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2021 DEVELOPMENT EFFECTIVENESS REVIEW

MAY 2022

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MAY 2022



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Notes:

1. In this report, “\$” refers to United States dollars.
2. The Asian Development Bank’s Strategy, Policy and Partnerships Department is the source of all information in tables, figures, boxes, and infographics in this report, unless otherwise stated.
3. Totals may not sum precisely because of rounding.
4. All photos are owned by ADB unless otherwise stated.

Cover design by Karmen Karamanian. On the cover: Thailand aspires to increase its use of sustainable energy sources such as the Bangchak solar farm in Chaiyabhum Province (photo by Zen Nuntawinyu); Children read about the COVID-19 pandemic on the internet while at home in Colombo, Sri Lanka (photo by M. A. Pushpa Kumara); ADB continues to improve access to clean water and sanitation in remote areas (photo by Narendra Shrestha).



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1. ADB Corporate Results Framework, 2019–2024
2. Midterm Review of ADB’s Corporate Results Framework, 2019–2024
3. Results Framework Indicator Definitions
4. Tracking Indicator Definitions
5. Technical Note on the Development Effectiveness Review Rating System

WEB-LINKED RESOURCES

Download the scorecard and related information, and linked documents from <http://www.adb.org/Documents/LinkedDocs/?id=2021-DEFR>

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ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
ANR	–	agriculture, natural resources, and rural development
APVAX	–	Asia Pacific Vaccine Access Facility
APQC	–	American Productivity & Quality Center
CO ₂	–	carbon dioxide
COVID-19	–	coronavirus disease
CPRO	–	COVID-19 Pandemic Response Option
CRF	–	corporate results framework
CSO	–	civil society organization
DEFr	–	development effectiveness review
DMC	–	developing member country
DMF	–	design and monitoring framework
EGM	–	effective gender mainstreaming
FCAS	–	fragile and conflict-affected situations
GDP	–	gross domestic product
GEN	–	gender equity theme
GHG	–	greenhouse gas
IAE	–	internal administrative expense
ICT	–	information and communication technology
IED	–	Independent Evaluation Department
KPS	–	knowledge products and services
Lao PDR	–	Lao People’s Democratic Republic
MBI	–	Mekong Business Initiative
NGE	–	no gender elements
OCR	–	ordinary capital resources
OP	–	operational priority
PBL	–	policy-based lending
PBO	–	policy-based operation
PCR	–	project completion report
PPP	–	public–private partnership
PSM	–	public sector management
PSOD	–	Private Sector Operations Department
RCI	–	regional cooperation and integration
SDG	–	Sustainable Development Goal
SGE	–	some gender elements
SIDS	–	small island developing state
SMEs	–	small and medium-sized enterprises
TA	–	technical assistance

OVERVIEW OF ADB'S SUITE OF ANNUAL CORPORATE PERFORMANCE REPORTS

The Asian Development Bank (ADB) prepares a suite of three complementary yet distinct corporate performance reports annually. All three reports share the common goals of learning from experience and being accountable to ADB shareholders and other stakeholders. This overview summarizes the unique focus, purpose, and value addition of each report. It maps their common areas of focus to direct readers to information about common topics.

	FOCUS	PURPOSE AND VALUE ADDITION
Annual Evaluation Review	The Board-required report of the Independent Evaluation Department (IED) is produced to promote accountability and learning. It focuses on the operational performance and results of ADB and provides a synthesis of the evaluations prepared by IED in the preceding year and an in-depth analysis of performance trends of completed operations. It includes a special topic to strengthen results, and reports on Management's acceptance and implementation of IED recommendations.	The Annual Evaluation Review provides consolidated issues and lessons from independent evaluations.
COMMON FOCUS  performance of completed operations		
Development Effectiveness Review	The review is Management's flagship report on ADB's performance in achieving the priorities of its corporate strategy, using indicators in the corporate results framework as the yardstick. Focusing on operations financed by ADB, it assesses ADB's development effectiveness, highlights actions ADB has taken to improve, and identifies areas where ADB's performance needs to be strengthened.	The findings provide the Board of Directors and ADB Management with performance information to guide ADB's strategic and operational directions and resource planning.
COMMON FOCUS  performance of active portfolio		
Annual Portfolio Performance Report	The report provides a strategic overview and analysis of the performance trends, size, composition, and quality of ADB's active portfolio based on key indicators. It includes all operations and projects, including those funded by special funds and cofinancing fully administered by ADB. It identifies key issues, actions taken by departments to support improvement, and lessons for future ADB interventions, and makes recommendations for improvement to ADB Management.	The report provides ADB Management with evidence-based recommendations grounded in an in-depth analysis, including by region, of ADB's full portfolio of active committed sovereign and nonsovereign operations and projects.



Business closures due to the COVID-19 pandemic have forced many workers such as this garment factory worker out of their jobs in various sectors across the region (photo by Narendra Shrestha).





INTRODUCTION















The development effectiveness review is the primary tool of the Asian Development Bank (ADB) for monitoring and reporting on its performance in achieving the priorities of its corporate strategy, Strategy 2030. The 2021 report uses the 60 indicators in the corporate results framework, 2019–2024, as its yardstick. In 2021, ADB reviewed the framework and found that most of the 60 indicators remained robust enough to measure performance in implementing Strategy 2030.

1. The *Development Effectiveness Review 2021 (DEfR 2021)* is the 15th annual ADB performance report. The DEfR is based on ADB's corporate results framework (CRF), a management tool used to track and monitor ADB's progress in implementing its corporate strategy, and is ADB's annual review and reflection exercise. This yearly process enables ADB to spot and analyze trends in corporate effectiveness, identify underlying issues, and develop actions to improve ADB's performance. DEfR findings inform ADB's operational directions and resource planning through the President's planning directions and the 3-year corporate work program and budget framework process.
2. The *DEfR 2021* continues the practice of using signals to communicate performance. The report's main body remains organized by themes that reflect the directions of Strategy 2030, the CRF 2019–2024, and the midterm review of the CRF.¹
3. **Understanding performance signals.** The use of arrows, check marks, and green, amber, and red signals to illustrate the status of performance continues in *DEfR 2021*. These signals indicate the direction of change for Level 1 indicators and performance against targets for the indicators in levels 2–4. Performance on indicators with 2024 targets is expected to show the progress necessary from baseline values to reach these targets. Signals for indicators with annual or periodic performance targets reflect performance on meeting the minimum and/or maximum threshold values set for each year during 2019–2024. Performance on some indicators is simply monitored rather than scored. In these cases, arrow signs indicate any improvement or deterioration, but no color signals are assigned. Table 1 summarizes the signals for indicators in levels 2–4.
4. **Where to find performance results.** The Performance Highlights section of this report and the separate scorecard accompanying it summarize performance on all indicators across the four levels of the CRF. The scorecard explains each performance signal.
5. **Where to find a particular indicator.** The indicator index in Appendix 3 shows where to find details on performance for each indicator discussed in the report. Some indicators are featured across several chapters.
6. **Continued thematic structure.** *DEfR 2021* is divided into six thematic chapters that group indicators according to the priorities and overall objectives of Strategy 2030. An infographic introduces the theme at the beginning of each chapter. Performance signals and related data are then provided graphically alongside brief commentaries on overall thematic performance, followed by deeper examination of notable results. Chapter 1, the thematic chapter on the seven Strategy 2030 operational priorities and the Sustainable Development Goals, covers all Level 1 indicators and relevant indicators from levels 2 and 3. The five other thematic chapters cluster by theme and discuss indicator results for levels 2–4.
7. **Reporting key ADB actions.** ADB has a system to identify and monitor actions for improvement. It undertook important actions in 2021 to address major performance challenges identified in *DEfR 2020*. Actions to address challenges that remain relevant to Strategy 2030 priorities are summarized in the closing section.
8. **ADB Corporate Results Framework, 2019–2024 updated.** In 2021, ADB conducted a midterm review of the CRF 2019–2024 and found that almost all of the 60 Board-approved indicators remain sufficiently robust to objectively measure ADB's performance in implementing Strategy 2030. The review introduced a few minor revisions. First, the target of the indicator "Projects or transactions with sovereign–nonsovereign collaboration (number, cumulative)" increased from 18 to 60 by adding 42 more collaborations to be achieved by 2024. Second, for the indicator "Staff rating ADB as an effective knowledge and learning organization (%)," the methodology was upgraded to a more rigorous survey to provide evidence-based assessment of knowledge management practices at ADB. Third, a new tracking indicator, "Operations aligned with Paris Agreement (%)," was added to supplement the existing indicator "Financing for climate change mitigation and adaptation (\$ billion, cumulative)." The revised CRF will be used to measure and report annual performance in the DEfR until 2024, when ADB will begin a comprehensive review to adopt a new CRF for 2025–2030.

9. **Complementing the two other ADB corporate performance reports.** The DEfR complements and refers to the two additional corporate performance reports ADB prepares each year: the Annual Portfolio Performance Report prepared by the Procurement,

Portfolio, and Financial Management Department, and the Annual Evaluation Review, prepared by the Independent Evaluation Department. An overview of the focus and purpose of each review is illustrated in a diagram at the beginning of this report.

Table 1: Level 2–4 Signals Explained

Scoring Method	Signal	Annual Change ^a
At or above target —performance at or above target		
		Improved
		Deteriorated
On track —performance exceeded desired progress to attain target		Remained constant
		Deteriorated
		Improved
On track but watch —performance met desired progress to attain 2024 target but requires close monitoring		Remained constant
		Deteriorated
		Improved
Off track —performance fell short of desired progress to attain target		Remained constant
		Deteriorated
		Increased
Monitor —no performance assessment		Remained constant
		Decreased

^a An arrow indicates a significant ($\geq 3\%$) change from previous performance.









ADB has helped 300,000 resource-poor farmers in six provinces in Cambodia to improve agriculture techniques, access to technology, market, and rural finance (photo by Chor Sokunthea).
















PERFORMANCE HIGHLIGHTS

Despite tumultuous times, the Asian Development Bank (ADB) achieved good progress in 2021 on strategic priorities to mainstream gender in operations and diversify the nonsovereign portfolio into frontier economies and nontraditional sectors. Active portfolio performance and organizational management improved, albeit unevenly. Meanwhile, the pandemic has challenged efforts on climate change and set back past regional progress on poverty reduction, food security, education, and women’s empowerment—all of which now require redoubled efforts.

SUMMARY PERFORMANCE SCORECARD 2021

REGIONAL DEVELOPMENT PROGRESS (SECTION I)						
Development Progress in Asia and the Pacific (Level 1)						
	ADB DMCs Overall			ADB Concessional Assistance DMCs		
Strategy 2030: Achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific						
	7	1	2	5	0	5

ADB'S DEVELOPMENT EFFECTIVENESS (SECTION II)		
Results from ADB's Completed Operations (Level 2)		
	ADB	CA
Strategy 2030 operational priority results		
Quality of completed operations		
ADB's Operational Management (Level 3)		
Design and implementation quality	--	--
Development finance		--
Strategic alignment		--
ADB's Organizational Management (Level 4)		
Organizational systems and processes		--
Organizational capacity	--	--

 = good,  = mixed,  = poor, -- = not scored,  = number of RPIs that have improved since the prior year,  = number of RPIs that have remained constant since the prior year,  = number of RPIs that have deteriorated since the prior year, ADB = Asian Development Bank, CA = concessional assistance, DMC = developing member country, RPI = results progress indicator.

A. PROGRESS ON REGIONAL DEVELOPMENT INDICATORS

Level 1: Development Progress in Asia and the Pacific

10. **Pandemic triggering multidimensional human and economic crisis.** Developments in 2021 highlighted and intensified the consequences of uneven progress toward the Sustainable Development Goals (SDGs) across ADB developing member countries (DMCs). For Level 1 regional progress indicators, ADB tracks whether results have improved, stayed constant, or regressed relative to the baseline year. Projections are used to provide a more current snapshot of development progress in the region and compensate for substantial time lags in indicator data.
11. **Poverty higher, but economic growth returning.** ADB estimates that an additional 170 million–180 million people in Asia and the Pacific fell back under the poverty threshold of \$3.2 per day in 2020, and that 75 million–80 million tumbled into extreme poverty. ADB further estimates that combined aggregate gross domestic product (GDP) in the region reversed 0.8% contraction in 2020 to grow by 6.9% in 2021. Gaps between realized GDP and growth trends before COVID-19 are, however, likely to persist beyond 2022. Countries that receive concessional assistance and those classified as fragile, conflict-affected, or small island developing states lag furthest behind.
12. **Learning disrupted.** Even before the pandemic, educational attainment in ADB DMCs lagged. Few countries in the region were able to avoid major disruption to schooling. The pandemic forced the accelerated adoption of new and more flexible teaching and learning approaches using information technology, leaving behind the poorest and most vulnerable students who were disadvantaged by unequal digital access.
13. **Women’s empowerment put further at risk.** The pandemic exacerbated many of the social and economic inequalities women and girls have long faced, including vulnerability to greater loss of employment and income, heavier care burdens, reduced access to high-quality education, and heightened risk of violence. Women’s burden of unpaid care, already triple that of men before the pandemic, has also grown, and there is evidence of significant increases in gender violence.
14. **Persistence of pressing environmental challenges.** The region has made very little progress toward achieving environmental SDGs that promote sustainable consumption and production, protect life on land and below water, and take climate action. The pandemic has added to waste management and plastic pollution problems. Despite economic contraction in 2020, regional emissions are estimated to have decreased by less than 1% and since rebounded to pre-pandemic levels. Natural and climate-related hazards caused nearly 4,000 deaths in the region in 2021.
15. **Cities on the frontlines.** Difficulties in managing the pandemic in urban areas were exacerbated by crowded conditions, particularly in slums with poor housing and spotty basic infrastructure, including for water supply and sanitation. Deficient finances and management capacity in local governments and urban institutions have often undermined their ability to cope with shocks. Transportation and air quality remain interlinked challenges for the region that had all of the 100 most polluted cities in the world in 2020.
16. **Food insecurity worsening.** Asia and the Pacific was home to more than half of the world’s undernourished people in 2020, with nearly 26% of the region’s population experiencing moderate or severe food insecurity and 23% of children under age 5 stunted. The pandemic exacerbated this predicament and highlighted the vulnerability of the region’s food supply chains, as COVID-19 containment measures disrupted logistics and storage systems. Food insecurity increased in most ADB DMCs during the pandemic.
17. **Governance remains to be strengthened.** Weak governance and institutions are persistent concerns affecting regional development. On top of damage done by the pandemic, conflict and political instability in some DMCs, particularly Afghanistan and Myanmar, risk excluding vulnerable populations from regional development gains.
18. **Improving foundations for regional cooperation.** Intraregional trade links and regional value chains continued to deepen despite the pandemic. With some exceptions in small island states, merchandise trade, cross-border investment, capital flow, and international remittances all improved in 2021, though trade in services and the movement of people remained constrained. Most countries managed to maintain critical freight flows, and cross-border goods trade largely continued, though monetary and financial integration declined slightly.

B. ADB ACHIEVEMENTS IN 2021

Level 2: Results from ADB's Completed Operations

Strategy 2030 Operational Priority Results

19. **Good progress toward Strategy 2030 operational priorities.** The corporate results framework, 2019–2024 (CRF) includes outcome indicators for measuring the results of ADB's sovereign and nonsovereign operations and technical assistance in support of the seven operational priorities. In 2021, completed ADB operations overall delivered 80% or more of their expected results for all 20 indicators for which results were expected. The concessional assistance subset of operations fell short on one of the 20 indicators for which results were expected. Appendix 1 highlights selected results from operations completed in 2021 by SDG.

Sovereign Operations Performance

20. **Overall success rate flat.** The share of completed sovereign operations rated *successful* remained relatively constant in the 3-year reporting period 2019–2021 (July 2018–June 2021) but was 10 percentage points short of the 2024 target of 80%. The success rate of operations financed by concessional assistance was also *off track*, dropping from 65% in 2018–2020 to 63% in 2019–2021. These declines were caused mainly by lower efficiency ratings for infrastructure and public sector management operations.

21. **Falling efficiency mirroring stalled success rate.** The share of operations rated *efficient* declined by 2 percentage points to 70% and was off by 4 points from the 2016–2018 baseline. *Effective* ratings in 2019–2021 increased by 5 percentage points to 69%, reversing a downward trend. Completed sovereign operations continued to perform weakest on *sustainability* at 65%, even with slight improvement. *Relevance* remained, at 83%, the strongest performer among the four criteria for assessing a project or program's overall success.

22. **Improved success rates for fragile situations but not small islands.** Only 62% of the 21 sovereign operations completed in countries with fragile and conflict-affected situations were rated *successful*. Further, the success rate of 23 sovereign operations in small island developing states dropped from 56% to

52%. This indicator is, however, volatile because of the small number of operations.

23. **Fewer projects completed on time.** Only 28% of projects in 2019–2021 closed on time, a drop of 5 percentage points from 2018–2020, putting ADB's performance further *off track* from the 2024 target. Issues related to safeguards, procurement, and the performance of contractors and consultants worsened delays. Concessional assistance projects were also *off track*, with only 28% closing on time in 2019–2021, a decline by 3 percentage points.

Nonsovereign Operations Performance

24. **Nonsovereign operation performance better but still off track.** The share of completed nonsovereign operations rated *successful* improved from 53% in reporting period 2018–2020 to 55% in 2019–2021 but was still *off track* by 15 percentage points to meet the 2024 target of 70%. The largest share of operations rated *successful* were investments in financial institutions, up by 16 percentage points to 70%, though the majority of completed nonsovereign operations were infrastructure investments. ADB sustained improvement in three of four criteria, with work quality and development results both up by 4 percentage points from 2018–2020, and additionality up by 2 percentage points, both reaching 57%. *Satisfactory* ratings for investment profitability fell from 65% to 61% in 2019–2021. Even after declining in 3 consecutive periods, investment profitability remains the strongest criterion.

Gender Equality Results

25. **Delivery of gender equality results surpassing target.** In 2019–2021, the share of completed operations assessed to have achieved their intended gender equality results was 81% in ADB assistance overall and 83% in the concessional assistance subset, exceeding the 80% target by 2024 for the first time. Among 33 sovereign projects completed in 2021, 32 were rated *successful* in delivering their intended gender equality results, as were 4 of 5 completed nonsovereign projects.

Level 3: ADB's Operational Management

Design and Implementation Quality

26. **Mixed performance on design and procurement readiness.** The share of design-ready sovereign infrastructure projects fell in 2021 to 69%, or 12 percentage points down from 2020 and significantly lower than the 80% target, taking performance *off track*. This deterioration contrasts with improvement in the share of procurement-ready sovereign infrastructure projects, which increased by 4 percentage points to 55% in 2021, *on track* to reach the 2024 target of 60%.

27. **Active portfolio performance improved.** In 2021, 67% of all ADB active sovereign operations were rated *satisfactory*, an improvement by 3 percentage points. In concessional assistance, the share was 73%. Improvements were in all five criteria: contract award, disbursement, financial management, outputs, and safeguards. The share of active nonsovereign operations assessed *at risk* of not achieving development results shrank to only 19% in 2021, an improvement by 13 percentage points over 32% in 2020 thanks to more proactive management and timely submission of development effectiveness monitoring reports, and with the facilitated graduation of legacy clients out of the portfolio.

Mobilization and Transfer of Development Finance

28. **Record high sovereign disbursement rate.** ADB disbursed \$11.1 billion, or 107% of its targeted \$10.3 billion in financing for sovereign projects and results-based lending to DMCs, exceeding the annual target of 90%.

29. **Nonsovereign cofinancing ratio back on track.** ADB is *on track* to meet the Strategy 2030 nonsovereign cofinancing ratio target of 200% by 2024. The ratio increased from 145% in 2018–2020 to 180% in 2019–2021. Long-term cofinancing for nonsovereign operations signed in 2019–2021 totaled \$7.8 billion. Every \$1.00 in financing ADB committed to nonsovereign operations was matched by \$1.80 in long-term cofinancing.

30. **Sovereign cofinancing contracted.** ADB mobilized \$5.0 billion in sovereign cofinancing in 2021 for 135 projects including technical assistance, sharply down from \$11.1 billion mobilized in 2020. The decline largely reflected projects intended for 2021 being pushed back to 2022 by the COVID-19 emergency.

31. **Financing for education up but still below target.** Despite a decrease in education financing from \$1.05 billion in 2020 to \$965 million in 2021, its share of ADB committed financing improved from 3.76% to 4.97%, reflecting in part lower ADB commitments overall in 2021. Despite this statistical improvement, education financing was still *off track* to meet the 2024 target range of 6%–10% of all committed financing.

32. **Health financing still above target range as COVID-19 support continued.** Committed financing for health increased in 2021 to a historic high of \$5.86 billion, or 30.18% of overall ADB commitments. This was a significant increase from 12.03% in 2020, already above target. Performance garnered a rating *on track but watch* because it exceeded the upper bound of the 3%–5% target for a second year in a row. Utilization of the Asia Pacific Vaccine Access Facility, launched at the end of 2020, was a major factor driving growth in health sector operations.

33. **Project start-up time remaining steady.** The average time from concept approval to first disbursement in sovereign projects remained steady at 28 months in 2021, while the average start-up time for nonsovereign operations shortened by almost a month to 14 months. Concept approval to Board approval continued to be the bottleneck during processing, which took an average of 17 months for sovereign operations and 6 months for nonsovereign operations.

Alignment with Strategy 2030 Priorities

34. **Gender mainstreaming in ADB operations at its highest.** The share of ADB committed operations classified as gender equity theme (GEN) or effective gender mainstreaming (EGM) rose by 8 percentage points to 72% of overall ADB operations in 2019–2021, exceeding the 2024 target of 50% for a third year in a row. Those categorized GEN, EGM, or some gender elements (SGE) increased by 7 percentage points from 89% in 2018–2020 to 96% in 2019–2021, also above the 2024 target of 71%. Performance on both indicators remained above 2030 targets of 55% for GEN or EGM and 75% for GEN, EGM, or SGE. ADB's efforts to mainstream gender in operations and its extended COVID-19 response contributed to this notable performance.

35. **Climate change operations off track.** The portion of ADB operations supporting climate change mitigation and/or adaptation decreased by 2 percentage points to 56% in 2019–2021, pushing the rating down to *off track* to achieve the target of 65% by 2024. ADB targets having 75% of committed operations in support of climate change mitigation and/or adaptation by 2030. In the past 3 years, ADB committed \$14.3 billion in climate finance, which is *off track* to achieve the targeted cumulative total of \$35 billion from 2019 to 2024. In 2019–2021, financing reached a cumulative \$10.9 billion for mitigation and \$3.4 billion for adaptation. Strategy 2030 targets \$80 billion in climate finance cumulatively from 2019 to 2030.²

36. **Share of nonsovereign operations increased.** While the absolute number of nonsovereign operations dropped somewhat from 38 in 2020 to 35 in 2021, their share in ADB committed operations rose from 22% in 2020 to 27%, for an indicator *on track but watch* to meet the 2024 target of 33%. A larger decline in the total number of committed operations from 173 in 2020 to 131 in 2021 drove the nonsovereign share higher. Similarly, nonsovereign committed operations decreased slightly by value from \$1.4 billion in 2020 to

\$1.2 billion in 2021, but their share of all ADB financing increased from 6.2% to 7.2%.³

37. **Nonsovereign operations in frontier economies and/or new sectors on track.** In 2021, 57% of nonsovereign committed operations were in frontier economies and/or nontraditional sectors, exceeding the 2024 target of 55%. Of these operations, 15% were in underserved group A and B DMCs, which are eligible for concessional assistance; 60% were in sectors that are more challenging but have a higher potential for development impact; and 25% were in both.⁴

38. **Improvement in social protection and in poverty reduction and inclusiveness.** The share of committed operations supporting poverty reduction and inclusiveness continued to improve from 70% in 2016–2018 to 84% in 2019–2021. Meanwhile, the number of social protection projects in 2021 dropped to 10, receiving 8% of all lending. This is lower than 35 projects in 2020 but still considerably higher than the annual average of 7 operations before the pandemic.

Level 4: ADB's Organizational Effectiveness

Organizational Systems and Processes

39. **Budget utilization still on target.** ADB's budget utilization rate in 2021 was again 95%, meeting the target of 5% or less unutilized. As in 2020, the most underutilized budget area was travel, which could not be used under COVID-19.

40. **Procurement time on track but watch.** The share of sovereign operation procurement transactions worth \$10 million or more that were processed within the target time of 40 days increased by 19 percentage points to 78% overall and by 20 percentage points to 69% for concessional assistance operations. This marked improvement is attributed to ADB working closely with clients.

41. **Representation of women remains on track but watch.** Women's share of ADB's international staff positions grew slightly from 37.7% in 2020 to 37.9% in 2021. Their representation in leadership roles in levels 7–8 rose from 29.3% to 30.2% in the same period.

42. **One ADB collaboration expanded in more sectors.** In 2021, operations departments continued to respond

strongly to the Strategy 2030 imperative on One ADB collaboration, with 22 more projects that tapped both private sector and sovereign operations expertise and knowledge. A cumulative 44 collaborations by the end of 2021 earned a rating *on track*.

Enhancing Organizational Capacity

43. **Staff share in field offices slightly decreased but numbers higher in fragile states.** The share of all ADB staff assigned to field offices declined slightly from 46% in 2020 to 45% in 2021, while the count of ADB staff positions in DMCs with fragile and conflict-affected situations and in small island developing states increased by 11 positions to 97.

44. **ADB transformation into a knowledge and learning institution in progress.** Following the launch of the Knowledge Management Action Plan, 2021–2025, a more rigorous methodology called the Knowledge Management Capability Assessment Tool was introduced to evaluate the maturity of ADB's knowledge management efforts. The result was 51.6%, or 2.58 on a 5-point scale, indicating that ADB's knowledge management maturity is still developing.



ADB continues to support operations in agriculture, rural development, and food security across several developing member countries (photo by Rakesh Sahai).



12. 2017.
Tupa.
1. 74 ÷ 4 =
2. 82 ÷ 2 =
3. 61 ÷ 1 =
4.
5.
6.
7. 83 ÷ 7 =

Tiare Taina.
Tata mai te aiteanga o teia
nga, Kupu.
) Maana

Find
1. 33 +
2. 63 +
3. 73 + 5 =
4. 93 + 5 =
5. 59 - 3 =
6. 99 - 3 =
7. 89 - 3 =
8. 69 - 3 =
9. 79 - 3 =
10. 109 - 3 =
11. 129 - 3 =

Mix Groups
Toora: Azaliyah, Kahana, Eli, Temoti
Teivirau, Alexandra, Amos,
Kerini, Ciizelle, Tiana, Katrina
Tura: Carl, Maxmaroo, Emile,
Pohkuro, Wichanon, Ngari,
Alex, Isaia,
Mango: Teipo, Teperi, Efi, Eldain.

Rupu Moon
Tiare Taina
Kahana
Amos
Emile
Isaia
Azaliyah
Teivirau
Kerini
Tara
Ngari
Maxmaroo
Alexandra

ADB is helping connect schools in Rarotonga, Cook Islands to the internet (photo by Eric Sales).



CHAPTER 1

STRATEGY 2030

OPERATIONAL PRIORITIES

Strategy 2030 envisions a prosperous, resilient, inclusive, and sustainable Asia and the Pacific, and states that future operations of the Asian Development Bank (ADB) will help developing member countries meet the Sustainable Development Goals. To achieve this vision, the strategy introduced seven operational priorities that take integrated thematic approaches reflecting the global 2030 Agenda and the Sustainable Development Goals. This chapter takes stock of the region's development progress as it relates to the operational priorities, taking the COVID-19 pandemic into account. It then highlights results delivered through projects completed in 2021 and new efforts initiated for each of the priorities.

A. DEVELOPMENT PROGRESS IN ASIA AND THE PACIFIC

The seven operational priorities of Strategy 2030 provide a lens for tracking regional development progress.

45. **Pandemic triggering a persistent and evolving human crisis.** The multidimensional human and economic crisis caused by the COVID-19 pandemic continued through 2021, highlighting and intensifying the consequences of uneven progress toward the Sustainable Development Goals across ADB developing member countries (DMCs). Rapid vaccine development spurred new optimism about prospects for recovery in 2021, both globally and in the region, but uneven access to vaccines and the emergence of new coronavirus variants tempered hopes for early recovery.

46. **Projections to fill data gaps on regional development.** Given data reporting lags and the complexity of ongoing pandemic impacts, many of the effects of COVID-19 are not yet reflected in official indicators of development progress in Asia and the Pacific. Only one indicator had 2021 data available in time for this report. This chapter therefore complements analysis of official regional progress indicators in the ADB corporate results framework with insights and projections to put ADB operations in context.



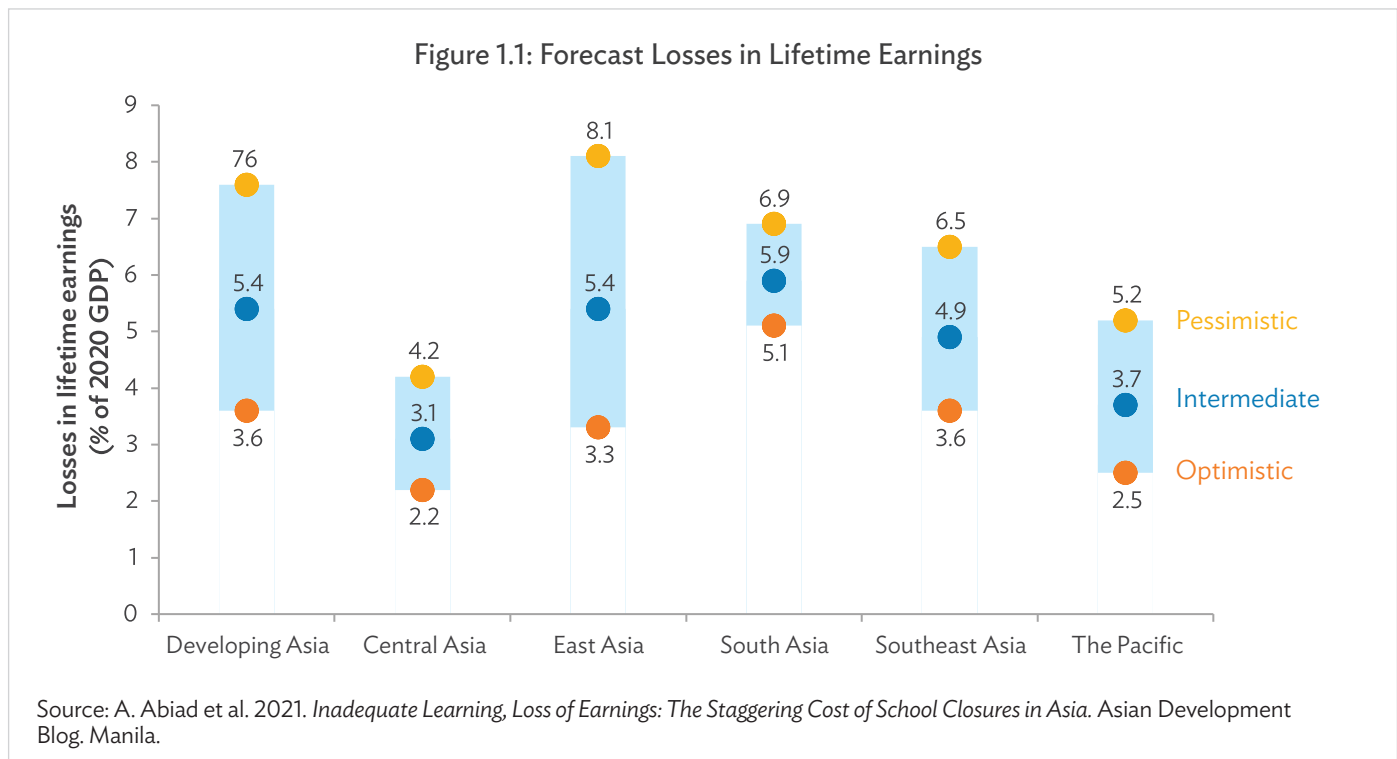
47. **Poverty higher, but economic growth returning.** ADB estimates that aggregate gross domestic product (GDP) in Asia and the Pacific grew by 6.9% in 2021, after contracting in 2020 for the first time in more than 60 years. ADB further estimates that an additional 75 million–80 million people were pushed into extreme poverty in 2020.⁵ The latest available data show extreme poverty, defined as living on less than \$1.90 per day, continuing to ease in the region before the pandemic, falling from 273 million people in 2015 to 203 million in 2017 as the poverty rate improved from 7.2% to 5.2%. The number of people in Asia and the Pacific living on less than \$3.20 per day had similarly declined before the pandemic, from 1.1 billion in 2015 to 951 million in 2017, or from 29.3% of the regional population to 24.6%. ADB estimates suggest that the pandemic pushed an estimated 170 million–180 million people back under the poverty threshold of \$3.2 per day. Unemployment and underemployment rose in 2020 from substantial loss of working hours.

48. **Worsening inequality.** Gaps between growth trends before COVID-19 and realized GDP are likely to persist beyond 2022. Countries that receive concessional assistance and those classified as fragile and conflict-affected or as small island developing states lag furthest behind. Differences are explained by a range of factors: fiscal conditions before the pandemic, economic structure, access to vaccines, and the scale of measures to contain COVID-19.⁶ The pandemic is expected to do the most harm to the region's poor, and its effects will be shaped by inequity and fragility in social systems and economic structures. Income inequality, a key indicator, remains high across DMCs, with an average Gini coefficient of 33.84 in 2016 not much improved to 33.72 in 2019. Before the pandemic, income growth rates for the poorest 40% of people in ADB DMCs were gradually catching up with average rates for populations as a whole. However, divergence is widening again, with a World Bank analysis finding the richest people likely to recover nearly half of their 2020 income losses in 2021 while the poorest lose another 5%.⁷



49. **Learning disrupted.** Many young people have seen their prospects for education and subsequent employment disrupted.⁸ Even before the pandemic, educational attainment in ADB DMCs lagged overall, despite improving enrollment, which held in check prospects for achieving the quality education targets of Sustainable Development Goal 4.⁹ In a quarter of regional economies, schools were closed for 200–300 days, in some cases for nearly 2 years. Few countries in the region were able to avoid major disruption to schooling, though some Pacific island states did so through aggressive measures taken early to contain COVID-19. The pandemic forced the accelerated

adoption of new and more flexible teaching and learning approaches using information technology, leaving behind the poorest and most vulnerable students who were disadvantaged by unequal digital access. ADB estimates that remote learning in the region is 71% more effective in high-income economies than in low-income economies, where only 41% of households have internet access at home and only 18% have a computer.¹⁰ ADB forecasts that students affected by school closure in developing Asia face 2.4% lower expected annual earnings (Figure 1.1). The present value of these future earning losses in the whole region is estimated to be \$1.25 trillion, equal to 5.4% of regional GDP in 2020.¹¹



50. **Urgent need to strengthen health care and social protection.** The pandemic has underscored the need to expand and deepen social protection systems and make faster headway in expanding health care coverage across the region. Health care coverage was improving in 2017 but remained highly uneven and incomplete. ADB social protection analysis suggests that social protection programs covered 63.9% of intended beneficiaries in Asia and 31.5% in the Pacific.¹² Further, only 38.9% of

the population in the region was covered by at least one benefit.¹³ Pandemic social protection expenditure and coverage were temporarily expanded, however, and these systems provided vital lifelines. Over the past 2 years, many efforts have been made to strengthen them further, channeling funds to make them more effective. A wider and stronger focus on labor market interventions will be critical to inclusive recovery.



OP 2: ACCELERATING PROGRESS IN GENDER EQUALITY



51. **Women’s economic empowerment set back.** The pandemic exacerbated many of the social and economic inequalities women and girls have long faced, including greater vulnerability to loss of employment and income, heavier household care burdens, reduced access to high-quality education, and heightened risk of violence. Early data suggest that the gap in men’s and women’s participation in the ADB DMC labor force may have widened in 2020, in which men’s participation was 81% and women’s only 48%.¹⁴ The data are, however, incomplete. Women in the labor force in 2019 were only slightly more likely to be out of a job than men. However, 2020 unemployment data from DMCs suggest a greater increase in the unemployment rate for men than for

women, which reflects men’s higher participation rate in the formal economy before the pandemic.

52. **Worsening gender violence.** Violence against women and girls—including domestic violence, child marriage, and teen pregnancy—increased during the pandemic (endnote 6). Prolonged lockdowns put women in close and constant proximity to abusers and rendered them less able to seek assistance.¹⁵ Rapid gender assessments indicate that violence against women has risen globally since the onset of the pandemic. Whereas one woman in three women was a victim of violence at some point in her life before COVID-19, this ratio has since risen to one in two.¹⁶



OP 3: TACKLING CLIMATE CHANGE, BUILDING CLIMATE AND DISASTER RESILIENCE, AND ENHANCING ENVIRONMENTAL SUSTAINABILITY



53. **Environmental issues insufficiently prioritized.** The COVID-19 pandemic has highlighted the critical relationship between environmental and human health, as land degradation, climate change, and biodiversity loss are critical drivers of zoonotic diseases. Developing Asia was regressing on most environmental Sustainable Development Goals even before the pandemic. COVID-19 has worsened challenges such as waste management and environmental protection. The production of hazardous and plastic waste—particularly medical waste—increased significantly during the

pandemic as demand soared for personal protective equipment and single-use plastics.¹⁷ In terrestrial and marine protected and conserved areas across the region, park authorities and partner institutions view a dramatic fall in tourism as having a profound impact on their management and governance, though in some cases tourism disruption also alleviated pressure on natural systems. The actual impact on biodiversity and ecosystem health will be more accurately known only when management functions fully resume.

54. **Decarbonization and resilience critical to recovery.** Carbon intensity in regional economies was improving until 2020, though greenhouse gas (GHG) emissions grew in absolute terms. In 2020, global carbon dioxide emissions fell only by an estimated 5.6%, despite dramatic economic contraction under the pandemic, and GHG emissions in ADB DMCs reduced by less than 1%.¹⁸ Deaths attributed to extreme climate and geophysical hazards decreased from 5,050 in 2020 to 3,901 in 2021, with the highest death tolls linked to floods during the wet monsoon in South Asia and to cyclones in East Asia. Evidence suggests that GHG emissions are rebounding quickly, and there will be no significant emission reductions unless countries

prioritize decarbonization in their economic recovery efforts. Fiscal stresses caused by the pandemic have left little flexible finance available to respond to natural hazards, and in many cases climate change projects and programs have been postponed or put on hold.¹⁹ These trends will only add to the impacts of climate change on people in the region. In the lead-up to the 2021 United Nations Climate Change Conference of the Parties in Glasgow, however, several ADB DMCs adopted net-zero emission targets that balance lowering GHG emissions and removing GHG from the atmosphere. Many also committed to transitioning away from unabated electric power generation using coal.²⁰



OP 4: MAKING CITIES MORE LIVABLE



55. **Uneven access to services.** Rapid urbanization before the pandemic put cities in Asia and the Pacific on the frontlines of efforts to manage and contain the pandemic. Difficulties were exacerbated by crowded conditions, particularly in slums with poor housing and spotty basic infrastructure, including for water supply and sanitation. Improving water supply and sanitation infrastructure in urban areas remains a critical priority. Disease outbreaks have often driven innovation in urban planning and design,²¹ and the pandemic has exposed inadequacies in urban planning, adding impetus to the drive to create smarter and more livable cities in the region.²² However, deficient finances and management capacity in local governments and urban institutions have, in many cases, undermined their ability to cope with shocks.²³ The pandemic is a reminder of the vital need to strengthen risk management and planning systems in cities to enable their prudent preparation for a diverse range of compound shocks.

