pupil," said Mirza Johura Akhter, head of the Nayabazar Government Primary School in Bangladesh's Nilphamari district. Since the reforms began, attendance at the school has increased from 75% to 90%.

A Third Primary Education Development Program includes forthcoming investments amounting to more than \$8 billion, with

grants from cofinancing partners estimated at close to \$1.0 billion.

It will expand on the second program and focus more closely on results. Among the innovative new features, it will introduce "disbursement-linked indicators" that when achieved by the government will trigger eligibility for spending. The indicators are grouped under the project components and results areas, and include such things as on-time textbook delivery, teacher education and professional development, needs-based infrastructure, decentralized school management and governance, improvements in the fifth grade terminal examination, an annual school census, and so on.

### **Indonesia Prepares for Reform**

In Indonesia, too, recent advances in education mask problems that undermine student hopes. Primary education enrollment reached 95.1% in 2008, up from 88.7% in 1990, while net enrollment rates in secondary education have climbed steadily, currently standing at 71% in junior secondary and 50% in senior secondary.

But the country trails its neighbors on these measures and others, while gross enrollment rates are just 35% in early childhood education and 17.5% in higher education.

A lack of qualified teachers in key subjects, inadequate teacher

deployment in rural areas, and uneven distribution of teachers throughout the country are major constraints on improving education quality. Student-teacher ratios differ significantly across districts, indicating a shortage of teachers in rural and remote areas and a serious oversupply of teachers in the whole system.

In a new partnership, Australia is helping Indonesia fulfill the goals of its "Renstra" policy, which outlines an "education-for-all" target of 9 years of quality education for all boys and girls by 2014. Australian support would focus on school building, training of principals and district officials, improvement of Islamic schools, and strengthening policy research. It is helping achieve these goals through contributions to the government's Education Sector Support Program (ESSP).

It has begun to lay the ground work for the ESSP through the Education Sector Analytical and Capacity Development Partnership approved in 2010. Australia provided a grant of \$23 million, alongside a \$27 million grant from the EU, with ADB to manage the resources.

This joint and inclusive ADB-AusAID-EU approach could provide a vehicle for collaboration with other development partners. Organizers will be studying the program closely to see if it can serve as a model for similar reforms in other countries. ■

# Gender, Health, and Governance

Up to this point, this report has focused on the five core areas of Strategy 2020, reflecting the weight of these themes in overall ADB lending. Several other themes in development cooperation also offer promising opportunities for financing partnerships, especially to the extent that these are of special importance to particular donors.

## Gender

In the area of gender issues, for example, women in many countries are commonly excluded from access to resources, essential services such as education and health, and decision making; as a result, they often make up the majority of the poor in Asia.

The Gender and Development Cooperation Fund, established in 2003, is financing technical assistance projects that promote gender equality and women's empowerment with contributions from Canada, Denmark, Ireland, and Norway.

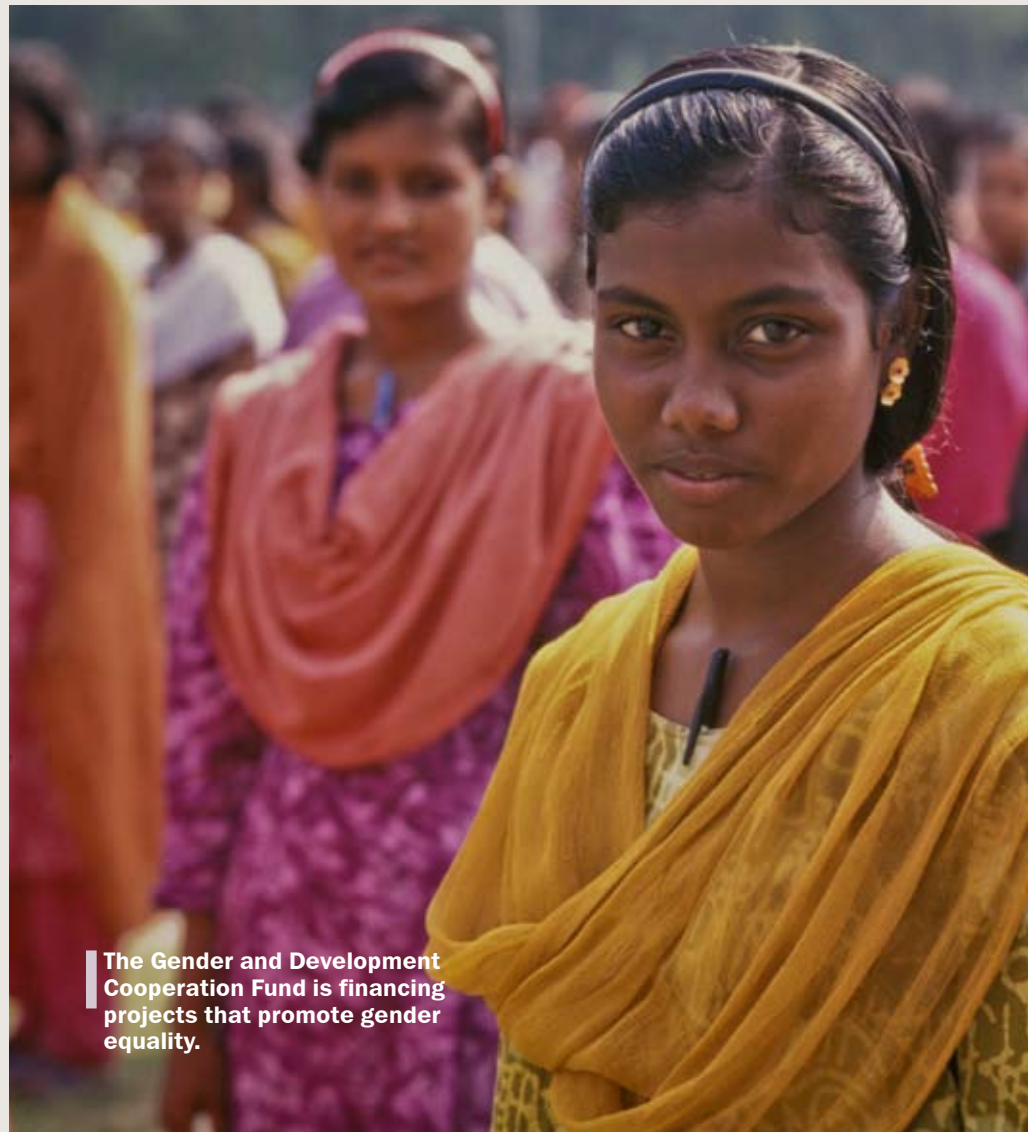
In 2010, the Australian Agency for International Development provided an additional A\$1.01 million to speed up the “mainstreaming” of gender into ADB's developing member countries, with a particular focus on innovative approaches to promoting gender equality through large-scale infrastructure investments such as energy and transport projects.

## Health

In the area of health, 2010 brought the Government of Sweden's support (about \$5 million) for the Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific, as already discussed in the section

on regional cooperation and integration (see page 29).

Another project, in Viet Nam, will help spread the benefits of the country's improving health care system to groups outside the major cities with an \$11 million grant



The Gender and Development Cooperation Fund is financing projects that promote gender equality.



from Australia and \$30 million from ADB's Asian Development Fund.

The country has made notable progress in reducing poverty and improving the health of its citizens; it is on track to achieve the health-related Millennium Development Goals by 2015, for example. But key challenges still hinder its efforts to provide equitable access to high-quality health services across its regions and among disadvantaged groups. Remote and rural



provinces lag significantly behind. The Health Human Resources Sector Development Program will improve human and financial resource management, among other things, to make quality health services more widely available (ADB 2010r).

