



TOGETHER WE DELIVER

50 Stories of ADB's Partnerships in Asia and the Pacific

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SYANGJA DISTRICT
in Nepal



FOREWORD



The 50th anniversary of the Asian Development Bank (ADB) has prompted much reflection on the origins, history, and future trajectory of our institution. ADB was created in 1966 with 31 member countries and a staff of 40. At the time, most economies in the Asia and Pacific region were predominantly agricultural and

characterized by poverty, hunger, and conflict.

Since then, the region has been transformed, emerging as a powerhouse of the global economy. In the 1960s, Asia and the Pacific produced about 12% of global gross domestic product. That share has nearly tripled. Over the decades, hundreds of millions of the region's people have been lifted out of poverty and countries have invested their growing wealth to advance important development progress. A child born today in Asia and the Pacific region can expect to live 25 years longer than a child born in the 1960s.

ADB has been a steady partner on this journey. It has grown and evolved, more than doubling its membership to 67 countries and increasing the breadth and depth of its engagement. However, the region still faces many challenges and much work remains to be done. More than 330 million people live in absolute poverty on less than \$1.90 a day and some 840 million live very close to this poverty line.

ADB has helped countries in the region meet their energy, transport, and water needs through investment in infrastructure. We have supported cooperation and integration in Central Asia, East Asia, South Asia, Southeast Asia, and the Pacific to take advantage of complementarities and commonalities in the subregions of our diverse part of the world.

When the worst happens, ADB is there to help. When financial crises hit our region in 1997 and again in 2007, we poured resources into both immediate relief and long-term rehabilitation of financial systems and

institutions. We have supported recovery and long-term resilience when storms and earthquakes devastated communities in Asia and the Pacific.

Our approach has evolved as needs have changed. We have increased our work on major challenges that threaten our region, such as climate change. We are supporting global policy agendas such as the Paris Agreement and the Sustainable Development Goals. We have sought new solutions to the enduring quest to eradicate poverty and promote prosperity. We are working to catalyze and harness the vibrant potential of the private sector in an enterprising region.

We continue to collaborate with our partner countries to develop and implement good policies that support sustainable development in a changing region. We support high-level dialogue, technical assistance, capacity building, and policy-based lending. We invest in cutting-edge knowledge production to inform domestic and regional development efforts, and our own operations.

This special edition of ADB's flagship publication *Together We Deliver* tells 50 stories that highlight the importance of good partnerships—with government, civil society, the private sector, and other development partners—in meeting the complex development challenges of our dynamic region. They illustrate how listening to our stakeholders and understanding their needs have allowed us to respond in ways that enable real progress and improve people's lives.

These stories give us an opportunity to acknowledge the tremendous progress made in all our developing member countries over the last 5 decades. Continued concerted efforts to find innovative solutions to our region's challenges will be essential if we are to achieve the Sustainable Development Goals by 2030. The next 50 years are sure to bring many more challenges, and a stronger, better, faster ADB will be there to meet them.

A handwritten signature in black ink that reads "Takehiko Nakao". The signature is written in a cursive style and is enclosed within a hand-drawn oval.

TAKEHIKO NAKAO
President
Asian Development Bank

THE SUNNY BANGCHAK solar farm
in Chaiyabhum Province, Thailand



INTRODUCTION

/1

The Building Blocks of Prosperity

Over the 50 years since the Asian Development Bank (ADB) was founded, it has supported thousands of projects and programs that have benefited millions of people across Asia and the Pacific.

Together We Deliver: 50 Stories of Partnerships in Asia and the Pacific takes the reader through 5 decades of history in our 40 developing member countries and explores 10 cross-cutting areas of work that enable ADB to respond to new and emerging challenges that will affect development outcomes in a rapidly changing region.

In Central Asia, ADB has helped economies in transition after the fall of the former Soviet Union. It has worked with new governments and other partners in these countries to rehabilitate outdated infrastructure, improve education systems, modernize health care, and diversify economies while supporting private sector development. Efforts are also under way to support more environmentally sustainable development and management of natural resources.

In East Asia, ADB has tailored its approaches to the countries' diverse needs. In the People's Republic of China, ADB has helped extend access to infrastructure and facilitate greener growth. In Mongolia, ADB is supporting solutions that can help the country modernize and develop.

In the Pacific, home to some of the world's most isolated and vulnerable nations, ADB and its partners have worked to build resilience to economic and climate change-related shocks and increase connectivity. ADB has also supported the painstaking work of improving the business climate in these small island states.

In South Asia, ADB has supported infrastructure development, social programs, and policy reform. It has financed investments to lift people out of poverty and promote prosperity in a diverse, rapidly urbanizing subregion that includes least developed countries, such as Nepal, as well as fast-growing ones, such as India.

In Southeast Asia, ADB has aided countries that were once in conflict to come together to address common development challenges. Some of Asia's most robust economies, such as the People's Republic of China and

Thailand, are partnering with some of its least developed countries, such as Cambodia and the Lao People's Democratic Republic.

Every ADB partner is unique, but there are cross-cutting issues that need to be addressed across Asia and the Pacific. ADB has championed regional cooperation and integration, especially after the Asian financial crisis of 1997–1998. In a region renowned for its entrepreneurship, ADB has sought to harness the capacity and ingenuity of the private sector to tackle development challenges.

ADB has also stepped up its efforts to combat climate change, which threatens to reverse hard-won development gains, in a region with huge potential to deploy low-carbon and climate-resilient technologies. At the same time, ADB is supporting efforts to anticipate, prepare for, and withstand the inevitable impacts of climate change by supporting adaptation and resilience across its developing member countries.