56. **Transportation and air quality as interlinked challenges.** ADB DMCs had all of the 100 most polluted cities in the world in 2020.²⁴ Air pollution was a leading cause of early death before the pandemic, surpassed by only high blood pressure, tobacco, and poor diet. The health toll from air pollution likely worsens susceptibility to COVID-19 in regional cities.²⁵ Poor air quality in cities is caused mostly by emissions from industry and transport. During the pandemic, reductions in energy use, transportation, and manufacturing temporarily improved air pollution in many cities, but pollution has since rebounded.²⁶ System inadequacy and safety concerns about the use of public transportation have induced people to find private modes of transportation. Despite some efforts to facilitate cycling and walking, private car and motorcycle use has expanded substantially. With the pandemic and the consequent rise in working from home, new questions have arisen about future mobility needs and the expectations of urban residents.



OP 5: PROMOTING RURAL DEVELOPMENT AND FOOD SECURITY

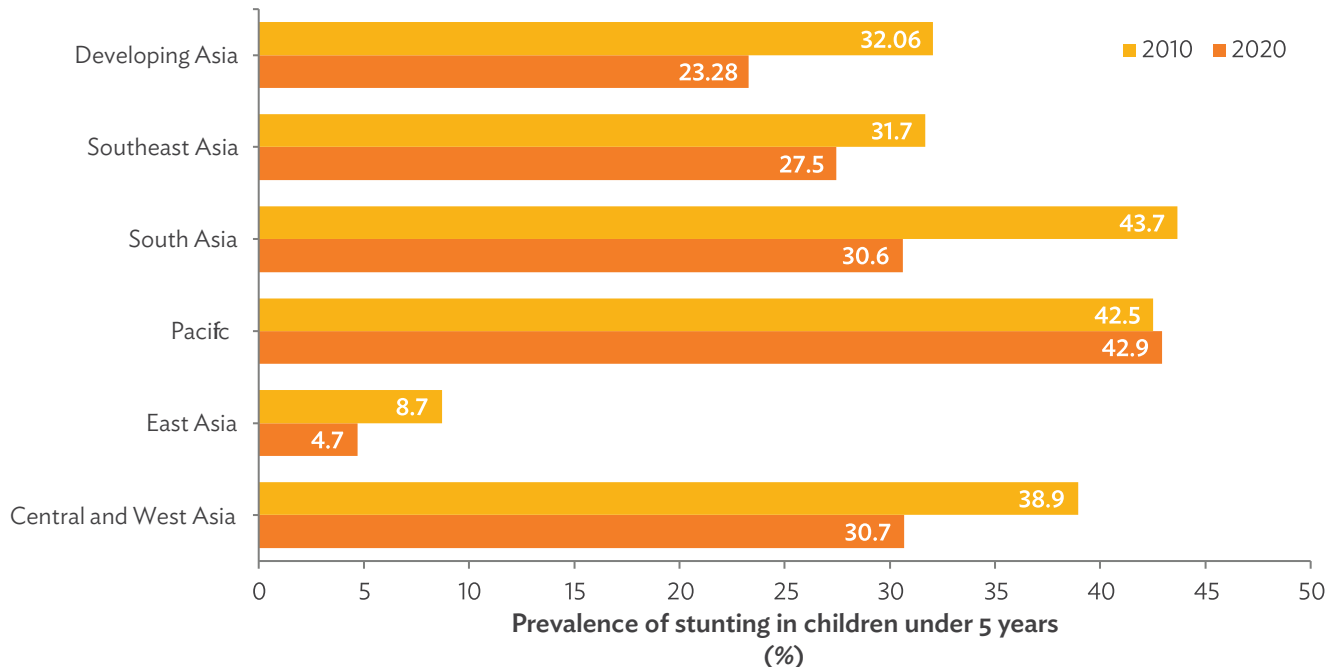


57. **Food insecurity persisting for many.** The COVID-19 pandemic worsened already persistent food and nutritional insecurity in Asia. The Food and Agriculture Organization of the United Nations estimated the number of undernourished people worldwide in 2020 at 768 million, more than half them, or 418 million, in Asia, with hunger affecting 57 million more people in Asia than in 2019. The rate of moderate and severe food insecurity increased in Asia from 19.1% in 2014 to 25.8% in 2020.²⁷ Even after significant improvement in recent years except in small Pacific populations, 23% of children under age 5 were stunted (Figure 1.2). At the same time, agriculture is being reshaped in the region by changing demographics and consumer demand, as well as by environmental stresses. As incomes have risen for some, food demand has also increased, especially for animal products that are much more resource intensive to produce (endnote 5). Two in five adults in the region are overweight or obese, and the health and morbidity effects of this trend

undermine sustainable development aspirations, as do consequently higher costs for health care and reduced productivity.²⁸

58. **Vulnerable and inefficient agricultural systems.** Improving agricultural productivity remains an important agenda for the region, rendered more difficult by environmental stresses (endnote 5). The challenges of delivering food from producers to consumers have caused immense food losses in the region, and food waste is a rising issue in many countries.²⁹ The pandemic further highlighted the vulnerability of the region's food supply chains, as COVID-19 containment measures severely disrupted logistics and storage systems. Food and Agriculture Organization of the United Nations data suggest that food insecurity increased in most ADB DMCs during the pandemic. Unsustainable agricultural practices in the region pose serious threats to long-term food security.

Figure 1.2: Prevalence of Stunting by Region in Developing Asia



Source: World Health Organization. [The Global Health Repository](#) (accessed 14 December 2021).



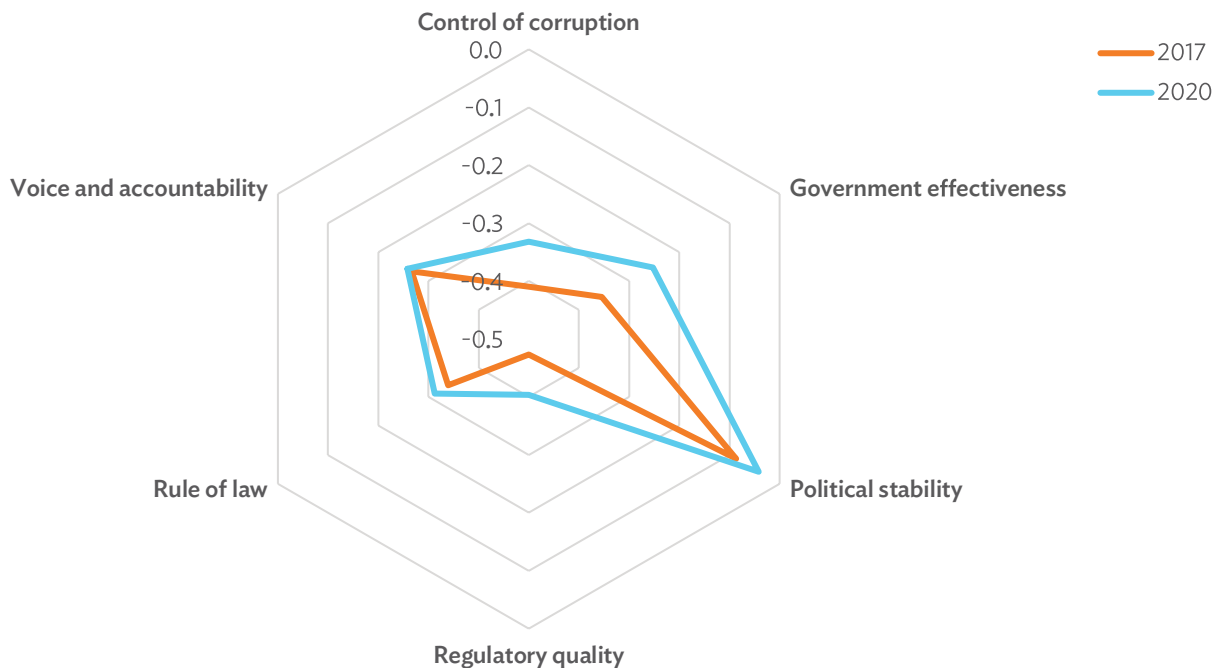
OP 6: STRENGTHENING GOVERNANCE AND INSTITUTIONAL CAPACITY




59. **Weak governance.** Stronger governance and institutions are persistent needs affecting regional development. On the World Governance Index scale from -2.5 to 2.5, the regional average remains in negative territory, at -0.27, with particularly low scores for voice and accountability, despite some improvement in government effectiveness and control of corruption from 2017 to 2020 (Figure 1.3). COVID-19 has further stressed service delivery at multiple levels of government. Conflict and political instability in several DMCs in 2021, particularly Afghanistan and Myanmar, have added to the toll from the pandemic and have worsened the risk that vulnerable populations will be further excluded from regional development gains.³⁰

60. **Inadequate domestic resource mobilization and investment flow.** Regional ratios of tax revenue to GDP have remained low, though the latest available value, 12.2% in 2019, was above the 2017 baseline of 11.6%. In DMCs that receive only concessional assistance, the most recent ratio of 11.1% in 2019 was below the 2017 baseline of 12.1%. Tax relief under the pandemic further undermined tax revenue, placing public finance under further pressure.³¹ Ratios of tax to GDP remain below the minimum considered necessary for sustainable development, highlighting the importance of mobilizing more domestic resources. The region managed to attract increased foreign direct investment inflow in 2020, drawn in large part by economic growth in India and the People’s Republic of China, but investment in 2022 is expected to remain well below pre-pandemic levels.³²

Figure 1.3: World Governance Index 2020 for ADB Developing Member Countries



ADB = Asian Development Bank.
 Note: Higher values denote better governance.
 Source: World Bank. [World Governance Indicators](https://data.worldbank.org/indicators) (accessed 14 December 2021).



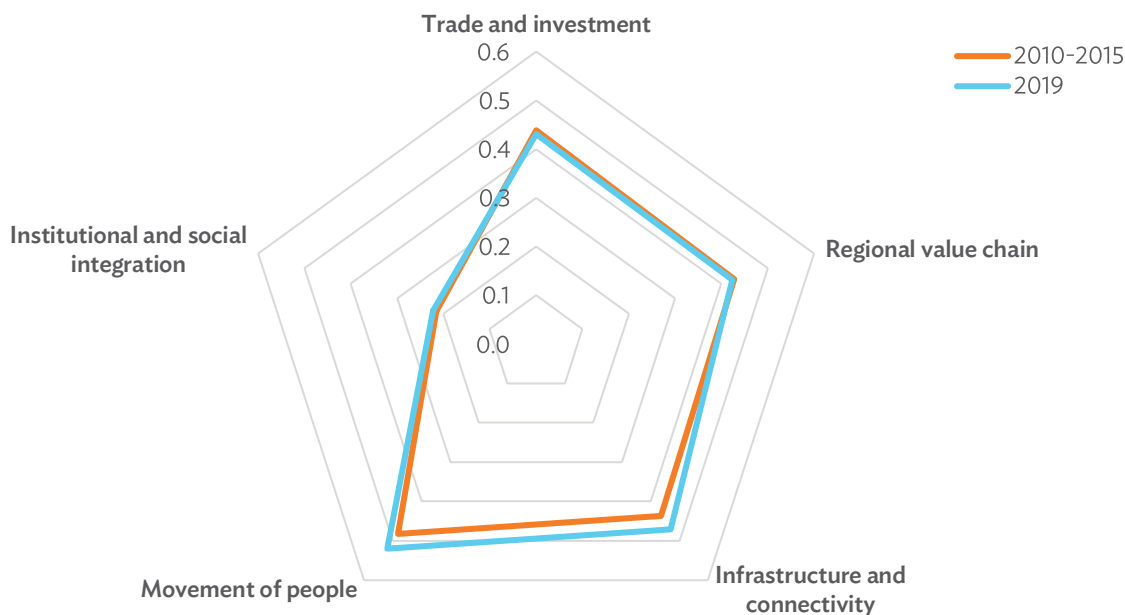
OP 7: FOSTERING REGIONAL COOPERATION AND INTEGRATION



61. **Regional cooperation sustained.** Data from the modified ADB Asia-Pacific Regional Cooperation and Integration Index showed, before the pandemic, persistent slowing of trade and investment, albeit alongside improvement in infrastructure and connectivity (Figure 1.4). Intraregional trade links and regional value chains continued to deepen despite the pandemic. Improvement was noted in 2021 in merchandise trade, cross-border investment, capital flow, and international remittances, with some exceptions in small island states. COVID-19 and the emergence of new coronavirus variants constrained the movement of people and trade in services other than digital services.³³ Most countries managed to maintain critical freight flows, and cross-border trade in goods largely

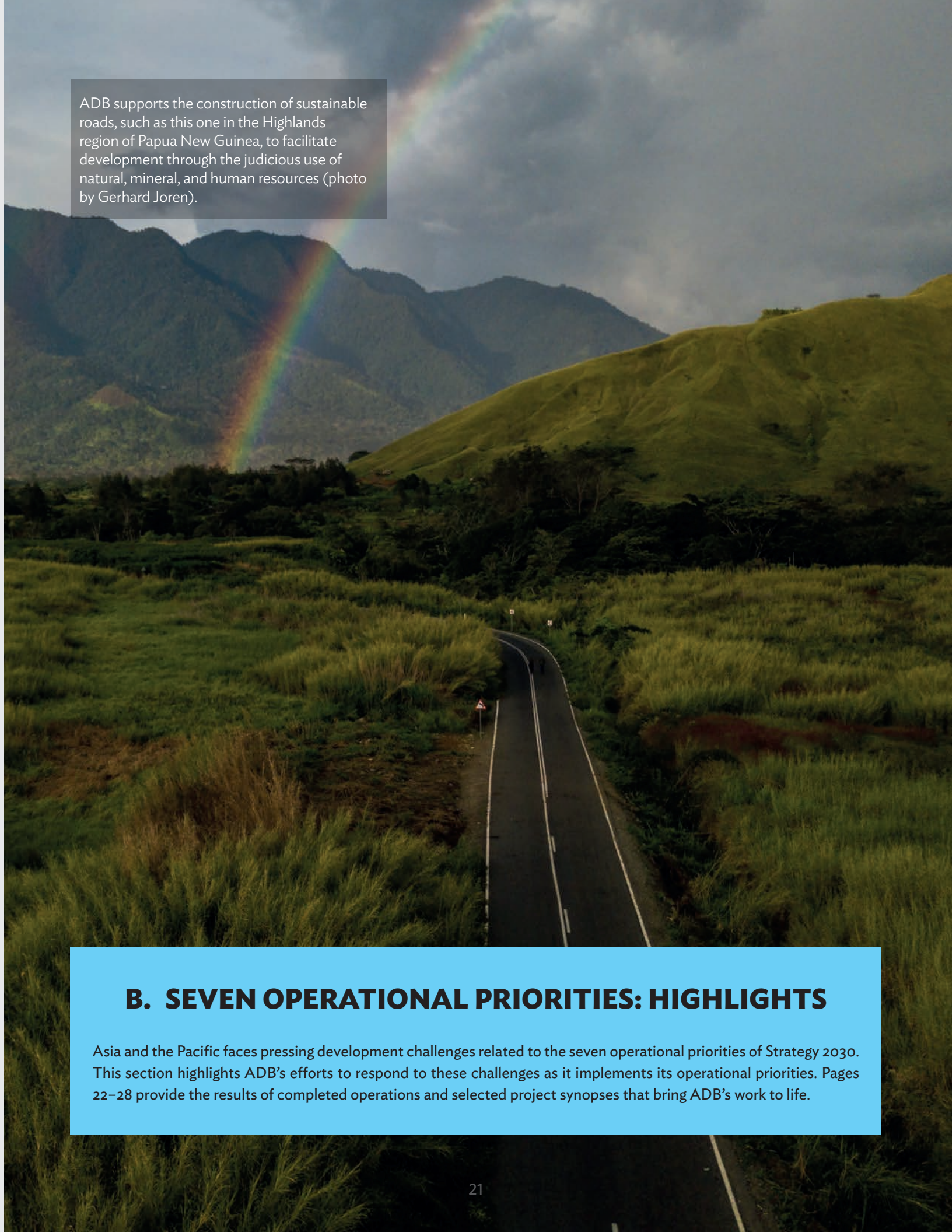
continued. Monetary and financial integration continued to ebb slightly in ADB DMCs, with Asia-Pacific Regional Cooperation and Integration Index scores falling from 0.40 in 2018 to 0.37 in 2019, further below the baseline value of 0.41 in 2015.³⁴ New ADB analysis suggests that developing Asia is the best-performing region in the world in terms of technology and digital connectivity. Regional environmental cooperation has been less intensive, though it remains comparable with that of other developing regions (endnote 5). The pandemic has hastened digitalization in many critical spheres of economic and social life for many people in the region. Greater cooperation on digitalization can be harnessed to enable progress in many dimensions of sustainable development.³⁵

Figure 1.4: Regional Cooperation and Integration Index Scores for ADB Developing Member Countries



ADB = Asian Development Bank.
 Note: Higher values denote greater regional integration.
 Source: Asian Development Bank. [Asia-Pacific Regional Cooperation and Integration Index](#) (accessed 9 February 2022).

62. **Regional cooperation to address worsening inequality between countries.** As DMCs in Asia and the Pacific follow diverging paths toward recovery, gaps between them grow.



ADB supports the construction of sustainable roads, such as this one in the Highlands region of Papua New Guinea, to facilitate development through the judicious use of natural, mineral, and human resources (photo by Gerhard Joren).

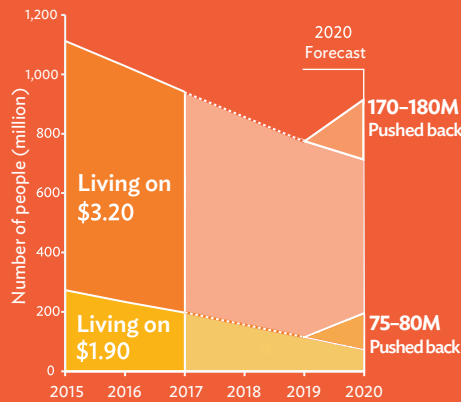
B. SEVEN OPERATIONAL PRIORITIES: HIGHLIGHTS

Asia and the Pacific faces pressing development challenges related to the seven operational priorities of Strategy 2030. This section highlights ADB's efforts to respond to these challenges as it implements its operational priorities. Pages 22–28 provide the results of completed operations and selected project synopses that bring ADB's work to life.



Millions of people pushed back into poverty in 2020

L1



30.03M
people benefiting from **improved** health services, education services, or social protection

- 3 health services **established or improved**
- 9 social protection schemes **established or improved**

28.8M
poor and vulnerable people with **improved** standards of living

2,300
infrastructure assets **established or improved**

1.79M
jobs directly **generated**

- 16 business development and finance sector measures **supported**
- 39 models for business development and financing **established or improved**

L2

L1 = development progress in Asia and the Pacific, L2 = results from ADB operations completed in 2021, M = million.



The Lao People's Democratic Republic (Lao PDR) has made notable achievements in health outcomes since the 1990s. However, significant challenges remain to tackle the poor quality of health facilities, lack of staff, low operational budget for outreach services, and expensive fees and medicine. These obstacles keep high-quality health services beyond the reach of the poor, in particular mothers and children.

Through ADB's **Health Sector Governance Program (Subprograms 1 and 2)**, more than 3.3 million people are now covered by national health insurance, integrated into the country's Health Equity Fund, and eligible for free maternal, neonatal, and child health services. Policy and governance reform facilitated by the program helped the Lao PDR improve public financial management, strengthen human resource management capacity, and institutionalize national health insurance and national health accounts, contributing to the achievement of universal health coverage by 2025.



Rural connectivity is at the forefront of India's development priorities. ADB's multitranche financing facility loan program helped the government approach its goal of road connectivity for rural communities.

The \$221 million investment loan project through the **Rural Connectivity Investment Program (Tranche 2)** built or improved 3,700 kilometers of roads and connected more than 1,800 rural communities in the poorer states of Assam, Chhattisgarh, Madhya Pradesh, Odisha, and West Bengal. Roads built under tranche 2 improved access to livelihood and employment opportunities, including jobs for 565,000 workers employed during road construction. Improved connectivity translates into greater mobility, better transportation, industrial development, and intensified rural investment that create more jobs in project areas and nearby centers of economic activity.



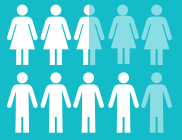
After decades of growth, economies in Asia and the Pacific are now among the most dynamic in the world. While extreme poverty has been markedly reduced, persistent disparities remain. ADB helps developing member countries tackle underlying development issues to support inclusive growth. Infrastructure investment in 2021, complemented by investment in education, finance, health, and agriculture, created jobs and economic opportunities while building human capacity and extending social protection to millions of poor and vulnerable people in the region.



OP 2 ACCELERATING PROGRESS IN GENDER EQUALITY

Women more likely to be pushed back into poverty because of COVID-19

L1



48% women participating in the labor force vs. 81% men

3 times women as men not in education, employment, or training



women do 3 times more unpaid care, and demands have grown during the pandemic



9.33M

women and girls completing education and/or training

656,000

skilled jobs generated for women

7.18M

women and girls with increased time savings



16,000

women represented in decision-making structures and processes



75% IN 2016-2018



81% IN 2019-2021



80% BY 2024

Completed operations delivering gender results

Delivery of gender results exceeds target

L2

Strong recovery in the annual delivery of gender equality results of both sovereign and nonsovereign operations belonging to GEN/EGM gender mainstreaming categories in 2021 raised the 3-year success rate for 2019-2021 to 81%, exceeding the 80% target performance by 2024. Of the 38 sovereign and nonsovereign operations completed in 2021, 36, or 95%, were rated successful. This is the highest annual success rate recorded for the indicator in the current CRF period, which helped the average performance over 3 years recover after posting consecutive declines in the last 3 reporting periods.

COVID-19 = coronavirus disease, CRF = corporate results framework, EGM = effective gender mainstreaming, GEN = gender equity, L1 = development progress in Asia and the Pacific, L2 = results from ADB operations completed in 2021, M = million.



Led by the private sector, the **IndusInd Bank Limited Supporting Access to Finance for Women in Less-Developed States Project** pioneered a business correspondent model to reach micro and small borrowers in remote locations in India. The \$200 million investment loan project significantly boosted gender equality by implementing a comprehensive set of gender measures that directly benefited over 9 million women borrowers. The project helped IndusInd reach its financial inclusion targets by providing microfinance loans to significantly underserved market segments, including rural women in less-developed states. Capacity building by the project improved women's financial planning and literacy, legal literacy, and awareness of consumer protection issues.



Cambodia has made significant progress in improving basic education, particularly for girls, but disparities persist because of gender inequality, geography, and poverty. Limited access to high-quality basic education prevents poor students from acquiring proper training and getting better paying jobs. This worsens a shortage of skilled workers and managers, undermining Cambodia's economic competitiveness and labor productivity. ADB's \$28 million policy-based loan through the **Third Education Sector Development Program** enabled 164,000 girls to complete lower secondary education. Substantial impact has been achieved with higher numbers of trained female teachers in lower secondary schools, grants provided for school improvement, the construction and expansion of project schools including housing for teachers and dormitories, and enhanced teaching methodologies and curricula in science and mathematics. These achievements expand educational opportunities for the poor in disadvantaged and border areas, as well as for indigenous and ethnic minority students in target provinces, especially girls.

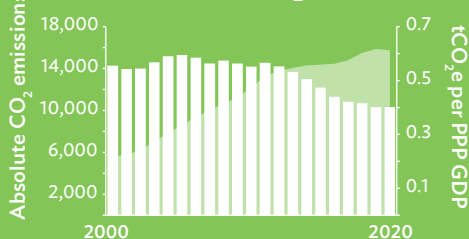


Operations completed in 2021 narrowed gender gaps by providing women and girls with greater access to job and livelihood opportunities, education, and skill training, further benefiting them with time savings and wider participation in decision-making structures and processes. Strong gender results were upheld by a larger portion of ADB operations successfully delivering their intended results.



Greenhouse gas emissions rebounded to pre-pandemic levels (tCO₂e)

L1



3,901 deaths from natural hazards in 2021



✓ 17.8M tCO₂e/year

in **reduced** greenhouse gas emissions annually

\$2.42B additional climate finance mobilized

1,600 megawatts of installed renewable energy capacity

✓ 763,000 PEOPLE

with **strengthened** climate and disaster resilience

2,900 hectares of area with reduced flood risk

41 disaster risk plans supported in implementation

✓ 3.6M PEOPLE

with **strengthened** environmental sustainability

495K hectares of terrestrial, coastal, and marine areas conserved

140 pollution control enhancing infrastructure assets established or improved

B = billion, CO₂ = carbon dioxide, GDP = gross domestic product, K = thousand, L1 = development progress in Asia and the Pacific, L2 = results from ADB operations completed in 2021, M = million, PPP = purchasing power parity, tCO₂e = tons of carbon dioxide equivalent.



Rising rural energy consumption and environmental degradation have posed severe concerns in the People's Republic of China over recent decades. Average annual energy consumption per person in rural areas increased by 9.8% from 2000 to 2016.

Through the ADB-assisted **Integrated Renewable Biomass Energy Development Sector Project**, farms in Jiangxi Province were enabled to help manage environmental threats by converting livestock waste into organic fertilizer and clean biogas energy, which contributed to the national energy grid and increased farmer income. Peng Xueming, 52, reported in Shewan village that her rice yields have grown steadily since she started using locally produced organic fertilizer. "We used to harvest about 500 kilograms of rice per crop. Now, it is more than 650 kilograms, and we use less pesticide," she said. With fertilizer production and power generation, annual incomes for farmworkers increased by nearly 30%, and harmful greenhouse gas emissions were reduced, annually avoiding 1.72 million tons of carbon dioxide equivalent.



Viet Nam's population and economy are rapidly urbanizing, shifting from agriculture to industry and services, now comprising nearly 80% of the economy. Inadequate urban infrastructure, degraded environments, and vulnerability to natural hazards constrained growth potential in the coastal cities of Tam Ky and Ha Tinh and the highland city of Buon Ma Thuot.

The **Secondary Cities Development Project** addressed critical urbanization and development challenges by improving the urban environment and building climate-resilient infrastructure. New flood management and drainage channels built by the project now protect close to 114,000 people in Ha Tinh and Tam Ky from frequent floods and resulting damage. Similarly, more than 90% of the population of Buon Ma Thuot benefited from improved waste collection and disposal systems. The closure of the Cu Eabur dumpsite and opening of an engineered landfill at Hoa Phu greatly improved air quality and other environmental conditions for nearby residents.



In 2021, ADB provided integrated solutions to address the causes and consequences of climate change in Asia and the Pacific by scaling up investments in clean energy, sustainable transport and urban development, sustainable management of natural resources, and the building of climate and disaster resilience in its developing member countries.



Crowded conditions and difficulties in accessing services challenge COVID-19 containment

L1

URBAN COVERAGE



Region hosts all of the 100 most polluted cities in the world

Pollution PM2.5 of 60.65 mg per m³



benefiting from improved services in urban areas



with improved urban planning and financial sustainability



with improved urban environment, climate resilience, and disaster risk management



L2

COVID-19 = coronavirus disease, L1 = development progress in Asia and the Pacific, L2 = results from ADB operations completed in 2021, M = million, mg per m³ = milligram per cubic meter, PM2.5 = particulate matter measuring less than 2.5 microns.



Recent rapid increases in passenger vehicle ownership and a decline of unmotorized transport are causing congestion and adverse environmental impacts in Lanzhou, People's Republic of China. A high-quality, high-capacity public transport system would support high-density urban development and enable transit-oriented development.

ADB's \$148.7 million loan through the **Lanzhou Sustainable Urban Transport Project** greatly enhanced connectivity through improved road infrastructure and mass transport, providing better access to markets, places of employment, schools, hospitals, and social services that directly benefited 3.1 million residents in Lanzhou. Bus rapid transit (BRT) developed under the project has contributed to a more vibrant economy in a new city center in Anning district. The increasing number of commuters, cyclers, and pedestrians stimulated business. The BRT spurred local development with new mixed-use buildings, underground passageways, and shopping malls built along the BRT corridor.



Nepal has not adequately tapped the potential of urbanization to drive economic development. Without policies that regulate and manage growth, uncontrolled and haphazard urban development has created numerous problems. Most municipalities lack properly engineered and operated sanitary landfills, comprehensive and reliable water supply, well-maintained roads, or adequate drainage systems to avoid recurrent waterlogging.

The **Integrated Urban Development Project** addressed governance issues by enhancing revenue mobilization, financial management, urban development, and institutional strengthening in the urban municipalities of Dharan, Janakpur, Nepalgunj, and Siddharthanagar. By bringing transformational change to urban planning and management, and by providing investment support to urban infrastructure, the project benefited more than 36,000 households with better health and sanitation services, improved air quality, upgraded roads, and cleaner cities with proper solid waste management.



ADB recognizes the transformative effect of making cities more livable across Asia and the Pacific. Cities are economic powerhouses and innovation hubs that improve livelihoods and trigger prosperity. In 2021, ADB continued to support livable cities by enhancing urban infrastructure and services, fostering integrated city development, promoting inclusive and participatory planning processes, and strengthening governance and citizen engagement.



OP 5 PROMOTING RURAL DEVELOPMENT AND FOOD SECURITY

Food insecurity increased in most DMCs under the pandemic

L1

23% of children stunted



Access to basic services



WATER

89%



SANITATION

74%



ELECTRICITY

97%



270M PEOPLE

benefiting from *increased* rural investment

840

rural infrastructure assets *established or improved*

530

rural economic hubs *supported*



73,000 FARMERS with *increased* market access

360

agribusinesses *integrating* farmers in efficient value chains



2.42M HECTARES

of land with *higher* productivity

220K

hectares of land *improved* through climate-resilient irrigation infrastructure and water delivery services

L2

DMC = developing member country, K = thousand, L1 = development progress in Asia and the Pacific, L2 = results from ADB operations completed in 2021, M = million.



Pakistan's power distribution system was constrained by shortfalls in electricity generating capacity, which regularly caused supply interruptions and system outages. With ADB's support, nearly 4 million additional residents in Pakistan are now connected to more reliable electricity.

By increasing generation capacity and supporting the financial sustainability of the eight distribution companies all over the country, the **Power Distribution Enhancement Investment Program** helped rehabilitate and expand the existing electricity network to serve a greater number of industrial, commercial, and residential customers, as well as villages, schools, and hospitals. The program increased income-earning opportunities with improved access to electricity and with jobs created during the construction of an additional 2,100 kilometers of transmission lines and 35 new substations under the program.



Farmers in Bangladesh are planting more high-value crops (HVCs) to meet growing demand and leave subsistence farming behind.

ADB's \$40.6 million investment through the **Second Crop Diversification Project** is part of a broad national effort to expand agricultural productivity and increase farmers' incomes, with 93,000 hectares of farmland now devoted to this kind of farming. Since 2012, the project has helped nearly 253,000 farmers—more than half of them women—double their income by switching to HVCs, linking to markets, and receiving agriculture credit for HVC production. Flower farmer Shahan Ara actively interacts now with flower traders selling nationally. "I can sell flowers directly to my buyer in Dhaka," she said. "There is no middleman now." Her success has allowed her to purchase a plot of land and build a house for her family.



ADB has intensified its efforts to develop rural areas and improve market connectivity by transforming agricultural value chains. Operations in 2021 built rural infrastructure and agri-logistics centers to enable the integration of producers, agribusinesses, and consumers in national, regional, and global marketing systems. Reducing postharvest losses and promoting agricultural value addition increased rural incomes and enhanced food security for millions of people in the region. The application of advanced technology helped increase factor productivity, ensure the sustainable use of land and water resources, enhance food safety, and improve natural resource management.



World Governance Indicators Index scores slightly improved

L1



Ratio of tax to GDP
 11.6% in 2017
 13.9% in 2018
 12.21% in 2019



600 ENTITIES

with *improved* management functions and financial stability

90K government officials with *improved capacity*

44 measures *supported in implementation* to promote the private sector and finance sector



360 ENTITIES

with *improved* service delivery, both government and private

20 measures *supported in implementation* to strengthen state-owned enterprises' governance

51 better service delivery standards *adopted*

L2

GDP = gross domestic product, K = thousand, L1 = development progress in Asia and the Pacific, L2 = results from ADB operations completed in 2021.



By 2015, the **Khadi Reform and Development Program** brought far-reaching changes to the traditional *khadi* and village industries sector in India. The program improved the lives of more than 1 million artisans and their families through the infusion of technology and designs, training and capacity building on the use of new model tools, financial inclusion, increased production, improved market access, increased earnings through market-linked pricing, mandatory direct benefit transfers to the bank accounts of artisans, and sales through direct reform assistance.

Through the program, more women were empowered to become involved in decision-making in *khadi* institutions, and, through capacity building, in the application of new technology and trends. The program made the sector more efficient and sustainable, and helped the government rationalize financial support to *khadi* institutions. Management information systems that enabled improved information dissemination were implemented to provide one-point access to all benefits entitled to *khadi* institutions and allow a shift from traditional cash-based to accrual-based accounting systems, benefiting over 1,000 groups as of June 2020.



Providing internet access to the people of Tonga was a challenge as it required laying an undersea fiber-optic cable from Fiji, more than 700 kilometers away, that would cost millions of dollars more than the small island country could afford.

ADB implemented the **Tonga-Fiji Submarine Cable Project** in partnership with the World Bank as part of the first phase of the Pacific Regional Connectivity Program. A 1,200-kilometer submarine cable system was installed and operated by Tonga Cable Limited, paving the way for delivering fast internet connection at a more affordable cost. Broadband subscribers increased from 18,000 in 2012 to 53,000 in 2019, and international connectivity costs decreased by 97%. Moreover, education and health-care systems now benefit from reduced internet rates as a result of the project. The Radiology Department of the Ministry of Health receives a 50% discount when transmitting X-ray results to Australia or New Zealand for diagnosis. Tonga Cable Limited also provides a 50% discount to the Tonga Communications Corporation and Digicel Tonga Limited to provide low-cost internet connections to schools, as well as an 80% discount to the University of the South Pacific to ease access to regional campuses and education centers in Ha'apai and Vava'u island districts.



Enhancing individual skills and competency is an essential building block of better organizational and institutional capacity. In 2021, ADB continued to help its member countries develop institutional capacity in areas such as policy and regulatory development, structural reform, results-based management practices, the introduction of digital technologies, and strengthening country systems and standards.

Results for the concessional assistance subset were only partly achieved because of design failure. Planned institutional strengthening in one project could not be fully assessed as there were no agreed standards on which to base the assessment.



Asia-Pacific Regional Cooperation and Integration Index scores remained stable

L1



ARCII

Modified Index



✓ \$227M

IN CARGO & ENERGY

transported and transmitted across borders

11

transport and ICT connectivity assets established or improved

11

measures to expand cross-border environmental protection and sustainable management of shared natural resources supported in implementation



L2

✓ \$1.08B

IN INVESTMENTS

in trade facilitated

6

measures to develop existing or new cross-border economic corridors supported

8

regional or subregional mechanisms operationalized to enhance DMC cooperation in trade, finance, or multi-sector economic corridors

ARCII = Asia-Pacific Regional Cooperation and Integration Index, B = billion, DMC = developing member country, ICT = information and communication technology, L1 = development progress in Asia and the Pacific, L2 = results from ADB operations completed in 2021, M = million.



Bangladesh's fast-growing economy has soaring energy needs, but domestic natural gas supplies struggle to keep up with demand, increasing dependence on oil- and diesel-fired electricity generators. By increasing the transmission capacity of a cross-border electricity link between India and Bangladesh, the **SASEC Second Bangladesh-India Electrical Grid Interconnection Project** helped the government approach its goal of providing electricity for all by 2021. Additional energy worth \$227 million was transmitted from India to Bangladesh through the project, improving the ability of Bangladesh to meet sharply rising power demand and illustrating the advantages of increased power exchanges across South Asia.



The **Mekong Business Initiative (MBI)** aimed to promote private sector development in Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam (collectively CLMV).

The private sector in CLMV is underdeveloped, with most small and medium-sized enterprises operating informally, many of them owned by women. ADB directly supported 33 innovative business models that secured additional investment in CLMV. MBI activities leveraged more than \$58 million in financing for private sector development, innovation, and entrepreneurship. ADB partnered with business associations and groups to influence 23 business regulations and policies that improved the business environment and raised competitiveness.



ADB has maintained its comparative advantage in regional cooperation and integration (RCI), using an approach tailored to progress RCI appropriately in different parts of the region. In 2021, completed RCI operations helped build transport and energy connectivity between countries, facilitated trade and investment, supported high-quality technical studies and advisory work, and strengthened subregional initiatives. ADB continued to support policy reform and infrastructure investment designed to enable wider and more inclusive cross-border opportunities for businesses through economic corridor development, and started to increase investments in regional public goods. The Trade Supply Chain and Finance Program supported more than 5,400 intra-regional transactions valued at \$5.6 billion, of which more than 2,300 transactions worth \$900 million were conducted between DMCs.



Through a grant-financed operation, ADB helps smallholder farmers produce organic vegetables in Boung Phao village, Lao People's Democratic Republic (photo by Ariel Javellana).



By the end of 2021, ADB developing member countries had fully vaccinated about 55% of the adult population, with vaccination rates ranging widely from 3% to 87% (photo by Khatia Jijeishvili).



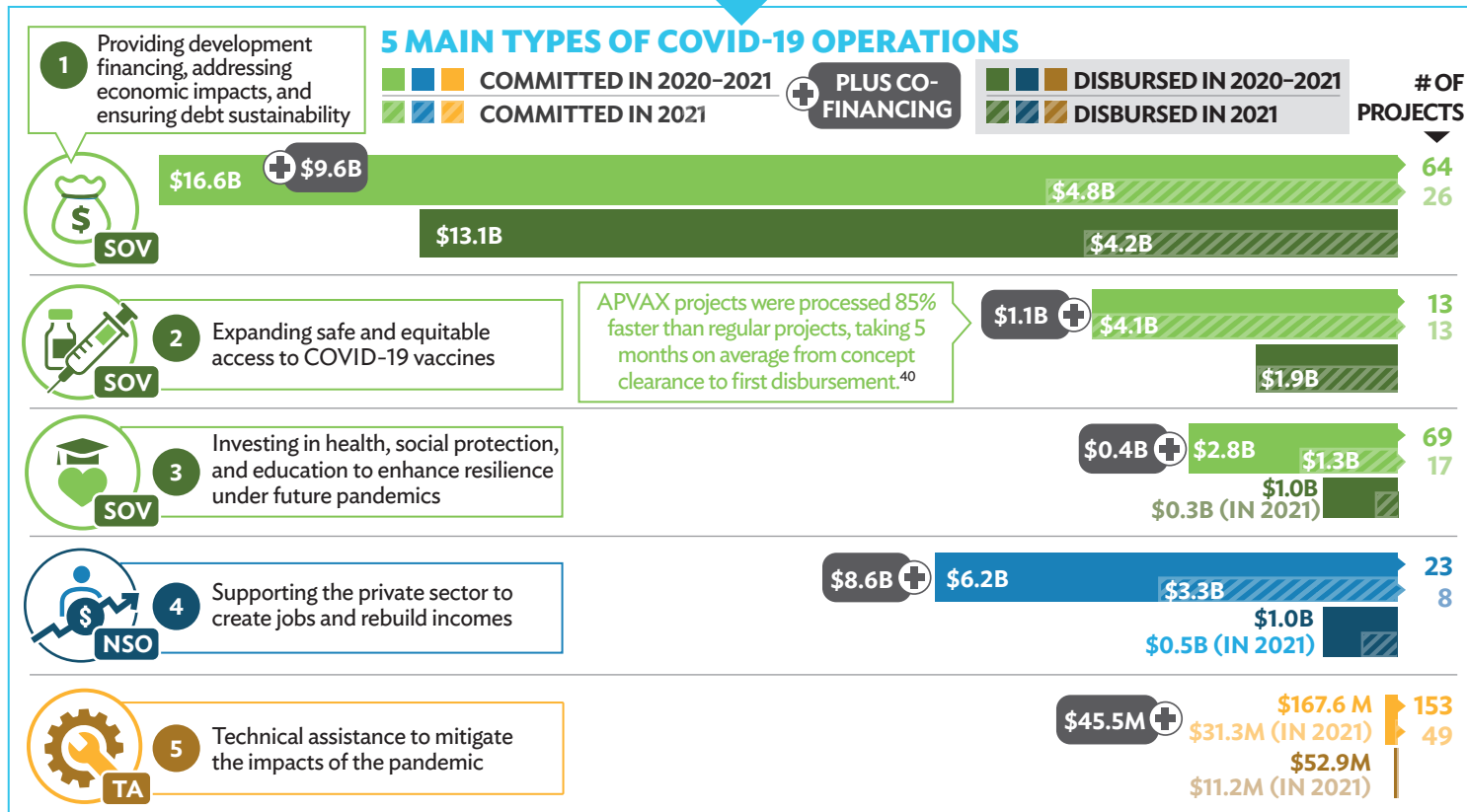
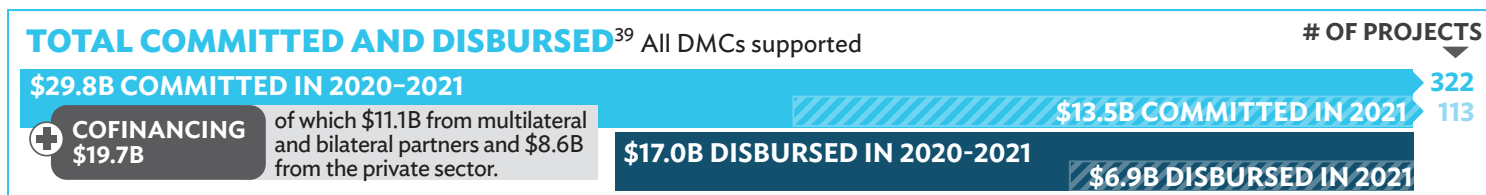
SPECIAL SECTION

ADB'S RESPONSE TO THE COVID-19 PANDEMIC

In 2021, the Asian Development Bank (ADB) continued to help its developing member countries respond to and recover from the coronavirus disease (COVID-19) pandemic. This special section summarizes the support ADB has provided so far in collaboration with development partners, focusing on expected and achieved results, progress, and early lessons.