### Governance

As in other sectors, cofinancing in this area can help arrange long-term programs designed to put major reforms in place. For example, Nepal's \$470 million Governance Support Program Cluster began in 2008 to implement reforms designed to improve local governance in communities around the country through better resource management and government service delivery. Financing of \$106.3 million from ADB and \$102.9 million from Canada, Denmark, Switzerland, the United Kingdom, and United Nations agencies for the program has directly supported the Nepali government's Local Governance and Community Support Program. So far funds have been disbursed in two tranches, with a third expected to be released in July 2011.

It is designed to strengthen local government bodies and community organizations, and increase the involvement of women, lower castes, and ethnic and other minority groups. For example, it has undertaken monitoring local finances by incorporating gender equality and social inclusion indicators; administering safety nets and social assistance programs to the poorest people; budgeting grants to education, health, and agriculture

sectors; and testing coordination with other districts.

Among its early achievements, it has introduced a performance-based grant allocation system to put pressure on the local bodies to comply with program goals for better government service delivery, accountability, transparency, good governance, and so on. The system—which is based on 62 indicators covering eight functional areas—also provides incentives to local bodies to make the improvements. Planners are now also ready to start a second, smaller program of reforms, although the timing has not yet been finalized.

The three-part Development Policy Support Program (DPSP) in the Philippines, likewise, has involved significant cofinancing support. The Japan International Cooperation Agency in 2010 provided another \$100 million loan to the program, joining ADB's \$250 million. The three-part program is helping the Philippine government improve fiscal management, investment climate, and social sectors, and achieve its medium-term development goals. The first DPSP loan was approved in February 2007. ■

# Conclusions and Looking Ahead

This report has outlined the ways in which partnerships can and do enhance ADB's work in its five core areas of operations, namely infrastructure, environment, regional cooperation and integration, finance sector development, and education, as well as on several crosscutting issues.

While the results in 2010 show gains in cofinancing volume and in the sophistication of instruments

used, there is certainly still scope for improvements on both fronts.

Institutionally, there will be a drive to complete new Framework Agreements with multilateral and bilateral partners as a way to adopt a more programmatic approach to cofinancing than has been possible in the past.

At the same time the need for cofinancing on specific themes has led to the creation of a pipeline of new trust funds and facilities,

submitted for the consideration of donors (Box 4).

The Office of Cofinancing Operations, in full collaboration with colleagues from ADB's knowledge and operational departments, is seeking to pursue its proactive engagement with partners in the bilateral and multilateral development community for the benefit of the region's poor. ■

## Box 4: New Trust Funds and Facilities

### **Afghanistan Infrastructure Development Fund**

Launched in December 2010, this new fund pools public and private resources to help Afghanistan finance crucial infrastructure projects.

Eligible investments include roads (national, regional, rural, and urban), railways, airports, energy facilities (generation, transmission, and distribution), water management and irrigation systems, and others. It will provide grant cofinancing alongside ADB-funded infrastructure projects, with resources supplementing those provided by ADB.

The Government of Japan has committed to provide \$20 million in the first half of 2011, while discussions with other potential donors are under way. Contributions will be accepted from bilateral, multilateral, and individual sources (including companies and

foundations). The United Kingdom has also committed to providing financing for the new fund.

### **Asia Accelerated Solar Energy Development Fund**

The Asia Solar Energy Initiative (ASEI) launched in May 2010 aims to identify and develop large capacity solar projects to trigger a wave of innovation, efficiency improvements, and scale that can accelerate the diffusion of solar energy technologies and drive down its costs.

In addition to a project development element and a knowledge sharing platform, the ASEI also foresees a component on innovative financing, the Asia Accelerated Solar Energy Development Fund (AASEDF) under the Clean Energy Financing Partnership Facility. Its main objectives are to help mitigate the risks related to prospective solar energy projects, provide incentives for solar power generation, and encourage greater private sector participation in solar energy.

While all ADB developing member countries (DMCs) will be eligible for support, AASEDF will prioritize projects in large markets with substantial solar generation capacity and cost reduction potential. Host governments are asked to share part of the costs by providing fiscal incentives for project developers or committing to adequate feed-in tariffs. The procurement process for the selection of project developers or purchase of solar equipment is open to all ADB member countries.

To build the resources for this pioneering fund, discussions with potential contributors are under way. Upon securing its first funding, it is expected to become part of the now well-established Clean Energy Financing Partnership Facility, launched in 2007. AASEDF initially aims at raising \$50 million, with a longer-term target of \$500 million.

## Box 4 (continued)

Funding is needed in early-stage and upstream project preparation work such as pre-feasibility studies, initial project design, market mapping and surveys, resource mapping and due diligence. Technical assistance (TA) funding can also facilitate successful implementation of investment projects in a new sector or market by providing capacity building and management training, supporting structural and institutional changes, and by ensuring the long-term sustainability of the investment. In order to leverage the donor contributions received, some project preparatory activities can be reimbursed by private sector sponsors upon successful financial closing of the projects.

### Financial Sector Development Financing Partnership Facility

In order to help mobilize additional resources and donor expertise in support of financial sector reform in developing countries, ADB is proposing to expand the existing multidonor Financial Sector Development Partnership Fund (discussed on page 33).

Specifically, the fund could be broadened into an umbrella financing partnership facility, adding the provision of guarantees, knowledge support, and other targeted trust funds to the support it already provides.

The focus of the enhanced facility would be to strengthen the stability of the financial system, enhance access to finance by households and small- and medium-sized enterprises, facilitate infrastructure financing, support banking and capital markets development, and foster regional financial cooperation and integration. The initial target size of the facility would be \$20 million–\$30 million, which is the estimated scope of TA cofinancing needs for

the next 3–4 years in support of ADB's new Financial Sector Operational Plan.

The eventual size of the facility would depend on the interest and priorities among the financing partners, with the possibility of having contributions earmarked for key areas, instruments, and windows. ADB is looking into organizing an annual financial sector forum to share the experience, plans and developments in the DMCs with its donor community.

### Integrated Disaster Risk Management Financing Partnership Facility

ADB is currently developing an Integrated Disaster Risk Management (IDRM) financing partnership facility to catalyze innovation and increased investment in IDRM in developing countries.

Asia and the Pacific face a devastating and disproportionate share of the world's disaster impacts. Between 1991 and 2008, while countries in Asia and the Pacific experienced 40% of the world's disasters, they experienced 76% of deaths, 91% of affected populations, and 47% of lost property due to disasters, significantly eroding development gains.

The IDRM approach combines initiatives in three areas: disaster risk reduction, climate change adaptation, and disaster risk financing. The IDRM facility will provide grant support and technical assistance to Asia's developing countries to enhance resilience to both climatic and geologic risks in an all-hazards approach and to strengthen both ex ante and ex post IDRM strategies and capacities. The priority of the facility will be to support projects that strengthen incentives for proactive investment in reducing risks and vulnerabilities, through

- (i) preparatory activities to enable larger sectoral investments by ADB or other development partners,
- (ii) development of private-sector

market opportunities, (iii) integration into country development and investment plans at both national and local levels, and (iv) promotion of regional public goods for IDRM.

One donor has already expressed preliminary interest in supporting regional IDRM activities in Southeast Asia through an IDRM trust fund. The facility, which would encompass this IDRM trust fund and other potential related funds, will be established once ADB has identified additional donors.

### Regional Infrastructure Project Development Facility

ADB is expected to more than double its regional cooperation and integration portfolio to some \$5.9 billion in the 3 years through 2012 (compared to 2006–2009), in large part for new regional infrastructure projects estimated to cost more than \$5.3 billion. This will require greater technical assistance resources than are currently available.

To help meet this expected major expansion of regional infrastructure projects in Asia, ADB has proposed a project development facility in the form of a multidonor technical assistance fund for ADB-led regional and public–private partnership (PPP) infrastructure projects.

The project development facility is to finance project preparation for (i) cross-border infrastructure projects designed for at least two countries, (ii) infrastructure projects in one country where a contribution to regional integration can be demonstrated, (iii) analysis and assessment of PPP suitability, and (iv) capacity and knowledge development projects.