Gender equality is also a crucial entry point for securing prosperity in the region. Throughout Asia and the Pacific, there is a need to create better opportunities for women and girls, who are not always equal beneficiaries of development gains. The vital issue of good governance underpins all of these cross-cutting considerations, and ADB has placed governance at the center of its country strategies and investments.

ADB has sought to capitalize on its trusted position in Asia and the Pacific to attract finance from other sources for sustainable development. It is also working to capture and share vital knowledge that can inform better development solutions and respond to the unique challenges that confront its developing member countries. It has established partnerships with civil society organizations, both to innovate and reach vulnerable groups and to strengthen accountability for its own development results.

These 50 stories illustrate how ADB's partnerships with government, civil society, the private sector, and other development partners have contributed to a momentous half century of development, helping to create the building blocks for the region's prosperity.

AN ADB-FINANCED road in
Mazar-e-Sharif, Afghanistan

AFGHANISTAN

THE POWER OF PERSISTENCE

The Asian Development Bank was one of the first organizations to return to Afghanistan in 2002 when the country needed help. The reconstruction work is part of a decade long partnership that have transformed lives in the country.





We are extremely grateful to ADB for proving to be Afghanistan's true ally in development. ADB and Afghanistan firmly believe in a common economic vision which is built around regional connectivity. Regional connectivity is a win-win game for Afghanistan and the region.

—MOHAMMAD MUSTAFA MASTOOR, Deputy Minister of Finance and Special Representative of the Chief Executive, Afghanistan

The Asian Development Bank (ADB) was one of the last organizations to leave Afghanistan in 1980, after the former Soviet Union invaded the country. When international organizations were allowed back into the country in 2002, ADB was one of the first to return.

After years of war, Afghanistan was devastated by the early 2000s. Much of the country's already limited infrastructure had been destroyed and its transport system was hit hard. An estimated 80% of the country's roads were in disrepair.

Responding to the need to repair the country's most important road was a top priority.

Since 2002, ADB has provided \$2.2 billion in on-budget assistance for 17 key road projects to construct or upgrade over

1,700 kilometers of regional and national roads across Afghanistan.

Fixing the roads was critical to rebuilding the country and the most important was Highway 1, also called the Afghanistan Ring Road, which linked the capital of Kabul to other major cities.

The ring road had to be repaired to bring together disparate communities, allow the country's poor to reach government services, and strengthen the credibility of the new administration as it undertook the challenging task of rebuilding the nation.

As part of the Emergency Infrastructure Rehabilitation and Reconstruction Project, ADB helped rebuild 392 kilometers of the ring road and part of a road to Uzbekistan that would allow reconstruction supplies to reach Afghanistan. A major power line and

AFGHANISTAN

an extensive irrigation system were also built under the project, which improved the lives of about 9 million people.

“In the past, our children could not reach school on time, and it was very difficult to transfer patients who were in critical condition to hospitals in Kabul City. Now, our dreams to have easy access to school and health services have become real, and many of our major problems will be solved,” says Haji Zeyaratgul, 38, a member of the Khaki Jabbar district council in Kabul and one of the thousands of beneficiaries of ADB-financed projects in Afghanistan.

A PROUD HISTORY

Nestled in the mountainous Hindu Kush region, Afghanistan has a proud history of commerce and culture, with flashes of vibrant modernization in its major cities. The country has faced severe civil unrest and poverty in recent decades, but since 2001 life has been gradually improving for many people in Afghanistan. The government and the international community are working together to build a well-governed democratic state with modern infrastructure, sound basic services, and efficient institutions. ADB has been a partner in this effort since 1966, though operations in the country were suspended from 1980 to 2002. Once back in the country, ADB helped prepare a needs assessment, and assisted in agriculture, education, infrastructure, and environment sectors.



3



While many challenges persist, Afghanistan has made important strides forward in economic and social development. Life expectancy has risen, from 35 years in 1967 to 60 years in 2014. In 1967–2015, per capita income in the country went from \$161 to \$590, and under-5 mortality was cut by more than two-thirds, from 323 to 91 deaths per 1,000 births.

These gains are the result of the hard work of the Afghan people, as well as the government and the international community. For ADB's part, the effort



- 1 A hydroelectric dam near the Jalalabad–Kabul highway
- 2 A merchant in the Mandave main market in downtown Kabul
- 3 Power lines stretch across the river border between Uzbekistan and Afghanistan at Hairatan

AFGHANISTAN

to improve lives has been supported by \$4 billion in grants and almost \$1 billion in loans since 1966.

ADB's work continues to focus on improving the country's infrastructure, particularly in the areas of energy, transport, and agriculture and natural resources. ADB is also supporting economic growth that includes all members of society, helping Afghanistan integrate better with its neighbors, and improving the efficiency and effectiveness of government.

LIFELINES FOR AGRICULTURE

Almost 85% of the Afghan population lives in rural areas and is largely dependent on agriculture. The agriculture and natural resources sector is a key area in which ADB contributes markedly to economic growth, job creation, and poverty reduction.

As of March 2017, total investments had reached \$578 million for irrigation and agricultural infrastructure and to strengthen the institutional environment. These investments have resulted in improved rural livelihoods, economic growth, and better water resources management.

About 160,000 hectares of irrigated land have been rehabilitated and upgraded, with work continuing on an additional 260,000 hectares. Muhammad Amin, a 56-year-old farmer in Balkh province, was among those who benefited: "The canals and intake were damaged by heavy flash floods, and every year hundreds of hectares of crops were washed away by floods in this village," he says. "Now, the newly rehabilitated

canals and intakes have helped the farmers to control the flow of water and have significantly increased the productivity of farmlands."

LIGHTING THE FUTURE

"Energy is one of the government's priority sectors and a foundation for economic growth. The Government of Afghanistan and ADB will continue working closely to develop the energy sector for the improved livelihoods and welfare of all Afghans," said Afghanistan minister of Finance Eklil Ahmad Hakimi.