A. COVID-19 RESPONSE COMMITMENTS AND DISBURSEMENTS

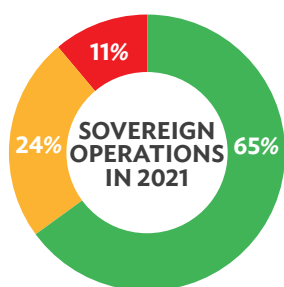
In 2021, ADB continued to roll out, in collaboration with development partners, its \$29 billion COVID-19 response package and refocus its regular pipeline to help its developing member countries (DMCs) respond to and recover from the pandemic.³⁸



APVAX = Asia Pacific Vaccine Access Facility, B = billion, COVID-19 = coronavirus disease, DMC = developing member country, M = million.

B. STATUS OF PROJECTS UNDER IMPLEMENTATION

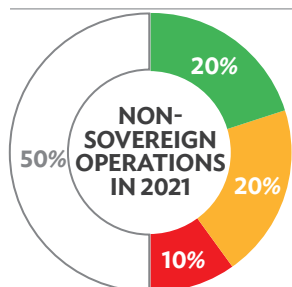
ADB's project performance monitoring systems flag risks to successful project completion and the achievement of intended development results and prompt measures to address them.



ON TRACK
FOR ATTENTION
AT RISK

Twenty-four of the 37 sovereign projects focused on COVID-19 response were *on track* toward successful completion. Those facing challenges were burdened by contract award and disbursement delays.

The *2021 Annual Portfolio Performance Report* provides further details on implementation issues.



ON TRACK
FOR ATTENTION
AT RISK
TOO EARLY TO ASSESS

Four of the 20 nonsovereign projects focused on COVID-19 response were *on track* toward achieving intended development results. Of the six projects flagged *at risk* or *for attention*, four had incomplete development effectiveness monitoring reports or were making insufficient progress toward their design and monitoring framework targets, and two had overdue monitoring reports. Half of the projects were new, and their first monitoring reports were not yet due.

The *Actions to Address Challenges* section of this report, from page 85, summarizes ADB initiatives to support the successful implementation of nonsovereign operations.

C. FROM RESPONSE TO SUPPORTING GREEN, INCLUSIVE, AND RESILIENT RECOVERY

As it persisted through 2021, the COVID-19 pandemic intensified the consequences of uneven progress toward the Sustainable Development Goals (SDGs). ADB estimates that an additional 170 million–180 million people were pushed back into poverty in 2020, and 75 million–80 million plunged into extreme poverty. Women have been particularly affected, taking on increased household care burdens. Many young people's education and employment prospects were disrupted. Climate change remains an urgent challenge, and despite 2020 featuring the region's first economic contraction in 60 years, by 2021 greenhouse gas emissions had largely rebounded to 2019 levels. In 2021, ADB continued to finance social protection programs providing a vital lifeline for the poorest people. The COVID-19 response and recovery operations to which ADB committed in 2021 are designed to help the region build back better toward the SDGs by achieving the following results.⁴¹

	<h3>Continuing to contain the virus, reduce its threat to public health, and adapt health systems to manage endemic COVID-19</h3>		
	<p>1.4 billion people benefiting from improved health services for the prevention and control of COVID-19 and other infectious diseases, including 5,631 health facilities to be built or improved</p>	<p>Procuring and delivering COVID-19 vaccines to vaccinate up to 1.4 billion people with two doses or the equivalent</p>	
	<p>Implementing seven measures to improve regional public health, focusing on immunization against infectious diseases including COVID-19</p>		
	<h3>Helping to address disrupted education and increased demand for specific skills in the health and digital economies</h3>		
	<p>157,274 people, of whom 90,557 are women, gaining access to technical and vocational education and training programs and higher education including 1,000 students enrolled in medicine programs</p>		
			<h3>Restoring food systems whose disruption has undercut food security and nutrition</h3>
	<p>Improving market access for 610,403 farmers, and 14,308 hectares of land with higher productivity</p>		<p>Generating 1,600 jobs in food supply chain, including 35 skilled jobs for women</p>
	<h3>The pandemic reinforcing the importance of safe and reliable water supply and sanitation services</h3>		
	<p>Constructing or improving 102 infrastructure assets to enhance the access of 636,086 people, including 217,000 women, to clean water, sanitation, and hygiene</p>	<p>Implementing 8 capacity development initiatives that promote proper waste disposal, including safe hospital waste management</p>	
			<h3>ADB's response and recovery operations supporting greater inclusion</h3>
	<p>61% of ADB COVID-19 response operations mainstreaming gender concerns</p>		<p>70% of ADB COVID-19 response operations supporting poverty reduction and inclusiveness</p>
	<h3>Sustainably meeting anticipated increases in demand for electricity as restrictions ease and mobility increases</h3>		
	<p>Establishing or improving 22 power infrastructure assets, of which 20 are low-carbon or climate-proofed assets expected to save 1.37 million tons of greenhouse gas emissions</p>	<p>Improving the management and financial functions of 20 entities, including power utilities, distribution companies, and government agencies</p>	<p>Enhancing access for 15.9 million people to improved electric power services</p>
	<h3>ADB supporting recovery as a pathway for a climate-resilient and low-carbon development</h3>		
	<p>Establishing or improving 1,807 low-carbon and climate-resilient infrastructure assets to strengthen the climate and disaster resilience of 2,480,330 people</p>	<p>Implementing 33 gender-inclusive capacity development initiatives for climate and disaster resilience including interventions to build community resilience</p>	<p>Implementing seven plans to reduce disaster risk</p>
	<h3>Improving logistics and regional connectivity for more efficient and resilient movement and storage of goods</h3>		<h3>SDG achievement crucially dependent on private sector development and increased private financing</h3>
	<p>Establishing or improving 12 transport and information technology assets including roads, railways, ports, and management information systems</p>	<p>Supporting 12 measures for improved cross-border connectivity, including support for multimodal logistics parks</p>	<p>Operations expected to facilitate \$105 billion in trade and investment. See <i>Private Sector Operations in 2021: Report on Development Effectiveness</i> for details.⁴²</p>

D. RESULTS ACHIEVED IN 2020-2021

ADB helped its DMCs mount significant responses to mitigate the health, social, and economic shocks of the pandemic, with a particular focus on the poor and vulnerable. Below is a selection of common results achieved to date by ADB-financed operations, based on project monitoring reports.⁴³

RESPONSE FOR HEALTH, SOCIAL PROTECTION, AND ECONOMIC SUPPORT



1.1 BILLION PEOPLE
benefited from at least one form of support, in cash or in kind, under emergency social protection schemes, of whom **517 million were women**

Budget support from ADB helped 27 DMCs mitigate income shocks. Governments delivered short-term cash transfers, wage subsidies, food rations, the provision of essential commodities, and other social safety nets for affected households and individuals.



15 MILLION BUSINESSES
including small and medium-sized enterprises benefited from COVID-19 support

Budget support from ADB helped governments support businesses, especially smaller enterprises, and protect jobs through the provision of tax breaks and incentives, rent subsidies, reduced tariffs, deferred tax payment, and loans for businesses. ADB's private sector investments provided credit to boost the working capital of businesses. *Private Sector Operations in 2021: Report on Development Effectiveness* details results achieved by private sector operations.



27,000 health facilities established | **47 health services improved**
particularly in testing, quarantining, and treating patients with COVID-19 and other infectious diseases

Support from ADB's \$40 million regional technical assistance project to address the COVID-19 outbreak and potential outbreaks of other communicable diseases included providing \$18 million that enabled 26 DMCs to procure

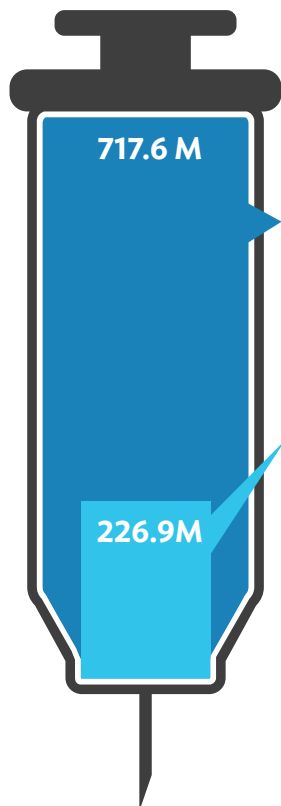
- personal protective equipment, testing kits, thermal scanners, ventilators, and other supplies;
- advisory services on vaccine assessment and strengthening health-care systems, tapping into World Health Organization expertise; and
- logistics support through administrative arrangements with the United Nations Children's Fund (UNICEF).⁴⁴



3.3 MILLION HEALTH WORKERS
with improved ability to manage COVID-19

VACCINE DOSES FOR DMCs

ADB FINANCED ABOUT 32% OF THE VACCINE DOSES DELIVERED IN 2021 TO SIX DMCs: BANGLADESH, MONGOLIA, NEPAL, PAKISTAN, PHILIPPINES, AND TAJIKISTAN⁴⁶



VACCINES

By the end of 2021, ADB DMCs together had fully vaccinated about 55% of the adult population, with vaccination rates ranging widely from 3% to 87%.⁴⁵ Projects under the Asia Pacific Vaccine Access Facility (APVAX) helped DMCs swiftly procure safe and affordable vaccines, with the aim of supporting more equitable global distribution.

Delivering value through partnerships:

- Asian Infrastructure and Investment Bank cofinancing partly administered by ADB improved process efficiency and delivered an additional 36.2 million doses to Mongolia and the Philippines.
- Of the doses ADB financed, 114 million were procured through the COVID-19 Vaccines Global Access cost-sharing mechanism, which reduced costs for Bangladesh, Nepal, and Tajikistan.
- ADB worked closely with Gavi, UNICEF, and the World Bank to increase awareness in DMCs of future cost-sharing opportunities.

Factors affecting progress. The main challenges affecting speedy delivery included global vaccine supply constraints and verifying suppliers' compliance with ADB's Anticorruption Policy. In most DMCs, the number of vaccines procured was more than originally projected as global supply increased and costs declined throughout the year.

Strengthened vaccine systems. ADB helped DMCs strengthen their vaccine delivery systems to support effective and equitable vaccine administration. APVAX projects

- developed vaccination information management systems tracking vaccine administration to eligible populations in the Philippines, Samoa, Tonga, Tuvalu, and Vanuatu;
- supported, in these countries and Nepal, the implementation of nationwide and community-based vaccine awareness campaigns, including a protocol on vaccination for pregnant women, advice on how to reach the most vulnerable and poorest populations, and guidelines for pediatric vaccination; and
- developed an operational plan for managing medical waste during the COVID-19 pandemic in the Philippines.

E. LEARNED SO FAR

The COVID-19 Pandemic Response Option (CPRO) enabled 27 operations committed in 2020 and 2021 under the Countercyclical Support Facility. The operations provided quick-disbursing budget support to help DMC governments finance urgent fiscal stimulus and measures to lower virus transmission and mitigate the social and economic costs of the pandemic. ADB conducted in 2021 a rapid assessment of the CPRO with a view to informing and strengthening ADB's suite of crisis response tools.⁴⁷

KEY FINDINGS AND EARLY RESULTS

FAST AND RESPONSIVE

Intensive staff effort under existing fast-track processes saw CPRO operations quickly prepared and disbursed within governments' requested time frames. All were disbursed by the end of 2021. In speed and scale, ADB's response was comparable to those announced by other major international financial institutions.

VALUE ADDED BEYOND BUDGET SUPPORT

Ample cofinancing. CPRO operations anchored an efficiently coordinated response by attracting large amounts of cofinancing—notably from the Asian Infrastructure Investment Bank, Japan International Cooperation Agency, and Government of Australia. This harmonization lightened administrative efforts for DMCs and other development partners alike, at a time when governments were stretched particularly thin.

Platform for coordination, policy dialogue, and monitoring. CPRO operations provided a platform for coordinating with other bilateral and multilateral support programs and for conducting regular policy dialogue with governments. ADB's seat at the table enabled it to engage with DMCs about new areas of support such as social protection and food security, which has spurred new ADB investments. Several DMC governments relied on ADB to act as lead coordinator in shaping plans for green, inclusive, and resilient recovery. In many DMCs, ADB supported the establishment of high-level monitoring forums or units.

Platform to deliver complementary technical assistance. During 2020 and 2021, ADB committed \$213 million in pandemic response technical assistance to CPRO-recipient DMCs, including \$45 million in cofinancing—its targeting better informed by ADB's seat at the table.

FINANCIAL SIGNIFICANCE

DMC financing gaps widened under the pandemic too much for any single official external financier to fill. ADB's CPRO budgetary support was therefore critical to help governments close their fiscal and external financing gaps. CPRO disbursement of over \$10 billion joined almost \$8 billion in cofinancing from multilateral and bilateral development partners to contribute about 12% of the initial emergency financing needs of CPRO-recipient DMCs.⁴⁸

EARLY DEVELOPMENT RESULTS

Outputs. From assessments provided in government monitoring reports to the end of 2021, each DMC appears able to meet, in part or in full, output targets in design and monitoring frameworks (DMFs) across all three areas of support: health, social, and economic. The reasons for output target shortfalls vary: mainly unexpectedly low uptake by intended beneficiaries, incapacity to deliver at the targeted scale on time, the government's response plan undergoing strategic change, or failure to provide the data needed to confirm achievement.

Outcomes. The measurement period for some DMF outcome targets had not yet elapsed by the end of 2021. For the 16 DMCs for which outcome progress data were available, 12 reported partial achievement of DMF outcome targets, and four reported full achievement. ADB will finalize completion reports for each CPRO operation in 2022–2023, providing final assessments of results achieved, examining reasons for nonachievement, and identifying lessons.

LESSONS FOR TARGETING AND MONITORING DEVELOPMENT RESULTS

The Countercyclical Support Facility was designed to provide large-scale emergency budget support—and so, in principle, funds not earmarked for any particular purpose—but CPRO eligibility required pro-poor countercyclical expenditure plans. Importantly, this ensured better-targeted support. However, it proved to be challenging to realistically set and monitor detailed targets for the type and number of beneficiaries specified in DMFs and gender monitoring matrixes.



SETTING TARGETS TO REACH THE POOR AND VULNERABLE

Progress reported to date shows that DMF and gender targets were unevenly realistic across CPRO operations. Many governments either excluded such specific targets from their plans or were unable to deliver or even monitor progress toward meeting them because of gaps in government systems and capacity. This situation could be improved by a more explicit ex-ante agreement with governments on detailed outcome and output targets for vulnerable beneficiary groups such as the poor, women, and others.



MONITORING PROGRESS

The timeliness and quality of government monitoring reports varied widely. Some had data gaps, posing concerns about whether governments had the information needed to fine-tune actions to improve targeting and implementation. Sex-disaggregated data, the collection of which is typically weak even in normal times, was the most common data gap. These shortfalls highlight how critical it is to invest regularly in government data collection and monitoring systems. To address gaps in the moment, tailored technical support is required, especially for weaker DMCs.

LOOKING FORWARD

Informed by lessons from CPRO implementation, ADB is planning how to adapt its Countercyclical Support Facility to better provide rapid, substantive, and effective responses to DMC needs.



The Coastal Towns
Environmental Infrastructure
Project seeks to improve
water supply and sanitation
facilities and other municipal
infrastructure in Bangladesh
(photo by Eric Sales).



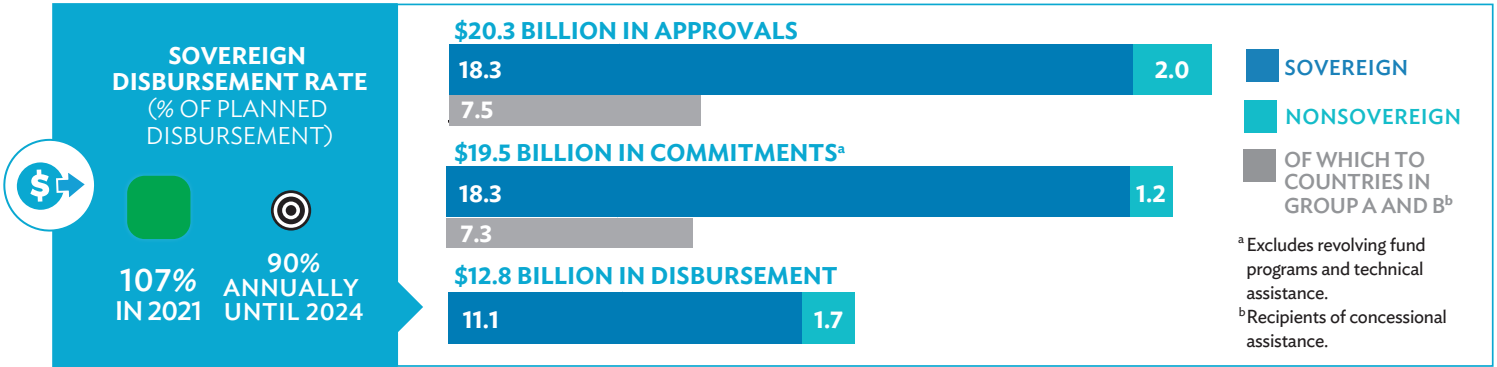
CHAPTER 2

DEVELOPMENT FINANCE AND STRATEGIC ALIGNMENT

As a multilateral development bank, the Asian Development Bank (ADB) provides needed finance to its developing member countries in line with its vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific free of extreme poverty. Strong and diverse partnerships with private and public financing institutions and traditional and new development partners help catalyze and mobilize financial resources for this development.

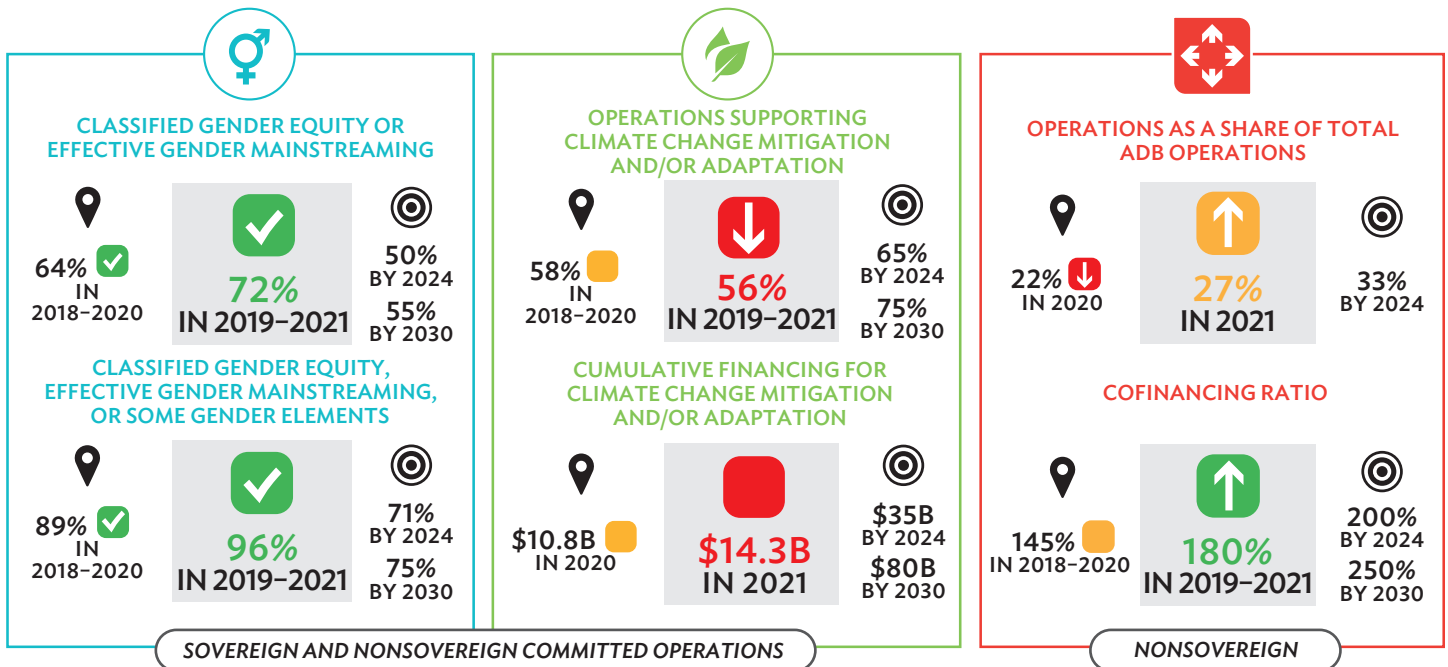
ADB focuses its investments on the seven Strategy 2030 operational priorities aligned with the Sustainable Development Goals and works to efficiently disburse financing to its developing member countries.

DEVELOPMENT FINANCE

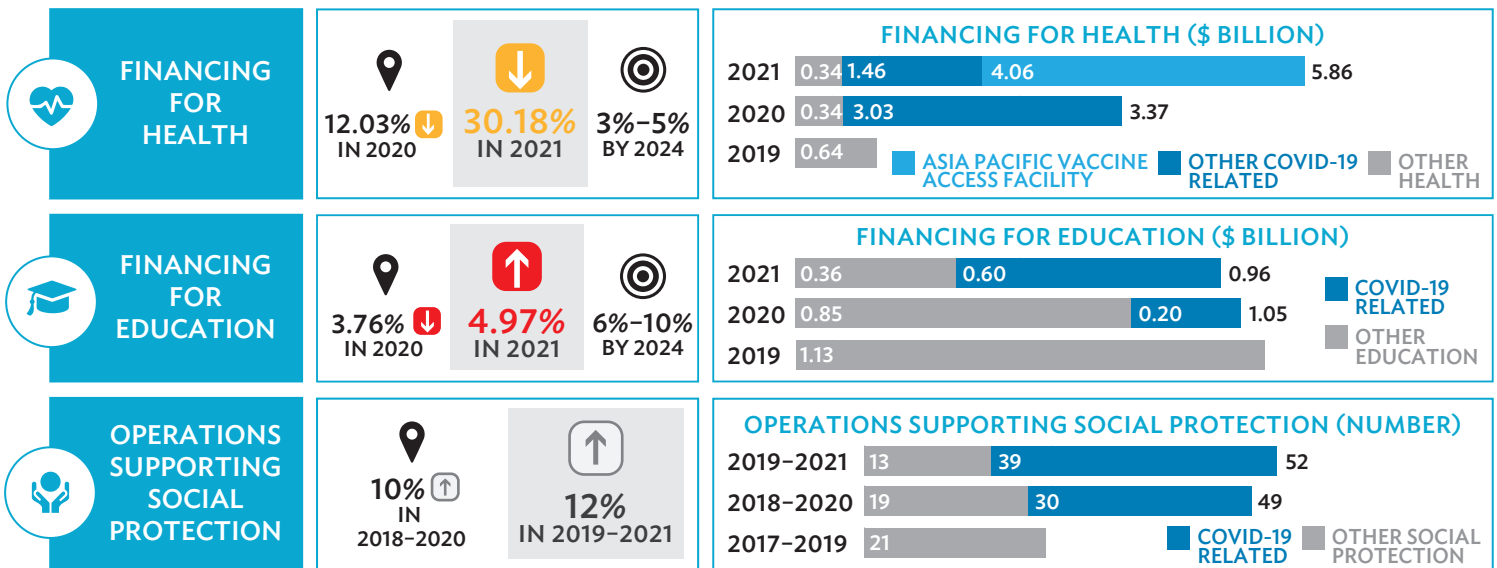


PROGRESS ON STRATEGY 2030 TARGETS AND PRIORITIES

2021 PROGRESS ON STRATEGY 2030 TARGETS



EXPANDING INTERVENTIONS IN SOCIAL SECTORS





A. DEVELOPMENT FINANCE MOBILIZED AND TRANSFERRED

63. In 2021, ADB approved \$20.3 billion and committed \$19.5 billion for operations financed by regular and concessional ordinary capital resources and Asian Development Fund grants.⁴⁷ Sovereign and nonsovereign commitments were lower than in 2020 in response to continued lower client demand for large investment projects during the pandemic. Demand has been depressed by diminished ability to prepare them and a shift in ADB's pandemic response from large volumes of emergency budget support to smaller operations supporting recovery.⁴⁸ More than half of 2021 commitment, 54% or \$10.4 billion, was to 56 operations designated as COVID-19 response.⁴⁹ The drop in commitment volume and the large share of COVID-19 response distort some of the ratios reported. More than one-third of commitment, 37% or \$7.3 billion,

financed 67 operations in developing member countries (DMCs) that receive concessional assistance, roughly the same share as in 2020. Among all 139 committed operations, 104 were sovereign and 35 nonsovereign. Of the sovereign operations, 8 financed project readiness.

64. ADB suspended its disbursement volume targets in 2021 for a second consecutive year in light of a sustained shift toward pandemic response and recovery programs, including the new Asia Pacific Vaccine Access Facility (APVAX).⁵⁰ For sovereign projects and results-based lending, planned disbursement was \$10.3 billion, but actual disbursement reached \$11.1 billion, of which about \$2.2 billion or 20% was related to COVID-19. The disbursement rate for 2021 thus reached 107%, or 17 percentage points above the 90% target rate.⁵¹

B. PROGRESS ON STRATEGY 2030 TARGETS AND PRIORITIES

65. ADB continued to be agile in its support for DMCs as they respond to and recover from the persistent effects of the COVID-19 pandemic (*Special Section*, page 31). ADB made progress toward some Strategy 2030 priorities, despite uncertainty and challenges in 2021. Efforts to sustain and enhance gender mainstreaming across ADB operations boosted gender indicators to another record in 2019–2021. In addition, in response to a call in Strategy 2030 for differentiated approaches, ADB approved its new approach to fragile and conflict-affected situations and small island developing states.⁵²

66. As challenging market conditions continued, the number of nonsovereign operations fell from 2020. However, the number of sovereign operations fell further, such that the nonsovereign share of all ADB committed operations rose and is rated *on track but watch* to meet the 2024 target. In 2021, ADB sustained for a second consecutive year a high share of long-term cofinancing for its nonsovereign operations relative to its own lending. The nonsovereign cofinancing ratio of 180% in 2019–2021 puts this result back *on track* to meet the 2024 target of 200%.

67. Progress toward climate change targets slowed further in 2021. Despite considerable effort to integrate climate action into pandemic response and recovery operations, delayed project readiness postponed several operations that were due for approval in 2021. The share of operations supporting climate change mitigation and/or adaptation is rated *off track* to meet its target, as is the amount of committed climate financing.

68. ADB expanded its support for DMC response to the COVID-19 pandemic, scaling up support for health, including substantial utilization of the APVAX facility. This was a further deviation from the 3%–5% range targeted for health by 2024, and performance on this indicator is therefore rated *on track but watch*. On the other hand, some education projects planned for the year were postponed in favor of other COVID-19 response operations. Though the share of financing for education improved in 2021, it remained *off track* to meet its target of 6%–10%.

C. IN FOCUS

1. Accelerating Gender Equality and Tackling Climate Change

Gender mainstreaming

69. **New records for gender equality in operations.**

ADB improved gender mainstreaming in its operations to new highs for a sixth consecutive year (Figure 2.1). The share of committed operations that were classified *gender equity theme* or *effective gender mainstreaming* in 2019–2021 grew by 8 percentage points. Another measure—those classified as one of those themes or *some gender elements*—rose by 7 percentage points in the same period. Both measures continued to exceed targets for a third year in a row.

70. The share of *gender equity theme* or *effective gender mainstreaming* operations in overall financing also achieved a new record, increasing by 12 percentage points to 77% in 2019–2021. The share in concessional assistance, however, increased only by 1 percentage point to 68%.

71. These records were driven largely by COVID-19 response as 2021 brought a substantial increase in health operations over 2020. Health accounted for 18% of gender mainstreamed operations, and a high 86% of health operations were gender mainstreamed.⁵³ Across all sectors, the only ones with higher shares of gender mainstreamed operations were education at 100%, agriculture at 95%, and water and other urban infrastructure and services at 92%. After health, the second largest share of gender mainstreamed operations was in agriculture, followed by transport, finance, and public sector management. Gender mainstreaming improved in both sovereign and nonsovereign operations (Figure 2.2). Improvement this year was more pronounced in nonsovereign operations, in which the share of projects classified *effective gender mainstreaming* grew by 16 percentage points over the previous period.

72. **Gender-sensitive design for improved health service delivery.** APVAX project teams used Asian Development Fund (ADF) grants and technical assistance funds to integrate gender into vaccine project designs. For example, the ADF provided additional financing to the project Regional Systems Strengthening for Effective Coverage of New Vaccines in the Pacific under the Asia

Pacific Vaccine Access Facility.⁵⁴ Under the project, ADB supports the ongoing rollout in Samoa, Tonga, Tuvalu, and Vanuatu of vaccines against human papillomavirus, pneumococcal disease, and rotavirus in tandem with COVID-19 vaccination. The additional financing will establish a sex-disaggregated database informed by reports of adverse side effects from immunization. This will improve safety surveillance and guide information campaigns that consider gender-sensitive messaging, delivery, and relevant referral pathways and services.

73. **ADB first-ever support for a private equity fund integrating a gender lens.** ADB invested in a private equity fund that provides growth capital to early-stage and mid-sized companies operating in education, health care, agribusiness, consumer finance services, and the digital economy in Indonesia and elsewhere in Southeast Asia. Embracing a holistic approach, the equity investment pilots gender-lens investing, in part by applying a gender equality scorecard to guide the fund's screening of investee companies and by translating results from the scorecard into tangible recommendations for implementation. The fund manager will craft and adopt a diversity and inclusion policy that can advance gender equality within the company and be cascaded down to the fund's investee companies.

74. **Continued payoff from ADB gender mainstreaming efforts.** Gender mainstreaming across ADB is energized by a collaborative focus on operational quality through learning and development, and it is informed by new guidelines issued in March 2021 for categorizing gender mainstreaming in ADB projects.⁵⁵ Gender learning events, both targeted and ADB-wide, continued in 2021, as did cross-sector and thematic training programs for ADB staff and implementing and executing agencies. Such concerted efforts to mainstream gender have been highly impactful, as 2021 was the first year in which no projects were classified *no gender elements*. Details on gender equality results are in Chapter 1.



Figure 2.1: Gender Mainstreamed Asian Development Bank Operations, 2016–2021 (%)

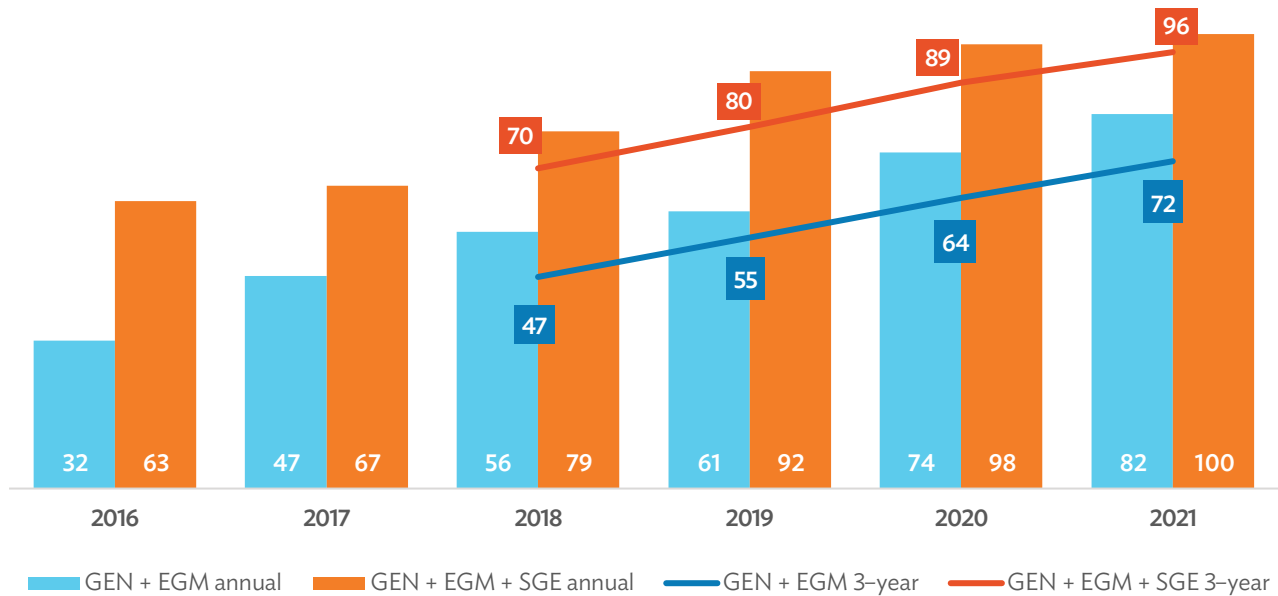
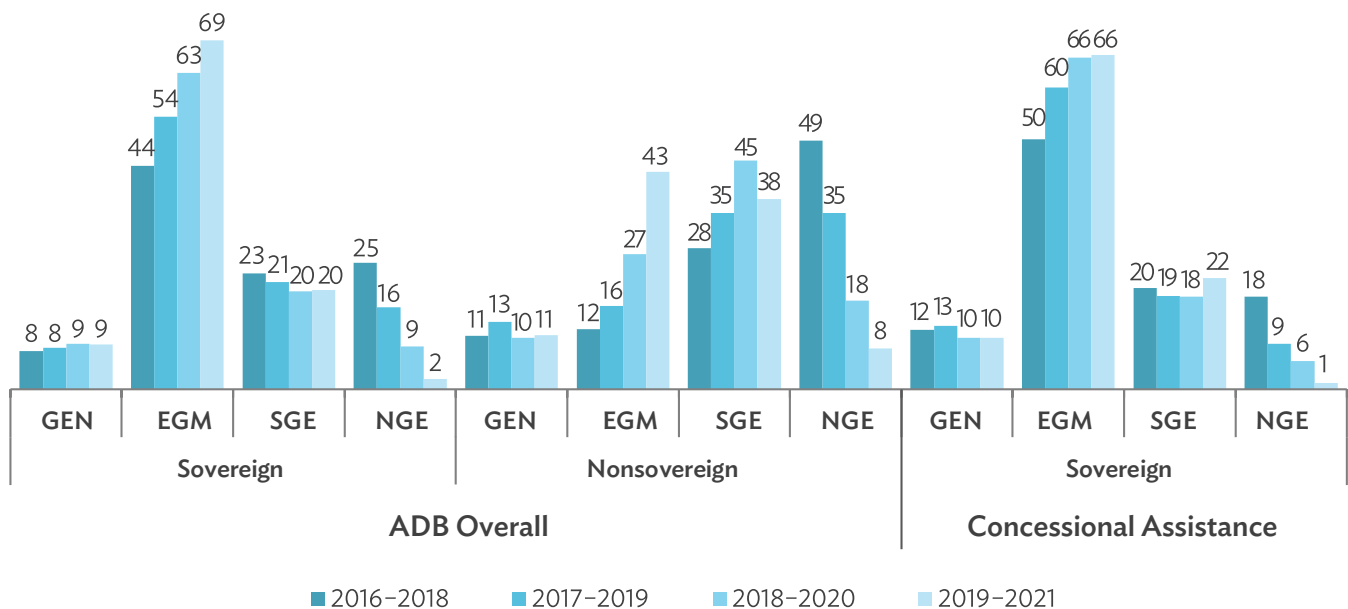


Figure 2.2: ADB Operations Supporting Gender Equality by Classification, 2016–2021 (%)



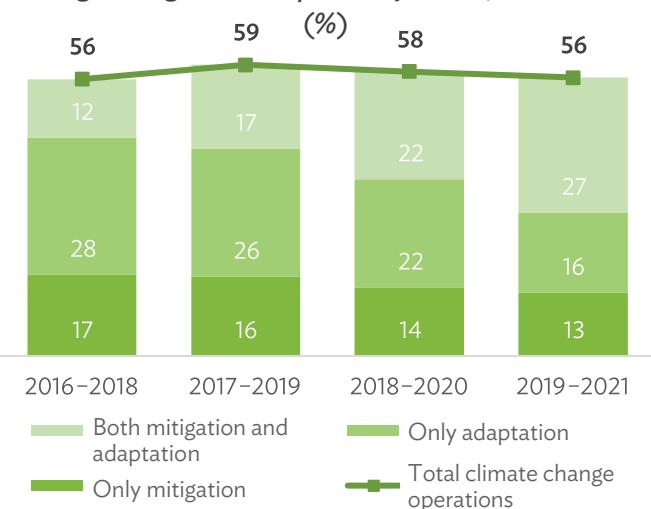
ADB = Asian Development Bank, EGM = effective gender mainstreaming, GEN = gender equity theme, NGE = no gender elements, SGE = some gender elements.
 Source: Asian Development Bank (Sustainable Development and Climate Change Department).

Supporting climate change mitigation and/or adaptation

75. **Progress on climate change delayed.** A Strategy 2030 target is for 75% of all lending to support climate change adaptation and/or mitigation, with an interim target of 65% by 2024. However, the second year of the pandemic steered DMC priorities instead toward health care, social protection, and economic recovery. As a

result, the share of ADB committed operations in 2019–2021 that supported climate change adaptation and/or mitigation dropped by 2 percentage points to 56%, undermining ADB performance on climate, which is now rated *off track* to meet the 2024 target (Figure 2.3). The climate share of operations in concessional assistance suffered a steeper drop by 9 percentage points to 54%.