The proposed facility would also allow ADB to coordinate its activities with similar global and regional initiatives, such as the Australia-led



## Box 4 (continued)

Infrastructure Pathfinder of the Asia-Pacific Economic Cooperation.

### **Sustainable Transport Financing Partnership Facility**

ADB established the Sustainable Transport Initiative (STI) in 2010 to support the development of accessible, safe, environmentally friendly, and affordable transport systems. While recognizing that transport is an essential component of development, the STI aims to address the negative externalities arising from a rapid growth of transportation infrastructure, such as road safety, climate change, or local air quality.

In support of the STI, ADB plans to establish the Sustainable Transport Financing Partnership Facility (STFPF) which will provide a mechanism for

partners to contribute financing as well as expertise to the realization of its objectives. These external contributions will come in support of ADB's enhanced lending program for sustainable transport, and on top of its own TA resources to be mobilized in the form of a cluster TA.

Partnerships in the framework of the STPF, besides direct financial contributions, can include expertise and in-kind support from research institutes or specialized nongovernment organizations, through provision of staff on secondment, fixed-term staff and long-term consultants. Activities will include policy advisory work on sustainable transport, feasibility studies and/or financing of "add-on" components to existing projects (like additional safety measures, low-

emission fleet renewal, establishment of revolving municipal transport funds, and so on).

In combining finance with expertise in the STPF, ADB and its partners strive to put in place an instrument for the development of low-carbon and affordable transport infrastructure, especially in urban areas, and avoid millions of deaths every year through traffic accidents and respiratory illnesses.

## Box 5: Bilateral and Multilateral Financing Partners

### Bilateral

#### Australia

Official development assistance (ODA) is provided largely through the Australian Agency for International Development, which guides extensive cooperation with ADB through the 2009 Partnership Framework on Development. Cooperation has included policy-level collaboration to project level cofinancing, with cofinanced projects focused on countries in the Pacific and Southeast Asia, as well as South Asia, where Australia has expressed an interest in increasing cofinancing.

#### Austria

Implementation of all bilateral programs occurs through the Austrian Development Agency, under the Federal Ministry for European and International Affairs. ADB maintains collaboration through the Federal Ministry of Finance, with significant support through trust funds for urban development and water-related projects. In Asia, it is focused on Armenia, Azerbaijan, Bhutan, Georgia, Nepal, and Pakistan.

#### Belgium

ODA is organized under the Ministry of Foreign Affairs, Foreign Trade and Development Cooperation, with the Director-General for Development Cooperation responsible for development policy and Belgian Technical Cooperation managing implementation. Its official cofinancing cooperation with ADB is focused on grant support for investment projects. In Asia, Belgium includes Viet Nam as a “partner country” and Afghanistan among the top 25 “non-partner” countries.

#### Canada

Most ODA is handled by the Canadian International Development Agency (CIDA). The Department of Foreign Affairs and International

Trade Canada, alongside CIDA, is responsible for assistance relevant to the regional development banks. It contributes to ADB projects through loans, grants, and trust funds, most recently providing backing for education reform in Bangladesh and governance reform in Nepal. In Asia, Canada concentrates on Afghanistan, Bangladesh, Indonesia, Pakistan, and Viet Nam.

#### Denmark

ODA is handled largely by the Danish International Development Agency, operating within the Danish Ministry of Foreign Affairs, with plans to increase ODA. Cooperation in recent years with ADB has focused on support through trust funds and cofinancing for investment projects, including expected grant support for a hydropower project in Afghanistan. In Asia, Denmark’s focus is on Afghanistan, Bangladesh, Cambodia, Indonesia, Myanmar, Nepal, and Pakistan.

#### Finland

Development policy is handled from within the Ministry of Foreign Affairs, while cooperation with ADB in recent years has included grant support for a project in Cambodia in 2009 to boost rural incomes and in Sri Lanka for a large community restoration project in the northeast. Its focus is on long-term partner countries, in Asia including Nepal and Viet Nam; countries recovering from violent crisis (Afghanistan); and regional cooperation (Georgia, Kyrgyz Republic, Tajikistan)

#### France

Bilateral ODA is handled primarily by the Agence Française de Développement (AFD), which in March 2010 stepped up cooperation with ADB under the Partnership Framework Agreement and the Framework Cofinancing Agreement. In recent years it has provided extensive loan support for ADB projects, particularly in Viet Nam, but also in People’s Republic of

China (PRC), Indonesia, Pakistan, Philippines, and Sri Lanka. In Asia, AFD now operates in 10 countries and dedicates about 15% of global commitments to the region.

#### Germany

The Federal Ministry for Economic Cooperation and Development (BMZ) carries out projects through the KfW Banking Group (with financial cooperation handled largely by KfW Entwicklungsbank) and the Gesellschaft für Internationale Zusammenarbeit (technical assistance). ADB and Germany in 2005 agreed to explore all possibilities for effective collaboration in developing Asia, and in recent years Germany has provided important loan support to Bangladesh, India, and Viet Nam. It focuses on 18 countries in Asia.

#### Ireland

Irish Aid is Ireland’s program of assistance to developing countries, managed under the Department of Foreign Affairs. In its cooperation with ADB it has supported two trust funds covering the issues of gender and governance. In Asia, it includes Timor-Leste and Viet Nam among its priority countries.

#### Italy

ODA is coordinated through the Italian Development Cooperation program of the Ministry of Foreign Affairs. Cooperation with ADB has come largely through technical assistance grants. In Asia, its assistance focuses on Afghanistan, Myanmar, Pakistan, and Viet Nam.

#### Japan

ODA is coordinated primarily by the Japan International Cooperation Agency (JICA) which after a reorganization completed in 2008 is one of the largest bilateral development organizations in the world, with 97 overseas offices, projects in more than 150 countries,

## Box 5 (continued)

and financial resources of some 1 trillion yen. Japan cooperates extensively with ADB throughout the region, including through loan support under the Accelerated Cofinancing Scheme with ADB established in 2007. It also finances the Japan Fund for Poverty Reduction, and other trust funds.

### Republic of Korea

The Ministry of Strategy and Finance determines concessional loan policy, which is implemented by the Export-Import Bank of Korea (KEXIM) through the Economic Development Cooperation Fund (EDCF). EDCF in 2008 earmarked greater cofinancing for ADB projects through a memorandum of understanding, with particularly strong loan support provided for road programs in the Mekong region of Southeast Asia. The country also funds the e-Asia Knowledge and Partnership Fund.

### Kuwait

Through the Kuwait Fund for Arab Economic Development, commonly known as the Kuwait Fund, the country provides loans on concessionary terms for development projects. It also provides technical assistance and training. Established in 1961, it was the first aid agency in the world to be established by a developing country.

### Luxembourg

Support for multilateral development banks (including ADB) is handled by the Ministry of Finance. Besides participating in the replenishments of the Asian Development Fund, Luxembourg has made contributions to the Asian Tsunami Fund, the Asia Pacific Carbon Fund and the Financial Sector Development Partnership Fund. Bilateral programs and support for UN agencies are under the responsibility of the Ministry of Foreign Affairs and its executing agency, Lux-Development.

The main partner countries in Asia are Viet Nam and Lao People's Democratic Republic, with some ODA also going to Afghanistan and Mongolia.

### The Netherlands

The Netherlands implements development policy through the UN and IFI Department of the Ministry of Foreign Affairs. In 2002, ADB and the Netherlands began coordinating work under the General Agreement on Operational Arrangements related to cofinancing of projects and programs. In Asia, the Netherlands focuses on Afghanistan, Bangladesh, Indonesia, and Viet Nam. Its support for the Netherlands Fund of the Water Financing Partnership Facility will be extended to 2014 and focus on those countries.

### New Zealand

ODA is handled primarily by the New Zealand Aid Programme (NZAID), a semi-autonomous body within the Ministry of Foreign Affairs and Trade. Cofinancing with ADB focuses on the Pacific, which takes over half of the country's total aid. In Asia it also provides support to Cambodia, Indonesia, Lao People's Democratic Republic, Philippines, Timor-Leste, and Viet Nam.