Another system that lay devastated in the early 2000s was the country's electricity supply. Kabul received power for only 4 hours a day while other cities were even worse off. Providing reliable and affordable energy was vital to drive economic growth and improve lives in Afghanistan.

ADB has been Afghanistan's largest and longest-standing development partner in the energy sector providing grant assistance totalling nearly \$1.2 billion. This





2



3

- 1 Transmission lines for the Puli-Khumri hydropower station
- 2 Building the power distribution network in Kabul
- 3 Laying the ballast on the track of the Hairatan Mazar-i-Sharif Railway

has supported the development of power imports for urgently needed electricity, provided distribution systems, developed domestic generation, and built capacity and promoted institutional reforms.

More than 5 million people have benefited from the construction of 1,460 kilometers of power transmission lines, 16 substations, and 143,000 new power distribution connections. The program supports the government's targets of increasing the country's electrification rate from 30% to 83% and lifting the share of domestic power generation from 20% to 67% by 2030.

The Power Transmission and Distribution Project, approved in 2005, provided grant and loan financing of \$47.2 million to improve the grid power supply and the electrification rate in the northern, eastern, and southern regions, where nearly 75% of Afghanistan's population lives.

The project successfully extended affordable power to rural Afghanistan through the grid, where the poverty rate is close to 65%. The ready supply of electricity lowered the cost of doing business, reduced poverty, and opened up new opportunities.

Shogofa, a young journalist, describes its impact: "We only had 3–4 hours of power a day in the years immediately after the fall of Taliban, and we were studying by gaslight," she says. "Now the reliable electricity has improved everything. I work with a local radio station in Kunduz province, and we can use all sorts of technology." ●

THE YEREVAN-GYUMRI highway,
part of ADB's North-South Road
Corridor Development Program

ARMENIA

MODERNIZING THROUGH REFORMS

Armenia has implemented policies that have produced tangible results, including upgrading its vital water system, with support from the Asian Development Bank.





I am confident that our cooperation with ADB will help us strengthen our institutional capacities and improve our infrastructure greatly, contributing to the harmonious development of our economy.

—HOVIK ABRAHAMYAN, former Prime Minister, Armenia

When Armenia gained independence from the Soviet Union in 1991, it faced a mammoth task of transforming the state-run utility system into modern, efficient agencies. The system included the national water and sewerage company and local water agencies throughout the country.

In the 1990s, about 60%–80% of the water flowing through the water supply system was lost to leaks or other problems. This water loss problem was more than four times higher than the norm for most cities in Western Europe.

Residents of the capital, Yerevan, and about 95% of those living in other urban areas were connected to the Soviet-era centralized water service. The old system then fell into disrepair from neglect and poor maintenance. Years after independence, only about 15% of the population enjoyed continuous water service.

The people of Armenia needed a modern system to bring clean water into their homes. A billing system was also needed to make the water supply sustainable.

The Asian Development Bank (ADB)–supported Water Supply and Sanitation Sector Project helped Armenia upgrade the water supply and sanitation systems in 21 small towns and 97 villages with support from private companies. When the work was done, more than 600,000 people received potable water at least 14 hours a day.

STUNNING GROWTH

Helping Armenia make the transition from a Soviet-style economy and government to the modern era has been a big part of ADB's work in the country. Armenia experienced early challenges in making the transition, but by the 2000s, it had turned things around.

Armenia's leaders put in place prudent fiscal and monetary policies, liberal

ARMENIA

trade and foreign exchange regimes, and improvements in the business regulatory environment. The results were impressive. Economic growth averaged about 12% between 2001 and 2004, and reached almost 14% by 2005.

PARTNERS IN REFORM

When ADB and Armenia became partners in 2005, there was still much work to be done. ADB focused its assistance on developing the rural areas of the country, promoting the private sector, and encouraging cooperation between Armenia and its neighbors.

When the global financial crisis hit Armenia in the late 2000s, ADB responded with the Crisis Recovery Support Program, which helped mitigate the impact of the crisis by supporting social safety nets that helped keep people from falling back into poverty. The program also provided funding for the government's expenditures and programs.

Subsequently, ADB returned to regional cooperation, private sector development, and support for the development of Armenia's urban areas.

This included work on the country's vital road links to neighboring countries, and finance projects to promote women's businesses. ADB also helped

- 1 The ADB-supported Rural Road Sector Project in Gegharkunik region
- 2 Work on road development in Gegharkunik region
- 3 Schools in Artashat receive more reliable water supply





ARMENIA



clean up secondary cities in Armenia with improved solid waste management systems, and helped provide clean water and reliable transportation systems.

Since 2005, ADB has invested more than \$1 billion in 22 projects and programs designed to drive economic growth, reduce poverty, and improve people's lives. ADB will continue to help Armenia integrate its economy iwth others in the region

and pursue more resilient, inclusive, and environmentally sustainable growth. Key steps will include improving urban and regional roads; upgrading secondary towns' water and urban infrastructure; continuing to support women's entrepreneurship; and enhancing energy security by diversifying energy sources, and rehabilitating and upgrading electricity transmission and distribution networks. ●



2

- 1 Road to Lake Sevan
- 2 The ADB-supported water project has given Qarashamo village residents clean drinking water

IRRIGATION supports
agricultural development

AZERBAIJAN

A FRUITFUL COOPERATION

ADB is helping find innovative and effective ways to help Azerbaijan manage its abundant resources.





Azerbaijan joined ADB in 1999. Since that time we have enjoyed a very fruitful cooperation and we are very grateful to ADB for continuous support of our efforts to modernize our economy, to provide better living standards for our people.