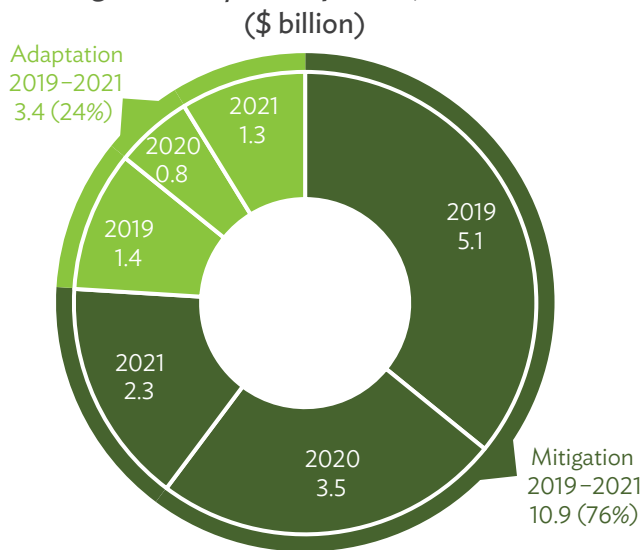
Figure 2.3: ADB Operations Supporting Climate Change Mitigation and/or Adaptation, 2016–2021



ADB = Asian Development Bank.

Source: Asian Development Bank (Sustainable Development and Climate Change Department).

Figure 2.4: ADB Financing for Climate Change Mitigation and/or Adaptation, 2019–2021



76. The number of climate change committed operations fell from 92 in 2020 to 79 in 2021, a reduction of 14% as climate change was integrated into only 18% of COVID-19 response operations. While the number of projects that supported both mitigation and adaptation increased modestly, rising from 44 projects in 2020 to 46 in 2021, the number of projects with mitigation only and adaptation only fell in 2021, negating any gain overall.

77. Another Strategy 2030 target is \$80 billion for climate change mitigation and/or adaptation cumulatively from 2019 to 2030, with an interim 2019–2024 target of \$35 billion.⁵⁶ ADB committed only \$14.3 billion during 2019–2021, however, earning a performance rating *off track*. Cumulative financing for adaptation increased significantly from \$2.2 billion in 2020 to \$3.4 billion in 2021 (Figure 2.4), but ADB will need to accelerate progress to realize its ambition to invest \$9 billion in climate adaptation and resilience during 2019–2024.

78. **Climate change operations postponed.** Many climate operations originally envisioned for 2021 were

pushed back to 2022. The main reasons cited for the slippage were insufficient project readiness and DMCs prioritizing response to and recovery from the pandemic.⁵⁷

79. ADB realized opportunities to strengthen climate mitigation and/or adaptation features through project design and the use of a broad range of financing instruments, including more policy-based loans in 2021. For example, an urban development and services program in India incorporated policy reform to introduce innovative and replicable technologies, including green and climate-resilient technologies with the aim to make cities water secure and climate resilient through a circular water economy approach.⁵⁸

80. **Supporting the dual priorities of climate change and gender equality.** ADB will need about 65% of its committed operations to address both climate change and gender equality to successfully reach its Strategy 2030 targets of 75% of committed operations supporting each of these two priorities. In 2019–2021, 55% of ADB committed operations promoted gender equality and



supported climate change mitigation and/or adaptation. The Climate- and Disaster-Resilient Irrigation and Drainage Modernization in the Vakhsh River Basin Project is the first ADB irrigation and drainage (I&D) investment in Tajikistan to be classified *gender equity theme*.⁵⁹ The project will enhance climate resilience, water productivity, and the incomes of female farmers as well as male by modernizing selected areas of the Yovon I&D system of the lower Vakhsh River basin, located in Khatlon Province. The project will modernize prioritized I&D infrastructure to make it climate and disaster resilient; streamline institutions and systems for effective planning, operation, and maintenance of I&D infrastructure; and introduce policies and strategies to enhance women’s participation in land and water management.

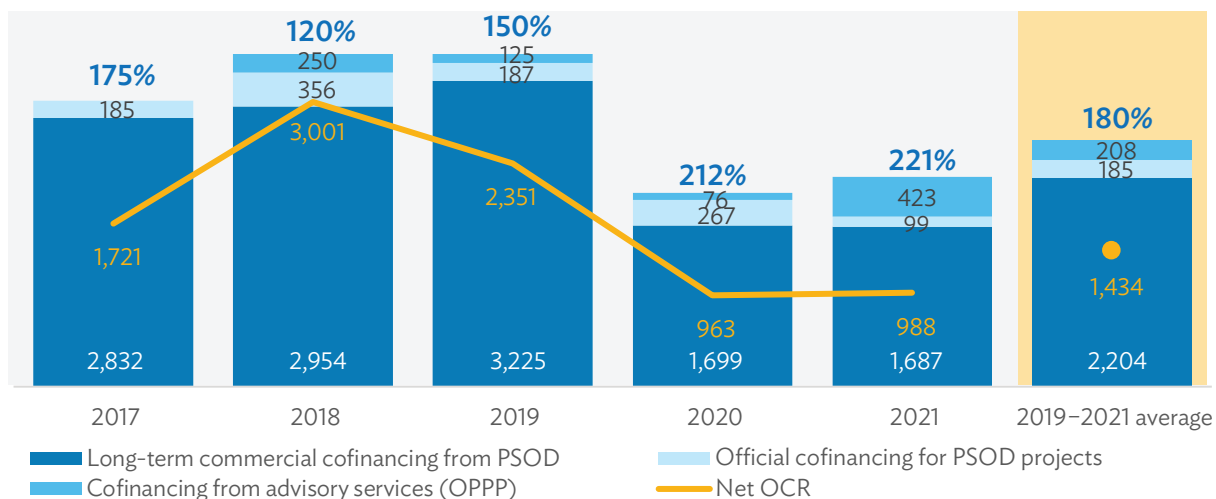
81. **Advancing ocean health and sustainable marine economies.** Recognizing the essential ecosystem services that oceans provide, especially carbon storage and oxygen generation, ADB launched in 2019 the Action Plan for Healthy Oceans and Sustainable Blue Economies to expand financing, cofinancing, and technical assistance for ocean health and marine economy projects to \$5 billion in 2019–2024. ADB committed a cumulative \$1.4 billion in 2019–2021 and made substantial progress in implementing the action plan in 2021, notably (i) becoming the first multilateral development bank to endorse an ocean finance framework and issue a blue bond, (ii) launching the Blue Southeast Asia Finance Hub with targeted financing of \$300 million, and (iii) establishing new ocean partnerships with The Nature Conservancy and the European Investment Bank.

2. Catalyzing Private Sector Resources for Development

82. In 2021, the nonsovereign cofinancing ratio reached 221%, exceeding a robust 212% in 2020 (Figure 2.5). A significant increase, from \$76 million in 2020 to \$423 million in 2021, was mobilized from advisory services for private sector investments, which enabled the successful financial closure of two transaction advisory services. This continued strong performance lifted the nonsovereign cofinancing ratio rolling average in 2019–2021 to 180%, for an upgraded rating *on track* to meet the 2024 target of 200%. Long-term financing mobilized during this 3-year period reached \$7.8 billion,

against \$4.3 billion in net ordinary capital resources.⁶⁰ Though the volume of long-term cofinancing has fallen since a high in 2019, net lending from ordinary capital resources also decreased in 2020 and 2021, enough to improve the cofinancing ratio. In 2021, the Trade Finance and Supply Chain Program took part in more than 9,000 transactions worth almost \$8.4 billion, which included \$5.3 billion in short-term cofinancing and \$174 million in long-term cofinancing generated from the private sector. About 3,500 of those transactions directly benefited small and medium-sized enterprises.

Figure 2.5: Long-Term Cofinancing for Nonsovereign Operations, 2017–2021
(\$ million)



ADB = Asian Development Bank, OCR = ordinary capital resources, OP PP = Office of Public-Private Partnership, PSOD = Private Sector Operations Department.

Source: Asian Development Bank (Private Sector Operations Department and Office of Public-Private Partnership).

3. Expanding Interventions in Social Sectors

83. Education, health, and social protection are important pathways toward achieving operational priority 1: addressing remaining poverty and reducing inequality. Health and social protection continued to see increased financing in response to exponential demand from DMCs for initiatives to counter COVID-19, but financing for education lagged.

84. Health financing share almost a third of ADB total.

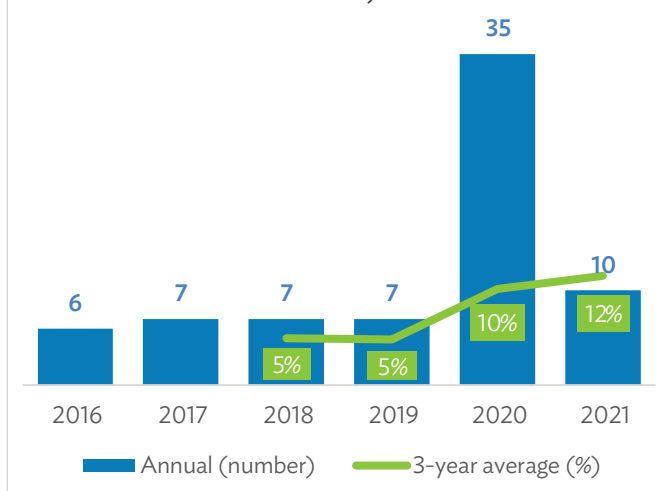
The share of financing for health operations increased to a record 30.18% of all ADB financing in 2021. At \$5.86 billion, it was a 74% increase over 2020 and more than 9 times the amount in 2019 (*Special Section*, page 31). In 2021, \$5.52 billion or 94% of health financing was designated as COVID-19 response, up from 90% in 2020.

85. A major share of COVID-19 response financed access to the APVAX facility. The facility was launched in late 2020 with a commitment of \$4.06 billion, or 69% of all health financing in 2021. The result considerably overshoot the 3%–5% target range for a second consecutive year. Performance on this indicator is therefore considered to be *on track but watch*.⁶¹ The shift toward health operations was even more prominent in lower-income DMCs, where health received 43.27% of all concessional assistance commitment. The only 2021 health operation not related to COVID-19 was a private equity fund operating mainly in the People's Republic of China.⁶² The fund intends to provide growth capital to companies operating primarily in health care, financial services, education, and information technology.

86. Sustained increase in the share of social protection operations.

The first phase of ADB pandemic assistance supported immediate response. Emerging needs are expected to shift toward recovery and building social protection systems to respond to future shocks. The share of operations contributing to social protection increased for a second year to reach 12% of all ADB committed operations in 2019–2021, up from 10% in 2018–2020 (Figure 2.6). ADB committed to 52 social protection operations in the 3-year period, of which 39 were COVID-19 related. In the previous period, 30 of 49 commitments were pandemic related. Their achievements to date are discussed in the *Special Section*, page 31.

Figure 2.6: Committed Operations Supporting Social Protection, 2016–2021



87. In 2021, the number of projects supporting social protection fell from 35 in 2020 to 10, representing 8% of all ADB lending. Of these 10 projects, 5 concessional project represented 12% of lending in that subset. Nine projects supported COVID-19 response and recovery.

88. In the past, most operations supporting social protection were in education, especially technical and vocational education and training. Since 2020, there has been a notable shift toward public sector management, with ADB increasingly supporting DMC efforts to strengthen national social protection programs and systems. Recently approved country partnership strategies reflect this trend, with 2020 heralding ADB's first social protection operations in Bangladesh⁶³ and the Pacific.⁶⁴

89. In Pakistan, the \$603 million results-based Integrated Social Protection Development Program aims to strengthen and expand the existing social protection system. Through the establishment of an integrated management information system, the program will build capacity in the Benazir Income Support Program—the country's flagship social protection program—to monitor the impact of climate change on the poor and plan enhanced risk response. The program will allow the inclusion of more climate-vulnerable people, who would otherwise be excluded, and may lay the foundation for a new cash-transfer program to be deployed in response to future disasters.

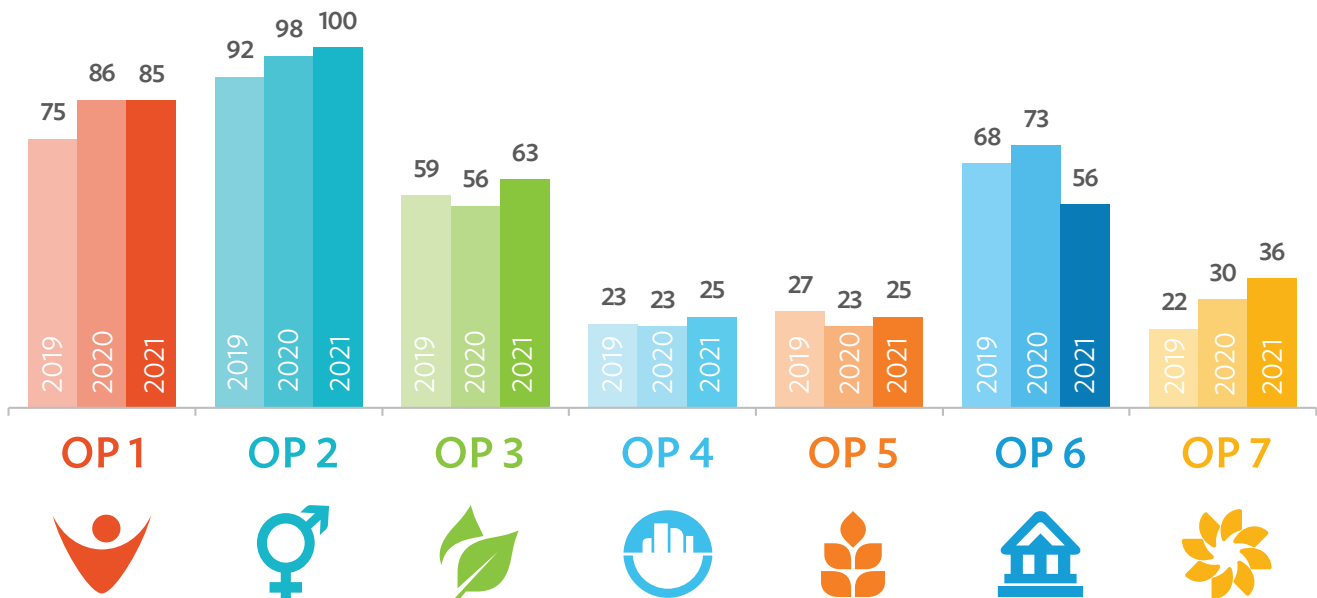
90. **Education operations delayed.** In 2021, \$965 million was committed to education, slightly lower than \$1.05 billion in 2020. Some planned education operations were delayed as DMCs' sights remained set on health, social protection, and economic recovery. Despite an increase in the share of education financing to 4.97% in 2021—a small rebound from 3.76% in 2020—it remains *off track* to meet its target range of 6%–10%.

91. Lending in education was highest for technical and vocational education and training at 41%, followed by pre-primary and primary education at 14%. Looking to 2022 and beyond, ADB is cultivating a stronger pipeline of projects to respond to increased demand from DMCs for online learning and digital skills, in addition to expanding support for post-secondary education.

92. **Education operations reoriented to integrate recovery approaches.** Education financing related to COVID-19 comprised 62% of all education commitments, up from 19% in 2020. A number of education projects included support for COVID-19 response and recovery. In Indonesia, the Higher Education for Technology and Innovation Project supports the construction of a teaching hospital to boost capacity to develop skilled health personnel and provide high-quality medical services in response to increased demand for health care.⁶⁵ In the Philippines, the third subprogram of the Facilitating Youth School-to-Work Transition Program aims to help the government increase the earning potential of Filipino youth in line with the Philippine Development Plan and enable young people to enter the labor market more quickly.⁶⁶

4. Alignment with the Seven Operational Priorities

Figure 2.7: ADB Operations Aligned with Each Strategy 2030 Operational Priority, 2019–2021 (%)



OP 1 = addressing remaining poverty and reducing inequalities, OP 2 = accelerating progress in gender equality, OP 3 = tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability, OP 4 = making cities more livable, OP 5 = promoting rural development and food security, OP 6 = strengthening governance and institutional capacity, OP 7 = fostering regional cooperation and integration.

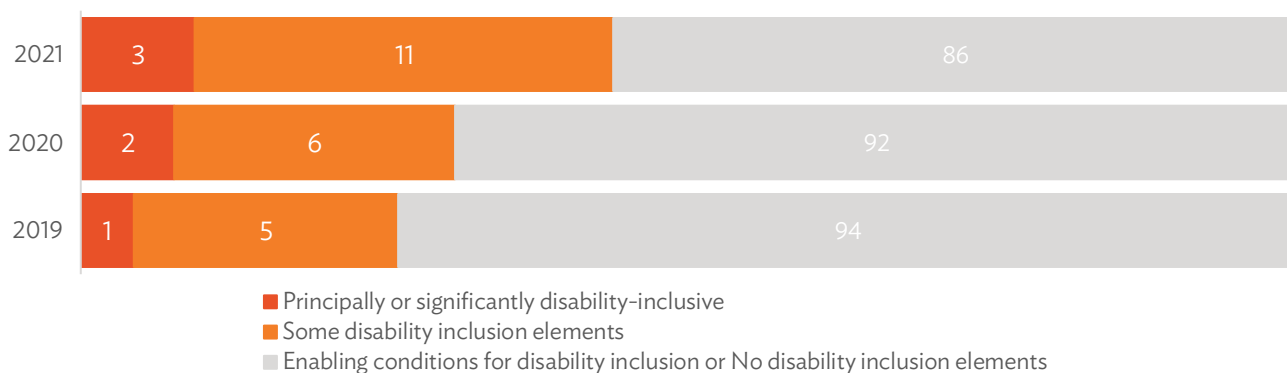
93. **Increasing alignment with operational priorities.** Five of the seven operational priorities (OPs) of Strategy 2030 had a higher share of operations aligned with them in 2021 than in 2020. Most notably, 100% of ADB operations aligned with OP 2: accelerating progress in gender equality. The other priorities with increased alignment in 2021 were OP 3: tackling climate change, building climate and disaster resilience, and enhancing

environmental sustainability; OP 4: making cities more livable; OP 5: promoting rural development and food security; and OP 7: fostering regional cooperation and integration (Figure 2.7). There was little change in the share of operations aligned with OP 1: addressing remaining poverty and reducing inequalities. A lower share was aligned with OP 6: strengthening governance and institutional capacity.⁶⁷

94. **Emphasis on poverty reduction and inclusiveness to combat pandemic effects.** The share of ADB committed operations supporting poverty reduction and inclusiveness increased for a third consecutive year.⁶⁸ This raised the 3-year average to 84% in 2019–2021, up by 5 percentage points from the preceding 3-year period. ADB’s pandemic response program in 2020 was primarily responsible, the improvement mainly reflecting an increase in the share of operations supporting gender equality. The share of operations allocating at least half of their ADB financing in a sector or subsector that was a pathway to poverty reduction and inclusion was also higher than in previous years. An enhanced methodology for measuring this indicator, harmonized with ADB’s poverty and social assessments, is under development and will be piloted in 2022.

95. **Increased disability-inclusive operations.** Of 131 committed operations in 2021, 19 were disability-inclusive, lifting the percentage from 8% in 2020 to 15% (Figure 2.8).⁶⁹ Four operations, or 3% of 2021 commitments, were rated *principally or significantly disability-inclusive*, of which three were COVID-19 response. A project in Palau aims to address the needs of poor and vulnerable groups affected by COVID-19. It has a significant disability-inclusive element that will respond to the immediate physical, mental, social, and environmental needs of housebound older people and people with disabilities, who are highly vulnerable to COVID-19. A case management approach will ensure as well the participation of people with disabilities in the design of support services.⁷⁰ The remaining 15 operations, or 11%, rated *disability-inclusive* were deemed have *some disability inclusion elements* and involved the differently-abled in project planning, monitoring, or providing feedback.

Figure 2.8: ADB Operations That Are Disability-Inclusive, 2019–2021 (%)



Note: Numbers may not sum precisely because of rounding.

5. Quality Infrastructure: Green, Resilient, Inclusive, and Sustainable

96. Under Strategy 2030, ADB supports high-quality infrastructure that is green, resilient, inclusive, and sustainable. In 2019, ADB developed a new methodology to assess the quality of infrastructure sector projects aligned with these four principles.⁷¹ The new methodology has been applied to new project commitments in 2019,

2020, and 2021 in energy, water and sanitation, transport, and related sectors. In 2021, all reviewed infrastructure project commitments met minimum quality standards and included at least one good practice under each of these four principles. More than 80% included at least two good practices under each principle.

6. Supporting the Sustainable Development Goals

97. ADB's commitments in 2021 were predominantly linked to SDG 9 (developing quality, reliable, sustainable, and resilient infrastructure), in addition to investments in SDGs 6 and 7, extending access to energy and clean water and sanitation for all. Projects also supported SDG 8 (decent work and economic growth) and SDG 3 (good health and well-being).

98. Projects in 2021 continued to have strong links to gender equality (SDG 5), with a growing number of

projects promoting leadership opportunities for women (SDG target 5.5). About 60% of project commitments also addressed targets for SDG 13 (climate action) and SDG 1 (no poverty). In 2021, ADB published its first corporate report on its contributions to the SDGs, Advancing the 2030 Agenda for Sustainable Development.⁷² A new corporate priority technical assistance program was also approved to this end.⁷³

Figure 2.9: Alignment of ADB Commitments with the Sustainable Development Goals, 2021



ADB = Asian Development Bank

Based on enhanced project classification system tagging system rolled out in 1 April 2019.

Note: As projects are tagged to multiple sectoral and cross-cutting goals, graphics do not sum to 100%.

99. **New partnerships for the goals.** Strengthening domestic resource mobilization as set out in SDG 17 is vital to delivering on the 2030 agenda for sustainable development, as discussed in Chapter 1. In 2021, ADB

established a new Asia Pacific Tax Hub as an open and inclusive platform for strategic policy dialogue, knowledge sharing, and development coordination among ADB, its members, and its development partners.



The Xuanmiao Temple in the People's Republic of China serves as an excellent place for daily exercise (photo by Lu Guang).



CHAPTER 3

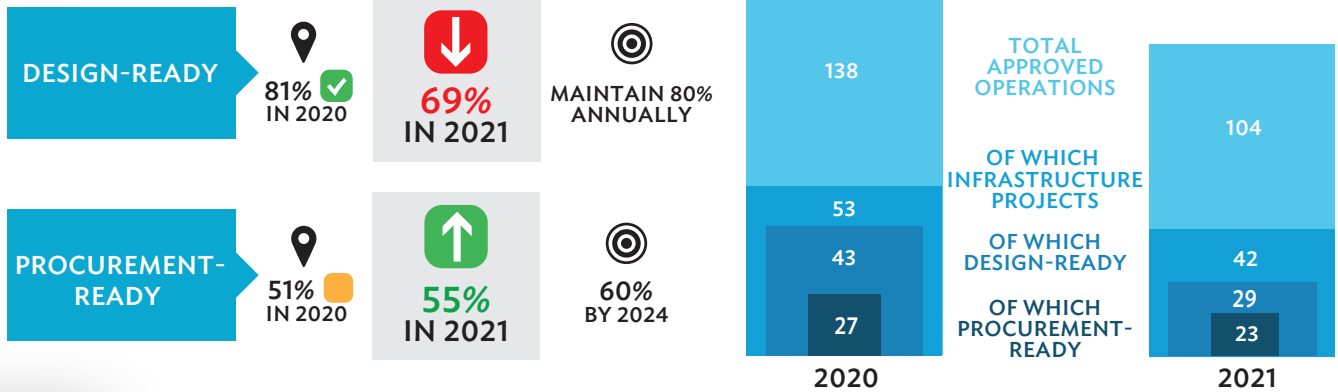
SOVEREIGN OPERATIONS

Asian Development Bank (ADB) sovereign operations are assessed for design quality, implementation progress, and performance at completion. In 2021, project design readiness worsened as pandemic travel restrictions hobbled due diligence and detailed engineering design. Meanwhile, procurement readiness benefited from specialists being strategically placed in regional departments and outposted to resident missions, and as capacity building enabled national partners to prepare better bid evaluation reports. Project implementation improved with stepped-up roles for resident missions and ADB support for vaccination programs. Success rates for completed operations were uneven. While most achieved their targeted outcomes across the seven operational priorities of Strategy 2030, the aggregate success rate remained below target. Projects closing on time slipped to a historic low.



DESIGN QUALITY OPERATIONS THAT ARE IMPLEMENTATION-READY

INFRASTRUCTURE PROJECTS APPROVED ANNUALLY

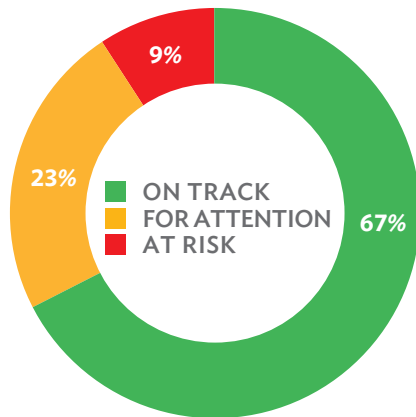
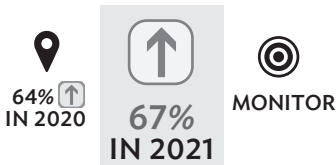


PROJECTS UNDER IMPLEMENTATION IN 2021



ENSURE SATISFACTORY IMPLEMENTATION OF PROJECTS

SOVEREIGN OPERATIONS AT IMPLEMENTATION RATED SATISFACTORY



RATED ON TRACK BY CRITERIA

OUTPUT PROGRESS	90%
CONTRACT AWARD	72%
DISBURSEMENT	72%
FINANCIAL MANAGEMENT	88%
SAFEGUARDS	85%

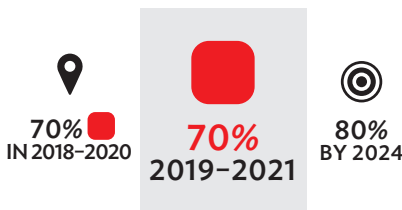
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COMPLETED OPERATIONS VALIDATED 2019-2021

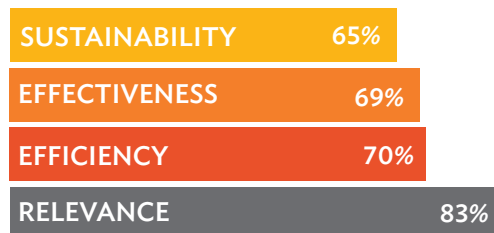


DEVELOPMENT RESULTS DELIVERED TO CLIENTS AND BENEFICIARIES

SOVEREIGN OPERATIONS AT COMPLETION RATED SUCCESSFUL

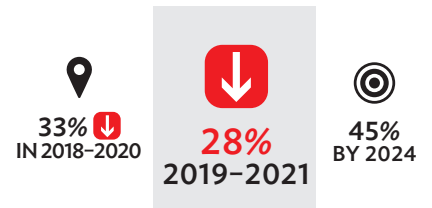


BY CRITERIA



SUCCESS RATING

ON TIME



BY TYPE
PBOs = 71% PROJECTS = 70%

BY LOCATION
SIDS = 52% FCAS DMCs = 62%

A. READINESS AT DESIGN STAGE

100. Readiness results mixed. Sovereign infrastructure operations faced severe project-readiness challenges as the pandemic continued in 2021. Design-readiness slipped *off track* from 81% in 2020 to 69% in 2021. Of the 29 projects design-ready at approval, 76% had prepared detailed engineering designs, and 97% preliminary designs and specifications. The procurement-readiness ratio was back *on track*, improving from 51% of sovereign project approvals in 2020 to 55% of 2021.

101. Readiness support hindered by travel restrictions. ADB committed eight new project-readiness financing facilities in 2021 to help DMCs prepare detailed designs for infrastructure projects, down from nine in 2020.

However, pandemic travel restrictions curtailed these support operations in several countries. Despite the availability of remote capability for due diligence, consultant teams must be on the ground to conduct the field surveys crucial to developing detailed engineering designs. When detailed design is delayed, so are downstream arrangements for procurement. Some DMCs will not invest in detailed design or issue bidding documents for an operation before ADB commits financing. This continues to hobble the advance action required to bolster average project readiness. The *2021 Annual Portfolio Performance Report* provides further details on implementation readiness.

B. IMPLEMENTATION PROGRESS

102. Quality up across all criteria. The share of ongoing sovereign operations showing *satisfactory (on track)* implementation progress rose from 64% in 2020 to 67% in 2021. Performance in the concessional assistance subset also improved. Indicators were up for all five rating criteria. Strong performances on contract awards and

disbursements were credited to stepped-up involvement in implementation by ADB resident missions and national consultants, as well as major disbursements of \$1.9 billion through ADB's Asia Pacific Vaccine Access Facility. By the end of 2021, 55 ongoing operations, or 9%, were rated *at risk*, down from 13% a year earlier.

C. PERFORMANCE OF COMPLETED OPERATIONS

103. Overall success rate flat. The share of completed sovereign operations rated *successful* in reporting period 2019–2021 remained at 70%, 10 percentage points short of the 2024 target. An improvement in 2021 by 4 points was not enough to raise the 3-year average. Overall performance was hurt by a 4-point drop to 70% from the 2016–2018 baseline for completed operations rated *efficient*.

104. Mixed results on success criteria. The falloff in efficiency was widespread. It affected infrastructure and public sector management in both ADB standalone investment and policy-based operations. Of the three other equally weighted criteria used to determine project or program success overall, completed sovereign operations did best with *relevant* ratings at 83%. *Effective* ratings were up 5 percentage points to 69%, ending a

downward trend that began in 2017–2019. *Sustainable* ratings were up by 3 points to 65%. Meanwhile, the share of projects that closed on time, defined as within 1 year of the targeted date, dropped to a historic low of 28%.

105. Investment and policy-based operations. Success ratings for policy-based operations including sector development programs slid from 84% in 2018–2020 to 71% in 2019–2021 but remained slightly above the overall average for completed sovereign operations. The success rate for investment projects, which represented more than 80% of all completed sovereign operations over the two latest reporting periods, improved from 68% in 2018–2020 to 70% in 2019–2021.

106. For results stories, performance summaries, and details on gender equality results, please refer to Chapter 1.

D. IN FOCUS

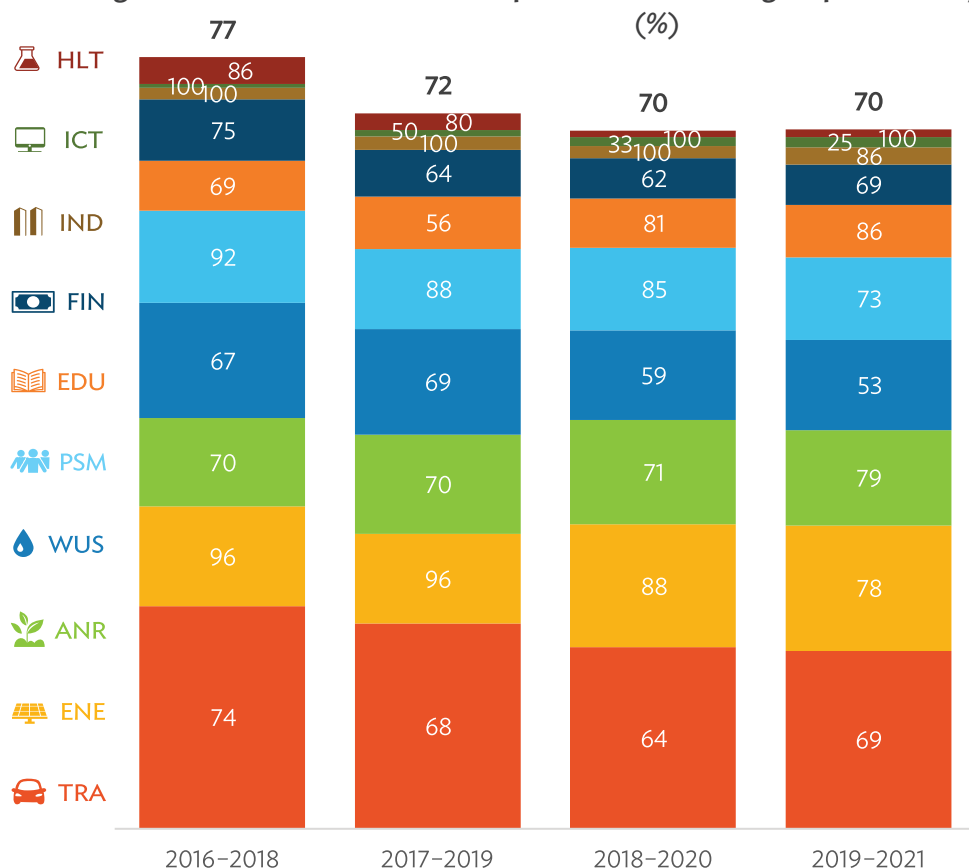
1. Main Factors Affecting Sovereign Operation Success Rates

107. **Performance down in most infrastructure sectors.** Agriculture, natural resources, and rural development (ANR) and transport were the only infrastructure sectors that reported improved success ratings. ANR continued to trend upward from the 2016–2018 baseline of 70% to reach 79% in 2019–2021 (Figure 3.1). The ANR share in the number of completed operations also grew, from 11% in the baseline period to 14%. Transport remained the largest component of completed operations in 2019–2021 at 25%, though this was down from 29% in 2016–2018. Transport’s 69% success rate improved on the two previous reporting periods but was still below the 74% baseline. In the same period, the energy sector success rate dropped from a baseline of 96% to 78%. Water and other urban infrastructure and services was the worst-performing sector in 2019–2021, with a success average of 14 percentage points below baseline. Poor ratings for sustainability continued to have a particularly damaging impact on assessments of project performance. Completed operations often received low ratings for failure

to secure sustainable operation and maintenance funds, uncertain viability gap funding, and weak technical capacity to manage assets.

108. **Performance outside of infrastructure scattered but steady overall.** Ratings for education, health, and finance projects continued to improve in 2019–2021, which helped keep performance by non-infrastructure operations stable overall. The success rate for industry and trade-related projects fell from a perfect 100% in the previous period to 86%. Public sector management operations reported their fourth straight decline, from a 92% baseline in 2016–2018 to 73% in the latest reporting period. Low ratings for efficiency dragged on overall public sector management performance, as detailed in para. 111 below. Another factor was low sustainability ratings, which hindered the long-term success of structural reform to state-owned enterprises and public finance management.

Figure 3.1: Success Rates for Completed ADB Sovereign Operations by Sector, 2016–2021



ADB = Asian Development Bank, ANR = agriculture, natural resources, and rural development, EDU = education, ENE = energy, FIN = finance, HLT = health, ICT = information and communication technology, IND = industry and trade, PSM = public sector management, TRA = transport, WUS = water and other urban infrastructure and services.

Notes:

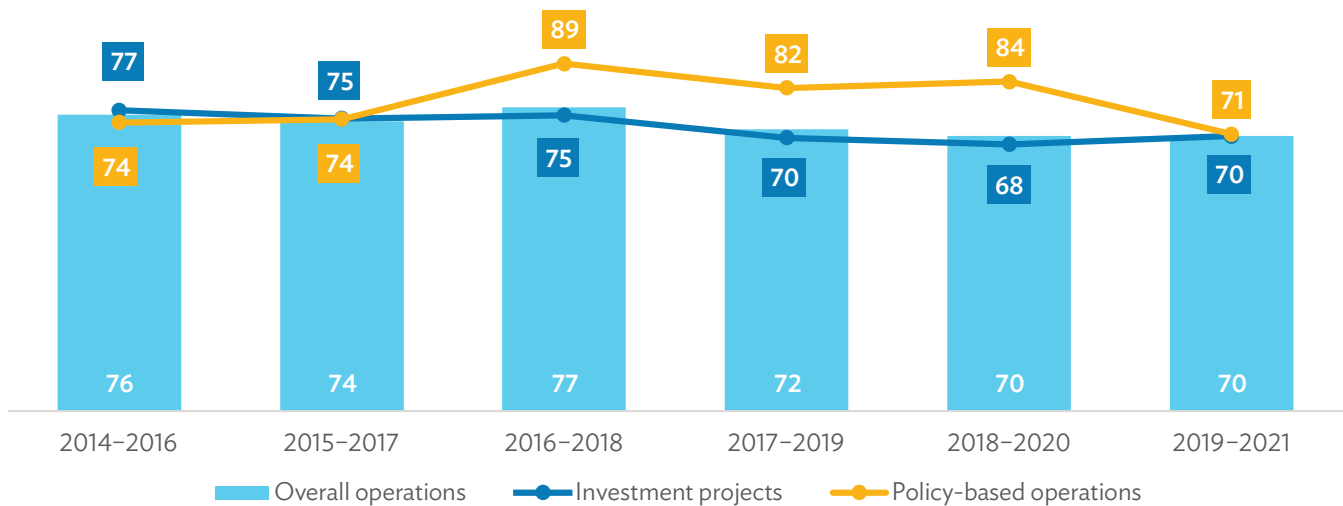
1. The height of the sector blocks in each stacked column reflects the sector’s share of completed sovereign operations in the reporting period; the percentage next to the abbreviation is its success rate.
2. An operation’s inclusion in a reporting year is based on its completion report circulation date. The reporting year ends on 30 June, so the 3-year reporting period 2019–2021 is 1 July 2018–30 June 2021.

Source: ADB (Independent Evaluation Department).

109. **Challenging performance for policy-based operations.** The policy-based operations success rate at 71% in 2019–2021 was 18 percentage points off its 2016–2018 baseline, though it remained slightly above that of investment projects. The main cause was weak performance by public sector management operations, which comprised two-thirds of all completed operations in 2019–2021. Design deficiency was cited as one of

the main causes. Some operations lacked the indicators needed to measure and evaluate program outcomes properly. Policy actions were sometimes inadequate to achieve targeted reform and successfully deal with identified development constraints. Government commitment to planned reform waned on occasion, which in one case forced the cancellation of subsequent subprograms.

Figure 3.2: Success Rates for Completed ADB Sovereign Operations by Modality, 2014–2021 (%)



Note: An operation's inclusion in a reporting year is based on its completion report circulation date. The reporting year ends on 30 June, so the 3-year reporting period 2019–2021 is 1 July 2018–30 June 2021.

110. **Falling efficiency.** The share of sovereign operations rated *efficient* in 2019–2021 was, at 70%, down by 2 percentage point from the previous period and off by 4 points from the 2016–2018 baseline. Overall efficiency had risen from 2014–2016 to a peak of 75% in 2017–2019 before beginning to fall (Figure 3.3). Implementation delays caused by slow procurement and consultant recruitment during the COVID-19 pandemic lowered efficiency ratings for some operations, as did cost overruns. In some cases, flawed project design caused economic internal rates of return to fall at completion below minimum benchmarks.