### Norway

Development cooperation is handled largely by the Ministry of Foreign Affairs (MFA) through its 109 foreign service missions in a decentralized manner. The Norwegian Agency for Development Cooperation is a directorate under the MFA and works through the country's embassies. In Asia, Norway focuses on Afghanistan, Bangladesh, Nepal, Pakistan, Sri Lanka, and Viet Nam, and plans to increase its diplomatic presence in India, Indonesia, and the PRC.

### People's Republic of China

In the area of official cofinancing, the PRC was the first developing

member country to set up a trust fund with ADB for the benefit of other developing member countries ("Regional Cooperation and Poverty Reduction" with an initial contribution of \$20 million). The fund will be replenished in 2011. In addition, ADB and China Eximbank signed a Framework Cofinancing Agreement in 2009 to deepen their institutional partnership along the lines of programmatic cofinancing.

### Portugal

ODA is handled primarily through the Portuguese Institute for Development Support under the Ministry of Foreign Affairs. Among its priority countries it includes Timor-Leste, as part of its focus on fragile and least developed countries. It provides grant contributions to ADB projects.

### Spain

International development assistance is handled by three ministries, the Ministry of Economy and Finance, the Ministry of Industry, Trade and Tourism, and the Ministry of Foreign Affairs and Cooperation. In its cooperation with ADB, Spain provides important financing through several trust funds, including those supporting clean energy and water-related projects. In Asia, it focuses on Afghanistan, Bangladesh, Cambodia, Philippines, and Viet Nam.

### Sweden

Development assistance is handled largely through the Swedish International Development Cooperation Agency (Sida), under the Ministry of Foreign Affairs. Sida expanded its partnership with ADB in 2006 with the conclusion of the General Agreement on Operational Arrangements, while recent loan support for projects has focused on health care and education in Bangladesh. In Asia it gives priority to Afghanistan, Bangladesh, Cambodia, PRC, India, Timor-Leste, and Viet Nam.



## Box 5 (continued)

### Switzerland

Development cooperation is coordinated between the Swiss Agency for Development and Cooperation (within the Federal Department of Foreign Affairs) and the State Secretariat for Economic Affairs (within the Federal Department of Economic Affairs). ADB cooperation has largely focused on project-specific cofinancing and on trust funds, including the Asia Pacific Carbon Fund. In 2011 and 2012, Switzerland aims to increase ODA, particularly for water- and climate-related initiatives. It has expressed interest in expanding cooperation with ADB. In Asia it focuses on Indonesia and Viet Nam (development cooperation), and Azerbaijan, Kyrgyz Republic, Tajikistan, and Uzbekistan (transition aid).

### Taipei, China

The International Cooperation Development Fund implements Taipei, China's official development assistance.

### United Kingdom

The Department for International Development of the United Kingdom handles the bulk of UK ODA, with a strong focus on the poorest countries. The UK and ADB in 2009 entered a 5-year strategic partnership to fight poverty in India, for example, while in 2005 they entered a formal general agreement stressing policies that favor the poor. In Asia, it focuses funding on Afghanistan, Bangladesh, India, Kyrgyz Republic, Myanmar, Nepal, Pakistan, and Tajikistan.

### United States

The United States administers civilian foreign aid primarily through the United States Agency for International Development. It operates in 25 countries in Asia and the Pacific.

### Multilateral

#### European Union (EU)

ODA from the EU amounts to about \$16 billion per year, of which around \$2 billion is allocated to Asia and the Pacific region in pursuit of the Millennium Development Goals (MDGs) and the promotion of democracy, good governance, and respect for human rights. Besides ODA support to individual countries, the regional assistance in Asia focuses on environment and clean energy, higher education, and cross-border cooperation in human and animal health. In close cooperation with Brussels-based EuropeAid and the EU country delegations, ADB–EU cofinancing takes the form of grants for TA projects, as well as grants and loans for investment projects (loans only in parallel cofinancing arrangements).

#### European Investment Bank (EIB)

The EIB is an international financial institution whose main lending activities are concentrated within the EU, with about 10% of its lending volume (or around \$10 billion per year) earmarked for projects outside the EU. To date EIB financing in Asia amounts to \$4.6 billion, with the PRC accounting for 37% of total financing, Southeast Asia for 35%, and South Asia 28%, including projects contributing to climate change mitigation, reconstruction following natural disasters, and economic infrastructure. ADB's cofinancing with EIB is focused on the energy, industry, transport and communications, and water supply sectors.

#### European Bank for Reconstruction and Development (EBRD)

The EBRD was established in 1991 to support the transition to market-based economies and democracy in the former communist countries of Europe and Central Asia. It operates in 29 countries, including in West and

Central Asia in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan, and Uzbekistan. The EBRD is directed by its founding agreement to promote, in the full range of its activities, environmentally sound and sustainable development.

#### Global Environment Facility (GEF)

The GEF is an independent financial organization providing grants for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants. The partnership includes 10 agencies and is the largest funder of projects to improve the global environment, including through cofinancing to ADB-financed projects. The GEF has allocated \$9.2 billion, supplemented by more than \$40 billion in cofinancing, for more than 2,700 projects in more than 165 developing countries and countries with economies in transition.

#### International Fund for Agricultural Development (IFAD)

IFAD is a specialized agency of the United Nations established as an international financial institution in 1977 and focused on eradicating rural poverty. It provides regular loan and some grant cofinancing for ADB projects in this area.

#### Islamic Development Bank (IsDB)

Headquartered in Jeddah, Saudi Arabia, and established in 1973, the IsDB provides project support to ADB projects in several countries, most recently providing cofinancing for projects under the Central Asia Regional Economic Cooperation Program.

#### Nordic Development Fund (NDF)

As the joint development finance institution of the Nordic countries—

## Box 5 (continued)

Denmark, Finland, Iceland, Norway, and Sweden—the NDF provides grant financing for climate change interventions in low-income developing countries and finances projects in cooperation with other development institutions, including through ADB.

### **Nordic Investment Bank**

The Nordic Investment Bank is an international financial institution founded in the mid-1970s by Denmark, Finland, Iceland, Norway, and Sweden. In 2005, Estonia, Latvia, and Lithuania became members. It cooperates and cofinances projects with other international financial institutions and regional multilateral banks.

### **The OPEC Fund for International Development (OFID)**

OFID is a multilateral development finance institution established in 1976 by the Member Countries of the Organization of the Petroleum Exporting Countries. It has cooperated with ADB for decades in many regions in Asia,

including cofinancing in recent years for the Greater Mekong Subregion Economic Cooperation Program.

### **United Nations (UN)**

ADB cooperates extensively with several UN organizations, including the United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF), and United Nations Population Fund (UNFPA), among others.

World Health Organization: WHO is the directing and coordinating authority for health within the United Nations system.

### **World Bank Group**

ADB also cooperates closely with several World Bank Group organizations, including:

The International Bank for Reconstruction and Development (IBRD): One of five institutions that comprise the World Bank Group, the IBRD serves middle-income countries

with capital investment and advisory services and shares headquarters with the International Development Association.

International Development Association (IDA): The IDA is the World Bank Group's fund dedicated to development for the poorest people. It aims to reduce poverty by providing interest-free credits and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions.

International Finance Corporation (IFC): The IFC is the part of the World Bank Group dedicated to investments and advisory services to build the private sector in developing countries.