—ILHAM ALIYEV, President, Azerbaijan

Zabıtov Gubeniz is a midwife in Narıman village in northwestern Azerbaijan. She can remember the time when the road through her village was so rutted and damaged that it was impassable during heavy rain.

Although she is a midwife, not a doctor, Gubeniz often had to treat medical emergencies because people could not get to the hospital. One woman had to deliver her baby in a vehicle because she was stuck on the old road.

By 2010, the situation had changed. An improved road allowed people to make it to the hospital emergency room and receive the care they need.

“It was very hard on us before,” she said. “We had urgent cases coming to our home at night. This road has been everything to this community.”

The road, which was repaired as part of the Asian Development Bank (ADB)–supported

East–West Highway Improvement Project, solved a problem in Narıman village. It also helped towns and cities around the capital of Baku, however, as well as in neighboring countries and Europe.

Since 1999, Azerbaijan and ADB have been working together to find solutions that help people in small villages and benefit the country overall.

In the late 1990s and early 2000s, Azerbaijan experienced flooding, which caused widespread losses. The economy remains vulnerable to external shocks. ADB’s first project in Azerbaijan, the 2003 Flood Mitigation Project, put into place flood protection measures that created a safer environment for more than 200,000 people.

In the late 2000s, Azerbaijan was in the unusual situation of being blessed with abundant energy resources yet suffering from unreliable power in many parts of the

AZERBAIJAN

country. Deteriorating facilities, inadequate maintenance and investment, and inefficiencies were keeping the country's vast energy supply from getting to the homes and businesses that needed it.

By 2007, more than half of Azerbaijan's electricity network facilities were beyond their useful life. One of the country's main transmission lines had been in service since 1949. Another one was built in 1954.

ADB and Azerbaijan partnered on the Power Transmission Enhancement Project in 2008 to address the issue. The project helped build 280 kilometers of modern power transmission lines, enabling a reliable supply of electricity to reach thousands of people.

Despite challenges, including income inequality, Azerbaijan has quickly become an upper-middle-income country as its gross domestic product per capita rose from \$704 in 2001 to \$5,496 in 2015. The country, needs to look beyond its natural resource wealth and diversify its economy, however.

ADB has responded by becoming a source of knowledge for policy and structural reforms, strategy implementation, and innovative project design. ADB is also supporting good practices in social safeguards, procurement, and project implementation.

“The country prepared itself for the post-oil era by developing a strategic road map to 2020 and longer-term plan up to 2025 and beyond,” says Nariman Mannapbekov, ADB country director for Azerbaijan. “ADB is supporting the country's vision of becoming more internationally competitive across a variety of economic sectors.” ●





1



2

- 1 Constructing a railway line from Poyle to Salakhle
- 2 Road construction in the Hadjegabra-Kurdamir region
- 3 Farmers harvesting tomatoes near the ADB-financed East-West Highway

BOATS ferry passengers and cargo
across the river

BANGLADESH

BRIDGING COMMUNITIES

The bridge over the Jamuna River in Bangladesh is a national landmark, but it is also a symbol of the country's partnership with the Asian Development Bank (ADB). Bangladesh has made remarkable progress in the last 4 decades with ADB at its side.



ADB is an important partner of Bangladesh in its determined drive for economic growth and social equity. It has displayed responsiveness and flexibility in accommodating over the years the need for greater emphasis on social infrastructure and human development while continuing to support traditional connectivity infrastructure and energy sectors.

—ABUL MAAL ABDUL MUHITH, Minister of Finance, Bangladesh

Bangladesh was once divided by one of the world's largest rivers. The Jamuna River was a physical barrier between the more developed eastern half of the country and the poorer but agriculturally rich west.

The eastern side of the Jamuna River has access to the capital city of Dhaka and to international markets through the port of Chittagong. The western half has fertile agricultural areas that could become the food basket of the country and an important source of international exports.

Bringing agricultural products from the west to the ports and markets in the east was a monumental task. The Jamuna River had to be crossed using crowded ferries and small boats. Long delays waiting on one side of the river or the other were common for both

people and freight, and in the monsoon season, the journey could be deadly.

Spanning the shifting course of this deep, wide, fast-flowing river with a permanent structure would be one of the most technically challenging transport projects ever attempted in Bangladesh, but by June 1998, the Jamuna Bridge Project had succeeded in uniting east and west. The \$754 million project was supported by the Asian Development Bank (ADB) together with other partners.

Since its opening, the 4.8-kilometer-long Bangabandhu Multipurpose Bridge on the Jamuna River has brought together millions of people in Bangladesh and also served as a basis for the transmission of electricity, natural gas, and phone lines between the two halves of the country.

BANGLADESH

HUNDREDS OF PROJECTS AND PROGRAMS

The bridge over Jamuna River was a milestone for Bangladesh as a country, but it was just one of hundreds of projects and programs that ADB has supported over more than 40 years since the partnership began.

ADB began working with Bangladesh in June 1973, shortly after the country gained independence. Work was initially focused on food production, transport and energy infrastructure development, and promoting industry. By the mid-1970s, ADB had approved loans to strengthen Bangladesh's power sector, the port of Chittagong, and the Bangladesh Railway, and to improve the Khulna–Mongla Road.

In 1978, Bangladesh received ADB's first program loan—a new type of assistance that initially focused on financing the importation of production inputs to increase productivity in priority sectors such as agriculture. The program helped small-scale farmers in the Dhaka area repair and maintain irrigation pumps. It also financed the purchase of 2,500 new pumps to replace those beyond repair. This enabled farmers to irrigate an additional 40,000 hectares of land during the dry season.