111. **Public sector management heavily affected.** Efficiency dropped significantly in public sector management operations. Nine of the 31 completed in 2019–2021, or 14% of the total, fell short of *efficient*, four of them policy-based and five investment projects. The 3-year average for public sector management slid by 10

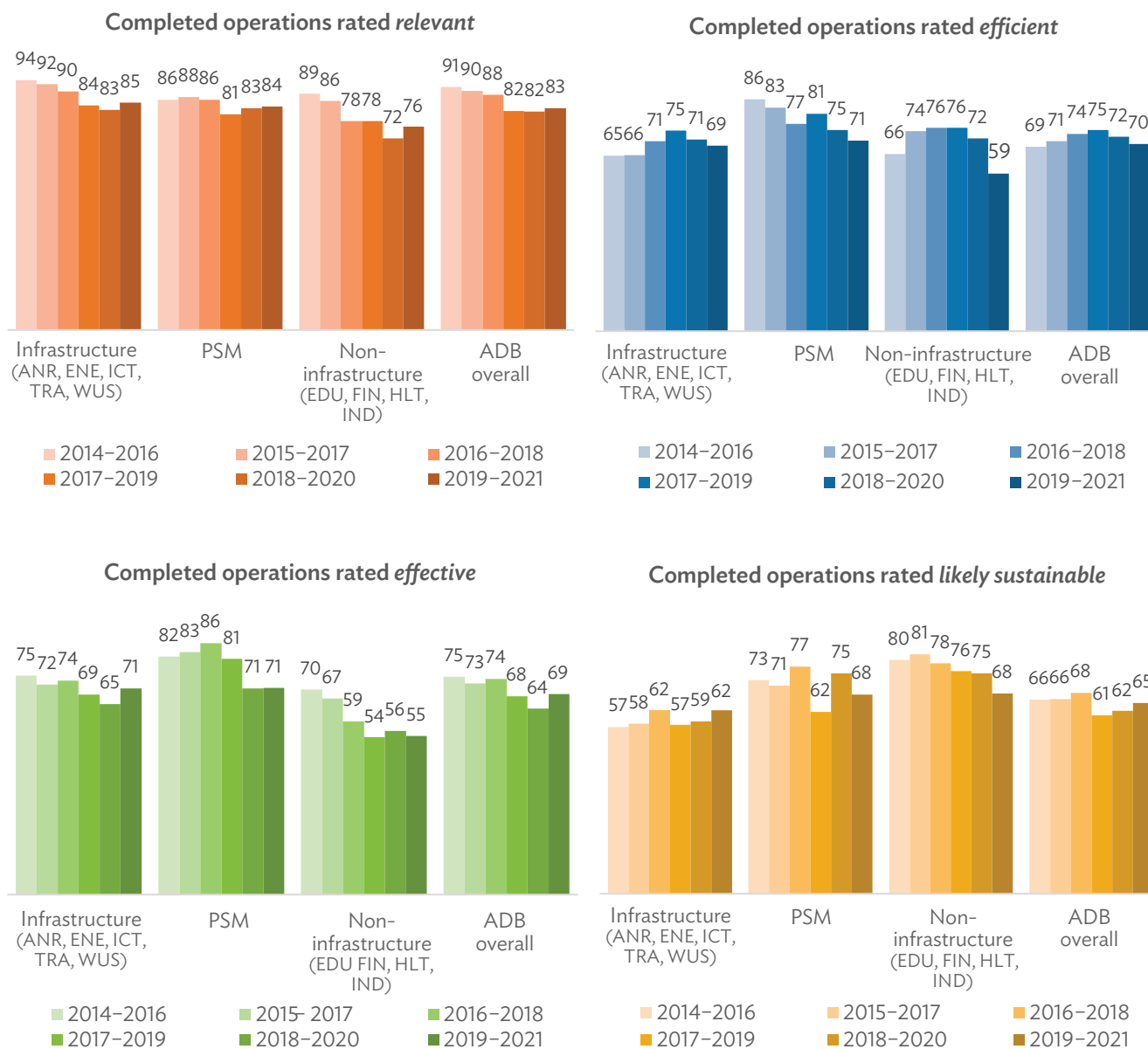
percentage points over two reporting periods from 81% in 2017–2019. Declines were recorded in each of the last 3 reporting years—from 100% in 2019 to 70% in 2020 and 57% in 2021. Ratings were hit by long implementation delays averaging 3.3 years during 2019–2021 and by the cancellation of subsequent subprograms and undisbursed portions of loan and grant amounts.

112. **Lower efficiency across infrastructure sectors.** Efficiency in infrastructure projects dropped from 75% in 2017–2019 to 69% in 2019–2021. Energy operations, which accounted for 27% of the completed infrastructure total, were the worst performers, with efficiency ratings sliding from 87% in 2017–2019 to 74% in 2018–2020 and 71% in 2018–2021. Most operations rated *less than efficient* suffered implementation delays caused by slow processing of land acquisition, procurement, and consultant mobilization. The largest infrastructure sector, transport, showed a similar downward trend over the

reporting period, from 75% to 70% and 68%. The average transport implementation delay was 2.8 years, only slightly shorter than for energy, making late completion an important reason for subpar efficiency ratings in both

sectors. Resulting inadequate or even negative economic internal rates of return were key determinants of transport project inefficiency ratings. Incorrect data use and poor estimates of returns during preparation also played a role.

Figure 3.3: Satisfactory Ratings by Sector and Criterion for Completed ADB Sovereign Operations, 2014–2021 (%)



ANR = agriculture, natural resources, and rural development, EDU = education, ENE = energy, FIN = finance, HLT = health, ICT = information and communication technology, IND = industry and trade, PSM = public sector management, TRA = transport, WUS = water and other urban infrastructure and services.

Note: An operation's inclusion in a reporting year is based on its completion report circulation date. The reporting year ends on 30 June, so the 3-year reporting period 2019–2021 is 1 July 2018–30 June 2021.

Source: ADB (Independent Evaluation Department).

113. **On-time project closing rate below one-third.** Efficiency is determined in part by whether an operation closes within a year of the target date set in the loan agreement. Only 28% of completed projects managed to do so during calendar years 2019–2021. This historic low was down from 33% in 2018–2020 and fell far short of the 2024 target of 45%. The average delay of 2.9 years arose from safeguard and procurement issues, problems with contractor and consultant performance, long liquidation and slow provision of counterpart funds, and changes in project scope. An energy project recorded the longest closing delay, at 6.5 years, and the longest implementation period, at 10.9 years.

114. **Fewer late closings in more recent projects.** Delayed closing of investment operations during calendar years 2019–2021 generally affected older projects, which tended to have shorter planned implementation periods than those approved more recently. A delay rate of 81% for all operations approved during 2003–2010 improved to 63% for those approved during 2011–2017. The average planned implementation period was 5.3 years for projects that did not close on time in 2019–2021 and 6.4 years for those that did.

115. **Ratings up, but sustainability still a challenge.** Of sovereign operations completed during 2019–2021, 65% were rated *likely* or *most likely sustainable*, up from 62% in the previous reporting period. Projects in transport, ANR,

education, finance, and information and communication technology drove overall improvement. Public sector management was an outlier and failed to sustain its earlier progress. The performance of water and other urban infrastructure and services has deteriorated steadily, with 53% rated *likely sustainable* in 2017–2019, 40% in 2018–2020, and 34% in 2019–2021. Of the four criteria that decide sovereign project and program success, securing sustainability faces perennial challenges. Uncertain financial sustainability, institutional capacity, and/or arrangements for operation and maintenance after completion were the most common issues.

116. **Downward effectiveness trend reversed but requiring sustained attention.** Sovereign operation *effective* ratings rebounded to 69% in 2019–2021 from a low 64% in 2018–2020, but remained below the 74% baseline in 2016–2018. The upturn was propelled by a sharp jump by 20 percentage points to 79% in *effective* ratings for 2021. Effectiveness improved in 6 of 10 sectors, which accounted for 64% of completed projects in the latest reporting period: transport; water and other urban infrastructure and services; agriculture, natural resources, and rural development; education; finance; and information and communication technology. Energy operations had the highest share of operations rated *effective*, at 78%, but this was down by 5 points from the previous period. Public sector management was unchanged at 71%.

2. Performance of Completed Concessional Assistance Operations

117. A success rate of 63% for completed concessional assistance operations in 2019–2021 was 2 percentage points lower than in the previous reporting period. *Off track* performance in this subset was worse than in sovereign operations overall, which underlines that DMCs qualifying for concessional assistance face more

numerous and severe institutional capacity challenges and operational issues than to other DMCs. Ratings for efficiency were down, but relevance, effectiveness, and sustainability improved. Only 28% of concessional assistance operations closed on time, an *off track* result 3 percentage points worse than in the previous period.



Nurul Hidayah and Fatma Mulyana, Vena Energy Solar Farm staff, are doing operation and maintenance work at Selong in Lombok island, Indonesia (photo by Achmad Ibrahim).



CHAPTER 4

NONSOVEREIGN OPERATIONS

Asian Development Bank (ADB) nonsovereign operations are assessed for strategic fit and scale, implementation progress, and success rate at completion. In 2021, ADB used nonsovereign instruments to support pandemic response, which helped gender mainstreaming reach an all-time high but further slowed progress toward climate change targets. Proactive efforts improved implementation performance, leaving far fewer projects *at risk* of failing to achieve development results. ADB brought the long-term cofinancing ratio in the 3-year reporting period back *on track* to meet the 2024 target. Meanwhile, success rates for completed nonsovereign operations remained below target despite modest improvement, and challenging market conditions continued to hamper portfolio performance.

NONSOVEREIGN COMMITTED OPERATIONS IN 2021



SCALE UP NONSOVEREIGN OPERATIONS AND ENSURE THEIR STRATEGIC RELEVANCE

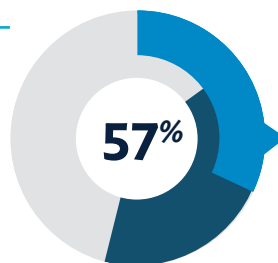
OPERATIONS AT COMMITMENT THAT ARE NSOs



22% IN 2020

↑
27% IN 2021

33% BY 2024



FRONTIER ECONOMIES 23%
NEW SECTORS 49%

NSO OPERATIONS IN FRONTIER ECONOMIES OR NEW SECTORS

58% IN 2020

✓
57% IN 2021

55% BY 2024

100%

OF NSOs PROMOTE GENDER EQUALITY

\$188M

NSO FINANCING FOR CLIMATE CHANGE

10

NSOs SUPPORTING INCLUSIVE BUSINESS

OPERATIONS UNDER IMPLEMENTATION IN 2021



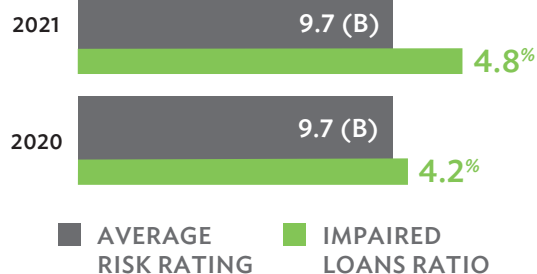
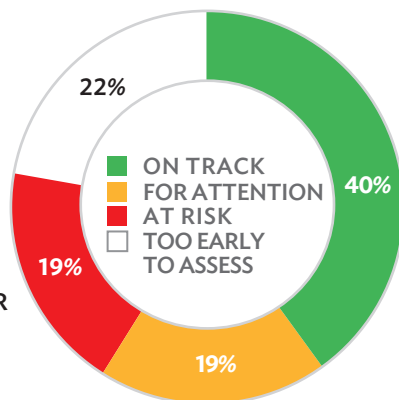
ENSURE PORTFOLIO IS HEALTHY AND DELIVERING RESULTS

NSOs AT RISK OF NOT ACHIEVING DEVELOPMENT RESULTS

32% IN 2020

↓
19% IN 2021

MONITOR



COMPLETED OPERATIONS VALIDATED 2019-2021



DEVELOPMENT RESULTS DELIVERED TO CLIENTS AND BENEFICIARIES

NSOs AT COMPLETION RATED SUCCESSFUL

53% IN 2018-2020

↑
55% 2019-2021

70% BY 2024

SUCCESS RATING BY CRITERIA



A. SCALING UP AND STRATEGIC FIT

118. Even as the nonsovereign share of committed operations rose in 2021, the absolute number fell modestly from 38 in 2020 to 35, largely because of continuing market challenges during the year. The share rose because all ADB committed operations fell more steeply, from 173 in 2020 to only 131 in 2021. As nonsovereign operations are targeted to be one-third of all ADB operations by 2024, the higher share improved performance to *on track but watch*.

119. Among nonsovereign project commitments in 2021, 57% were in frontier economies or new sectors, 1 percentage point lower than in 2020 but still above the 2024 target of 55%. The share of nonsovereign operations supporting gender equality in 2021 was 100%, with all 35 operations rated either *gender equity theme*, *effective gender mainstreaming*, or *some gender elements*. For the first time in 2021, not a single nonsovereign operation commitment was rated *no gender elements*. Overall financing for climate change mitigation and/or adaptation in nonsovereign operations was \$188 million, sharply down by 63% from

\$507 million in the previous year primarily because of lower energy and finance sector commitments as well as commitments in nontraditional sectors.

120. In 2021, ADB sustained for a second consecutive year a high share of long-term cofinancing for its nonsovereign operations relative to its own lending. The nonsovereign cofinancing ratio of 180% in 2019–2021 improved on 145% in the previous rolling 3-year period and put this result back *on track* to meet the 2024 target of 200%. However, the value of long-term cofinancing in the past 2 years was considerably lower than in 2019 and, though stable from 2020 to 2021, trended lower in the 2 most recent 3-year periods. The main factor improving the cofinancing ratio in 2021 was lower net funding from ordinary capital resources in the past 2 years. A total of \$7.8 billion in cofinancing was mobilized during 2019–2021, against \$4.3 billion in net ordinary capital resources. This equates to \$1.80 in cofinancing for every \$1.00 of ADB commitment.

B. PERFORMANCE AT IMPLEMENTATION

121. In 2021, the portion of the active nonsovereign portfolio *at risk* of not achieving development results fell to less than one-fifth thanks to concerted ADB efforts to ensure the timely submission of monitoring reports, fill any data gaps, and facilitate the graduation of legacy clients out of the portfolio. Notably, active nonsovereign operations *on track* to meet development results improved by 16 percentage points to 40%. Those rated *for attention* held broadly steady with a decline of 1 percentage point to 19%,

and those rated *too early to assess* slipped by 2 percentage points to 22%.

122. The quality of the nonsovereign credit portfolio, which experienced near-zero growth in 2021, remained largely stable. Some additional impairments increased the rate of nonperforming loans from 4.2% in 2020 to 4.8% in 2021, returning to the pre-pandemic ratio. The weighted average risk rating remained in 2021 unchanged at 9.7 (B).

C. PERFORMANCE AT COMPLETION

123. The share of completed nonsovereign operations rated *successful* increased by 2 percentage points to 55% in reporting period 2019–2021, though a gap of 15 percentage points still left ADB *off track* to meet the 2024 target of 70%. The improvement in performance resulted from a large number of infrastructure investments in energy generation rated *successful*.

124. ADB sustained improvement in *satisfactory* ratings for work quality and development results, both up by 4 percentage points in 2019–2021 from the previous

reporting period to 57%, as well as for additionality, which was up by 2 percentage points to 57%. These increases were driven largely by high ratings for the subset of infrastructure operations: 66% *satisfactory* for development results, 69% for additionality, and 69% for work quality. The only criterion to worsen was investment profitability, for which *satisfactory* ratings fell from 65% to 61% in 2019–2021 as profitability declined for a third year. Profitability nevertheless remained the strongest criterion for the whole portfolio. Chapter 1 highlights results achieved by completed nonsovereign operations.

D. IN FOCUS

1. Strategic Relevance and Scalability of Nonsovereign Operations

125. The volume of nonsovereign committed operations declined by \$220 million to \$1.2 billion in 2021, or by 16% from 2020. This reflected a continued shift of strategic focus toward smaller operations diversified across a larger number of countries, and especially in frontier economies, creating more opportunities to maximize development impact. Though this was projected to occur gradually over the 5-year period of the Operational Plan for Private Sector Operations, it became fast-tracked under COVID-19 response beginning in 2020.⁷⁴

126. **Smaller operations in more economies.** The average dollar value of nonsovereign operations declined modestly from \$37 million in 2020 to \$34 million in 2021. The 35 operations in 2021 were located in 13 DMCs, up from 11 in 2020. The ratio of commercial cofinancing in 2021 was higher than in the 2 previous years. Chapter 2 has details on nonsovereign cofinancing.

127. Among new committed operations with high anticipated development impact is an urban housing project in Georgia. The project aims to make higher-quality residential developments that are more livable and accessible by applying inclusive city guidelines and innovative standards to accommodate the elderly, people with disabilities, women, and children, as set out in the Law of Georgia on the Rights of Persons with Disabilities, 2020.⁷⁵

128. **New operations in frontier economies or new sectors holding steady.** To maximize development impact, the Operational Plan for Private Sector Operations aims to redirect a larger share of ADB nonsovereign operations into frontier economies in group A and B DMCs (those that receive concessional assistance; see Appendix 2) and to new and nontraditional sectors, notably health care, education, agribusiness, and infrastructure outside of the traditional focus on energy. In 2021, 20 of the 35 nonsovereign committed operations were considered diversified in these terms. Of these 20 projects, the number in frontier economies was three, down from seven in 2020, but the number in nontraditional sectors rose from 10 in 2020 to 12 (Figure 4.1). Five operations were in both a frontier economy and a nontraditional sector, unchanged from 2020, though notable given the reduction in the number of nonsovereign committed operations in 2021. With these diversified

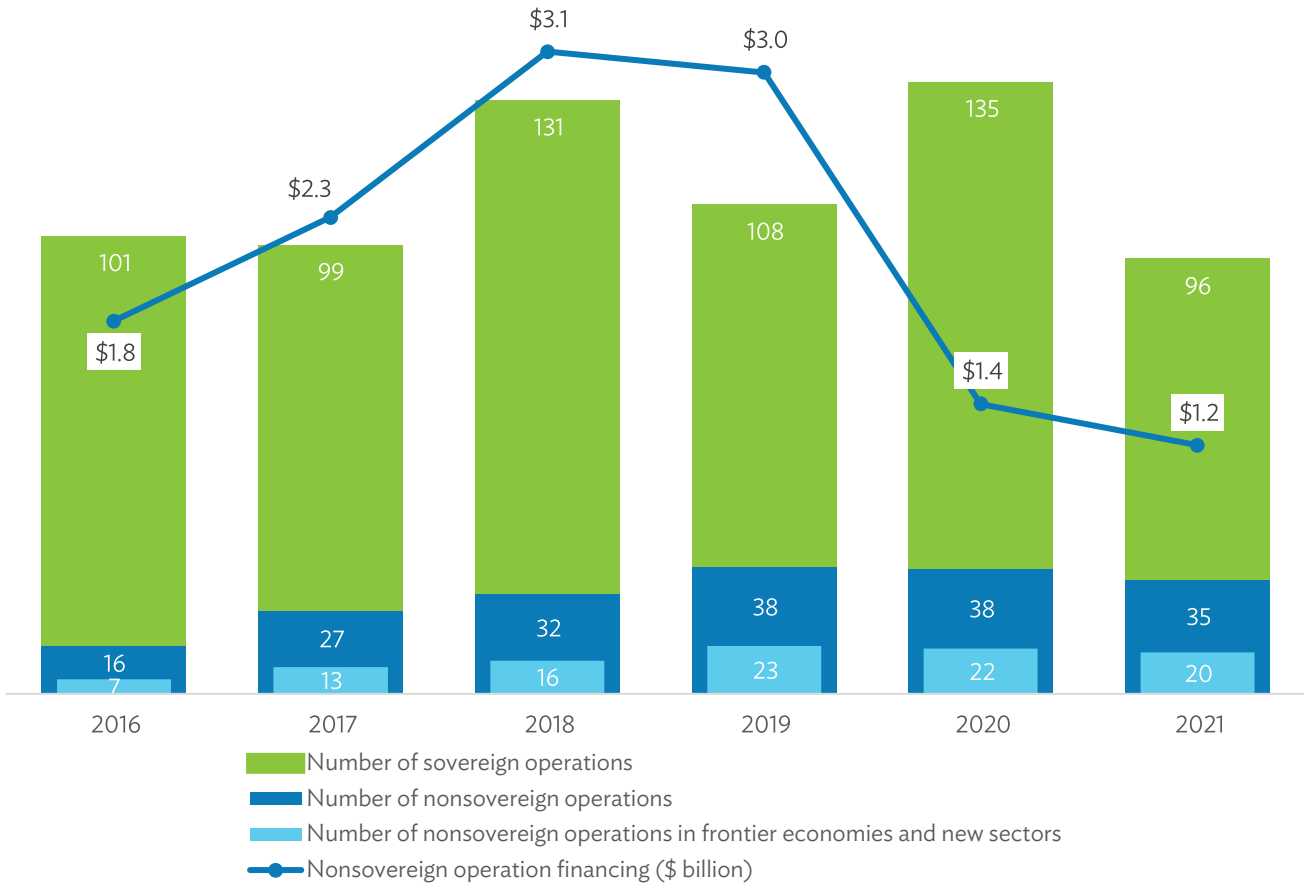
operations, ADB continued to focus support on urgent pandemic response and recovery, with seven of these operations, or 35%, responding to COVID-19.

129. **Investment in nontraditional sectors central to COVID-19 response.** Operations in sectors considered nontraditional for nonsovereign financing, such as health care and agribusiness, played major roles in ADB's COVID-19 response. For example, ADB signed a \$20 million loan agreement to help poultry, aquaculture, and other livestock farmers in eight DMCs across South and Southeast Asia continue their operations during the pandemic. In addition, it financed a project in Uzbekistan that will help build inventory buffers to mitigate supply disruption caused by the pandemic, allow faster payment to suppliers, and fund COVID-19 safety measures by providing masks, sanitization, personal protective equipment, testing, and support for staff quarantine. A regional project to enhance credit in India, Indonesia, Papua New Guinea, and Viet Nam will help sustain the livelihoods of smallholder farmers under the pandemic and improve their ability to withstand the impacts of climate change. In India, COVID-19 response provided essential health-care services and medical equipment to combat the pandemic and scale up COVID-19 screening and detection capacity.⁷⁶ Continued investment in these nontraditional sectors will be critical to facilitate economic recovery and growth.

130. **Agribusiness continuing to drive inclusive business.** In line with the Operational Plan for Private Sector Operations, ADB is pursuing approaches to inclusive business that integrate people at the bottom of the income pyramid into the market economy.⁷⁷ In 2021, ADB committed to 10 nonsovereign operations supporting inclusive business, four more than in 2020. Seven operations in agricultural development and natural resources aim to build food retailers' resilience under the COVID-19 pandemic, enhance and sustain food security, increase dairy and meat production, and support the livelihoods of stakeholders all along agricultural value chains. Two operations supported low-cost housing, one in peri-urban areas and one providing green and affordable housing for women. The remaining operation expands access to finance for micro, small, and medium-sized enterprises and for borrowers in agriculture.



Figure 4.1: Sovereign and Nonsovereign Committed Operations, 2016–2021

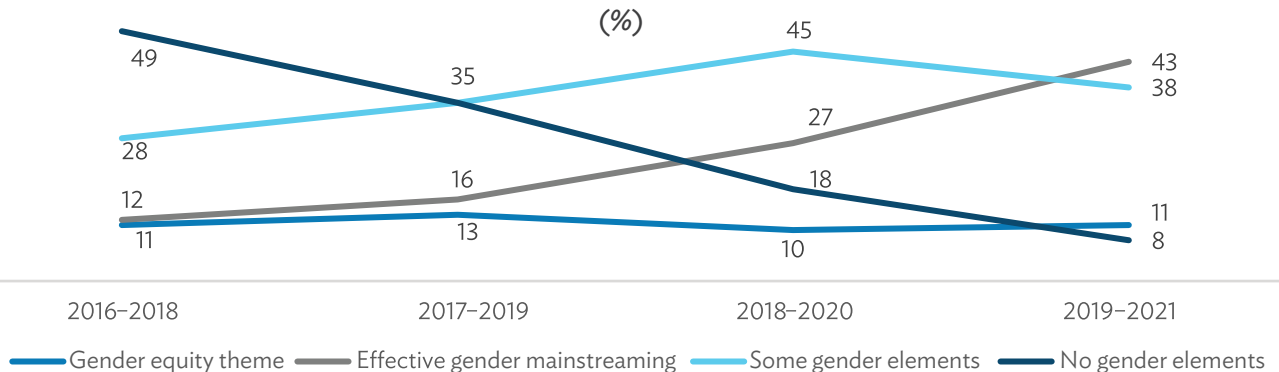


Note: The number of sovereign operations excludes project preparation and design activities. Nonsovereign operation financing excludes commitments through revolving programs, which was \$3.1 billion in 2021.
 Source: Asian Development Bank (Strategy, Policy and Partnerships Department and Private Sector Operations Department).

131. **Gender mainstreaming steadily improving.** A modest increase in 2019–2021 in the percentage of nonsovereign operations with *gender equity theme*, and a sharp increase in projects rated *effective gender mainstreaming*, drove down the percentage of projects rated either *some gender elements* or *no gender elements*

(Figure 4.2). Performance improved in 2021 as all 35 nonsovereign committed operations supported gender, and no projects were rated *no gender elements*. Box 4.1 describes an example of an innovative operation rated *effective gender mainstreaming* in a frontier economy and supporting an nontraditional sector.

Figure 4.2: Committed Operations Supporting Gender Equality, 2016–2021 (%)



Source: ADB (Sustainable Development and Climate Change Department).

Box 4.1: Innovation in Effective Gender Mainstreaming

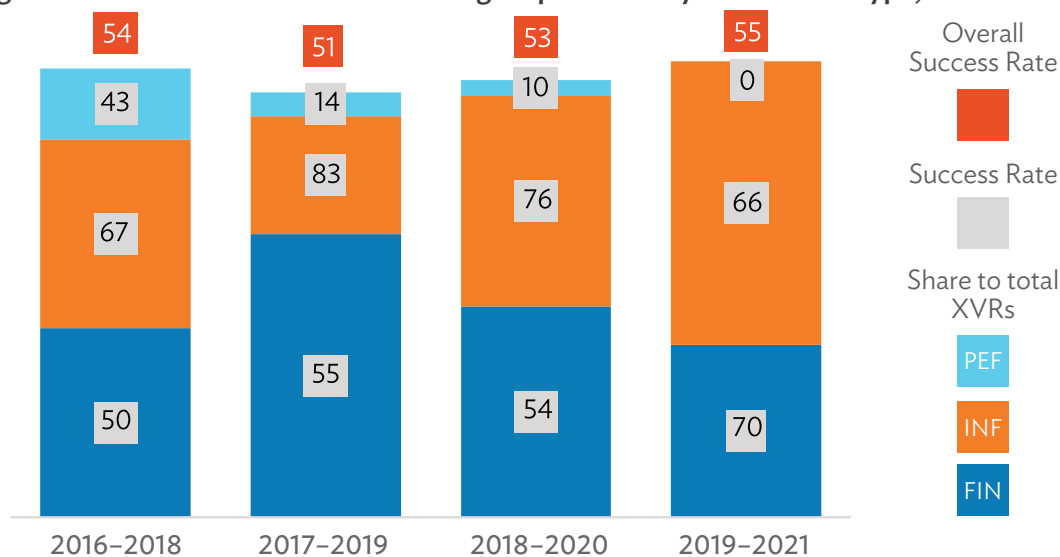
In 2021, the Asian Development Bank signed the \$65 million COVID-19 Liquidity Support Facility, its first nonsovereign operation in Fiji or in the airline industry. The investment will fund Air Pacific Limited—which operates as Fiji Airways and, through its wholly-owned subsidiary, Fiji Link—through the international travel downturn caused by the COVID-19 pandemic and support its return to profitable operation. Project gender design addresses gender gaps in the transport industry, in particular women’s underrepresentation in the airline industry and other issues relevant to Fiji, notably physical and sexual violence against women and low female participation in the labor force. The gender action plan tackles gaps, increasing women’s participation by committing to a specific number of women hired in managerial and technical roles, introducing a specific target for female cadets in its aviation academy, and going beyond provisions against sexual harassment by developing a gender inclusion policy and a family violence policy.

Source: ADB. 2020. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Loan to Air Pacific Limited for the Fiji Airways COVID-19 Liquidity Support Facility in Fiji*. Manila.

2. Main Factors Affecting Success Rates

132. Among 67 nonsovereign operations completed in reporting period 2019–2021, 37 were rated *successful*, increasing the share to 55% though still *off track* to meet the ambitious 2024 target of 70% (Figure 4.3).

Figure 4.3: Success Rates of Nonsovereign Operations by Investment Type, 2016–2021 (%)



FIN = financial institution, INF = infrastructure, PEF = private equity fund, XARR = extended annual review report, XVR = XARR validation report.

Note: Success rates are from XVRs by the Independent Evaluation Department. The reporting year, based on the XARR circulation date, ends on 30 June, so reporting period 2019–2021 is 1 July 2018–30 June 2021. The height of the sector blocks in each stacked column reflects share of XVRs rated successful in the reporting period.

Source: ADB (Independent Evaluation Department).

133. During 2019–2021, 23 infrastructure investments were rated *successful*, or 66% of completed infrastructure investments, down by 10 percentage points from the previous reporting period. Seventeen of these successful infrastructure investments, or 74%, were in energy generation. While infrastructure has historically contributed the largest number of *successful* operations, the sector’s success rate has declined in the past three

reporting periods. A notable observation in infrastructure projects rated *unsuccessful* and *less than successful* in 2021 is their common involvement in markets with higher risk of loss, as detailed in the following paragraph.

134. **Low investment profitability a key factor in unsuccessful ratings.** Despite investment profitability being the highest-rated criterion, the average for *satisfactory*

profitability was down by 4 percentage points. Among 13 projects rated *unsuccessful* or *less than successful* in 2021, 11 suffered operational losses, including all 4 completed investments in private equity funds. Various factors have lowered profitability outcomes for these projects, both macroeconomic and country specific, notably nascent stages of commercial development. As higher commercial risks have often attended projects and transactions that yield the greatest development impact, low profitability and success ratings are a consequence of this.

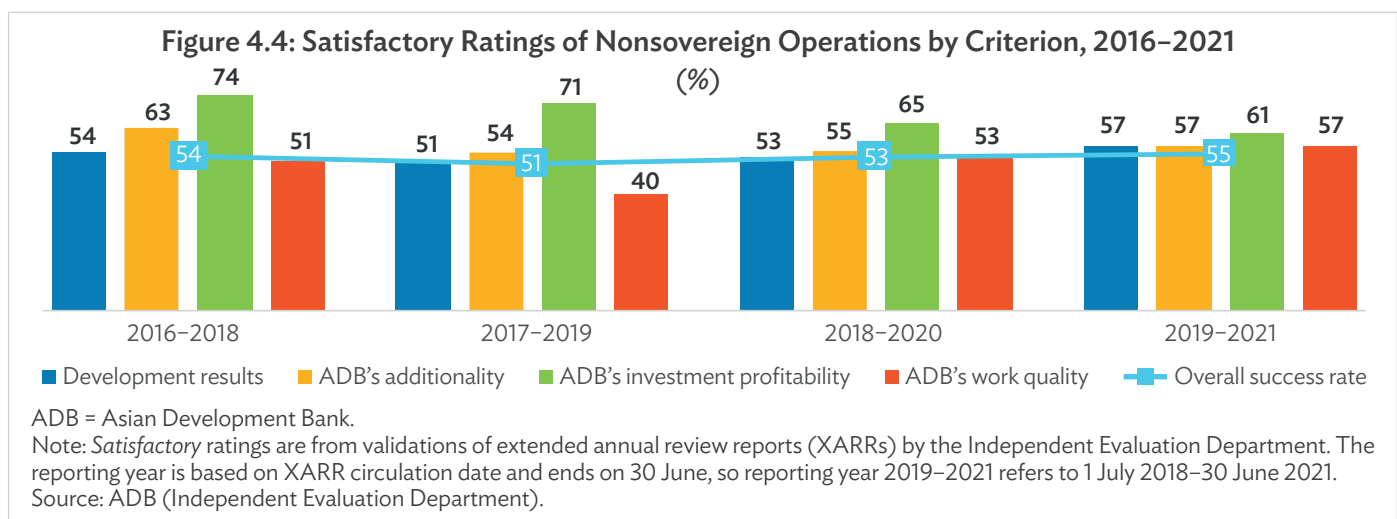
135. Factors of successful investments in financial institutions. In 2019–2021, 70% of investments in financial institutions were rated *successful*, up by 16 percentage points from the previous reporting period and overtaking infrastructure for the first time in three reporting periods. The following features were observed in successful finance projects in 2021: (i) investment into well-organized financial intermediaries targeting sectors with high development impact such as small and medium-sized enterprises; (ii) the use of mobile and digital technology by low-cost rural banking outlets providing cost-effective, sustainable, and inclusive finance in underserved areas; (iii) well-developed design and monitoring frameworks that informed objective assessment of project outcomes; and (iv) previous technical assistance improving client performance through skill training to enhance bank lending to smaller enterprises, especially those owned by women, and strengthening risk management frameworks to stimulate lending to targeted beneficiaries.

136. Poor performance by the private equity fund asset class undermining gains. In 2021, four private equity funds were evaluated. None of them were rated *successful*, continuing this performance trend for a third year. All were rated *unsuccessful* and were older projects approved in 2010

or earlier (see analysis of vintage investments in para. 138 below). Causes included ineffective fund management, investments rendered unsuccessful by economic stress, and geographic diversification into higher-risk markets, where private investors, if not multilateral development banks, fear to tread.

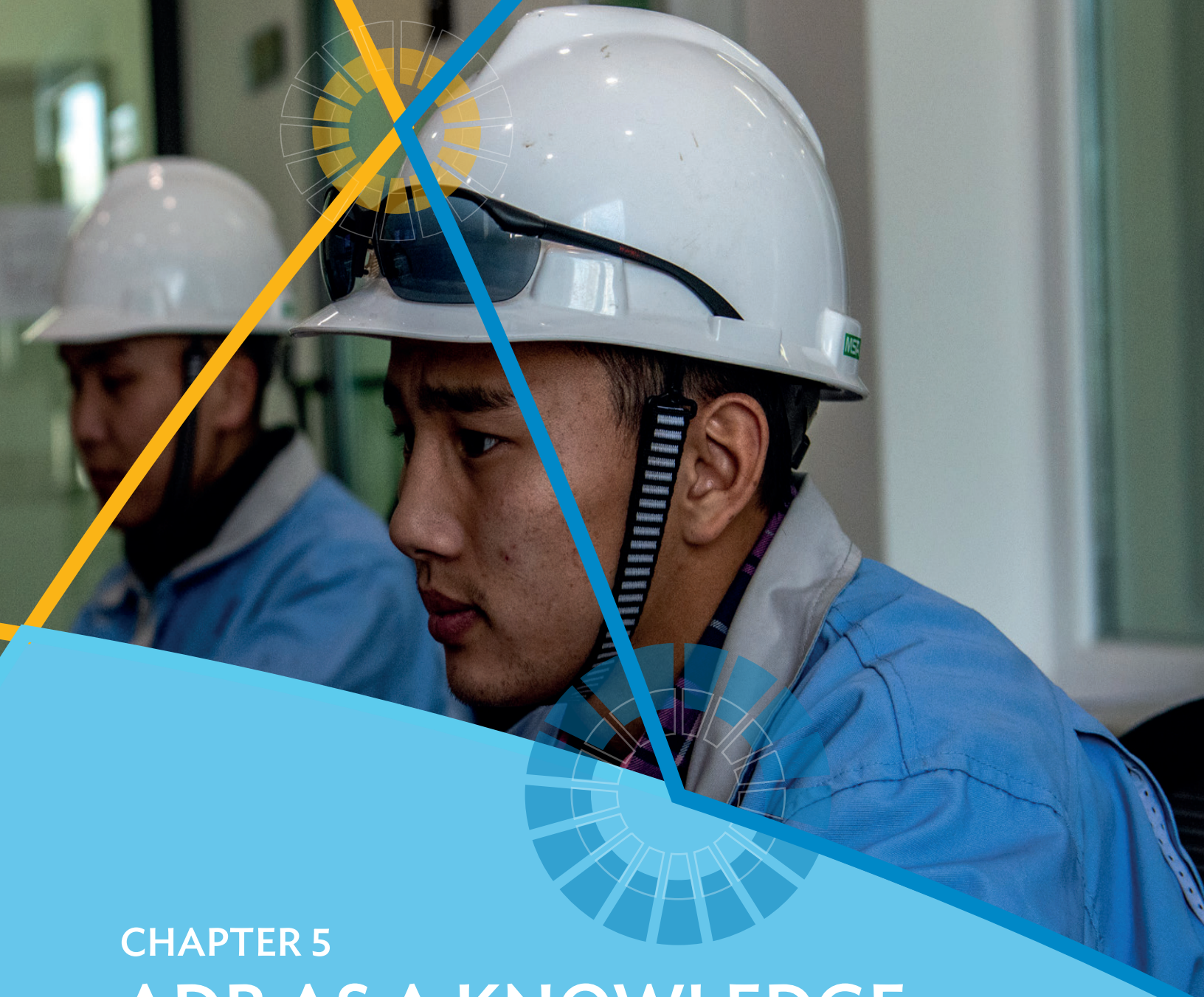
137. Sustained improvement in three of four criteria, leaving data gaps. *Satisfactory* ratings were up in three of the four criteria used to assess nonsovereign operation performance: development results, additionality, and work quality (Figure 4.4). Notable improvements were observed in both work quality and development results from 53% to 57%, as well as for additionality from 55% to 57% with improvements in screening, appraisal, structuring, monitoring, and supervision. However, persistent data gaps leave insufficient evidence to judge development results and, in some instances, cause projects to be rated *less than successful*. ADB work quality was weak in private equity funds, with a *satisfactory* rating of only 17%. It was better in finance at 60% and strongest in infrastructure at 69%.

138. Significantly higher success rates for projects approved after 2012. Success rates for projects completed in reporting years 2016–2021 were analyzed by comparing them by approval year in 3-year rolling periods. Analysis reveals a higher success rate for projects that were approved in or after 2012. When projects are grouped by approval year, those approved in 2014–2016 meet the target of 70% *successful* rating, with improvement to 75% for those approved in 2015–2017.⁷⁸ Though a heartening development, these preliminary findings must be interpreted with caution as data show that projects with shorter maturity periods tend to be more successful than those with longer maturity.





All systems go. A technician in Sernsang Khushig Khundii Solar plant in Khushig valley, Tuv Aimag, Mongolia does his daily routine check (photo by Ariel Javellana).



CHAPTER 5

ADB AS A KNOWLEDGE ORGANIZATION

Strategy 2030 recognizes that the continued relevance of the Asian Development Bank (ADB) depends increasingly on its role as a knowledge institution. The Knowledge Management Action Plan, approved in March 2021, calls on ADB to upgrade its knowledge management systems and capacity to ensure quality knowledge-based solutions are co-created and used by clients to meet their needs. The chapter examines factors that affected performance in 2021 and assesses how successful ADB has been in advancing its agenda to become a stronger knowledge and learning organization.

KNOWLEDGE BENEFITED



TECHNICAL ASSISTANCE PROJECTS RATED SUCCESSFUL

82% IN 2019-2021

KNOWLEDGE USED



ENGAGEMENT ON SOCIAL MEDIA

1,028,562 SUBSCRIBERS AND FOLLOWERS IN 2021

1,022,332 ACTIVE ENGAGEMENT IN 2021

WEB-DISTRIBUTED KNOWLEDGE SOLUTIONS

1,368,570 IN 2021

KNOWLEDGE DELIVERED



IMPACT EVALUATIONS COMPLETED

2 IN 2021

ADB AS A KNOWLEDGE ORGANIZATION



STAFF RATING ADB AS AN EFFECTIVE KNOWLEDGE AND LEARNING ORGANIZATION

51.6% IN 2021

70.0% BY 2024

A. KNOWLEDGE BENEFITED

1. Technical Assistance Completed in 2021 More Successful

139. **Technical assistance success rate up in 2021 but steady in 3-year period.** Of the 142 technical assistance (TA) projects that submitted TA completion reports in reporting year 2021 (July 2020–June 2021), 85% were self-rated *successful* or *highly successful*. This significant improvement on 78% in 2020 is partly attributable to (i) project teams assuring better TA design and implementation in line with continued corporate-wide emphasis on high-quality design and effective design and monitoring frameworks, and (ii) their promoting the catalytic use of TA to produce high-quality knowledge products and services and to improve capacity in developing member countries (DMCs). However, of the 465 sovereign and nonsovereign TA projects completed in the 3-year reporting period 2019–2021, only 82% were self-

rated *successful* or *highly successful* in TA completion reports, 1 percentage point lower than in 2018–2020. TA financed by ordinary capital resources loans and Asian Development Fund grants sustained a success rate of 86% in 2019–2021.