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**Appendix 1: Investment Projects Involving Cofinancing,<sup>a</sup> 2010 (\$ million)**

Project Name	ADB	Cofinancing			Source of Cofinancing
		Official		Commercial	
		Grants	Loans		
CENTRAL AND WEST ASIA	818.60	-	903.34	654.87	
DVA cofinancing		-	716.67	190.00	
Non-DVA cofinancing		-	186.67	464.87	
Armenia					
Zvartnots Airport Expansion Project (Phase 2) <sup>b</sup>	40.00		20.00		Deutsche Investitions- und Entwicklungsgesellschaft (DEG), Germany
			40.00		European Bank for Reconstruction and Development
Azerbaijan					
Janub Gas-Fired Power Plant <sup>c</sup>			178.67 <sup>d</sup>		Islamic Development Bank (IsDB)
			26.67		OPEC Fund for International Development (OFID)
				378.67	Commercial banks
Georgia					
Road Corridor Investment Program, Tranche 1 <sup>e</sup>	118.80		170.00 <sup>d</sup>		Japan International Cooperation Agency (JICA)
Kazakhstan					
CAREC Transport Corridor 1 (Zhambyl Oblast Section) [Western Europe– Western People’s Republic of China International Transit Corridor] Tranche 3	173.00		68.00 <sup>d</sup>		JICA
Pakistan					
Uch II Power <sup>b</sup>	100.00		100.00		International Finance Corporation (IFC)
				90.00 <sup>d</sup>	IsDB
				100.00 <sup>d</sup>	The Export-Import Bank of Korea (KEXIM), Republic of Korea
				20.00	Domestic banks
Zorlu Enerji Power <sup>b</sup>	36.80			36.80	IFC
				14.70	ECO Trade and Development Bank
				14.70	Habib Bank Limited, Pakistan

*Continued on next page*

**Appendix 1** (continued)

Project Name	ADB	Cofinancing			Source of Cofinancing
		Official		Commercial	
		Grants	Loans		
Uzbekistan					
Talimarjan Power	350.00		300.00 <sup>d</sup>		JICA
EAST ASIA	1,036.68	19.75	-	2,217.35	
DVA cofinancing		14.70	-	320.00	
Non-DVA cofinancing		5.05	-	1,897.35	
China, People's Republic of					
Guangxi Southwestern Cities Development	150.00			75.55	Domestic banks
Integrated Renewable Biomass Energy Development Sector	66.08	3.00 <sup>d</sup>			Multidonor Clean Energy Fund under the Clean Energy Financing Partnership Facility (CEF-CEFPF)
		9.20 <sup>d</sup>			Global Environment Facility (GEF)
		4.60			Gesellschaft für Technische Zusammenarbeit, Germany
Second Heilongjiang Road Network Development	200.00			419.70	Agricultural Bank of China
Wuhan Urban Environmental Improvement	100.00			276.30	Agricultural Bank of China
Yunnan Integrated Road Network Development	250.00			500.00	Bank of China
				483.30	China Construction Bank
Jilin Wind Power <sup>b</sup>	120.00			120.00 <sup>d</sup>	Commercial lenders under ADB B-loan
Municipal Natural Gas Infrastructure Development Project (Phase 2) <sup>b</sup>	100.00			100.00 <sup>d</sup>	Commercial lenders under ADB B-loan
Songhua River Basin Water Pollution Control and Management Project Private Sector Facility <sup>b</sup>	36.62			100.00 <sup>d</sup>	Commercial lenders under ADB B-loan
				142.50	Domestic banks
Mongolia					
Fourth Health Sector Development	14.00	0.45			World Health Organization
Promoting Inclusive Financial Services for the Poor		2.50 <sup>d</sup>			Japan Fund for Poverty Reduction (JFPR)
PACIFIC	37.00	76.01	16.00	-	
DVA cofinancing		76.01	16.00	-	
Non-DVA cofinancing		-	-	-	
Kiribati					
Road Rehabilitation	12.00	4.61 <sup>d</sup>			Pacific Region Infrastructure Facility
			16.00 <sup>d</sup>		World Bank

Continued on next page



**Appendix 1 (continued)**

Project Name	ADB	Cofinancing			Source of Cofinancing
		Official		Commercial	
		Grants	Loans		
Marshall Islands					
Improved Energy Supply for Poor Households		1.76 <sup>d</sup>			JFPR
Papua New Guinea					
Microfinance Expansion	13.00	6.00 <sup>d</sup>			Australia
Solomon Islands					
Second Road Improvement Sector		0.28 <sup>d</sup>			Australia
Supplementary <sup>e</sup>		0.36 <sup>d</sup>			New Zealand
Transport Sector Development	12.00	30.00 <sup>d</sup>			Australia
		30.00 <sup>d</sup>			New Zealand
Regional					
Social Protection of the Vulnerable in the Pacific (Cook Islands, Marshall Islands, and Tonga)		3.00 <sup>d</sup>			JFPR
SOUTH ASIA					
	1,302.69	43.98	1,752.00	-	
DVA cofinancing		43.49	1,752.00	-	
Non-DVA cofinancing		0.49	-	-	
Bangladesh					
Natural Gas Access Improvement	266.00		45.00 <sup>d, f</sup>		KEXIM
Padma Multipurpose Bridge	615.00		140.00 <sup>d</sup>		IsDB
			300.00 <sup>d</sup>		JICA
			1,200.00 <sup>d</sup>		World Bank
Participatory Small-Scale Water Resources Sector (Supplementary) <sup>e</sup>	-		10.00 <sup>d</sup>		International Food and Agricultural Development
Sustainable Rural Infrastructure Improvement	60.00	15.90 <sup>d</sup>			KfW Bankengruppe (KfW), Germany
Bhutan					
Rural Renewable Energy Development	21.59	0.27 <sup>d</sup>			SNV Netherlands Development Organisation (SNV), The Netherlands
Upgrading Schools and Integrated Disaster Education		3.00 <sup>d</sup>			JFPR
Farm Roads to Support Poor Farmers’ Livelihoods		3.00 <sup>d</sup>			JFPR
India					
Improving Small Farmers’ Access to Market in Bihar and Maharashtra		3.00 <sup>d</sup>			JFPR

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**Appendix 1** (continued)

Project Name	ADB	Cofinancing			Source of Cofinancing
		Official		Commercial	
		Grants	Loans		
Supporting Microentrepreneurship for Women's Empowerment		3.00 <sup>d</sup>			JFPR
Nepal					
Governance Support Program (Subprogram 1) Supplementary <sup>e</sup>	-	8.80 <sup>d</sup>			Canadian International Development Agency
Kathmandu Sustainable Urban Transport	20.00	2.52 <sup>d</sup>			GEF
Raising Incomes of Small and Medium Farmers	20.10	0.49			SNV
Secondary Towns Integrated Urban Environmental Improvement	60.00		17.00 <sup>d</sup>		OFID
Sri Lanka					
Conflict-Affected Region Emergency	150.00	1.50 <sup>d</sup>			International Federation of Red Cross and Red Crescent Society
Jaffna and Kilinochchi Water Supply and Sanitation	90.00		40.00 <sup>d</sup>		Agence Française de Développement (AFD), France
Post-Conflict Emergency Assistance for Livelihood Restoration of Resettled Internally Displaced People in the North		2.50 <sup>d</sup>			JFPR
SOUTHEAST ASIA	1,327.80	23.15	1,065.63	112.00	
DVA cofinancing		23.15	365.63	-	
Non-DVA cofinancing		-	700.00	112.00	
Cambodia					
Rural Roads Improvement	35.00		19.35 <sup>d</sup>		KEXIM
		5.40 <sup>d</sup>			Nordic Development Fund
Water Resources Management Sector Development Program	12.80		12.00 <sup>d</sup>		OFID
Indonesia					
Citarum Watershed Management and Biodiversity Conservation	500.00	3.75 <sup>d</sup>			GEF
Java–Bali Electricity Distribution Performance Improvement	50.00		50.00 <sup>d</sup>		AFD
		1.00 <sup>d</sup>			CEF-CEFPF
Sixth Development Policy Support Program	200.00		100.00		JICA
			600.00		World Bank