ADB undertook a project that same year to improve the country's education system, and in 1980, ADB began working in the health sector with a project that increased the supply of essential drugs and reduced the incidence of malaria. ADB's first urban infrastructure loan, the District Towns

Water Supply Project, approved in 1982, helped bring down the high rates of waterborne diseases due to unsafe water supply and poor sanitation. In that year, ADB's first resident mission opened its doors in Dhaka.

During the 1990s, ADB approved its first project exclusively targeting women for poverty alleviation, which provided microloans to poor rural women to set up nonfarm enterprises.

ADB also embarked on one of its first disaster response efforts following the 1991 cyclone, with \$36 million spent on reconstructing roads in the devastated areas. Disaster risk management became a major focus during this period.

Since 2000, ADB has further enhanced its assistance to the Bangladesh power and transport sectors, and increased resources for urban and rural infrastructure and water resources management, primary and secondary education, urban primary health care, and small and medium-sized enterprise development.

“ADB is an important partner of Bangladesh in its determined drive for economic growth and social equity,” says Abul Maal Abdul Muhith, minister of finance for Bangladesh. “It has displayed responsiveness and flexibility in accommodating over the years the need for greater emphasis on social infrastructure and human development while continuing to support the traditional connectivity infrastructure and energy sectors.”



1

- 1 The Bangabandhu Jamuna Multipurpose Bridge opened in June 1998 is the longest bridge in Bangladesh
- 2 A boat takes passengers across the Buriganga River



2

BANGLADESH



Students attend a class at the Akborpur Government Primary School in Mowlovibazar



GROWING THE ECONOMY AND REDUCING POVERTY

Bangladesh has made substantial progress in growing its economy, lifting people out of poverty, and improving the lives of its people. Employment has increased, more people have access to health and education, and basic infrastructure has improved.

Since the mid-1990s, economic growth in Bangladesh has averaged 5.7%, reaching a high of 7.1% in 2016. Few developing countries have been able to these levels consistently over such a long period.

Average incomes have grown. Since the mid-2000s, per capita gross domestic product has increased by 4%–6% per year.

Bangladesh is now working to reach upper-middle-income country status by 2021—the year that marks the 50th anniversary of Bangladesh’s independence. The country will need to tackle many challenges, but Bangladesh has shown that there is no river that it cannot cross to achieve its goals. ●

TEMPLE by
the river

BHUTAN

PROSPERITY AND SOCIAL DEVELOPMENT FROM WATER

Bhutan has combined its vast hydropower resources with a careful, tradition-focused development strategy. The result, in partnership with the Asian Development Bank, has been a dramatic transformation.



ADB's programs have always remained relevant and well aligned with the Royal Government strategies to eradicate poverty, in keeping with our development philosophy of Gross National Happiness. ADB has provided continuous support for physical and social infrastructure development, financial and private sector development, institutional capacity building, human resources development, good governance, and environmental protection.

—TSHERING TOBGAY, Prime Minister, Bhutan

Until the 1960s, Bhutan lacked telephones, an airport, hospitals, a postal service, and even a national currency. Since then, the country has witnessed considerable economic growth, diversification, and modernization, with major improvements in social indicators, communications, governance, and the standard of living.

Firmly rooted in its culture and traditions, Bhutan obtained these gains through careful planning on its own terms. In the last half-century, the country has used its own barometer of Gross National Happiness, which emphasizes a holistic approach to development.

“The essence of the philosophy of Gross National Happiness is the peace and happiness of our people and the security and sovereignty of the nation,” states Bhutan’s Gross National Happiness Commission.

The Asian Development Bank (ADB) has been a partner on this path since 1982, and today ADB is Bhutan’s largest multilateral development partner. This partnership has helped the government achieve high rates of economic growth and poverty reduction and supported rural electrification, hydropower development, road improvements, urban infrastructure, social development, and development of the finance sector.

BHUTAN

“ADB’s programs have always remained relevant and well aligned with the Royal Government strategies to eradicate poverty, in keeping with our development philosophy of Gross National Happiness,” said Tshering Tobgay, Prime Minister of Bhutan. “ADB has provided continuous support for physical and social infrastructure development, financial and private sector development, institutional capacity building, human resources development, good governance, and environmental protection.”

THE POWER OF WATER

With a challenging mountainous terrain and limited access to global markets, Bhutan has unlocked its hydropower potential to sustain growth. The sale of hydropower makes up about one-fifth of Bhutan’s gross domestic product.

Bhutan is the only country in South Asia with surplus energy available for export. Its potential hydropower output is estimated at 30,000 megawatts, and only about 5% of that is developed.

ADB helped finance the Dagachhu hydropower plant in the southern part of the country. The run-of-river plant began operating in 2015.

The Dagachhu plant is the world’s first cross-border project to get carbon credits under the Clean Development Mechanism, a multilateral carbon market scheme that enables projects in developing countries





- 1 A woman installing solar panels on a roof
- 2 Construction workers passing through the tunnels of the Dagachhu Hydropower Development
- 3 ADB's Green Power Development Project funds social programs and brings electricity to more than 8,500 households



BHUTAN



to sell certified emission reduction credits, thereby generating additional revenue. It is also Bhutan's first public–private partnership for infrastructure.

In addition, the Dagachhu Hydropower Project, which is part of a Green Power Development Project, helped enable access to electricity for about 9,000 rural households and public facilities near the project site. The project also installed more than 100 solar power systems, generating energy for off-grid users including schools, health clinics, and other community facilities in isolated remote areas.

“ADB has focused not only on helping produce energy for export but also on providing energy for people throughout Bhutan,” says Bharat Tamong Yonzon, former managing director of the Bhutan Power Corporation.

“ADB has been fundamental in providing assistance to the electrification program of Bhutan,” he notes. “In that sense, nearly everyone in Bhutan is a beneficiary of ADB. They have touched the lives of everyone in the country who uses electricity.”