140. **Lessons from completed technical assistance.** TA is an important instrument for financing knowledge solutions in individual DMCs and regionally. It is important to know what drives its success, or prevents it. Of the 25 TA projects self-rated *highly successful* in 2021, eight were validated by the Independent Evaluation Department, which confirmed *highly successful* ratings for four of them. Box 5.1 summarizes success factors for *highly successful* TA and the pitfalls suffered by those rated *less than successful*.

Box 5.1: Lessons from Technical Assistance Success and Failure in 2021

A review of technical assistance (TA) that the Independent Evaluation Department validated as *highly successful* or *less than successful* in reporting year 2021 (July 2020–June 2021) confirmed that the success of TA is determined by its quality of design, effective and efficient implementation, and degree of alignment with government priorities and developing member country participation in TA design and implementation.

Four *highly successful* TA projects in 2021 showed strong alignment with national priorities and developing member country ownership, facilitating the utilization TA outputs. They also had solid design and monitoring frameworks (DMFs) that were implemented effectively and efficiently.

- (i) TA 8803-BAN: Strengthening Monitoring and Enforcement of the Meghna River's Water Quality for Dhaka's Sustainable Water Supply was consistent with government priorities and strategies. Its project design was appropriate, and it featured innovative inclusion of a participatory monitoring and reporting system and piloting of cleaner production principles.
- (ii) For the Association of Southeast Asian Nations (ASEAN), TA 9197-REG: Creating a Regional Settlement Intermediary in ASEAN+3 Region: Support to Cross-Border Settlement Infrastructure Forum fully aligned with two operational priorities under ADB's Strategy 2030: strengthening governance and institutional capacity, and fostering regional cooperation and integration. It also aligned with the ASEAN+3 priority of creating and promoting a regional financial infrastructure.
- (iii) TA 8785-REG: Mekong Business Initiative was developed and implemented in response to a request from the governments of Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam in 2013 and enjoyed their strong participation.
- (iv) Extensive stakeholder consultation and design review guided the Cluster TA 0005-REG: Enhancing Gender Equality Results in South Asia Developing Member Countries (Phase 2) (Subprojects 1–4). They made the TA more responsive and relevant during implementation.

All four *highly successful* TA projects had coherent DMFs that clearly articulated logical output pathways to outcomes and then impact. Anticipated TA outputs were either met or exceeded. For example, five of nine TA 8803 output indicators were exceeded, and the remaining four were achieved. Funds were efficiently utilized, with outputs delivered at least cost and with adequate value for money. Likewise, five of six output indicators of Cluster TA 0005 exceeded expected results. TA 8785 efficiently crowded in additional cofinancing from a range of partners, exceeding the expected cofinancing amount.

Twelve *less than successful* TA projects got poor effectiveness ratings because outputs and outcomes fell significantly short. Four of the eight were inefficiently managed, as evidenced by low rates of fund utilization; five suffered design flaws including DMF deficiencies; and one had design shortcomings that required frequent TA design changes.

B. KNOWLEDGE USED

Larger ADB Audience and More Downloads

141. **Social media audience topping 1 million but engagement events declining.** ADB uses social media to raise awareness of its activities, influence thinking on development, and disseminate knowledge. In 2021, the cumulative number of followers on ADB's four social media channels surpassed 1 million, but active engagement on them declined by 59%.⁷⁹ The reasons behind the decline are as follows. First, after organic engagement reached record highs in 2020 with heightened public interest in pandemic-related topics, it returned to the pre-pandemic norm in 2021. Second, paid social media advertisements delivered far fewer engagements in 2021 than in 2020. Advertising shifted from Facebook to LinkedIn and Twitter, where advertising is more expensive and audiences are smaller but where ADB is more likely to actively engage its key

stakeholders in government, the media, civil society, and the private sector.

142. **More clients downloading ADB knowledge solutions in 2021.** The uptake of ADB web-distributed knowledge solutions on ADB.org grew considerably in 2021.⁸⁰ Downloads increased by 40% from 2020, more than double the 17% increase that year, to reach 1,368,570. Downloads significantly increased across ADB's knowledge dissemination platforms, most notably from the Asian Development Blog by 70%, Development Asia by 57%, and the ADB Data Library by 26%. Among 240 knowledge solutions related to COVID-19 delivered in 2021, downloads of 53 key publications increased by 50% to surpass 180,000 (Box 5.2).

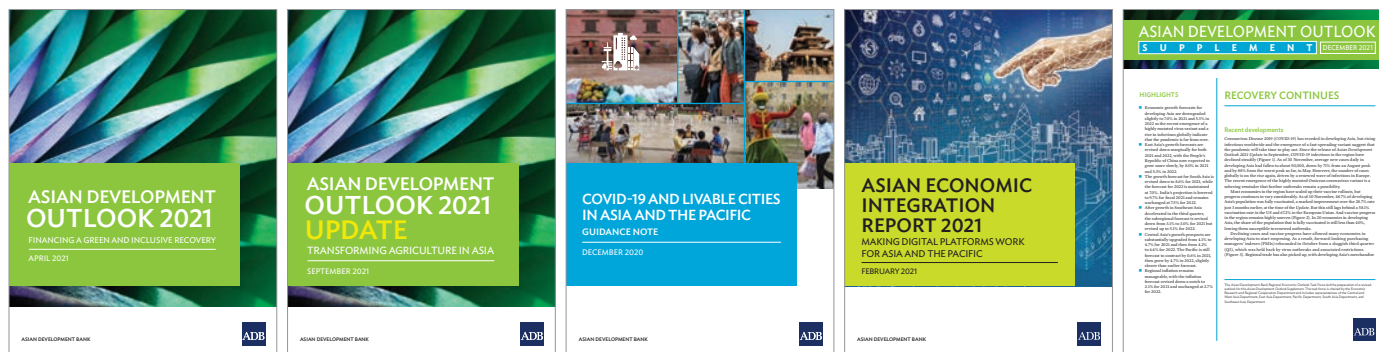
Box 5.2: Knowledge Solutions Related to COVID-19

The most downloaded knowledge solutions related to COVID-19 included a series of guides that identify actions to address the pandemic's effects on different sectors and thematic areas and pathways to build back better.^a Also included was a compendium of 13 briefs sharing insights to help countries in Southeast Asia and the People's Republic of China mitigate the pandemic's devastating effects, strengthen cooperation, and accelerate their economic recovery. Insights presented were gathered from Policy Actions for COVID-19 Economic Recovery Dialogues, which ADB sponsored and convened from June to September 2020 under the framework of the B-I-G Program.^b

^a Eight guides are available at <https://www.adb.org/documents/series/covid-19-asia-pacific-guidance-notes>.

^b ADB. 2021. Policy Actions for COVID-19 Economic Recovery: A Compendium of Policy Briefs. Manila. The B-I-G Program refers to the collective framework of the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA), the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT), and the Greater Mekong Subregion (GMS) Capacity Building Program. Source: ADB (Department of Communications and Sustainable Development and Climate Change Department).

Top Five Most Downloaded Knowledge Solutions in 2021





C. KNOWLEDGE DELIVERED

Two Impact Evaluation Studies Delivered and Knowledge Management Action Plan Approved

143. **Two impact evaluation studies completed.** ADB conducts impact evaluations to find empirical evidence of intervention effects and thereby improve understanding of them. Two were completed in 2021, one quantifying the economic impact of large infrastructure in the

People's Republic of China using daytime satellite images (Box 5.3), and a quasi-experiment in India examining the impact on youth employability from imparted market-relevant vocational, information technology, and communication skills (Box 5.4).

Box 5.3: Estimating the Effect of River Crossings on Economic Growth Using Land Use Satellite Imagery

This impact evaluation paper quantifies the economic impact of Asian Development Bank loans supporting large infrastructure in Shanghai using daytime satellite images obtained over more than a decade, from 1988 to 2000. Analysis shows that the first three major river crossings connecting Shanghai and Pudong, a tunnel and two bridges, generated average economic growth in Pudong exceeding growth in Shanghai by 0.7–2.1 percentage points, with substantial heterogeneity depending on proximity to the crossings. Areas in Pudong close to the river crossings had much higher growth rates than similarly proximate areas of Shanghai. When disentangling the impact of each of the three river crossings, the study found significant positive impacts from Nanpu Bridge, which promoted economic growth in and around Nanpu.

Source: ADB. Unpublished. *Unleashing Development Potential by River Crossings Evidence-based on Satellite Imageries from Shanghai*. Manila.

Box 5.4: Measuring the Impact of Skill Development on Youth Employability in India

The program Supporting Kerala's Additional Skill Acquisition Program in Post-Basic Education aimed to enhance the employability of youth aged 15–24 years by imparting market-relevant vocational skills and foundation skills that included English communication and information technology. To test impact, an employability index measured performance using five parameters: personality and behavior, numerical and analytical ability, English communication, attention to detail, and job-specific skills.

A cross-sectional quasi-experimental survey was designed to measure employability in 2016 as a baseline and in the subsequent 3 years. About 26,000 students in the southern state of Kerala participated in the survey. The average employability score was estimated to be 69 in 2019, for average improvement by 41% over the baseline value. The findings show participating students significantly improving their employability year by year, indicating that training was effective in making them more employable.

Source: ADB. Unpublished. *ASAP (Additional Skill Acquisition Programme) Employment Study: Impact Assessment*. Manila.

Knowledge Management Action Plan and Innovation Hub to Shape Innovation Framework

144. **Knowledge Management Action Plan approved and innovation hub launched.** In 2021, ADB approved the Knowledge Management Action Plan (KMAP), 2021–2025.⁸¹ The KMAP is designed to upgrade ADB's knowledge management systems and capacity, and spearhead its transformation into a provider of better knowledge solutions. This requires strengthening the role of people and culture to improve systems and processes and deepen relationships to allow for knowledge flow, application, and learning. Following KMAP approval,

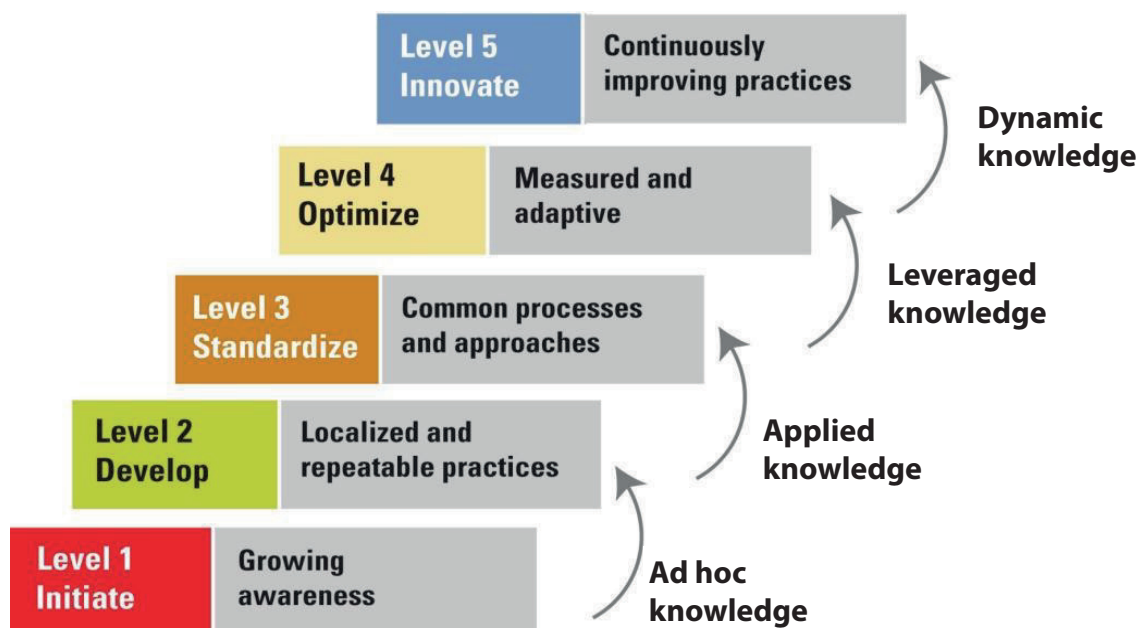
ADB launched an innovation hub during the Knowledge Forum in September 2021. The hub's physical space is due for completion in 2022. Both the physical and virtual hub will provide venues to experiment and exchange new and innovative ideas to shape pilot projects and actions. Experiences gained from these experiments and those from existing innovation initiatives across ADB will inform an innovation framework now being formulated as an action area of the KMAP.

D. KNOWLEDGE ORGANIZATION

145. **Knowledge and learning institution grading under refinement.** The update and renewed focus anchored in the Knowledge Management Action Plan, 2021–2025 invited review of 12 knowledge indicators in the corporate results framework to track ADB’s performance in delivering and ensuring the use of high-quality knowledge solutions. Findings argued for no longer counting the number of knowledge products and services delivered in favor of pursuing a better understanding of the internal process, systems and capacity that are foundational to co-creating and sharing high-quality knowledge-based solutions to developing member countries. As a result, 5 of 12 knowledge indicators are reported in *DEfR 2021*, aligned with the knowledge management cycle: how knowledge should benefit clients through the delivery and use of high-quality knowledge products and services. The rest of the indicators will be reported in the next DEfR, following the biennial reporting cycle and when the indicator methodology is complete.⁸²

146. **More rigorous methodology adopted.** Following the launch of the KMAP 2021–2025, the Most Admired Knowledge Enterprise survey was replaced with a more sophisticated and rigorous methodology, the Knowledge Management Capability Assessment Tool (KMCAT), to better measure and report on *staff rating ADB as an effective knowledge and learning organization*. The KMCAT survey, which evaluates the maturity of an organization’s knowledge management efforts, was first carried out in October 2021 and will be conducted every 2 years.⁸³ The KMCAT knowledge management maturity model uses a 5-point scale to measure ADB’s knowledge management capacity (Figure 5.1). At the low end of the maturity scale are disparate, inconsistent knowledge management activities, and at the high end are disciplined approaches that enable better use of information aligned with the organization’s strategic business goals.

Figure 5.1: KMCAT Knowledge Management Maturity Model



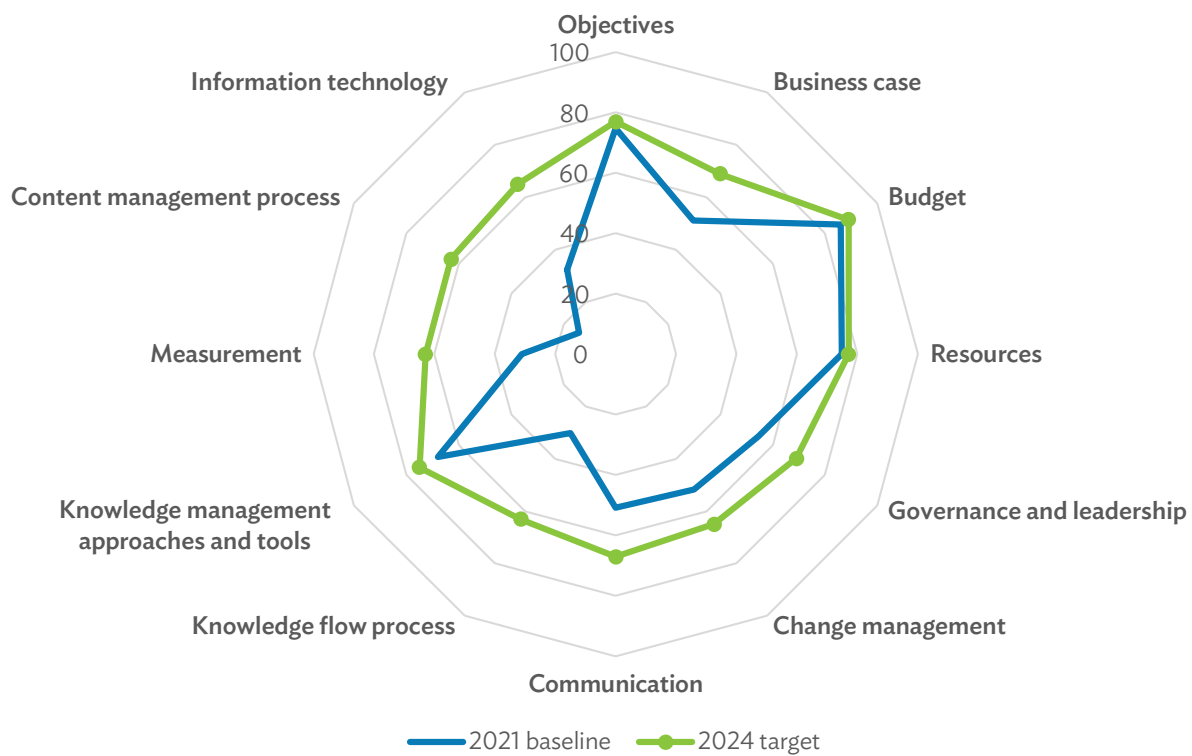
APQC = American Productivity & Quality Center, KMCAT = Knowledge Management Capability Assessment Tool.
Source: APQC. 2011. [How Mature Is Your KM Program? Using APQC’s KM Capability Assessment Tool](#).



147. **New baseline and target set.** With the adoption of the KMCAT, a new baseline value of 51.6% (2.58 on the 5-point scale) is registered for 2021, and a new target value of 70% (3.5 on the 5-point scale) is set for 2024. Being at level 2 on the knowledge management maturity scale of the American Productivity & Quality Center (APQC) credits ADB with “localized and repeatable” knowledge management practices. The baseline result showed ADB scoring best on budget, objectives, and knowledge

management approaches and tools, and scoring worst on content management process, knowledge flow process, measurement, and information technology (Figure 5.2). Reaching 70% maturity (3.5 on the 5-point scale) by 2024 will require that localized knowledge management practices graduate into “common processes and approaches” and that they attain fairly even scores across the 12 domains.

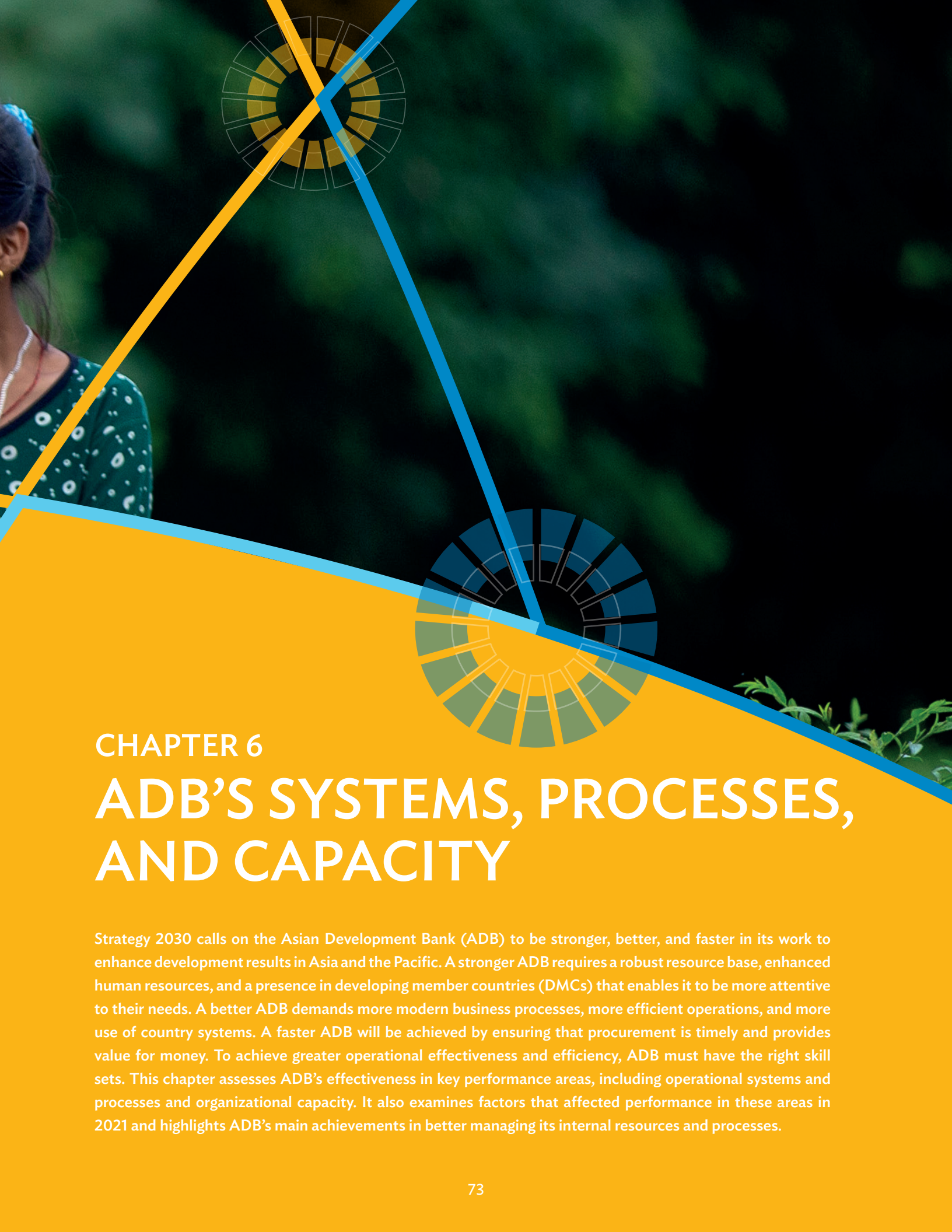
Figure 5.2: New Baseline and Target for Knowledge Management Maturity



APQC = American Productivity & Quality Center.
 Source: APQC. 2021. Knowledge Management Capability Assessment Tool Benchmarking Report.



Kabita Katwal and Manisha Limbu share a light moment at Indrapur village in Nepal (photo by Narendra Shrestha).



CHAPTER 6

ADB'S SYSTEMS, PROCESSES, AND CAPACITY

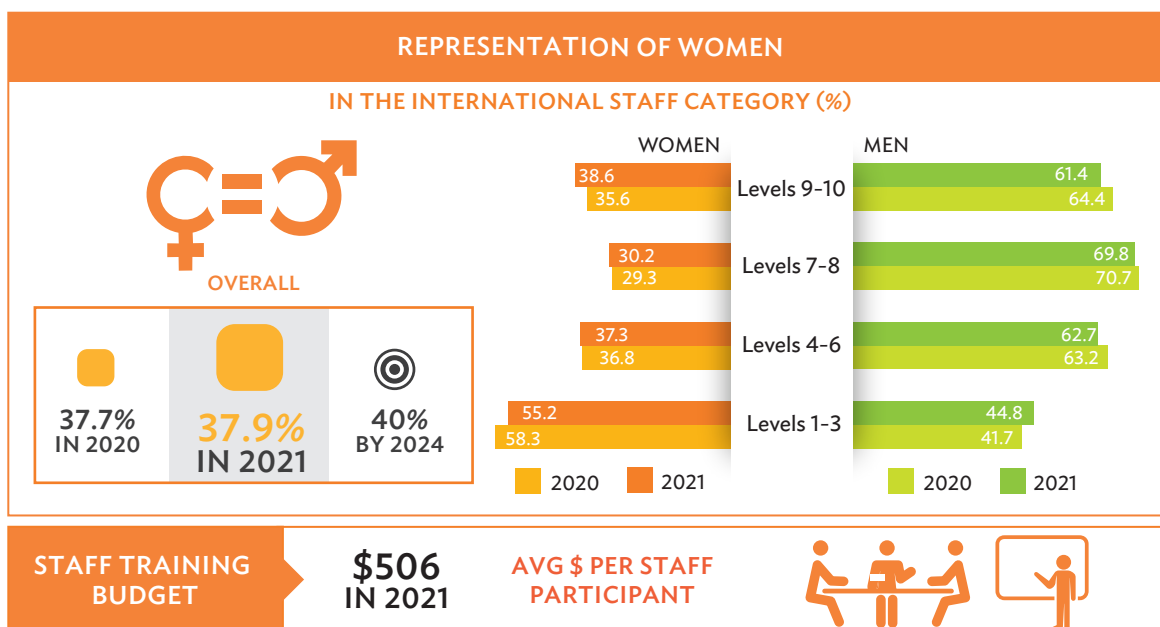
Strategy 2030 calls on the Asian Development Bank (ADB) to be stronger, better, and faster in its work to enhance development results in Asia and the Pacific. A stronger ADB requires a robust resource base, enhanced human resources, and a presence in developing member countries (DMCs) that enables it to be more attentive to their needs. A better ADB demands more modern business processes, more efficient operations, and more use of country systems. A faster ADB will be achieved by ensuring that procurement is timely and provides value for money. To achieve greater operational effectiveness and efficiency, ADB must have the right skill sets. This chapter assesses ADB's effectiveness in key performance areas, including operational systems and processes and organizational capacity. It also examines factors that affected performance in these areas in 2021 and highlights ADB's main achievements in better managing its internal resources and processes.



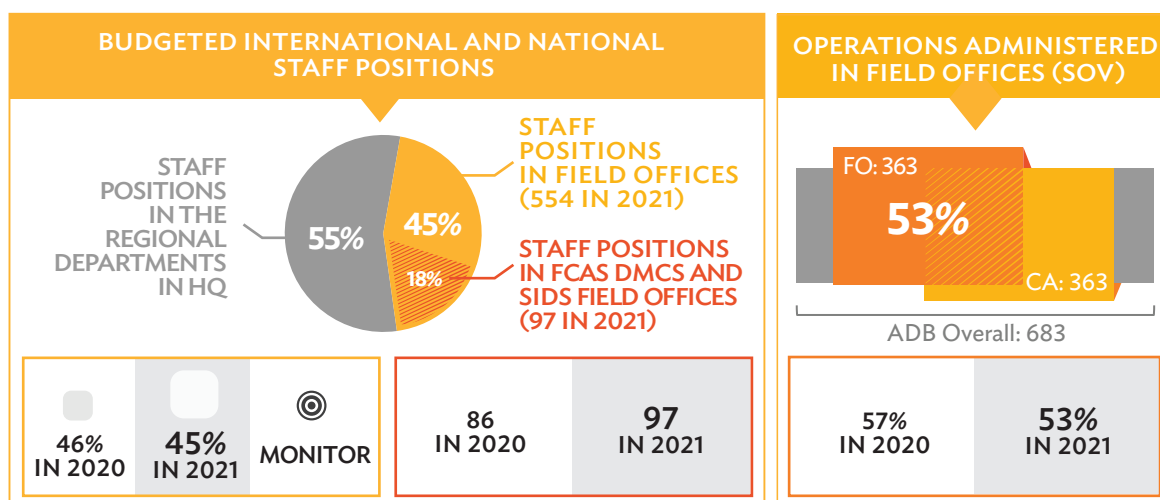
ENSURING A ROBUST RESOURCE BASE



ENHANCING HUMAN RESOURCES



MAINTAINING A STRONG COUNTRY PRESENCE



AVG = average, CA = concessional assistance, DMC = developing member country, FCAS = fragile and conflict-affected situations, FO = field office, HQ = headquarters, NSO = nonsovereign operation, SIDS = small island developing state, SOV = sovereign operation.

A. ORGANIZATIONAL CAPACITY

148. **Robust capitalization.** ADB's capitalization remains robust and supportive of planned expansion of operations in line with Strategy 2030 and imperatives triggered by COVID-19. The capital utilization ratio increased from 69.1% in 2020 to 74.0% in 2021 with an increase in loan exposure brought by strong growth in ADB operations responding to the COVID-19 pandemic.

149. **Nonsovereign credit quality slightly weakened.** The impaired loan ratio increased slightly from 4.2% in 2020 to 4.8% in 2021, returning to the pre-pandemic level. The increase was because of five additional impairments in Myanmar, the People's Republic of China, and Sri Lanka. The weighted average risk rating of nonsovereign operations nevertheless remained unchanged at 9.7 (B) in 2021, as in 2020.

150. **Representation of women in ADB remaining on track but watch.** Women's share of ADB international staff positions is little changed from 37.7% in 2020 to 37.9% in 2021, though inching toward the corporate goal of 40% by 2024. Female hiring declined significantly from 44.0% of the total in 2020 to 32.7% in 2021, indicating the growing challenge of attracting qualified women.⁸⁴ However, the decline was not obvious in the total value as the male international staff attrition rate of 9.3% was much higher than the female attrition rate of 5.9%, causing a nominal increase in the female staff ratio by 0.2 percentage points. To promote gender equality at ADB, the Budget, People, and Management Systems Department developed in 2021 the Diversity, Inclusion, and Belonging Framework,⁸⁵ which will update the existing gender action plan and lay foundations for many actions such as ensuring equitable gender representation in talent reviews and family-friendly benefits and policies. In addition, the Gender Taskforce was launched to review how ADB recruits, retains, trains, posts, and progresses staff, with a view to ensuring a more gender-diverse workforce. The findings and recommendations from the Gender Taskforce review will be communicated in 2022.

151. **Spending on staff training reduced and diversified with shorter online courses.** Spending on staff training was reduced in 2021 as all learning events were delivered virtually and no staff training travel or venue expenditure

was required. An average of \$506 was spent on training per staff member trained in 2021, which was \$115 or 19% less than in 2020. Building on experience from 2020, the Budget, Personnel, and Management Systems Department shortened in-house online courses in 2021 to mitigate screen fatigue. In addition, LinkedIn Learning was launched as a new e-learning platform, giving staff access on demand to over 16,000 courses. These efforts yielded positive results, with the number of trainees rising to 6,139, which was 844 or 16% more than in 2020.

152. **Field office staffing ratio slightly lower.** The share of international and national staff positions in ADB regional departments who were assigned to field offices decreased slightly from 46% in 2020 to 45% in 2021. The decline from 564 to 554 occurred as several approved outposting arrangements were suspended under the prolonged pandemic and travel restrictions. Field presence is important for ADB to become more responsive to the needs of DMCs. In 2021, ADB conducted a workforce rebalancing exercise, which recommended allocating 90% of newly created positions until 2027 to field offices, to enrich policy dialogue with DMCs, operations, and knowledge solution delivery.

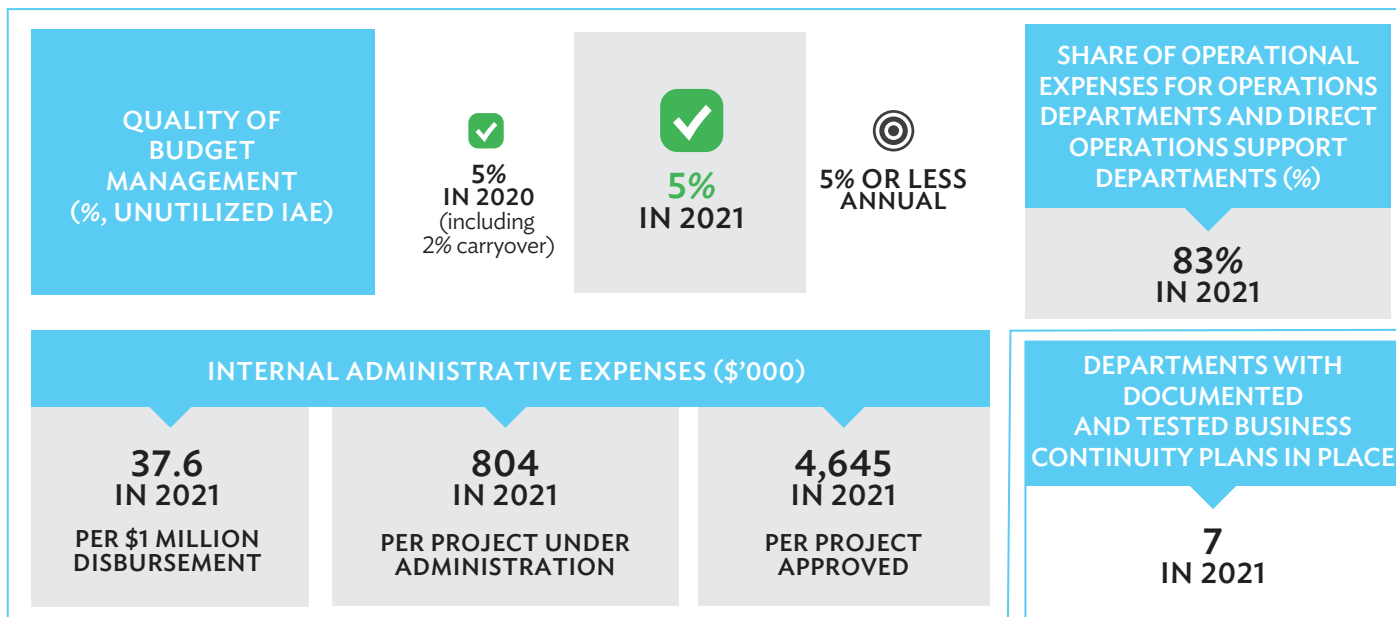
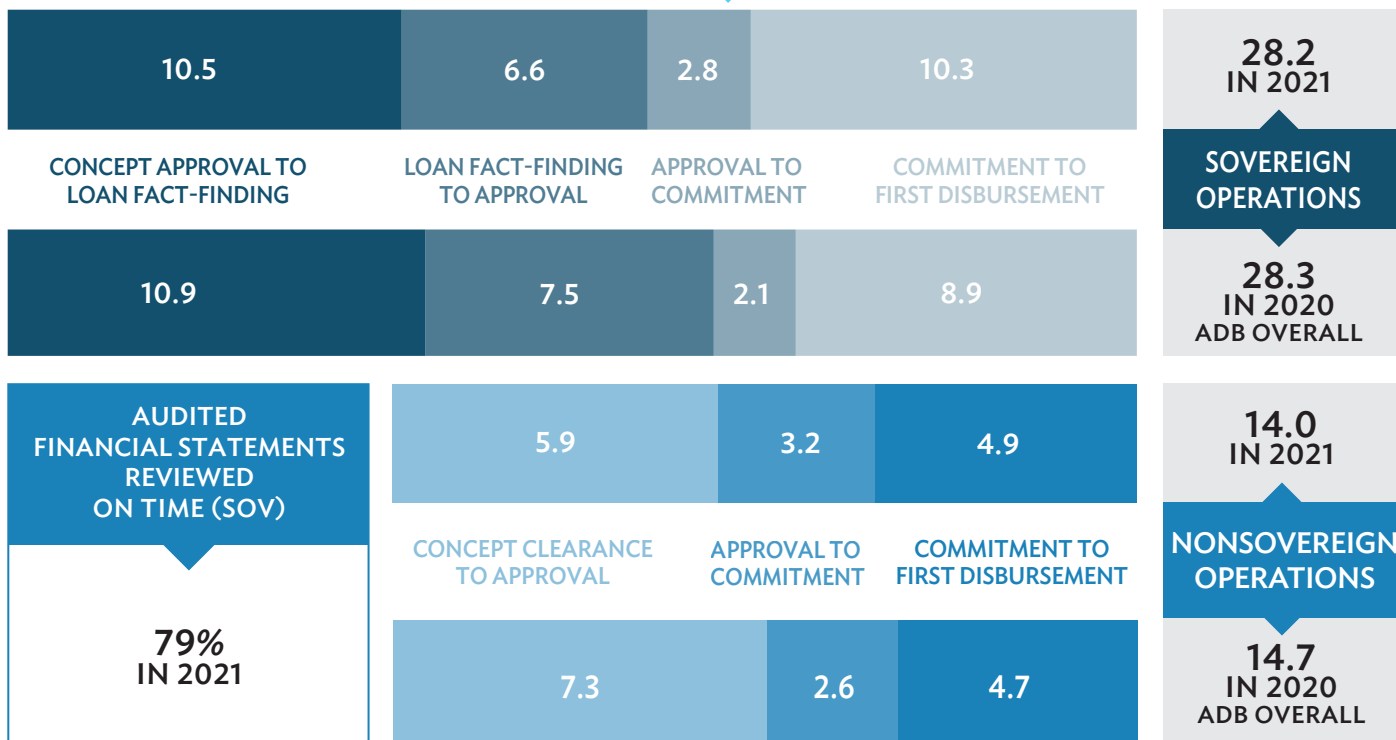
153. **Staff numbers in fragile states increased.** The count of budgeted international and national staff positions in fragile and conflict-affected situations and small island developing states increased by 11 positions to 97 in 2021. The net increase came from the inclusion of the Lao People's Democratic Republic among fragile states.

154. **Half of operations administered by field offices.** ADB continued to work closely with DMCs through remote work arrangements and stronger collaboration with resident missions to connect sector, thematic, and operations specialists more frequently with DMCs. In 2021, ADB administered 363 active sovereign operations in field offices, or 53% of a total of 683. Staff based in field offices administered 298 of the operations, and staff outposted from ADB headquarters administered the other 65. More than half of projects administered by field office and outposted staff in 2021 were in countries receiving concessional assistance, where 193 of 363 operations were administered.



MODERNIZING BUSINESS PROCESS AND IMPROVING OPERATIONAL EFFICIENCY

TIME FROM CONCEPT APPROVAL OR CLEARANCE TO FIRST DISBURSEMENT (MONTHS)



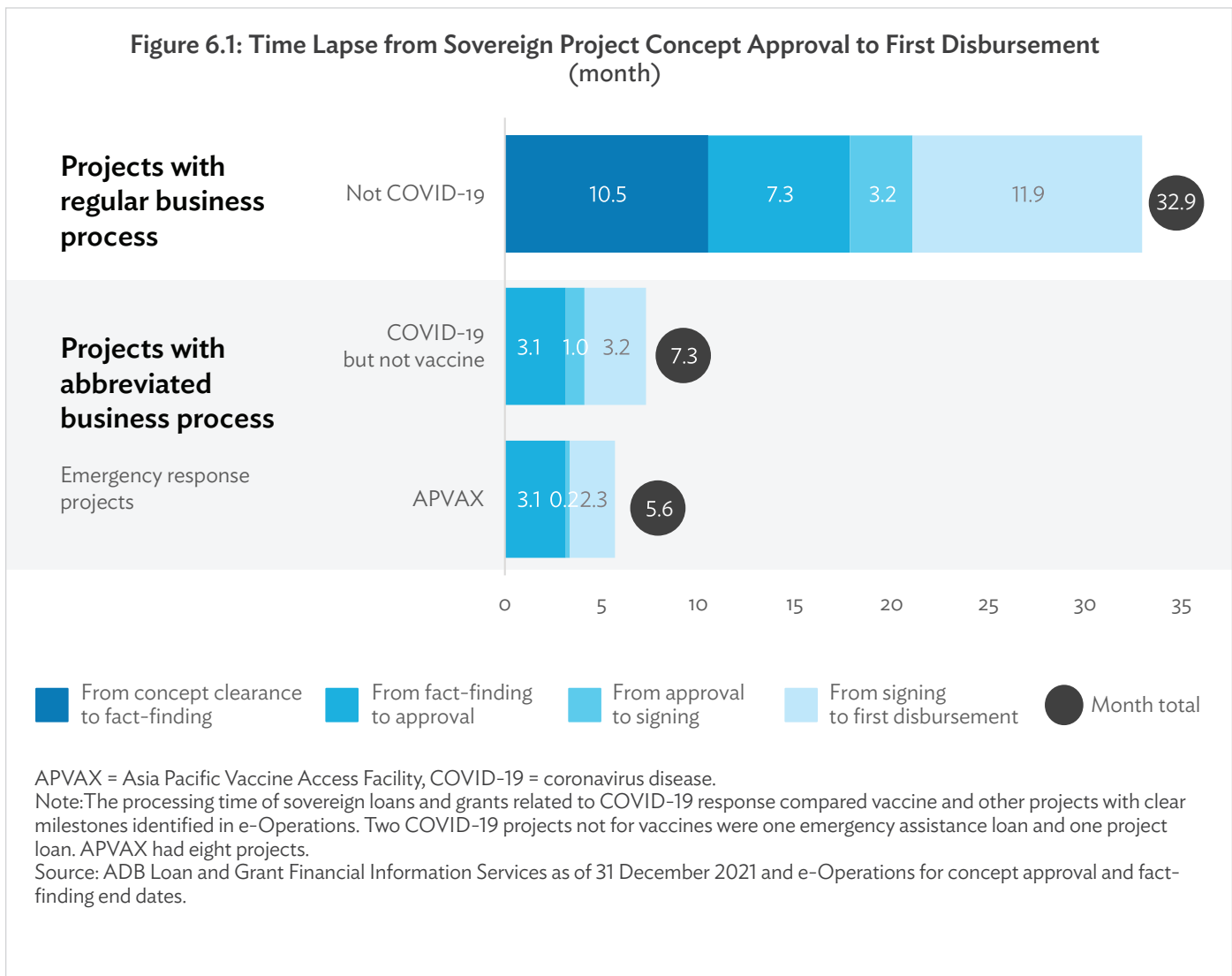
ADB = Asian Development Bank, IAE = internal administrative expenses, SOV = sovereign operation.