*Continued on next page*

**Appendix 1 (continued)**

Project Name	ADB	Cofinancing			Source of Cofinancing
		Official		Commercial	
		Grants	Loans		
Lao People's Democratic Republic					
Greater Mekong Subregion Northern Power Transmission	20.00		37.88 <sup>d</sup>		KEXIM
Second Northern Greater Mekong Subregion Transport Network Improvement	20.00		12.00 <sup>d</sup>		OFID
Philippines					
Development Policy Support Program, Subprogram 3	250.00		100.00 <sup>d</sup>		JICA
Thailand					
Solar Power Project (Thailand) <sup>b</sup>	70.00	2.00 <sup>d</sup>			CEF-CEFPF
				112.00	Commercial banks
Viet Nam					
Greater Mekong Subregion Southern Coastal Corridor <sup>e</sup>	-		70.00 <sup>d</sup>		KEXIM
Health Human Resources Sector Development	30.00	11.00 <sup>d</sup>			AusAID
Ho Chi Minh City Urban Mass Rapid Transit Line 2 Investment Program, Project 1	40.00		36.40 <sup>d</sup>		KfW
Strengthening Water Management and Irrigation System Rehabilitation	100.00		28.00 <sup>d</sup>		AFD
TOTAL	4,522.77	162.89	3,736.97	2,984.22	
DVA cofinancing		157.35	2,850.30	510.00	
Non-DVA cofinancing		5.54	886.67	2,474.22	

- = nil, CAREC = Central Asia Regional Economic Cooperation, DVA = direct value-added, OPEC = Organization of the Petroleum Exporting Countries.

<sup>a</sup> List excludes technical assistance projects.

<sup>b</sup> Nonsovereign private sector loan.

<sup>c</sup> ADB approved a partial credit guarantee, counter-guaranteed by the Republic of Azerbaijan, to support a loan of up to €220 million from a consortium of international commercial banks, but was subsequently cancelled.

<sup>d</sup> DVA cofinancing is cofinancing for projects with administrative or collaborative arrangements with ADB.

<sup>e</sup> Anchor project was approved in prior year(s) with cofinancing arranged in 2010.

<sup>f</sup> Cofinancing was subsequently cancelled.



## Appendix 2: Technical Assistance Projects Involving Cofinancing, 2010

Project Name		Amount (\$ thousand)
<b>BILATERAL TRUST FUNDS</b>		
<b>Australia</b>		
CAM	Outcome Monitoring and Procurement Review	100.00
INO	Supporting Water Operators' Partnerships	825.00
INO	Geothermal Power Development Project	1,500.00
INO	Capacity Development for Metropolitan Sanitation Management and Health	1,000.00
INO	Analytical and Capacity Development Partnership	23,000.00
PNG	Microfinance Expansion	
SOL	Second Road Improvement (Sector)	
SOL	Support for the Formulation of a National Strategic Plan	200.00
VIE	Central Mekong Delta Region Connectivity Project	1,450.00
VIE	Health Human Resources Sector Development	
REG	Establishment of the Pacific Infrastructure Advisory Center	1,050.00
REG	Private Sector Development Initiative	600.00
REG	Regional Cooperation on Knowledge Management, Policy, and Institutional Support to the Coral Triangle Initiative	168.00
REG	Promoting Links and Improving Coordination among the Greater Mekong Subregion, the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BMP-EAGA), and the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) Subregional Programs and with the Association of Southeast Asian Nations (ASEAN)	400.00
REG	Tarawa Sanitation Improvement	200.00
	Subtotal	30,493.00
<b>Australia—Carbon Capture and Storage Fund under the Clean Energy Financing Partnership Facility</b>		
REG	Determining the Potential for Carbon Capture and Storage in Southeast Asia	900.00
	Subtotal	900.00
<b>Austria</b>		
REG	Managing the Cities in Asia	2,000.00
REG	Implementation of the Technical Support Facility under the Carbon Market Initiative	400.00
	Subtotal	2,400.00
<b>People's Republic of China Regional Cooperation and Poverty Reduction Fund</b>		
REG	Supporting the Boao Forum for Asia and the Asian Exim Banks Forum in Dialogues on Regional Economic Integration and Partnership	500.00
REG	Strengthening the Coordination of the Greater Mekong Subregion Program	500.00
REG	Strengthening Carbon Financing for Regional Grassland Management in Northeast Asia	400.00
REG	Strengthening Central Asia Regional Economic Cooperation 2007–2009	500.00

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**Appendix 2** *(continued)*

<b>Donor</b>	<b>Project Name</b>	<b>Amount</b> (\$ thousand)
REG	Greater Mekong Subregion Phnom Penh Plan for Development Management IV	500.00
	Subtotal	2,400.00
<b>Denmark—Danish Cooperation Fund for Renewable Energy and Energy Efficiency in Rural Areas</b>		
NEP	Increasing Access to Energy in Rural Nepal	323.00
REG	Empowering the Poor through Increasing Access to Energy	150.00
	Subtotal	473.00
<b>Denmark—Second Danish Cooperation Fund for Renewable Energy and Energy Efficiency in Rural Areas</b>		
NEP	Increasing Access to Energy in Rural Nepal	510.00
	Subtotal	510.00
<b>Republic of Korea e-Asia and Knowledge Partnership Fund</b>		
PRC	Strengthening Capacity to Address Climate Change for Small and Medium-Sized City Development	500.00
MON	Public Transport Information and Communication Technology	500.00
PHI	Computer Access Mentorship Program—a Public–Private Partnership for Enhancing Education Quality	500.00
THA	Mainstreaming Public–Private Partnerships	500.00
REG	Updating and Improving the Social Protection Index	500.00
REG	Establishment of e-Systems in Support of Infrastructure Finance in Asia	500.00
REG	Comparative Infrastructure Development Assessment of the Kingdom of Thailand and the Republic of Korea	400.00
REG	Promoting an Interlinked ASEAN Capital Market	500.00
REG	Sharing Knowledge on Community-Driven Development in Asia and the Pacific	500.00
REG	Support for Trade Facilitation in the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area	500.00
	Subtotal	4,900.00
<b>Finland</b>		
NEP	Increasing Access to Energy in Rural Nepal	100.00
REG	Strengthening the Asia Pacific Adaptation Network	350.00
	Subtotal	450.00
<b>France</b>		
PHI	Urban Water Supply and Sanitation	2,000.00
REG	Ensuring Sustainability of Greater Mekong Subregion Regional Power Development	1,350.00
	Subtotal	3,350.00
<b>Germany</b>		
REG	Managing the Cities in Asia	422.00
REG	Supporting the Third High-Level Forum on Aid Effectiveness and Its Preparatory Consultation Process	66.00
	Subtotal	488.00

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**Appendix 2** *(continued)*