PROSPEROUS AND HEALTHY

Since the 1980s, Bhutan's economic growth has averaged nearly 8% per year. The country once had a per capita gross domestic product of about \$50—the lowest in the world—and today it is more than \$2,500.

The country's leaders have used this steady economic growth to improve the lives of the people of Bhutan.

ADB has also supported a Health Care Reform Program, which has increased the availability of reproductive health services and expanded primary health care, with a particular focus on poorer women and children.

This initiative was aided by the ADB-supported Bhutan Health Trust Fund, which helps manage the costs associated with providing affordable basic health care. Other financing assistance, as well as improved regulations and policies, helped spread health care across Bhutan. ●





PRASAT BAYON at Angkor Thom

CAMBODIA

SUPPORTING ONE OF ASIA'S FASTEST- GROWING ECONOMIES

Cambodia has developed from one of the poorest countries in Asia to one of the fastest-growing economies, and it has made significant progress in the area of human development. The Asian Development Bank has been there every step of the way.





We thank ADB for the assistance so far extended to our country which considerably contributed to our durable economic growth and sustained development in Cambodia and look forward to an even stronger partnership with ADB in achieving our country's development goals, as well as building the region with vibrant and sustainable development in the coming years.

—VONGSEY VISSOTH, Secretary of State, Ministry of Economy and Finance, Cambodia

Phnom Penh today has some of the best drinking water anywhere in Southeast Asia.

This is in large part due to the Phnom Penh Water Supply Authority, which was strengthened as part of the Asian Development Bank (ADB)-funded Phnom Penh Water Supply and Drainage Project. At project completion in 2003, the number of people with access to clean affordable water in the city had doubled to nearly 1 million—almost the entire population of the city—in large part due to the project.

Helping clean up Phnom Penh's water supply was one of many highlights of the history of the partnership between ADB and Cambodia. Cambodia was a founding member of ADB in 1966.

By the late 1970s, conflict had rendered almost all of Cambodia's roads, bridges, irrigation systems, schools, hospitals, housing, and offices unusable or in need of repair. By 1979, there was no functioning administration, no currency, no electricity, no police force, and no transport services. To get from one part of the country to another, people had to walk. Rice production was only a fraction of prewar levels, and across the country many people were hungry.

During the 1980s, schools and hospitals reopened, roads and buildings were repaired, and government was reestablished. Cambodia, however, had little financial support for the enormous task of rebuilding infrastructure.

CAMBODIA





2

When ADB reengaged with Cambodia in the early 1990s, the country had already made a remarkable recovery from years of war and isolation, but there was still much rebuilding to do.

In November 1992, barely a year after the Paris Peace Agreement was signed, and even before elections had been held and a new government formed, ADB provided Cambodia with a loan of \$67.7 million to rehabilitate critical infrastructure in transport, power, agriculture, and education.

Since then, ADB assistance ramped up dramatically. This has included the improvement of cross-border facilities in Cambodia to support transport and trade as part of the Greater Mekong Subregion Economic Cooperation Program. This program has invested in roads and bridges, as well as improved customs procedures and border regulations.

As part of the program, the 2002 Mekong Tourism Development Project enabled Siem Reap in Cambodia to replace its antiquated water system with new sewers, drainage canals, and stormwater chambers. This reduced the risk of waterborne diseases for a population of 120,000 and ended serious flooding. It also made the city more welcoming to the thousands of tourists who visit the world-famous Angkor Wat temple complex.



3

- 1 ADB-supported regional training center in Siem Reap
- 2 Sanitation training activities for villagers supported by the Tonle Sap Rural Water Supply and Sanitation Project
- 3 A poultry farmer in Kandor Chrum commune who is one of the many beneficiaries of ADB-supported initiatives
- 4 ADB-supported projects in Cambodia have rehabilitated community water supply systems

CAMBODIA

As part of the same project, the 6.3-kilometer road linking Phnom Penh to Cambodia's Genocide Memorial was upgraded. This helped raise the number of visitors to the area by nearly tenfold, from 25,000 in 2002 to 241,000 in 2010. The project created jobs, increased incomes, and improved the standard of living of many people in the area.

ADB has also supported the government's goal of improving skills training. The Enhancing Education Quality Project, launched in 2007, improved the skills of teachers and helped the Ministry of Education, Youth and Sport operate more effectively. As a result of the project, more students passed their classes and graduated with an improved and more valuable set of skills.

Between 2010 and 2014, ADB and Cambodia partnered to provide almost 50,000 households with new or improved sanitation, and built or upgraded 330 kilometers of new or upgraded power transmission lines, connecting 40,000 rural households to lower-priced electricity. More than 600 kilometers of roads were also built or upgraded, and more than 205,000 secondary school students—nearly half of them female—benefited from new or improved educational facilities.

Today, Cambodia has one of the fastest-growing economies in Asia, and it has worked to spread that prosperity across society.

Cambodia's per capita gross domestic product increased from \$144 to \$1,159 since 1967. ADB, as Cambodia's largest multilateral

development partner, has stood with the country every step of the way in this progress.

"We thank ADB for the assistance so far extended to our country, which considerably contributed to our durable economic growth and sustained development in Cambodia, and look forward to an even stronger partnership with ADB in achieving our country's development goals, as well as building the region with vibrant and sustainable development in the coming years," says Vongsey Vissoth, secretary of state, Ministry of Economy and Finance, Government of Cambodia. ●

- 1 Access to technology and markets helps farmers generate more income through increased agricultural production
- 2 The iconic site of Angkor Wat





THE REHABILITATION of Suzhou Creek
has improved sanitation services and access
to parks and green spaces in Shanghai

PEOPLE'S REPUBLIC OF CHINA

A PARTNERSHIP FOR A VIBRANT FUTURE

With the Asian Development Bank at its side, the People's Republic of China set the standard for using rapid economic development to reduce poverty. Today, the two are partnering to support development in the region.