B. ORGANIZATIONAL SYSTEMS AND PROCESSES

155. **Sovereign processing time constant.** Project processing efficiency is measured as the time it takes for sovereign operations excluding policy-based operations to design and process projects from concept note to first disbursement. In 2021, sovereign operations processing time took an average of 28 months, little changed from 2020.⁸⁶ This is 2 months quicker than pre-pandemic processing time, which averaged 30 months in 2019. COVID-19 response operations, using an abbreviated business process, continued to quicken the average despite the various restrictions brought about by the ongoing pandemic (Figure 6.1). Disbursement time for concessional assistance shortened from an average of 28 months to 26, with time savings achieved largely in the processing stage from commitment to first disbursement.

156. **Vaccine facility processing time significantly faster.** Assistance related to COVID-19 including the Asia Pacific Vaccine Access Facility (APVAX) took on average 7 months. APVAX projects alone took on average only 5 months, benefiting from the abbreviated business processes that the novel facility enjoyed in light of the urgency of response. Since 2020, COVID-19 pandemic response operations used streamlined processes that waive the requirement for concept papers and provide the option to exchange the formal interdepartmental review process for using One ADB teams of technical experts and nominated staff who assume responsibility for due diligence.

Figure 6.1: Time Lapse from Sovereign Project Concept Approval to First Disbursement (month)



157. Shorter nonsovereign operation start-up time. Despite continued market uncertainty under the pandemic, nonsovereign operation start-up time improved. The average time from concept clearance to first disbursement for nonsovereign operations shortened from 15 months in 2020 to 14 months in 2021.⁸⁷ This reflects seven transactions related to COVID-19 with an average processing time of 10 months, more than 5 months faster than the average for other transactions. Four of these seven transactions were prepared using the Faster Approach to Small Nonsovereign Transactions (FAST).

158. More audit result reviews completed on time. Of 858 audited project financial statements for sovereign operations submitted in 2021, ADB reviewed 679, or 79%, within the targeted time frame of 8 weeks from submission by the executing or implementing agency. This was little changed from 76% in 2020 in percentage terms but significantly higher volume, as only 565 of 746 submissions were reviewed on time in 2020. The larger volume of timely review was attributed to an improved and automated financial management business process, the development and standardization of guidance materials on financial statement review, and positive results from financial management capacity building and workshops provided to ADB project teams and executing and implementing agencies.

159. Budget utilization remains on target. ADB's budget utilization rate in 2021 was again 95%, meeting the target of 5% or less unutilized. As in 2020, the most underutilized budget was for travel that could not be used under COVID-19. The utilization rate reflects the quality of original assumptions underpinning budget formulation and the prudence applied by departments during implementation.

160. Prudent use of administrative and operational expenses. In addition to the budget utilization rate, four tracking indicators on internal administrative expense (IAE)—another term for budget used—help

inform budget utilization based on several benchmarks: (i) average IAE per \$1 million disbursed, (ii) average IAE per project under administration, (iii) average IAE per project approved, and (iv) share of operational expenses for operations departments and direct operations support departments. The first three IAE indicators compare 2021 IAE against a 3-year average of disbursement, projects under administration, and approved projects. The 2021 result showed ADB continued to implement budget prudently and with flexibility to support growing operations and DMC needs. In 2021, IAE per \$1 million in disbursement was, at \$37,600, little changed from 2020. IAE per project under administration rose from \$771,000 in 2020 to \$804,000, and IAE per project approved also increased, from \$4,242,000 in 2020 to \$4,645,000. The share of operational expense for operations departments and direct operational support departments rose only marginally from 82.9% in 2020 to 83.0% in 2021.⁸⁸

161. Resumption of integrated business continuity testing. ADB successfully resumed business continuity (BC) drills in 2021. Business units in seven departments participated in a drill from 20 September to 1 October 2021 that tested over 112 processes critical to ADB business and operations.⁸⁹ Among the processes tested were key information technology systems and applications that support critical financial processes, and the activation of critical suppliers for alternate workplace recovery and logistical arrangements. The drill was facilitated through the new myBC platform, which was launched in 2021. Of the processes tested, 86, or 77%, successfully met the recovery time objective as defined in business impact assessment documents. Findings argue for improving ADB's business continuity and disaster recovery preparedness by providing regular training on the use of myBC, extending the testing of data restitution capability to other critical applications, and reviewing and updating the recovery time objective of critical processes and systems, as they were defined in business and operating environments that were less complex, causing recovery times to increase significantly.



PROMOTING DIGITAL TRANSFORMATION

DIGITAL PRODUCTS COMPLETED
(CUMULATIVE)

172
IN 2019–2021



ACHIEVING TIMELY AND VALUE-FOR-MONEY PROCUREMENT

PROCUREMENT CONTRACT
TRANSACTIONS OF \$10 MILLION
OR MORE WITH PROCESSING TIME
OF 40 DAYS OR LESS (SOV)

↓
59%
IN 2020

↑
78%
IN 2021

🎯
80%
BY 2024

ADB OVERALL

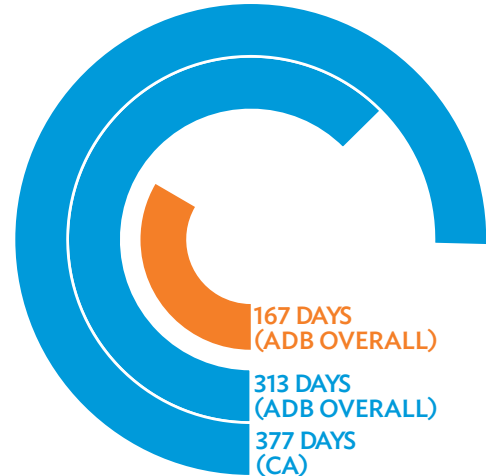
↓
49%
IN 2020

↑
69%
IN 2021

🎯
80%
BY 2024

CONCESSIONAL ASSISTANCE

PROCESSING TIME
FROM ADVERTISEMENT OR
FROM RECRUITMENT NOTICE
TO CONTRACT SIGNING



■ Procurement time from advertisement to contract signing \$10 million or more (days)

■ Consulting services recruitment time for ADB-administered contracts from recruitment notice to contract signing (days)



INCREASING THE USE OF COUNTRY SYSTEMS

CONTRACTS USING GOVERNMENT
E-PROCUREMENT SYSTEMS (SOV)

\$3.6 BILLION
IN 2021

OPERATIONS USING COUNTRY
PROCUREMENT SYSTEMS (SOV)

57%
IN 2021

162. **Digital transformation accelerated.** Ninety-five new digital products were developed in 2021, bringing the cumulative number of digital products delivered to 172. More digital tools and services facilitated longer remote work arrangements for ADB staff and so enabled ADB to sustain operations during the pandemic. New products under the Real Time ADB and Digital Agenda 2030 programs were implemented successfully. They were the Integrated Disbursement System, Summit Equity and CretiLens, Data Catalog, and Loan Fair Valuation Microservice. Digital products for COVID-19 support that were developed and implemented this year were ADB Go, Universal Access 2.0, and the Vaccine Registration and Monitoring Application.

163. **Procurement time for larger transactions on track but watch.** ADB's response time is indicated by the percentage of sovereign operation procurement transactions worth \$10 million or more that were processed in the procurement review system within the target time frame of 40 days. In 2021, 267 contracts including 70 concessional assistance contracts were evaluated for procurement processing time. The measure increased by 19 percentage points to 78% overall, and by 20 percentage points to 69% for concessional assistance operations. This marked improvement is attributed to working more closely with borrowers, with about 70% of procurement specialists outposted to regional departments and resident missions and thus better able to backstop project teams and executing and implementing agencies. With targeted training from ADB, these agencies improved the quality of their bid evaluation reports, which required less revision and resubmission and thus expedited bid evaluation. The indicator is now rated *on track but watch* for sovereign operations overall and for concessional assistance.

164. **End-to-end procurement time longer.** In addition to measuring ADB's bid evaluation response time, the corporate results framework tracks procurement processing time end-to-end for sovereign operation contract transactions worth \$10 million or more. End-to-end means from the start of advertising for bid invitations to the point of contract signing with the executing agency. In 2021, average procurement processing time for sovereign operation contract transactions worth \$10 million or more lengthened by 28 days to 313 in 2021. Among 103 contracts whose end-to-end procurement time was

considered in 2021, 85 had an average procurement time of 237 days, and 18 an average of 670 days. The delays affecting those 18 contracts were caused mainly by COVID-19, which negated significant improvement in procurement transaction approval times.⁹⁰

165. **Faster onboarding of consulting firms.** The time required end-to-end to recruit firms for ADB-administered consulting services through quality- and cost-based selection improved from 185 days in 2020 to 167 days in 2021, nearly recovering to the pre-pandemic speed of 163 days. This was achieved through more efficient and expeditious ADB evaluation of proposals, taking into account the urgent need to mobilize consultants for support related to COVID-19. ADB will redouble efforts in 2022 to reduce the time required to evaluate proposals and negotiate contracts.

166. **Reduced disbursement through country procurement systems.** The indicator measuring the use of country procurement systems looks at the volume of disbursements made through open competitive bidding processes with national advertisement, results- and policy-based lending, and onlending by financial intermediaries. In 2021, the use of country procurement systems shrank from 76% in 2020 to 57% for ADB sovereign operations overall and from 76% to 14% for concessional assistance.⁹¹ If compared with the pre-pandemic rate, however, the overall rate fell by only 3 percentage points. Reduced use in 2021 reflected significant reduction in disbursement for financial mediation loans and for policy-based lending, including the COVID-19 Pandemic Response Option. APVAX procurement was channeled through country systems using direct contracting, not through open competitive bidding, because of its unique market.

167. **Decline in government electronic procurement use.** How effectively ADB promotes national electronic procurement systems and strengthens digital infrastructure in DMCs is measured through the value of ADB-funded contracts processed through DMC electronic government procurement (e-GP) systems. In 2021, contracts that used e-GP systems reached \$3.6 billion. This is a 20% decrease from \$4.5 billion in contracts processed before the pandemic and \$4.6 billion in 2020.⁹² One contributing factor was the expiry of the e-GP software license purchased by ADB as a temporary measure for free use by borrowers without their own

systems at the height of the pandemic. A second was decreased e-GP use in India and the Philippines to procure vaccines, which took place outside of their e-GP systems.

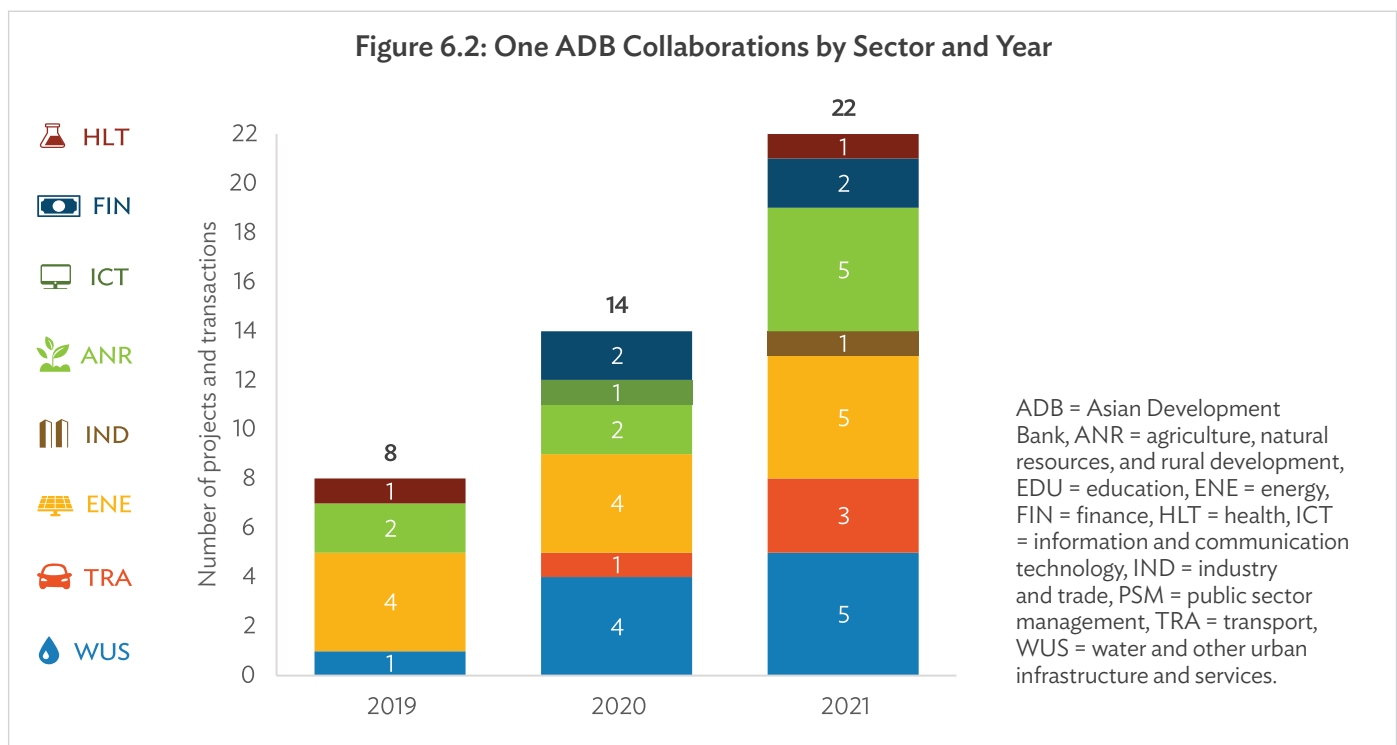
168. Meaningful engagement with civil society. Of 103 projects whose completion reports were published in reporting year 2021 (July 2020–June 2021), 51 described plans for meaningful collaboration or partnership with civil society organizations (CSOs). Of these 51 projects, 39, or 76%, delivered meaningful CSO engagement as planned. While this was a slight decrease in percentage terms from 2020, when 79% of projects delivered,⁹³ the absolute number of projects reporting the delivery of meaningful civil society engagement as planned increased from 33 in 2020 to 39 in 2021. Projects in transportation, agriculture, education, and water and other urban infrastructure had the highest rates of meaningful CSO engagement planned and delivered.

169. Revision of the 2024 target for One ADB collaborations. In 2021, ADB conducted a midterm review of its corporate results framework, 2019–2024 and found almost all 60 Board-approved indicators still sufficiently robust to objectively measure ADB's performance in implementing Strategy 2030 (endnote 1). It proposed revisions to two indicators that assess ADB's

organizational effectiveness. Among the proposed revisions in the review, one was to increase the 2024 target of the indicator “Projects or transactions with sovereign–nonsovereign collaboration (number, cumulative)” from 18 to 60 by adding 42 more collaborations to be achieved by 2024. The new 2024 target was set following in-depth consultations with all departments concerned and considering the pipeline of ongoing discussions toward interdepartmental collaboration, as well as factoring in prevailing uncertainty imposed by COVID-19, which may affect priorities in DMCs.

170. One ADB collaboration in more sectors. One ADB collaboration refers to projects or transactions jointly initiated or processed by regional departments, the Private Sector Operations Department, and/or the Office of Public–Private Partnership. There were 22 such projects and transactions in 2021, doubling the cumulative total to 44 (Figure 6.2). Strong achievement was spurred by staff responsiveness to clients' need for integrated solutions across the public and private sectors to better navigate complex development challenges worsened by COVID-19. Collaboration was further facilitated through uninterrupted client-facing support provided by ADB resident missions. Boxes 6.1 and 6.2 provide examples of One ADB collaboration achieved in 2021.

Figure 6.2: One ADB Collaborations by Sector and Year





STRENGTHENING COLLABORATION

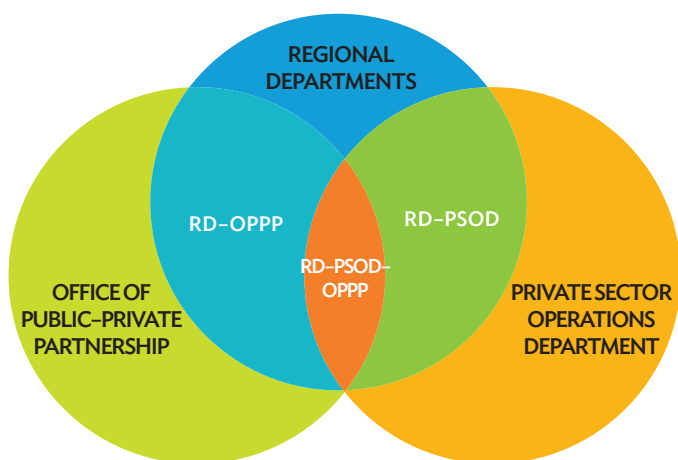
MEANINGFUL ENGAGEMENT WITH CIVIL SOCIETY ORGANIZATIONS



76%
IN 2021

% OF COMPLETED
OPERATIONS (SOV)

SOVEREIGN-NONSOVEREIGN COLLABORATION



PROJECTS OR TRANSACTIONS
WITH SOVEREIGN-NONSOVEREIGN
COLLABORATION
(CUMULATIVE)

22 ✓
IN
2019-2020

↑
44
IN
2019-2021

🎯
60
BY 2024
(UPDATED
TARGET)

CWRD

AZE: Avrora COVID-19 Staple Food Security Project
GEO: Livable Cities Investment Project for Balanced Development
GEO: M Square Affordable Housing Project
GEO: Georgian Railway Green Bond Project
KAZ: Advanced Gas Metering Project
UZB: Korzinka COVID-19 Supply Chain Support Project

UZB: Solar Public-Private Partnership Investment Program

EARD

PRC: Asia Cube Wastewater Treatment Upgrade Project

PRC: Hubei Xiangyang Elderly Care Service Development Project

PARD

FIJ: Fiji Airways COVID-19 Liquidity Support Facility
TON: 6 Megawatt Hihifo Solar Power Project Tonga under the Pacific Renewable Energy Program

SARD

IND: Kochi Metro Expansion Project
IND: Maharashtra Agribusiness Network Project
IND: Zenex Improved Animal Health and Welfare Project
SRI: John Keells Modern Retail Infrastructure Expansion Project

IND: Inclusive, Resilient, and Sustainable Housing for Urban Poor Sector Project in Tamil Nadu
IND: Industrial Corridor Development Program (Subprogram 1)

SERD

VIE: Vietnam International Bank Supporting Small and Medium-Sized Enterprises and Improving Living Conditions Project
VIE: TPB Expanding Access for Women-owned Small and Medium-sized Enterprises Project

CAM: National Solar Park (Phase 2)
PHI: Advisory Support for Water Concession in Metro Manila

CAM: Prime Road National Solar Park Project

ADB = Asian Development Bank, AZE = Azerbaijan, CAM = Cambodia, COVID-19 = coronavirus disease, CWRD = Central and West Asia Department, EARD = East Asia Department, FIJ = Fiji, GEO = Georgia, IND = India, KAZ = Kazakhstan, OPPP = Office of Public-Private Partnership, PARD = Pacific Department, PHI = Philippines, PRC = People's Republic of China, PSOD = Private Sector Operations Department, RD = regional department, SARD = South Asia Department, SERD = Southeast Asia Department, SOV = sovereign operation, SRI = Sri Lanka, UZB = Uzbekistan, VIE = Viet Nam.

Box 6.1: Avrora COVID-19 Staple Food Security Project in Azerbaijan

The Asian Development Bank (ADB) provided working capital financing to Avrora LLC in Azerbaijan to ensure uninterrupted supplies of essential food products to consumers and to meet operating expenses to mitigate the risk of supply chain disruption during the COVID-19 pandemic.

The project stems from proactive upstream market analysis and mapping by staff of the Azerbaijan Resident Mission in close coordination with the Private Sector Operations Department (PSOD). The resident mission's active involvement, guided by PSOD on effective market-mapping approaches and its expertise in financial structure, enabled ADB to achieve its first nonsovereign agribusiness transaction denominated in Azerbaijan's local currency.

Source: ADB. 2021. *FAST Report: Loan to Avrora LLC for Avrora COVID-19 Staple Food Supply Support Project in Azerbaijan*. Manila.

Box 6.2: John Keells Modern Retail Infrastructure Expansion Project in Sri Lanka

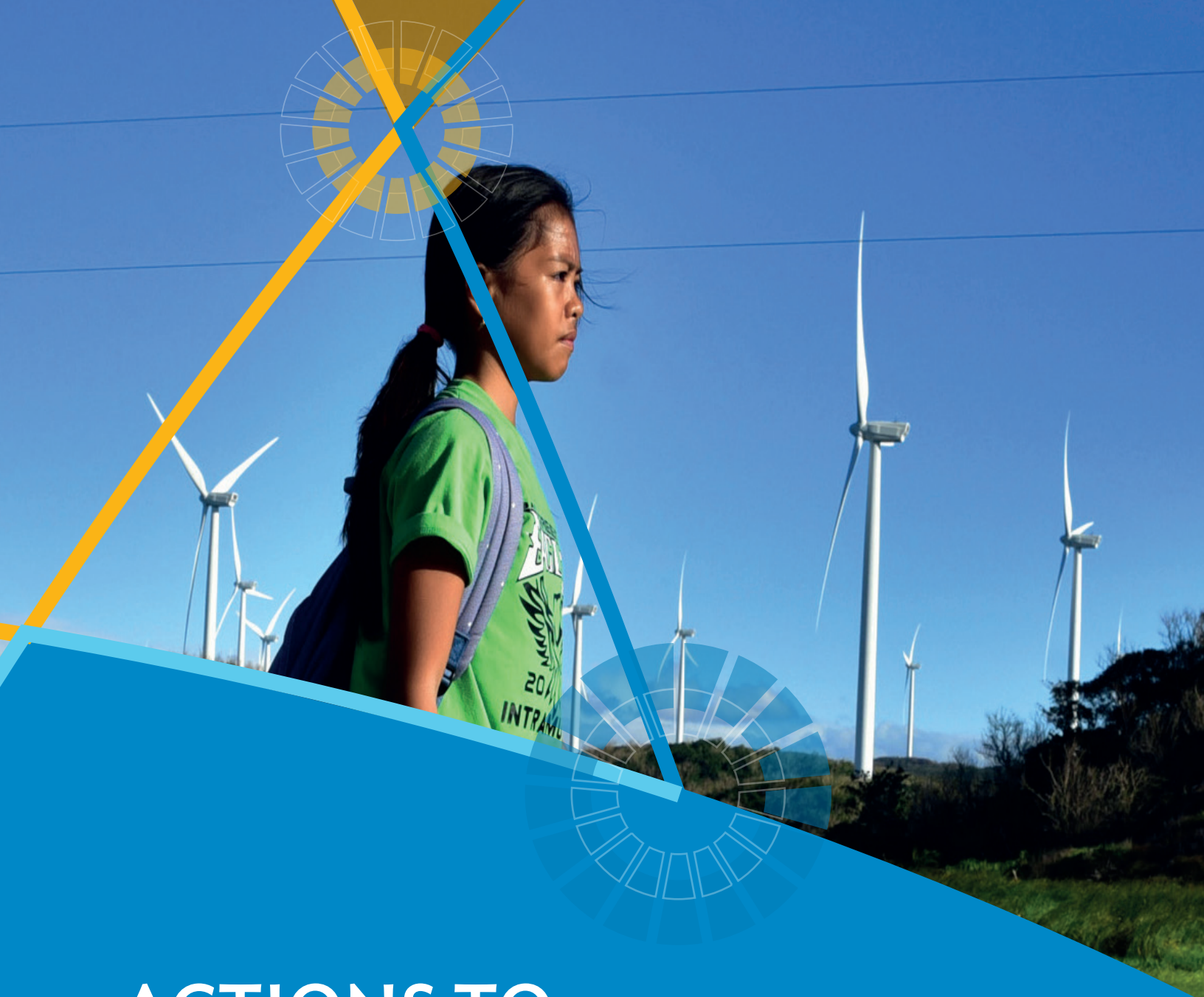
The project is part of a multiyear program of corporate capital expenditure to expand modern retail infrastructure, including supermarkets and centralized distribution centers, as well as to train farmers to become more climate resilient. The core aim is to strengthen supply links between farmers and markets and thus make higher-quality food more available to consumers.

The Asian Development Bank (ADB) Sri Lanka Resident Mission contributed significantly to forging a clear understanding of the macroeconomic context in Sri Lanka and to financial and risk analyses. Mission staff have actively participated in due diligence and regularly reported details of developments on the ground that have been integral to project design. The Private Sector Operations Department has closely collaborated with the resident mission as it led project processing.

Source: ADB. 2021. *Report and Recommendation of the President to the Board of Directors: Proposed Equity Investment, Administration of Equity Investment, and Administration of Technical Assistance Grant to John Keells Holdings PLC for John Keells Modern Retail Infrastructure Expansion Project in Sri Lanka*. Manila.



A student walks past the Burgos Wind Farm in Ilocos Norte, Philippines (photo by Al Benavente).



ACTIONS TO ADDRESS CHALLENGES

This section describes the systems and processes by which the Asian Development Bank (ADB) identifies and monitors actions to improve its performance, including the Management Action Record System. It summarizes the actions ADB took in 2021 in response to the challenges highlighted in the *Development Effectiveness Review 2020 (DEfR 2020)* that pose barriers to implementing Strategy 2030, as well as to the challenges identified in the *DEfR 2021* process that ADB needs to address in 2022 and beyond.

A. MANAGEMENT ACTION RECORD SYSTEM

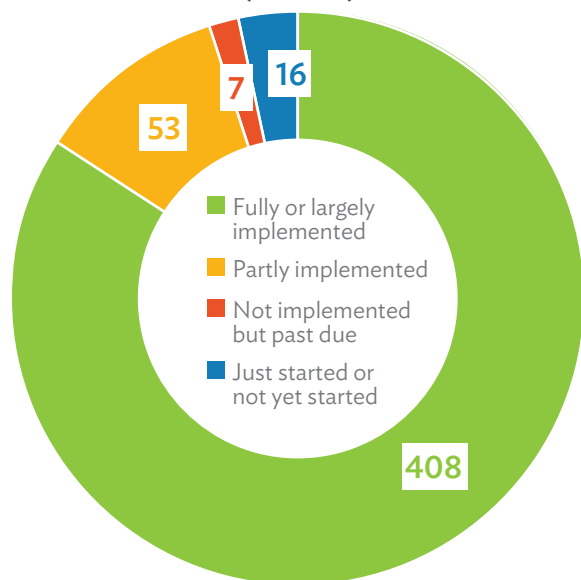
171. ADB's results-based management systems and processes are designed to formulate, communicate, mobilize, and monitor the actions ADB undertakes across the organization to tackle challenges to its operational and development effectiveness. Corporate targets and the challenges identified in the annual DEFAR are highlighted in the President's planning directions for the year, along with corresponding strategic guidance. They are then reflected in the annual work program and budget framework and cascaded down into work plans for individual departments and staff members to make performance expectations clear.

172. ADB uses the online Management Action Record System (MARS) to monitor the implementation by Management of actions responding to recommendations stemming from evaluations and reviews of ADB's Independent Evaluation Department (IED). Management uploads to MARS the action plans needed to carry out these recommendations and due dates for completing each action. At the end of 2021, MARS held the records of 528 actions. Figure 7.1 summarizes their implementation status, excluding the 44 new actions for which status has not yet been assessed.

173. **Assessment of actions completed in 2021.** Twenty-six actions were due for completion in 2021. At year's end, Management assessed 3 of them *fully implemented*, 11 *largely implemented*, and 1 *partly implemented*. The remaining 11 actions are still in progress. IED validated the implementation status of 10 actions and downgraded four of them: 2 to *largely implemented*, 1 to *partly implemented*, and 1 to *not implemented*. IED and Management assessments of completion aligned more closely than in previous years, indicating Management's efforts to formulate clear and measurable actions have enabled more objective verification by both Management and IED. Sixteen actions are due for IED validation in 2022.

174. **Challenges delaying action implementation.** Implementation delay for actions not fully implemented by their due date was primarily attributed to other work being prioritized in response to the pandemic and to changes in government priorities, policies, and institutions. This experience highlights the importance of monitoring action implementation and making mid-course adjustment when needed. Some actions were poorly specified, and others had insufficient data to verify their completion. These measurability issues are expected to ease in the future because ADB Management revived in 2020 its practice of seeking IED feedback on the clarity of action plans during their formulation.

Figure 7.1: Status of Management Action Record System Actions at the end of 2021
(number)



B. ACTIONS TO ADDRESS 2020 CHALLENGES

175. On the *DEfR 2020* annual scorecard, ADB's *off track* performance was heavily but temporarily affected by its pandemic response. However, two main performance areas remained *off track* to achieve their 2024 targets and were flagged as warranting continued proactive improvement in 2021: low nonsovereign and sovereign success rates, including the inadequate share of sovereign projects completed on time. Two additional areas were identified as requiring early action on ADB's part to build up the

project pipeline necessary to achieve 2024 targets as ADB moves from providing urgent support for pandemic response to supporting pandemic recovery and refocusing on achieving the Sustainable Development Goals (SDGs). These areas were (i) the share of financing for education and (ii) operations addressing climate change. This section summarizes the main actions ADB took in 2021 to tackle these challenges.

1. Actions to Improve Sovereign Project Success Rates

176. **Challenge.** The success rate of completed operations remained *off track* and 10 percentage points below the 2024 target of 80%. Sustainability, a perennial challenge for ADB operations, continued to be the worst performer among the four evaluation criteria. Separately, the share of projects completed on time hit a historic low of 33% on the 2020 scorecard.

177. **Steps taken to make development results more sustainable.** ADB's dedicated sustainability working group comprising 10 departments has, since its initiation in 2020, deliberated on short- and long-term solutions to improve sovereign project sustainability. Informed by the findings of a comparative study of sustainability practices that ADB conducted in 2020, deliberations developed a comprehensive risk assessment framework covering the whole project cycle. In 2021, ADB took additional action to address challenges to sovereign project sustainability. It (i) introduced a sustainability analysis section in the approval templates of additional modalities: results-based lending, additional financing, and the multitranche financing facility; (ii) developed the *Sustainable Procurement Guidance Note* covering considerations, recommended actions, and toolkits to incorporate sustainable procurement considerations into the procurement process; and (iii) further strengthened the utility of project completion reports as tools for learning about all design and implementation matters, including sustainability issues, by assigning core project team members who understood the historical and systemic issues of the projects to lead completion report preparation.

178. **Reform to strengthen the quality of policy-based operations.** The success rate of completed policy-based

operations (PBOs), although historically high, has been in decline in the past few years. Informed by the findings and recommendations of the 2018 IED corporate evaluation study on policy-based lending, ADB implemented several measures in 2021 to strengthen design quality and development effectiveness in PBOs. ADB fully rolled out an updated operations manual, staff instructions, and approval templates for PBOs, which include guidance on formulating strong policy actions, as well as more explicitly documenting analysis and theories of change. The new templates include the new policy design and monitoring framework, a bespoke design and monitoring framework that incorporates the policy matrix and is designed to strengthen links between policy reform and its expected outcomes. ADB also scaled up staff training on PBO design. Together, these efforts are expected to strengthen the focus on results in the design and monitoring of PBOs.

179. **Actions to improve timely project completion.** In 2021, pandemic-related travel restrictions and government capacity constraints hindered project readiness support, which lowered the share of design-ready projects approved and impeded their timely completion (Chapter 3). Nevertheless, project teams continued efforts to set more realistic implementation timelines, and ADB toughened its scrutiny of implementation readiness at the project concept stage before moving projects forward. This included the rollout of government-approved readiness filters in selected developing member countries (DMCs) in Central and West Asia. ADB also collaborated with development partners to leverage their grant resources toward financing actions to ensure adequate project preparation and implementation readiness. These actions are expected to enable more timely completion of projects in the medium term.

2. Actions to Improve Nonsovereign Operation Success Rates

180. **Challenge.** The success rate of completed nonsovereign operations remained *off track* at 53% in reporting period 2018–2020, below the ambitious 2024 target of 70%. ADB work quality improved, but performance on this criterion remained among the weakest on the 2020 scorecard, alongside achievement of development results.

181. **Tool introduced to improve quality at entry.** ADB's Private Sector Operations Department (PSOD) continued in 2021 to implement its development effectiveness upgrade program. This program is designed to improve ADB work quality by rolling out new tools, systems, and processes at each stage of the project cycle. PSOD piloted an *ex ante* impact assessment tool on all preliminary project concept reviews it considered during 2021. The new tool more objectively evaluates additionality and anticipated development results for each project under consideration. It helped project teams strengthen the alignment of their proposed projects with corporate priorities and helped PSOD management take a portfolio approach. In this approach, operations are selected after an assessment of trade-offs

between development impact, risks to development results, and contributions to ADB's financial sustainability. In 2022, PSOD expects to fine-tune the tool and roll it out for the entire approval stage.

182. **Project monitoring strengthened.** PSOD also strengthened project monitoring by making effective use of the development effectiveness monitoring tool it had rolled out in 2020. The tool flags projects under implementation that are *at risk* of not achieving their targeted development results. PSOD staff took action to address projects flagged as *at risk* or *for attention* by collaborating with clients to mitigate and manage performance risks. In 2021, staff communicated more proactively with clients to ensure that they understood the indicators in project design and monitoring frameworks and their responsibility to submit timely monitoring reports. PSOD staff provided technical support to help clients fill data gaps. Progress recorded in 2021 shows that PSOD's efforts paid off, as only 19% of projects under implementation were flagged *at risk* of not achieving development results, a significant improvement from 32% in the previous year.

3. Actions to Increase Financing for Education and Climate Change

183. **Challenge.** The shift in client priorities during the first phase of the pandemic was a major cause of lower shares of ADB financing supporting education and addressing climate change mitigation and adaptation. The share of financing committed to education operations in 2020 remained *off track* to reach the 2024 target range of 6%–10%. Progress on indicators measuring the share of ADB committed operations and cumulative financing to support climate change mitigation and adaptation declined and was *on track but watch* in 2020.

184. **Resourcing and planning for priority areas.** Given corporate targets in these two areas critical to a sustainable recovery that is green, resilient, and inclusive, ADB acted in 2021 to grow its investments in these priority areas while respecting clients' urgent concerns about the pandemic. First, ADB developed staff resourcing plans to institutionalize more education and climate sector skills as part of its workforce rebalancing initiative.⁹⁴ ADB also rolled out reform to its

country partnership strategy and results framework. This new approach has a sharper focus on Strategy 2030 priorities and the SDGs, and it promotes One ADB collaboration to identify integrated solutions that advance ADB's seven operational priorities, among them climate change mitigation and adaptation. This cross-organizational collaboration is important to foster increased integration of education components into all types of operations. Country partnership strategy reform featured the introduction of a dynamic country knowledge plan that brings together ADB staff, clients, and other key partners to identify knowledge solutions that are more strategic and better address DMC needs. This process seeks solutions to address the analytical gaps and other upstream barriers that thwart investments designed to address climate change and support education.

185. **Building the education pipeline.** ADB drafted a new education sector directional guide that identifies priority areas for scaling up investments that help DMCs shape new pathways and

reimagine education and training delivery to recover learning losses during the pandemic and build back better with more resilience. It is scheduled to be finalized in 2022.

186. Scaling up climate investments. In 2021, ADB raised its sights for climate change action with its commitment to progressively align by 2025 all operations and financing with the Paris Agreement and by announcing its aim to commit by 2030 a cumulative \$100 billion for mitigation and adaptation, an increase of \$20 billion. An enabling institutional environment in DMCs is a prerequisite to ramp up climate investment, and it is essential to support upstream work that helps DMCs identify opportunities to pursue low-carbon, resilient, and inclusive approaches to recovery. ADB therefore turned its attention to advancing needed reform by preparing

the first multisector policy-based loan for climate change action.⁹⁵ Policy formulation and analysis were bolstered by a commitment of significant technical assistance worth \$37 million financed from ADB's own resources, including a \$1.5 million project that will develop a toolkit for assessing climate risk and so inform increased support for climate adaptation in private sector operations.⁹⁶ ADB launched with partners two new initiatives, the first piloting an energy transition mechanism to leverage a market-based approach toward accelerating the transition from fossil fuels to clean energy, and the second establishing the Community Resilience Financing Partnerships Facility, a trust fund with about \$67.9 million that provides technical assistance and grant support to scale up climate adaptation investments that explicitly address the nexus of climate, gender, and poverty.⁹⁷

C. ONGOING AND NEW CHALLENGES FOR 2022 AND BEYOND

187. Off track areas in 2021. Several performance indicators that remained *off track* require continued concerted efforts. The success rate of sovereign operations stagnated lower than desired, and on-time project completion fell further *off track*. Sustainability enhancement requires systematic endeavors at every level: project, sector, theme, and country. Intensified efforts are needed to improve effectiveness through enhanced project readiness, appropriate choice of modality to deliver planned results, thorough and early assessment of project risks, timely corrective action in response to issues that emerge during implementation, and capacity building and analytical support for governments. Nonsovereign success rates, despite improving slightly, also remained *off track*, held down by lower private equity fund performance. ADB's initiatives to improve the success rates of its completed operations will need time and sustained attention to yield results. Financing for the Strategy 2030 priority areas of education and climate change mitigation and adaptation were *off track*.

188. Growing challenge: client engagement to ensure development results. Proximity to clients and enhanced dialogue are fundamental to the achievement of desired development results from sovereign operations. Resident missions are best placed to play pivotal roles on this front by advising on the selection of investments, getting government participation and buy-in during project identification and design, and, critically, proactively monitoring during implementation.

189. New challenges for attaining the Sustainable Development Goals. As highlighted in Chapter 1, the COVID-19 pandemic has added to the challenge of achieving the SDGs in a region that was already *off track* to achieve them by 2030. Poverty reduction has been set back, and inequality between groups within countries has worsened. While revived economic growth in 2021 may balance some of the direct implications for people's incomes, it remains essential to address the multiple dimensions of poverty, strengthen household and social resilience, and tackle sharpening inequality. At the same time, environmental challenges continue unabated. The pandemic has added to pressures on oceans and other waterbodies, and greenhouse gas emissions have rebounded to pre-pandemic levels, making the existential challenge of climate change ever more urgent to address. Helping DMCs develop high-quality infrastructure that is green, resilient, inclusive, and sustainable will be critical to these efforts. Further, heightened security risks and political instability in the wake of COVID-19 add to the challenges of SDG attainment. Helping countries navigate the financial challenges of implementing the agenda is vital, through strengthened domestic resource mobilization, recognizing that tax rates were lower than in comparable developing regions even before the pandemic. It is essential to pursue green, resilient, and inclusive recovery that aligns with the SDGs.

190. Taking action. The President's planning directions for 2022 and ADB's work program and budget framework for 2022–2024 outline ADB plans to address continuing and new challenges (endnote 94).



The ADB-supported Maritime Training Project seeks to ensure that the Tuvalu Maritime Training Institute can continue to help students such as Faama Maani study for internationally-recognized job certifications (photo by Eric Sales).