<b>Project Name</b>		<b>Amount</b> (\$ thousand)
<b>Japan—Asian Clean Energy Fund under the Clean Energy Financing Partnership Facility</b>		
BAN	Energy Efficiency Improvement	1,500.00
PHI	Three Wind Farm Projects in Luzon	630.00
REG	Empowering the Poor through Increasing Access to Energy	2,000.00
REG	Enabling Climate Change Responses in Asia and the Pacific—Strengthening Planning Capacity for Low Carbon Growth in Developing Asia (Subproject 4)	700.00
REG	Knowledge Platform Development for the Asia Solar Energy Initiative	2,000.00
REG	Needs Assessment and Development of the Solar Energy Program	1,000.00
REG	Strengthening the Capacity of Pacific Developing Member Countries to Respond to Climate Change (Phase 1)	1,500.00
REG	Promoting Renewable Energy, Clean Fuels, and Energy Efficiency in the Greater Mekong Subregion	800.00
	Subtotal	10,130.00
<b>Japan Fund for Poverty Reduction</b>		
AFG	Power Sector Master Plan	1,500.00
BAN	Support to Local Government Engineering Department in Institutionalizing Women's Benefits from Rural Infrastructure Initiatives	500.00
COO	Public Finance Management and Public Sector Performance Review	300.00
IND	Capacity Development for Project Management of Infrastructure Development for Rural Livelihood Enhancement	1,000.00
IND	Deepening Capacity Building for Mainstreaming Public–Private Partnerships	2,000.00
INO	Institutional Strengthening for the Water Resources Sector	500.00
INO	Capacity Development Assistance for Public–Private Partnerships	500.00
INO	Strengthening National Public Procurement Processes	1,000.00
LAO	Rural Access Improvement Project along the East–West Economic Corridor	1,200.00
LAO	Capacity Strengthening for Gender Mainstreaming in the Agriculture Sector	480.00
LAO	Support for Post-Private Sector and Small and Medium-Sized Enterprises Development Program Partnership Framework	1,000.00
MON	Updating the Energy Sector Development Plan	1,000.00
MON	Ulaanbaatar Water and Sanitation Services and Planning Improvement	600.00
MON	Reforming Higher Education for a Knowledge Society	400.00
NEP	Integrated Urban Development	800.00
NEP	Energy Access and Efficiency Improvement Project II	600.00
NEP	Hydropower Development for Energy Crisis	2,000.00
NEP	Decentralized Rural Infrastructure and Livelihood Project II	500.00
PHI	Decentralized Framework for Sustainable Natural Resources and Rural Infrastructure Management	1,300.00
PHI	Support for Social Protection Reform	1,400.00
SOL	Supporting Transport Sector Development	800.00
SRI	Technical Education and Vocational Training Sector Development	800.00
SRI	Lagging Local Authorities Infrastructure Development	700.00

*Continued on next page*



**Appendix 2** (continued)

Project Name		Amount (\$ thousand)
SRI	Multimodal Transport	1,000.00
TIM	Support for Effective Aid Management	600.00
TIM	Supporting Road Network Development	225.00
VAN	State-Owned Enterprise Rationalization Program	500.00
VIE	Strengthening Institutional and Financial Arrangements, Operations and Maintenance, and Governance in Road Transport	1,000.00
REG	Capacity Development of Selected Developing Member Countries on International Taxation: Eighteenth Tax Conference	181.00
REG	Asian Bonds Online Website Project, Phase III	1,000.00
	Subtotal	25,386.00
<b>Japan—Investment Climate Facilitation Fund under the Regional Cooperation and Integration Financing Partnership Facility</b>		
REG	Promoting an Interlinked ASEAN Capital Market	1,500.00
REG	Developing a Regional Social Investment Exchange Initiative	600.00
REG	Support for Trade Facilitation in the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area	1,000.00
REG	Improving Liquidity of Bond Market in ASEAN+3	1,250.00
REG	Best Practice for Regulatory Framework and Use of Credit Rating Information of Domestic Credit Rating Agencies in South Asia	550.00
REG	Broadening Investor Base for Local Currency Bonds in ASEAN+3	1,100.00
REG	Strengthening Local Chambers of Commerce and Industry along the East–West Economic Corridor to Promote Trade, Investment and Value Chains	600.00
REG	Strengthening Institutional Capacity to Compile and Analyze Financial Soundness Indicators for Investment Climate Assessment	500.00
	Subtotal	7,100.00
<b>Japan Special Fund</b>		
MON	Ulaanbaatar Low Carbon Energy Supply Project Using a Public-Private Partnership Model	1,500.00
PHI	Mitigation of Climate Change through Increased Energy Efficiency and the Use of Clean Energy	700.00
SRI	Supporting the Fiscal Management Efficiency	2,000.00
REG	Supporting Investments in Water Security in River Basins	2,000.00
REG	Project Preparation Support for the Cities Development Initiative for Asia	2,000.00
REG	Capacity Strengthening and Institutional Development for Border Management and Trade and Tourism Development in the Pacific	1,500.00
REG	Support for the Association of Southeast Asian Nations Plus Three Integrated Food Security Framework	2,000.00
	Subtotal	11,700.00
<b>New Zealand</b>		
PNG	Strengthening Rural Primary Health Services Delivery	90.00
	Subtotal	90.00

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**Appendix 2** (continued)

Project Name		Amount (\$ thousand)
<b>Spain</b>		
GEO	Regional Power Transmission Enhancement Project	850.00
GEO	Developing a Geospatial Urban Water Supply and Sanitation Utility Management Systems	800.00
	Subtotal	1,650.00
<b>Sweden</b>		
REG	Managing the Cities in Asia	1,365.00
	Subtotal	1,365.00
<b>United Kingdom</b>		
BAN	Second Urban Primary Health Care Project	225.00
IND	Advanced Project Preparedness for Poverty Reduction—Capacity Development for Sustainable Coastal Production and Management (Subproject 3)	90.00
IND	Advanced Project Preparedness for Poverty Reduction—Meghalaya Public Resources Management Development Program (Subproject 8)	200.00
IND	Advanced Project Preparedness for Poverty Reduction—Madhya Pradesh Urban Environmental Improvement Project (Subproject 8)	700.00
IND	Advanced Project Preparedness for Poverty Reduction—Preparing an Investment Plan for Himachal Pradesh Urban Development (Subproject 7)	600.00
IND	Advanced Project Preparedness for Poverty Reduction—Land Transport Management and Master Plan for Sikkim (Subproject 6)	1,100.00
IND	Advanced Project Preparedness for Poverty Reduction—Water Users Association Empowerment for Improved Irrigation Management in Chhattisgarh (Subproject 4 of Cluster TA C-TA003)	700.00
IND	Advanced Project Preparedness for Poverty Reduction—Capacity Development for Community-Based Flood Risk Management in Assam (Subproject 10)	600.00
IND	Advanced Project Preparedness for Poverty Reduction—Capacity Development for Jharkhand State Roads Sector (Subproject 11)	1,100.00
IND	Advanced Project Preparedness for Poverty Reduction—Institutional Development for a Value Chain Approach to Agribusiness in Bihar and Maharashtra (Subproject 12)	850.00
REG	Enabling Climate Change Responses in Asia and the Pacific—Strengthening Planning Capacity for Low Carbon Growth in Developing Asia (Subproject 4)	220.00
REG	Private Sector-Led Integration and Free Trade Agreements in South Asia	131.25
	Subtotal	6,516.25
<b>MULTIDONOR COOPERATION FUNDS/PARTNERSHIPS</b>		
<b>Cooperation Fund for Regional Trade and Financial Security Initiative</b>		
LAO	Enhancing Financial Sector Supervision	250.00
	Subtotal	250.00

Continued on next page

**Appendix 2** *(continued)*

<b>Project Name</b>		<b>Amount</b> (\$ thousand)
<b>European Union</b>		
INO	Analytical and Capacity Development Partnership	27,000.00
	Subtotal	27,000.00
<b>Gender and Development Cooperation Fund</b>		
PHI	Strengthened Gender Impacts for Social Protection	300.00
REG	Promoting Gender Equality and Women's Empowerment	835.00
	Subtotal	1,135.00
<b>Global Environment Facility</b>		
VIE	Sustainable Rural Infrastructure Development Project in the Northern Mountain Provinces	50.00
REG	Promoting Energy Efficiency in the Pacific	200.00
REG	Strengthening Coastal and Marine Resources Management in the Coral Triangle of the Pacific (Phase 2)	13,100.00
	Subtotal	13,350.00
<b>International Fund for Agricultural Development</b>		
NEP	Preparation of the Agricultural Development Strategy	500.00
	Subtotal	500.00
<b>Multidonor Clean Energy Fund under the Clean Energy Financing Partnership Facility</b>		
PRC	Developing Smart Grid Technology for Efficient Utilization of Renewable Energy	900.00
PRC	Renewable Energy Development in Qinghai	200.00
PRC	Municipal Natural Gas Infrastructure Development Project (Phase 2)	592.00
PRC	Innovative Financing Mechanisms for Energy Efficiency and Emission Reduction in Small and Medium-Sized Enterprises	300.00
REG	Promoting Renewable Energy, Clean Fuels, and Energy Efficiency in the Greater Mekong Subregion	200.00
	Subtotal	2,192.00
<b>Multidonor Trust Fund under the Water Financing Partnership Facility</b>		
PRC	Effective Reservoir Utilization for Integrated Water Resources Management	200.00
PRC	Strengthening Participatory Irrigation Management and Project Management Capacity in Qinghai Province	200.00
IND	Water Users Empowerment for Improved Irrigation Management in Chhattisgarh	150.00
VIE	Ho Chi Minh City Water Supply Project	300.00
REG	Enabling Climate Change Responses in Asia and the Pacific—Supporting Investments in Water and Climate Change (Subproject 1)	1,000.00
REG	Knowledge and Innovation Support for ADB's Water Financing Program	1,500.00
	Subtotal	3,350.00
<b>Nordic Development Fund</b>		
LAO	Capacity Enhancement for Coping with Climate Change	2,800.00
REG	Managing the Cities in Asia	92.00
	Subtotal	2,892.00