HSBC

招商银行
MIRAE ASSET

震旦



The rise of the People's Republic of China is the economic story of our times.

—STEPHEN P. GROFF, Vice-President Operations 2, Asian Development Bank

In Mengmai village, nestled in the picturesque Xishuangbanna region of Yunnan Province, Ha Ge and his family maintain a field of ancient tea trees. The tea made from the leaves of the trees is valuable, but the family historically did not earn much from it.

In 2000, a highway was completed that connected isolated rural communities, such as Mengmai village, with highways leading to major markets in the People's Republic of China (the PRC) and Southeast Asia.

The refurbishing of the Route 3 highway, which was supported by an Asian Development Bank project, has changed the fortunes of Ha Ge and his family.

“Before 2000, we weren't making much money, but today we can make up to 8,000 yuan (\$1,125) a month or more for our tea,” he says. “We've been able to buy a phone, a television, and a motorcycle.”

Ha Ge and his family's story is just one of many. Since the 1980s, the PRC has lifted more than 500 million people out of poverty. In the once impoverished countryside, the number of extremely poor people fell from about 250 million in 1978

to less than 15 million 3 decades later. This was a stunning drop from about 31% of the population to 1.6%.

“The rise of the People's Republic of China is the economic story of our times,” says Asian Development Bank Vice-President Stephen P. Groff.

ADB has been a partner in this effort since 1986 and initial operations focused on building up the country's industrial sector and financial institutions.

BRIDGES TO PROSPERITY

By the 1990s, ADB began supporting major infrastructure projects in the PRC. This included building the iconic Nanpu and Yangpu bridges across the Huangpu River in Shanghai.

When the Nanpu Bridge opened in 1991, it was the country's longest cable-stayed bridge, with a length of 846 meters. The Yangpu Bridge, which opened 2 years later, was 1,178 meters long, setting a world record at the time.

Before the bridges, vehicles used either a slow ferry or one of two congested tunnels to cross the river.

When the bridges opened, Shanghai's Pudong district was a sprawling undeveloped area nearly the size of Singapore. Today, it is one of the world's premier business districts and a driver of economic growth in the southern part of the country. Its success has been linked to these two original bridges that helped jumpstart initial development.

EXTENDING ACCESS TO INFRASTRUCTURE

By 1993, less than a decade after the partnership began, ADB had invested \$1 billion in projects and programs in the PRC. This included the Dalian Water Supply Project, ADB's first in the water sector, which provided clean water to more than 2 million people.

In 1998, ADB and the PRC partnered on the Hebei Roads Development Project and built a 141-kilometer dual four-lane expressway that helped expand the national highway system running from Beijing to Tianjin and on to Shanghai. The project also linked poor towns and villages to the new highway with feeder roads. Employment was increased and poverty lowered all along the new road system.

In the late 1990s, ADB's work in the country increasingly shifted to include the less developed central and western regions. As part of this reorientation, ADB financed the country's first build-operate-transfer project in the water sector. The Chengdu No. 6 Water Plant provided 400,000 cubic meters of water a day to the city and



Buses line up ready for passengers at the bus rapid transit terminal in Yichang City

PEOPLE'S REPUBLIC OF CHINA

brought private sector efficiency and cost savings to the public water supply system.

SUPPORTING GREENER GROWTH

In 2001, ADB's environment, natural resources, and agriculture portfolios began to expand, with the approval of the West Henan Agriculture Development Project, which increased agricultural production and rural incomes, and reduced poverty. The Yellow River Flood Management Sector Project promoted economic growth and increased environmental quality by protecting people and businesses from floods.

In 2004, ADB and the PRC worked together on the Shanxi Coal Mine Methane Development Project, which captured methane gas from coal mines and coal beds and used this gas to generate energy.

The country has been host to some ADB's landmark projects focusing on "green growth"—promoting economic growth that is environmentally sustainable. An example is the 2008 Guangdong Energy Efficiency and Environment Improvement Investment Program, the first large-scale energy efficiency project in the country.

Another example is the Sanjiang Plain Wetlands Protection Project, which integrated watershed management, wetland nature reserve management, alternative livelihood programs, and education.

A DEEPENED RELATIONSHIP

By 2000, ADB had established a Resident Mission in Beijing. ADB has maintained

a close relationship with the government and supported the PRC's participation in regional cooperation efforts, such as the Greater Mekong Subregion and Central Asia Regional Economic Cooperation programs. ADB's partnership with the PRC now has many facets.

The PRC was the first developing country to become both a donor and a recipient of assistance from ADB. By 2005, the country had contributed \$30 million to the Asian Development Fund, which provides assistance to the poorest member countries of ADB. During the same year, it established the \$20 million PRC Regional Cooperation and Poverty Reduction Fund, which is financing projects that reduce poverty and support social development in ADB's developing member countries.

ADB has also supported financial innovation in the PRC. In 2005, ADB and the PRC issued the first local currency bond from an international development institution. One billion yuan in "Panda" bonds were issued in the domestic capital market. ADB also played a critical role in responding to the Wenchuan earthquake, which killed more than 69,000 people in 2008 and left about 8 million homeless. The ADB-supported Emergency Assistance for Wenchuan Earthquake Reconstruction Project provided about \$400 million to respond and help rebuild after the devastation.

In 2010 and 2014, the government asked ADB to provide inputs for the formulation of the country's strategic plans. Through a technical assistance project, ADB helped

prepare the 12th and 13th five-year plans, which are the bases for the PRC's economic development programs.