APPENDIXES

APPENDIX 1: SELECTED RESULTS OF 2021 COMPLETED OPERATIONS BY SDG

	30,034,000 people benefiting from improved health services, education services, or social protection	28,802,000 poor and vulnerable people with improved standards of living		9 social protection schemes established or improved
	2,420,000 hectares of land with higher productivity	220,000 hectares of land improved through climate-resilient irrigation infrastructure and water delivery services		840 rural infrastructure assets established or improved
	3 health services established or improved			140 pollution control enhancing infrastructure assets established or improved
	688,000 people enrolled in improved education and/or training	9,326,000 women and girls completing secondary and tertiary education, and/or other training		381,000 women enrolled in TVET and other job training
	7,184,000 women and girls with increased time savings	16,000 women represented in decision-making structures and processes		3,400 women with strengthened leadership capacities
	1,787,000 jobs generated	7 new financial products and services made available to the poor and vulnerable		9,433,000 women opening new accounts
	1,600 megawatts renewable energy capacity installed		2,300 infrastructure assets established or improved	71 new and existing infrastructure assets made climate and disaster resilient
				11 transport and ICT connectivity assets established or improved
	50,594,000 people benefiting from improved services in urban areas	41 national and subnational disaster risk reduction and/or management plans supported in implementation		210 urban infrastructure assets established or improved
	763,000 people with strengthened climate and disaster resilience			3,597,000 people benefiting from strengthened environmental sustainability
	\$2,418,806,000 additional climate finance mobilized	3,000 people with increased capacity in implementing mitigation and low-carbon development actions		17,807,000 tCO ₂ e/year total annual greenhouse gas emissions reduction
	2,900 hectares of area with reduced flood risk	13 solutions to conserve, restore, and/or enhance terrestrial, coastal, and marine areas implemented		495,000 hectares of terrestrial, coastal, and marine areas conserved, restored, and/or enhanced
	90,000 government officials with increased capacity to design, implement, monitor, and evaluate relevant measures			26 transparency and accountability measures in procurement and financial management supported in implementation

ICT = information and communication technology, tCO₂e = tons of carbon dioxide equivalent, TVET = technical and vocational education and training.

Note: Indicators in **bold** are results framework indicators derived from or aligned with official Sustainable Development Goal (SDG) indicators. Indicators in **bold italics** are tracking indicators derived from or aligned with official SDG indicators. Others are linked to the Goal and associated targets.

APPENDIX 2: ADB DEVELOPING MEMBER COUNTRIES

Table A2.1: ADB Developing Members

Afghanistan	India	Mongolia	Solomon Islands
Armenia	Indonesia	Myanmar	Sri Lanka
Azerbaijan	Kazakhstan	Nauru	Tajikistan
Bangladesh	Kiribati	Nepal	Thailand
Bhutan	Kyrgyz Republic	Niue ^a	Timor-Leste
Cambodia	Lao People's Democratic Republic	Pakistan	Tonga
China, People's Republic of	Malaysia	Palau	Turkmenistan
Cook Islands	Maldives	Papua New Guinea	Tuvalu
Fiji	Marshall Islands	Philippines	Uzbekistan
Georgia	Micronesia, Federated States of	Samoa	Vanuatu
			Viet Nam

ADB = Asian Development Bank.

Note: Five developing members—Brunei Darussalam; Hong Kong, China; the Republic of Korea; Singapore; and Taipei, China—have graduated from receiving regular ADB assistance and are not included in this table.

^a Niue became an ADB member on 11 March 2019.

Table A2.2: 2021 Classification of ADB Developing Member Countries

Regular OCR-Only Countries (Group C)	CA Countries		FCAS	SIDS
	OCR Blend Countries (Group B)	CA-Only Countries (Group A)		
Armenia ^a	Bangladesh	COL-only countries	Afghanistan	Cook Islands
Azerbaijan ^b	India ^g	Cambodia	Kiribati	Fiji
China, People's Republic of	Mongolia ^h	Myanmar	Lao People's Democratic Republic	Kiribati
Cook Islands	Pakistan	Nepal	Marshall Islands	Maldives
Fiji	Palau	ADF blend countries	Micronesia, Federated States of	Marshall Islands
Georgia ^c	Papua New Guinea	Bhutan	Myanmar	Micronesia, Federated States of
Indonesia	Timor-Leste ⁱ	Kyrgyz Republic	Nauru	Nauru
Kazakhstan	Uzbekistan	Solomon Islands	Papua New Guinea	Niue ^d
Malaysia		Vanuatu	Solomon Islands	Palau
Niue ^d		Grants-only countries	Timor-Leste	Papua New Guinea
Philippines		Afghanistan	Tuvalu	Samoa
Sri Lanka ^e		Kiribati		Solomon Islands
Thailand		Lao People's Democratic Republic		Timor-Leste
Turkmenistan		Maldives		Tonga
Viet Nam ^f		Marshall Islands ^j		Tuvalu
		Micronesia, Federated States of ^k		Vanuatu
		Nauru		
		Samoa		
		Tajikistan		
		Tonga		
		Tuvalu		

ADB = Asian Development Bank, ADF = Asian Development Fund, CA = concessional assistance, COL = concessional ordinary capital resources lending, FCAS = fragile and conflict-affected situation, OCR = ordinary capital resources, SIDS = small island developing state.

^a ADB. 2014. *Armenia: Review of Classification under ADB's Graduation Policy*. Manila.

^b ADB. 2013. *Azerbaijan: Review of Classification under ADB's Graduation Policy*. Manila.

^c ADB. 2013. *Georgia: Review of Classification under ADB's Graduation Policy*. Manila.

^d Manila. Niue became an ADB member country on 11 March 2019. Assessment of its lending eligibility is ongoing as of 2021.

^e ADB. 2017. *Sri Lanka: Review of Classification under ADB's Graduation Policy*. Manila. Sri Lanka's reclassification to group C (regular OCR-only) was effective from 1 January 2019.

^f ADB. 2017. *Viet Nam: Review of Classification under ADB's Graduation Policy*. Manila. Viet Nam's reclassification to group C (regular OCR-only) was effective from 1 January 2019.

^g India is classified under group B but has no access to concessional assistance based on OM Section A1 (23 April 2019).

^h ADB. 2011. *Review of the Classification of Mongolia under the Asian Development Bank's Graduation Policy*. Manila.

ⁱ ADB. 2011. *Review of the Classification of Timor-Leste under the Asian Development Bank's Graduation Policy*. Corrigendum 1. Manila.

^j ADB. 2013. *Marshall Islands: Review of Classification under ADB's Graduation Policy*. Manila.

^k ADB. 2017. *Federated States of Micronesia: Review of Classification under ADB's Graduation Policy*. Manila.

Sources: ADB. 2013. *Operational Plan for Enhancing ADB's Effectiveness in Fragile and Conflict-Affected Situations*. Manila; ADB. 2018. *Classification and Graduation of Developing Member Countries*. Operations Manual. Manila; and ADB Strategy, Policy and Partnerships Department.

APPENDIX 3: INDICATOR INDEX

This index identifies the page reference(s) for each results framework indicator (RFI) and tracking indicator (TI) discussed in this report. Some indicators are featured across several chapters. Data for the remaining indicators is in the scorecard that accompanies this report.

DEVELOPMENT PROGRESS IN ASIA AND THE PACIFIC (Level 1)

RFI	TI	
1		Population living on less than \$1.90 a day (% , number)
	1	Population living on less than \$3.20 a day (% , number)
	2	Youth not in education or training (%)—a. Female; b. Male
	3	Lower secondary education graduation rate (%)—a. Female; b. Male
	4	Universal health care coverage service index (%)
	5	Proportion of adults 15 years and older with an account at a bank, financial institution, and/or mobile money service provider (%)—a. Female; b. Male
2		Growth rates of household expenditure or income per capita in the bottom 40% and the total population (percentage point difference)
	6	Income inequality (average Gini coefficient)
3		Annual growth rate of real GDP per capita in 2010 constant United States dollars (%)
4		Unemployment rate (%) a. Female; b. Male
	7	Labor force participation rate (%)—a. Female; b. Male
	8	Proportion of time spent on unpaid domestic and care work (%)—a. Female; b. Male
5		CO2 emissions per unit of GDP (kg per \$ constant 2010 PPP GDP)
	9	Forest area as a proportion of total land area (%)
	10	Coverage of protected areas in relation to marine areas (%)
6		Deaths attributed to climate-related and geophysical hazards (number)
		Access to social protection—social assistance (%)
7		PM2.5 air pollution, mean annual exposure (micrograms per cubic meter)
	14	Proportion of population with primary reliance on clean fuels and technology for cooking (%)
8		Prevalence of stunting among children under 5 years (%)
9		Worldwide Governance Indicators (average score)
	16	Tax revenue (% of GDP)
10		Regional cooperation and integration index (average score)
	18	Regional cooperation and integration index—money and finance (average score)
	19	Proportion of population with access to electricity (%)
	20	Proportion of population using basic drinking water services (%)—a. Rural; b. Urban
	21	Proportion of population using basic sanitation services (%)—a. Rural; b. Urban

RESULTS FROM COMPLETED OPERATIONS—STRATEGY 2030 OPERATIONAL PRIORITY RESULTS (LEVEL 2A)

OP 1: Addressing Remaining Poverty and Reducing Inequalities

1.1		People benefiting from improved health services, education services, or social protection (number)
	1.1.1	People enrolled in improved education and/or training (number)
	1.1.2	Health services established or improved (number)
	1.1.3	Social protection schemes established or improved (number)
1.2		Jobs generated (number)
1.3		Poor and vulnerable people with improved standards of living (number)
	1.3.1	Infrastructure assets established or improved (number)

OP 2: Accelerating Progress in Gender Equality

2.1		Skilled jobs for women generated (number)
	2.1.2	Women opening new bank accounts (number)

- 2.2 Women and girls completing secondary or tertiary education or other training (number)
- 2.3 Women represented in decision-making structures and processes (number)
- 2.4 Women and girls with increased time savings (number)
- 2.5 Women and girls with increased resilience under climate change, disasters, and other external shocks (number)

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

- 3.1 Annual greenhouse gas emissions reduction (tCO₂e/year)
 - 3.1.3 Low-carbon infrastructure assets established or improved (number)
 - 3.1.5 Low-carbon solutions promoted and implemented (number)
- 3.2 People with strengthened climate and disaster resilience (number)
 - 3.2.1 Area with reduced flood risk (hectare)
 - 3.2.4 National and subnational disaster risk reduction and/or management plans supported in implementation (number)
- 3.3 People benefiting from strengthened environmental sustainability (number)
 - 3.3.1 Pollution control enhancing infrastructure assets established or improved (number)

OP 4: Making Cities More Livable

- 4.1 People benefiting from improved services in urban areas (number)
 - 4.1.2 Urban infrastructure assets established or improved (number)
- 4.2 Entities with improved urban planning and financial sustainability (number)
 - 4.2.1 Measures to improve regulatory, legal, and institutional environment for better planning supported in implementation (number)
- 4.3 Zones with improved urban environment, climate resilience, and disaster risk management (number)
 - 4.3.1 Solutions to enhance urban environment implemented (number)

OP 5: Promoting Rural Development and Food Security

- 5.1 People benefiting from increased rural investment (number)
 - 5.1.1 Rural infrastructure assets established or improved (number)
 - 5.1.4 Rural economic hubs supported (number)
- 5.2 Farmers with improved market access (number)
 - 5.2.2 Storage, agri-logistics, and modern retail assets established or improved (number)
- 5.3 Land with higher productivity (hectare)

OP 6: Strengthening Governance and Institutional Capacity

- 6.1 Entities with improved management functions and financial stability (number)
 - 6.1.1 Government officials with increased capacity to design, implement, monitor, and evaluate relevant measures (number)
 - 6.1.2 Measures supported in implementation to improve capacity in public organizations to promote the private sector and finance sectors (number)
 - 6.1.4 Transparency and accountability measures in procurement and financial management supported in implementation (number)
- 6.2 Entities with improved service delivery (number)
 - 6.2.1 Service delivery standards adopted and/or supported in implementation by government and/or private entities (number)
 - 6.2.3 Measures to strengthen state-owned enterprise governance supported in implementation (number)

OP 7: Fostering Regional Cooperation and Integration

- 7.1 Cargo transported and energy transmitted across borders (\$)
 - 7.1.2 Measures to improve the efficiency and/or productivity of cross-border connectivity supported in implementation (number)
 - 7.1.3 Clean energy capacity for power trade installed or improved (megawatt equivalent)
- 7.2 Trade and investment facilitated (\$)
- 7.3 Regional public goods initiatives successfully reducing cross-border environmental or health risks, or providing regional access to education services
 - 7.3.4 Regional or subregional mechanisms created or operationalized to enhance coordination and cooperation among DMCs on regional public goods (number)

RESULTS FROM COMPLETED OPERATIONS—QUALITY OF COMPLETED OPERATIONS (LEVEL 2B)

1	Completed operations rated <i>successful</i> (%) (sovereign)
1	Completed operations rated <i>successful</i> (%) (sovereign)—a. Investment projects; b. Policy-based operations; c. Fragile and conflict-affected situations; d. Small island developing states
2	Completed operations rated <i>successful</i> (%) (sovereign)—a. Relevance; b. Efficiency; c. Effectiveness; d. Sustainability
2	Projects closed on time (%) (sovereign)
3	Completed operations rated <i>successful</i> (%) (nonsovereign)
3	Completed operations rated <i>successful</i> (%) (nonsovereign)—a. Development results; b. ADB's additionality; c. ADB's investment profitability; d. ADB's work quality
4	Completed operations delivering intended gender equality results (%) (sovereign and nonsovereign)
5	Clients satisfied with the use of ADB knowledge products (%)
4	Web-distributed knowledge solutions (number of downloads)
5	Engagement on social media (number)—a. Subscribers and followers; b. Active engagement
6	Event participants reporting increased knowledge and/or skills (number)
7	Clients satisfied with ADB's development effectiveness (%)
8	Completed technical assistance projects rated <i>successful</i> (%) (sovereign and nonsovereign)
9	Completed country strategies and assistance programs rated <i>successful</i> (%)
10	Impact evaluations completed (number)
11	Operations with meaningful civil society organization engagement (%) (number)

ADB'S OPERATIONAL MANAGEMENT (LEVEL 3)

Level 3A. Design and Implementation Quality

1	Infrastructure projects that are design-ready (%) (sovereign)
2	Infrastructure projects that are procurement-ready (%) (sovereign)
3	Performance of operations at implementation rated <i>satisfactory</i> (%) (sovereign)
1	Performance of operations at implementation rated <i>satisfactory</i> (%) (sovereign)—a. Output; b. Contract award; c. Disbursement; d. Financial management; e. Safeguards
4	Operations at risk of not achieving development results (%) (nonsovereign)

Level 3B. Development Finance

2	Time from concept approval to first disbursement (months) (sovereign)—a. From concept approval to loan fact-finding; b. From loan fact-finding to approval; c. From approval to commitment; d. From commitment to first disbursement
3	Time from concept approval to first disbursement (months) (nonsovereign)—a. From concept clearance to project approval; b. From approval to signing; c. From signing to first disbursement
5	Disbursement rate (%) (sovereign)
4	Overall disbursement (\$ billion) (sovereign)
6	Approvals (\$ billion) (sovereign and nonsovereign)
7	Commitments (\$ billion) (sovereign and nonsovereign)
8	Commitments in concessional assistance countries (group A + group B) (%) (sovereign and nonsovereign)
9	Commitments in fragile and conflict-affected situations and small island developing states (%) (sovereign and nonsovereign)
6	Cofinancing ratio (%) (nonsovereign)
11	Sovereign cofinancing (\$ billion) (sovereign)
7	Financing for education (%) (sovereign and nonsovereign)
8	Financing for health (%) (sovereign and nonsovereign)

Level 3C. Strategic Alignment

9	Committed operations classified <i>gender equity theme</i> or <i>effective gender mainstreaming</i> (%) (sovereign and nonsovereign)
12	Committed operations that promote <i>gender equality</i> (%) (sovereign and nonsovereign)—a1. GEN—sovereign operations; a2. GEN—nonsovereign operations; b1. EGM—sovereign operations; b2. EGM—nonsovereign operations; c1. SGE—sovereign operations; c2. SGE—nonsovereign operations; d1. NGE—sovereign operations; d2. NGE—nonsovereign operations
10	Committed operations classified <i>gender equity theme</i> , <i>effective gender mainstreaming</i> , or <i>some gender elements</i> (%) (sovereign and nonsovereign)

13	Financing for gender equality (%) (sovereign and nonsovereign)
11	Committed operations that support climate change mitigation and adaptation (%) (sovereign and nonsovereign)
14	Committed operations supporting climate change (%) (sovereign and nonsovereign)—a. Mitigation; b. Adaptation; c. Both
12	Financing for climate change mitigation and adaptation (\$ billion, cumulative) (sovereign and nonsovereign)
15	Financing for climate change (\$ billion, cumulative) (sovereign and nonsovereign)—a. Mitigation; b. Adaptation; c. Both
13	Nonsovereign operations as a share of total ADB operations (% , number) (nonsovereign)
17	Nonsovereign operations as a share of total ADB operations (% , \$) (nonsovereign)
14	Operations in frontier economies and/or in new sectors (%) (nonsovereign)
15	Operations supporting poverty reduction and inclusiveness (%) (sovereign and nonsovereign)
18	Operations or transactions supporting inclusive business (number) (nonsovereign)
19	Operations that are green, sustainable, inclusive, and resilient (%) (sovereign and nonsovereign)
20	Operations contributing to each of seven operational priorities (%) (sovereign and nonsovereign)
21	Operations contributing to social protection (%) (sovereign and nonsovereign)
22	Disability-inclusive operations (%) (sovereign and nonsovereign)
23	Operations aligned with Sustainable Development Goals (% , number) (sovereign and nonsovereign)
24	Operations using country procurement systems (%) (sovereign)
25	Contracts using government e-procurement systems (\$ billion) (sovereign)
26	Innovative operations and technical assistance projects (%) (sovereign and nonsovereign)

ADB'S ORGANIZATIONAL EFFECTIVENESS (LEVEL 4)

Level 4A. Organizational Systems and Processes

1	Quality of budget management (%)
1	Capital utilization ratio (%) (sovereign and nonsovereign)
2	Impaired loans ratio (%) (nonsovereign)
3	Weighted average risk rating of the nonsovereign portfolio (nonsovereign)
4	Internal administrative expenses per \$1 million disbursement (\$ '000)
5	Internal administrative expenses per project under administration (\$ '000)
6	Internal administrative expenses per project approved (\$ '000)
2	Procurement contract transactions of \$10 million or more with processing time of 40 days or less (%) (sovereign)
7	Procurement time from advertisement to contract signing, \$10 million or more (days) (sovereign)
8	Consulting services recruitment time for ADB-administered contracts, from consulting services recruitment notice to consultant contract signing (days) (sovereign)
9	Audited financial statements reviewed on time (%) (sovereign)
3	Representation of women in the international staff category (%)
10	Representation of women in the international staff category (%)—a. Levels 1-3; b. Levels 4-6; c. Levels 7-8; d. Levels 9-10
4	Projects or transactions with sovereign-nonsovereign collaboration (number, cumulative) (sovereign and nonsovereign)
11	Clients satisfied with ADB's responsiveness (%)
12	Stakeholders satisfied with ADB's collaboration with development partners (%)

Level 4B. Organizational Capacity

5	Staff rating ADB's effectiveness in digital transformation (%)
13	Digital products completed (number, cumulative)
6	Staff rating ADB as providing an enabling culture for Strategy 2030 implementation (%)
14	Staff training budget (average \$ per staff)
15	Departments with documented and tested business continuity plans (number)
7	Budgeted international and national staff positions in field offices (% of total in operations departments)
16	Budgeted international and national staff positions in field offices in fragile and conflict-affected situations and small island developing states (number)
17	Operations administered in field offices (%) (sovereign)
18	Share of operational expenses for direct operations support (%)

ENDNOTES

- 1 Asian Development Bank. 2021. *Midterm Review of ADB's Corporate Results Framework, 2019–2024*. Manila.
- 2 In October 2021, ADB announced its ambition to scale up its climate financing to a cumulative \$100 billion by 2030. This target will be reflected in the 2025–2030 corporate results framework.
- 3 Financing for nonsovereign operations excludes commitments through revolving programs, which were \$3.1 billion in 2021.
- 4 Frontier economies are DMCs classified group A or B (excluding India), small island developing states, and countries with fragile and conflict-affected situations. Table A1.2 in this report shows the classification of ADB DMCs.
- 5 ADB. 2021. *Asian Development Outlook 2021 Update*. Manila.
- 6 ESCAP, ADB, and UNDP. 2022. *Building Forward Together: Towards an Inclusive and Resilient Asia and the Pacific*. Bangkok.
- 7 World Bank. 2021. *Is COVID-19 Increasing Global Inequality?* Washington, DC.
- 8 World Bank. 2021. *World Bank Education COVID-19 School Closures Map*. Washington, DC.
- 9 ADB. 2021. *COVID-19 and Education in Asia and the Pacific: Guidance Note*. Manila.
- 10 These scenarios are based on a review of literature on the effectiveness of online learning and of television relative to the internet, and on access to the internet and television and the shares of students undergoing online and television learning. Source: ADB. 2021. *Learning and Earning Losses from COVID-19 School Closures in Developing Asia*. Manila. <https://www.adb.org/sites/default/files/publication/692111/ado2021-special-topic.pdf>.
- 11 A. Abiad et al. 2021. *Inadequate Learning, Loss of Earnings: The Staggering Cost of School Closures in Asia*. Asian Development Blog based on data from the United Nations Educational, Scientific, and Cultural Organization. Manila.
- 12 Social protection is defined as a set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, lessening people's exposure to risks, and enhancing their capacity to protect themselves against hazards and the interruption or loss of income. Source: ADB. Forthcoming. *The Social Protection Indicator for Asia and the Pacific*. Manila. <https://www.adb.org/sites/default/files/institutional-document/32100/social-protection.pdf>.
- 13 M. Auwera, A. Meerendonk, and A. Kumar. 2021. COVID-19 and Social Protection in Asia and the Pacific Projected Costs for 2020–2030. *ADB Sustainable Working Paper Series* 2021. Manila.
- 14 International Labour Organization. 2020. *ILO Monitor: COVID-19 and the World of Work. Fifth Edition*. Geneva.
- 15 UN Women. *The Shadow Pandemic: Violence against Women during COVID-19*. New York.
- 16 UN Women. 2021. *Measuring the Shadow Pandemic: Violence against Women during COVID-19*. New York.
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- 19 IPCC. 2022. *Climate Change 2022: Impacts, Adaptation and Vulnerability*.
- 20 UN. 2021. <https://ukcop26.org/global-coal-to-clean-power-transition-statement/>.
- 21 S. Bharule et al. 2021. *Rethinking Cities for Resilience and Growth in the Post-COVID-19 Pandemic Era*. Policy note. ADB. Manila.
- 22 ADB. 2021. *How Asia's Cities Can Become More Livable After the Pandemic*. Manila.
- 23 ADB. 2021. *COVID-19 and Livable Cities in Asia and the Pacific*. Manila.
- 24 IQAir. *World's Most Polluted Cities 2020 (PM2.5)* (accessed 17 February 2022).
- 25 Health Effects Institute. 2020. *State of Global Air 2020*. Boston.
- 26 ESCAP. 2020. Environmental Challenges Related to the Coronavirus Disease Pandemic in the Asia-Pacific Region. https://unescap.org/sites/default/d8files/event-documents/CED6_1E.pdf.
- 27 FAO, IFAD, UNICEF, WFP, and WHO. 2021. *In Brief to the State of Food Security and Nutrition in the World 2021. Transforming Food Systems for Food Security, Improved Nutrition and Affordable Healthy Diets for All*. Rome: Food and Agriculture Organization of the United Nations.
- 28 M. Helbe and A. Sato. 2018. *Fighting Obesity in Asia and the Pacific*. Manila: ADBI.
- 29 FAO. *Technical Platform on the Measurement and Reduction of Food Loss and Waste* (accessed 17 February 2022).
- 30 ADB placed on hold regular assistance to Afghanistan 15 August 2021. In Myanmar, ADB placed a temporary hold on sovereign project disbursements and new contracts from 1 February 2021.
- 31 ADB. 2021. *A Comprehensive Assessment of Tax Capacity in Southeast Asia*. Manila.
- 32 ESCAP. 2021. *Foreign Direct Investment Trends and Outlook in Asia and the Pacific 2021/2022*. Bangkok.
- 33 ADB. 2022. *Asian Economic Integration Report: Advancing Digital Services Trade in Asia and the Pacific*. Manila.
- 34 See Tracking indicator: Regional cooperation and integration index—Money and finance (average score). See also ESCAP. 2020. *Seamless Trade and Transport Connectivity in Asia and the Pacific: Regional Cooperation in the Context of the COVID-19 Pandemic*. https://www.unescap.org/sites/default/d8files/knowledge-products/TIID_TD_Seamless%20Transport%20and%20Trade%20Connectivity-Final.pdf.
- 35 ESCAP, ADB, and UNDP. 2021. *Responding to the COVID-19 Pandemic: Leaving No Country Behind*. Manila: Asian Development Bank.
- 36 ADB announced on 18 March 2020 a \$6.5 billion initial package to address immediate DMC needs as they responded to the pandemic, and on 13 April ADB increased its COVID-19 response package to \$20 billion. On 11 December, ADB approved the \$9 billion Asia Pacific Vaccine Access Facility (APVAX), bringing its COVID-19 response package to \$29 billion.
- 37 The figure includes new projects, repurposed projects and support under ongoing projects committed to and disbursed in 2020–2021 to support ADB's COVID-19 response. The figure covers ADB financing and cofinancing as labeled.
- 38 Processing time for sovereign operations uses data from regular projects with completed milestones, from concept clearance to first disbursement for regular project transactions, and from fact-finding to first disbursement for all COVID-19 projects. Sources: ADB Loan and Grant Financial Information Services as of 31 December 2021 and e-Operations for concept approval and fact-finding end dates.
- 39 The results expected from recovery operations are organized by a selection of ADB's operational priority indicators for measuring Strategy 2030 implementation. They are sourced from reports and recommendations of the President and other documents seeking project approval.
- 40 ADB. Forthcoming (expected in May 2022). *Private Sector Operations in 2021: Report on Development Effectiveness*. Manila.
- 41 Achieved results are based on data covering 2020–2021 and sourced from the latest reports available as of the end January 2022. These include government monitoring reports, progress reports prepared by

- ADB, and, where available, draft project completion reports. Results are indicative and will be confirmed in final completion reports.
- 42 ADB. 2020. *Technical Assistance Report: Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases*. Manila.
 - 43 Fully vaccinated people have received two doses or the equivalent. Source: CEIC Data Company; Our World in Data. <https://ourworldindata.org/coronavirus> (accessed on 4 Feb 2022).
 - 44 United Nations Children's Fund (UNICEF). COVID-19 Vaccine Market Dashboard. <https://www.unicef.org/supply/covid-19-vaccine-market-dashboard> (accessed 8 January 2022).
 - 45 Strategy, Policy and Partnerships Department. Unpublished. *Rapid Assessment of COVID—Pandemic Response Option*. Manila: ADB. The rapid assessment ADB Management conducted in 2021 examined early results, strengths, challenges, and lessons of CPRO with a view to inform decisions on mainstreaming or enhancing some features of the CPRO into the Countercyclical Support Facility to strengthen ADB's suite of crisis response tools. The review covers the 15-month period during which the governments of CPRO-recipient DMCs implemented ADB-supported COVID-19 response measures, from 23 April 2020, when the first CPRO was approved, to 15 July 2021, when the CPRO expired. The analysis is based on aggregated data and information from the 27 CPRO operations sourced from publicly available documents: ADB's client results surveys, the *Review of ADB's Comprehensive COVID-19 Pandemic Response (2020)* published in July 2021, the latest country data and government monitoring reports available as of January 2022, and reports of other international institutions and research institutes. Further data came from ADB's internal documents, including periodic CPRO monitoring reports and the Independent Evaluation Department's Real Time Evaluation Notes 1, 2, and 3.
 - 46 Based on DMCs' initial planned COVID-19 response support packages totaling \$154 billion, as reported in CPRO reports and recommendations to the President. As cofinancing was not administered by ADB, the amount disbursed is not reported.
 - 47 ADB's commitments from its own resources for loans, grants, guarantees, equity investments, and technical assistance reached \$22.8 billion in 2021. Commitment volumes used by corporate results framework indicators exclude financing for nonsovereign revolving programs, technical assistance, cofinancing, special funds, investment facilities, and loans and grants supporting project preparation and design.
 - 48 For sovereign and nonsovereign operations, "commitment" refers to financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by ADB and the borrower, recipient, or investee company. The date of commitment is the date of signature. A commitment amount is the signed amount.
 - 49 This includes only new commitments financed by regular and concessional ordinary capital resources and Asian Development Fund grants. Repurposed projects and support under ongoing projects are excluded.
 - 50 The disbursement target used for 2021 was based on departmental projections at the end of the first quarter of the year.
 - 51 Overall disbursement for sovereign projects and results-based lending was \$11.1 billion in 2021. However, since ADB put on hold its regular operations in Afghanistan and Myanmar, disbursements in these countries were excluded from the computation of the disbursement rate and the disbursement ratio.
 - 52 ADB. 2021. *Fragile and Conflict-Affected Situations and Small Island Developing States Approach*. Manila.
 - 53 "Gender mainstreamed" combines *gender equity theme* and *effective gender mainstreaming*.
 - 54 ADB. 2021. *Report and Recommendation of the President to the Board of Directors: Proposed Grants for Additional Financing to the Independent State of Samoa, Kingdom of Tonga, Tuvalu, and Republic of Vanuatu for the Systems Strengthening for Effective Coverage of New Vaccines in the Pacific Project under the Asia Pacific Vaccine Access Facility*. Manila.
 - 55 ADB. 2021. *Guidelines for Gender Mainstreaming Categories of ADB Projects*. Manila.
 - 56 In October 2021, ADB announced its ambition to scale up its climate financing to a cumulative \$100 billion by 2030.
 - 57 Project preparation was unable to reach critical milestones, including completion of preliminary design and/or detailed engineering designs before approval.
 - 58 ADB. 2021. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach and Policy-Based Loan for Subprogram 1 and Technical Assistance Grant to India for the Sustainable Urban Development and Service Delivery Program*. Manila.
 - 59 A \$30 million grant includes financing of \$6.6 million under the Asian Development Fund 13 Thematic Pool for Disaster Risk Reduction and Climate Adaptation, \$3.4 million for adaptation, and \$3.2 million for seismic proofing. Source: ADB. 2021. *Report and Recommendation of the President to the Board of Directors: Proposed Grant and Technical Assistance Grant to the Republic of Tajikistan for the Climate- and Disaster-Resilient Irrigation and Drainage Modernization in the Vakhsh River Basin Project*. Manila.
 - 60 Net ordinary capital resources are the total amount of ordinary capital resources committed minus headroom relief arising from risk transfer arrangements.
 - 61 The scoring method for indicators with a target range was revised to enhance its usefulness as a performance monitoring tool. Performance at any level above the upper band of the target range is scored *on track but watch*.
 - 62 ADB. 2021. *Report and Recommendation of the President to the Board of Directors: Proposed Equity Investment to PAG Growth Capital Limited for the Investment in PAG Growth II L.P. (Regional)*. Manila.
 - 63 ADB. 2021. *Bangladesh: Country Partnership Strategy, 2021–2025—Sustain Growth, Build Resilience, and Foster Inclusion*. Manila.
 - 64 ADB. 2021. *Pacific Approach 2021–2025*. Manila.
 - 65 ADB. 2021. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Republic of Indonesia for the Higher Education for Technology and Innovation Project*. Manila.
 - 66 ADB. 2021. *Report and Recommendation of the President to the Board of Directors: Proposed Policy-Based Loan for Subprogram 3 to the Republic of the Philippines for Facilitating Youth School-to-Work Transition Program*. Manila.
 - 67 Fluctuation in alignment is expected year by year. Results for 2021 were calculated using an interim methodology that will be replaced with an enhanced methodology from 2022. Chapter 1 highlights ADB operation results under each priority.
 - 68 Operations supporting poverty reduction and inclusiveness met at least one of six criteria: (i) targeting poor geographic locations or households; (ii) focusing on rural areas; (iii) in fragile or conflict-affected situations or small island developing states; (iv) committing at least 15% of their financing to the social protection areas of social assistance, social insurance, and labor market programs; (v) gender mainstreaming classified *gender equity theme* or *effective gender mainstreaming*; or (vi) allocating at least half of their ADB financing in a sector or subsector for a pathway to poverty reduction and inclusion.
 - 69 During the 2021 midterm review of the corporate results framework, the indicator definition was revised to exclude the two lowest disability-inclusive ratings. ADB operations are now categorized disability-inclusive if they are *principally* or *significantly* so (rated 3) or include *some disability inclusion elements* (rated 2). Operations that merely create *enabling conditions for disability inclusion* (rated 1) or have *no disability inclusion elements* (rated 0) are not considered disability inclusive.

- 70 ADB. 2021. *Report and Recommendation of the President to the Board of Directors: Proposed Grant and Administration of Grants to the Republic of Palau for the COVID-19 Response for Affected Poor and Vulnerable Groups Project*. Manila.
- 71 This indicator measures the number of infrastructure projects classified as *quality infrastructure*, based on four dimensions of quality as set out in Strategy 2030 (green, sustainable, inclusive, and resilient) as a percentage of all infrastructure project commitments in the year. The indicator criteria align with all the Group of Twenty Principles for Quality Infrastructure, and align with emerging elements of the Blue Dot Network Sustainable framework for quality infrastructure coordinated by the Organisation for Economic Co-operation and Development.
- 72 ADB. 2021. *ADB's Support for the Sustainable Development Goals: Enabling the 2030 Agenda for Sustainable Development through Strategy 2030*. Manila.
- 73 ADB. 2021. *Technical Assistance for Advancing the 2030 Agenda for Sustainable Development—Subproject 1*. Manila.
- 74 ADB. 2019. *Operational Plan for Private Sector Operations, 2019–2024*. Manila.
- 75 ADB. 2021. *Fast Report: Loan to Optima LLC for the M Square Affordable Housing Project in Georgia*. Manila.
- 76 ADB. 2021. *Fast Report: Loan to New Hope Singapore Private Limited for the New Hope COVID-19 Working Capital Support Project (Regional)*. Manila; ADB. 2021. *FAST Report: Proposed loan to Anglesey Food Foreign Enterprise LLC (Korzinka) for the Korzinka COVID-19 Food Retail Supply Chain Support Project in Uzbekistan*. Manila; ADB. 2021. *Fast Report: Debt Financing to Global Health Private Limited for the COVID-19 Hospital Service Delivery Project in India*. Manila; and ADB. 2021. *Fast Report: Debt Financing to Krsnaa Diagnostics Private Limited for the Krsnaa COVID-19 Diagnostic Services Project in India*. Manila.
- 77 ADB. Trade and Supply Chain Finance Program. <https://www.adb.org/what-we-do/trade-supply-chain-finance-program/main>.
- 78 Though only one additional project approved in 2017 was added.
- 79 Active engagement is measured by tracking the number of likes, shares, and comments on ADB Facebook, Twitter, and LinkedIn accounts. Starting in 2021, links and post clicks on Instagram were added to the calculation, and values for 2019 and 2020 were adjusted to accommodate the updated methodology. Active engagement on social media declined from 2,499,784 events in 2020 to 1,022,332 in 2021.
- 80 Knowledge solutions are knowledge-based ideas, designs, approaches, products, and processes that resolve problems, as defined in an internal memo on *Measuring, Reporting, and Recognizing Knowledge Products and Services, and Knowledge Solutions* dated 10 October 2019. For the purpose of DEF reporting and consistent with the CRF 2019–2024 indicator list and definition, web-distributed knowledge solutions refer to all knowledge solutions in digital format that include working papers, books, flagship publications, research, presentations, special reports, articles, and training materials, as well as sector, economic, or thematic briefs and technical notes.
- 81 ADB. 2021. *ADB Knowledge Management Action Plan, 2021–2025*. Manila. The KMAP has three pillars: (i) people and culture improved to incentivize, create, and promote knowledge solutions; (ii) processes and systems streamlined for client-oriented knowledge creation, flow, and use; and (iii) relationships built and nurtured across departments within ADB and with knowledge partners in DMCs and beyond.
- 82 Two indicators that are deleted are “Knowledge products and services delivered” and “Knowledge products and services drawn from k-Nexus.” Three to be reported next year following biennial reporting cycle of clients perceptions survey are “Clients satisfied with the use of ADB knowledge products,” “Clients satisfied with ADB’s development effectiveness,” and “Clients satisfied with ADB’s responsiveness.” Two for which methodology is still under development are “Event participants reporting increased knowledge and/or skills” and “Innovative operations and TA projects.”
- 83 The survey comprises 137 questions across 12 capability domains that align closely with the three pillars of the KMAP. The KMCAT survey, administered by the American Productivity & Quality Center, will next be conducted in 2023. The change of methodology was recommended in [the policy paper Midterm Review of ADB’s Corporate Results Framework, 2019–2024](#), which the ADB Board approved on 23 November 2021.
- 84 Staff recruitment fell from 105 in 2020 to 89 in 2021, with the same number of males recruited but female recruitment falling from 44 to 28 female.
- 85 The framework will outline strategic goals and key performance indicators, which will be foundational to building a diverse workforce and an inclusive workplace and ensuring the longer-term sustainability of these efforts.
- 86 Processing time methodology covers sovereign lending and grant modalities, including new financing arrangements such as the Asia Pacific Vaccine Access Facility but excluding policy-based lending operations, leaving out the COVID-19 Pandemic Response Option with first disbursements from this assessment. The 2021 data set comprises 55 Asian Development Fund grants and ordinary capital resources loans, both concessional loans and not, including 10 COVID-19 response projects.
- 87 The 2021 sample for nonsovereign operations comprises 27 projects, including 7 that are tagged COVID-19.
- 88 ADB. 2021. *Budget of the Asian Development Bank for 2022*. Manila.
- 89 The participating business units were the Budget, People, and Management Systems Department; Controller’s Department; Corporate Services Department; Department of Communications; Information Technology Department; Office of Risk Management; and Treasury Department. Among the processes tested were key information technology systems and applications that support critical financial processes, notably myBC, which was launched in 2021; emergency travel services; data restitution activities; and the activation of critical suppliers for alternative workplace and logistical arrangements.
- 90 ADB’s *2021 Annual Portfolio Performance Report* provides analysis on outliers that skewed key performance indicators, including end-to-end procurement time.
- 91 Afghanistan and Myanmar are excluded from the computation because ADB placed on hold regular operations in Afghanistan effective 15 August 2021 and in Myanmar effective 1 February 2021.
- 92 The share of e-GP in 2020 was \$4.6 billion, or 62% of \$7.4 billion in e-procurement contracts processed that year.
- 93 The *2020 Development Effectiveness Review* reported that 76% of sovereign operations completed that year delivered on plans for meaningful CSO engagement, but the figure was subsequently revised to 79%.
- 94 ADB. 2021. *Work Program and Budget Framework, 2022–2024*. Manila.
- 95 ADB. 55268-001: Climate Change Policy Program, Subprogram 1. <https://www.adb.org/projects/55268-001/main>
- 96 ADB. 55339-001: Upscaling Private Sector Investment in Climate Adaptation in Asia and the Pacific. <https://www.adb.org/projects/55339-001/main>
- 97 Energy Transmission Mechanism and Community Resilience Financing Partnerships Facility.

2021 Development Effectiveness Review

The *2021 Development Effectiveness Review* is the 15th in a series of yearly reports by the Asian Development Bank (ADB) on its performance in achieving the goals of Strategy 2030, the institution's long-term strategic framework. It tracks recent development progress in Asia and the Pacific, assesses ADB's development effectiveness, and identifies areas where ADB's performance needs to be strengthened.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