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**Appendix 2** *(continued)*

Project Name		Amount (\$ thousand)
<b>Pilot Program for Climate Resilience under the Strategic Climate Fund</b>		
NEP	Supporting Government Planning in Building Climate Resilience	225.00
TAJ	Climate Resiliency for Natural Resources Investments	750.00
	Subtotal	975.00
	<b>TOTAL</b>	<b>161,945.25</b>

AFG = Afghanistan, BAN = Bangladesh , CAM = Cambodia, PRC = People's Republic of China, COO = Cook Islands, GEO = Georgia, INO = Indonesia, IND = India, LAO = Lao People's Democratic Republic, MON = Mongolia, NEP = Nepal, PHI = Philippines, PNG = Papua New Guinea, REG = regional, SOL = Solomon Islands, SRI = Sri Lanka, TAJ = Tajikistan, TIM = Timor-Leste, THA = Thailand , VAN = Vanuatu, VIE = Viet Nam.

**Appendix 3: Summary of Direct Value-Added Cofinancing for Investment Projects by Year, 1970–2010<sup>a</sup>**

Year	DVA Cofinancing								
	Commercial Sources		Official Loans		Grants		Total		ADB
	No. of Projects	Amount (\$ million)	No. of Projects	Amount (\$ million)	No. of Projects	Amount (\$ million)	No. of Projects <sup>b</sup>	Amount (\$ million)	Amount (\$ million)
1970–1996	30	595.52	100	4,299.24	11	47.39	138	4,942.15	7,656.68
1997	-	0.00	7	79.19	1	6.78	8	85.98	327.05
1998	1	150.00	6	788.05	1	5.37	7	943.42	770.11
1999	2	61.50	8	1,211.68	3	19.10	12	1,292.27	1,291.91
2000	2	45.00	7	164.50	7	21.45	16	230.94	502.60
2001	-	0.00	3	24.00	16	93.42	18	117.42	627.39
2002	-	0.00	6	248.50	24	129.91	30	378.41	636.84
2003	1	100.00	3	77.00	12	454.30	16	631.30	522.00
2004	-	0.00	8	159.00	27	104.42	35	263.42	881.01
2005	-	0.00	2	22.50	33	255.22	34	277.72	827.55
2006	3	315.00	10	565.17	30	229.14	42	1,109.31	2,180.03
2007	1	200.00	6	120.50	23	123.37	26	443.87	676.25
2008	2	425.00	5	664.60	29	100.92	34	1,190.52	1,475.28
2009	4	396.20	10	2,767.97	39	189.51	51	3,353.68	2,077.73
2010	4	510.00	19	2,850.30	23	157.35	43	3,517.65	3,511.87
<b>TOTAL</b>	<b>50</b>	<b>2,798.21</b>	<b>199</b>	<b>14,042.21</b>	<b>266</b>	<b>1,937.64</b>	<b>495</b>	<b>18,778.05</b>	<b>23,964.29</b>

ADB = Asian Development Bank, DVA = direct value-added.

<sup>a</sup> Amounts and number of projects adjusted to reflect changes in cofinancing arrangements after year of approval.

<sup>b</sup> A project with more than one source of cofinancing is counted as one.

Source: ADB cofinancing database.

**Appendix 4: Cofinancing for Technical Assistance Projects by Year, 1970–2010**

Year	Bilateral		Multilateral		Total	
	No. of Grants	Amount (\$'000)	No. of Grants	Amount (\$'000)	No. of Projects <sup>a</sup>	Amount (\$'000)
1970	1	1,000.00	1	1,142.53	1	2,142.53
1972	0	0.00	2	1,504.30	2	1,504.30
1973	0	0.00	2	695.00	2	695.00
1974	0	0.00	5	1,705.00	5	1,705.00
1975	0	0.00	5	1,240.50	5	1,240.50
1976	0	0.00	4	3,054.68	4	3,054.68
1977	0	0.00	11	2,758.00	11	2,758.00
1978	0	0.00	6	4,842.98	6	4,842.98
1979	0	0.00	21	8,242.63	20	8,242.63
1980	5	1,220.00	14	6,239.55	19	7,459.55
1981	8	2,210.00	11	7,652.72	19	9,862.72
1982	1	380.00	7	4,661.00	8	5,041.00
1983	7	2,398.00	7	5,628.00	14	8,026.00
1984	2	550.00	10	3,668.00	12	4,218.00
1985	5	2,753.00	10	11,655.00	15	14,408.00
1986	6	5,170.00	12	7,290.00	16	12,460.00
1987	7	1,824.00	17	14,075.00	24	15,899.00
1988	50	19,121.00	9	8,073.00	58	27,194.00
1989	62	27,602.00	8	10,075.00	67	37,677.00
1990	71	33,344.74	4	3,629.00	75	36,973.74
1991	67	44,552.50	3	2,605.60	70	47,158.10
1992	83	46,796.65	3	3,110.20	85	49,906.85
1993	111	69,964.80	3	2,092.40	113	72,057.20
1994	142	68,827.65	2	8,607.00	144	77,434.65
1995	144	86,400.40	2	653.86	146	87,054.26
1996	135	93,293.85	0	0.00	134	93,293.85
1997	154	97,049.61	0	0.00	154	97,049.61
1998	126	94,326.50	2	178.36	128	94,504.86
1999	122	80,542.60	4	1,160.00	126	81,702.60
2000	131	91,847.40	1	200.00	132	92,047.40
2001	133	84,355.86	2	685.00	135	85,040.86
2002	135	74,748.00	4	1,589.00	139	76,337.00
2003	151	88,977.41	0	0.00	151	88,977.41
2004	172	114,200.00	1	975.00	166	115,175.00
2005	136	97,837.04	6	7,364.43	142	105,201.47
2006	145	144,736.00	5	3,604.80	138	148,340.80
2007	115	129,729.70	5	1,100.52	112	130,830.22
2008	140	132,838.38	5	5,800.00	133	138,638.38
2009	120	99,809.65	8	5,816.46	128	105,626.11
2010	112	117,228.25	9	44,717.00	119	161,945.25
<b>TOTAL<sup>b</sup></b>	<b>2,768</b>	<b>1,955,634.99</b>	<b>231</b>	<b>198,091.52</b>	<b>2,947</b>	<b>2,153,726.52</b>

<sup>a</sup> A project financed by more than one source is counted once. Supplementary projects are counted in each year of approval.

<sup>b</sup> Supplementary projects are excluded in the total number of projects.

Source: ADB-administered external grants database.





## **Partnering for Development**

### **2010 Donor Report**


This publication is targeted at current and prospective official financiers of the Asian Development Bank's grant and loan operations. It explains the wide range of financing options available to partners seeking to expand their commitment to developing the Asia and Pacific region. It also provides case studies showing how donor contributions make service delivery more effective and how they improve the lives of poor people. Finally, this publication outlines where donor funds can best support ADB's core areas of operation under Strategy 2020.

### **About the Asian Development Bank**

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.

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