Today, the partnership continues with a focus on deepening public and private sector operations, sharing knowledge, and encouraging cooperation throughout Asia and the Pacific. ●

- 1 A pupil of Yichang primary school
- 2 ADB's partnership with the PRC seeks to deepen public and private sector operations
- 3 Solar panels power street lamps throughout the city



GOVERNANCE REFORM is helping residents of the southern Philippine island of Mindanao access potable water

GOVERNANCE

GOOD GOVERNANCE FOR FASTER, BETTER PUBLIC SERVICE DELIVERY

The complex concept of governance often boils down to simple things such as the effective and transparent delivery of public services, particularly to the poor. The Asian Development Bank has been at the forefront of promoting this idea across Asia and the Pacific.



If each one of the 7 billion people living in the world today gives no bribe, accepts no bribe, pays the right taxes, shuns any sense of entitlement for government perks, and condemns corruption in any form, national government and local leaders will have no choice but to follow.

—MARIA LEONOR ROBREDO, Vice-President, Philippines

At a local government meeting at Gazipur town in Bangladesh, Maksuda Begum has a point to make.

“The drains in my neighborhood are overflowing,” she says. “We must do something to stop the leaks.”

The mother of two is not a government official. She is a poor resident of the town who runs a sidewalk tea shop and who has a voice on the committee that helps govern the area.

Maksuda Begum’s overflowing drains and her ability to point out the problem to the officials empowered to fix it are examples of the complex concept of governance in action.

In practical terms for many poor people, governance can be simply measured in terms of how effective the government is in delivering basic services, such as water, roads, power, education, and health care.

“Public services are the main—sometimes the only—point of contact that citizens in a poor country have with their government,” says Shikha Jha, principal economist in the Economic Research and Regional Cooperation Department of the Asian Development Bank (ADB).

Good governance is one of the top policy issues across the region. Indeed, as the *Asian Development Outlook 2013 Update: Governance and Public Service Delivery* warns, anything less than good governance is an economy’s vulnerable point that can hobble growth in an otherwise vibrant system.

THE FIRST TO DEVELOP A POLICY

It was during the 1990s that the international development community became focused on improving governance in countries to protect economic and social welfare gains. ADB was a part of this process and in 1995 became the first

GOVERNANCE

multilateral development bank to establish a governance policy. Until then, governance was more of a topic discussed in hushed tones than a rallying cry.

The policy was primarily directed at building strong government agencies that could effectively design and implement development projects and programs. Broadly, the argument went that governments should be accountable and transparent about how they make decisions and conduct their work. Citizens should be able to participate in decision making and feel confident that governments are upholding the laws in a predictable manner. Accountability, transparency, participation, and predictability were the watchwords, as they are today.

Work got under way quickly to turn policy into practice. ADB supported wide-ranging policy, institutional, legal, and regulatory reforms in the public sector aimed at fostering good governance. It also worked to embed features in its projects to strengthen public services delivery and to enhance its support for public procurement. Part of this work included adopting a zero tolerance approach to fraud and corruption in all of ADB's activities. Shortly thereafter, in 1999, ADB created an anticorruption unit, now known as the Office of Anticorruption and Integrity, to implement a new Anticorruption Policy. This involved stamping out irregularities, promoting integrity in ADB's own operations, and assisting countries in their anticorruption efforts.

In parallel, cooperation with civil society organizations increased, including those that play an active role in keeping governments accountable.

In 1999, ADB adopted a new strategy that made poverty reduction the overarching goal of the institution and it pointed to governance—along with pro-poor sustainable economic growth and social development—as one of the three most important factors in creating prosperity.

Meanwhile, work was under way in countries around the region. For instance, in 1999, the Capacity Building for the Ministry of Women's and Veterans' Affairs project helped rebuild a vital government agency in Cambodia that had been decimated during years of conflict. The project successfully trained the staff of the agency to administer its role as an advocate for women throughout Cambodia's government and society.

A DRIVER OF CHANGE

Corruption and inefficient government services have a deleterious effect on inclusive and sustainable development. The promotion of good governance to combat these problems has therefore been recognized as a pillar of engagement in developing countries since ADB began to develop long-term strategic frameworks to guide its overall development work.

The strategies that guide ADB's work recognize that reducing corruption and government inefficiency puts money back into the pockets of the poor and vulnerable.



Border officers at Altynkol Railway Station in Khorgos

ADB projects promote accountability among public officials by building the capacity to deliver more effective public services and undertake complex reforms. ADB also supports oversight mechanisms, helps to measure the performance of public officials, and raise the standard of their service to the public.

In Timor-Leste, Asia's youngest country and a fragile state, a focus on training government officials on how to better improve the lives of people affected by ADB projects has yielded considerable

dividends. It has built the capacity of government officials to manage projects and budgets in adherence to widely accepted good practices, and improve the lives of people affected by ADB projects.

Another important element for good governance is transparency, or the ability of the public to access information about their government. This includes clear guidance on rules, regulations, and decisions. Promoting laws that guarantee citizens' rights to information is a key factor in deterring corruption.

GOVERNANCE

Predictability is also important.

Governments that apply laws and policies in a fair and consistent way offer a legal environment that allows economic and social development to flourish. Fair enforcement of the law and impartial settlement of disputes are fundamental to creating a predictable and reliable social environment. The share of ADB operations addressing these issues has more than doubled from less than 30% in 2003 to 65% in 2015.

NO STRINGS ATTACHED

In the town of Sragen in Indonesia, good governance is not a policy or a strategy for Subakir, a local handyman. For him, it means saving the life of his uncle. Subakir used to have to offer bribes to get dialysis for his uncle, even though he was eligible for help under government programs.

As part of the ADB-supported Sustainable Capacity Building for Decentralization Project, in Central Java, the efficiency and inclusiveness of public services has improved.

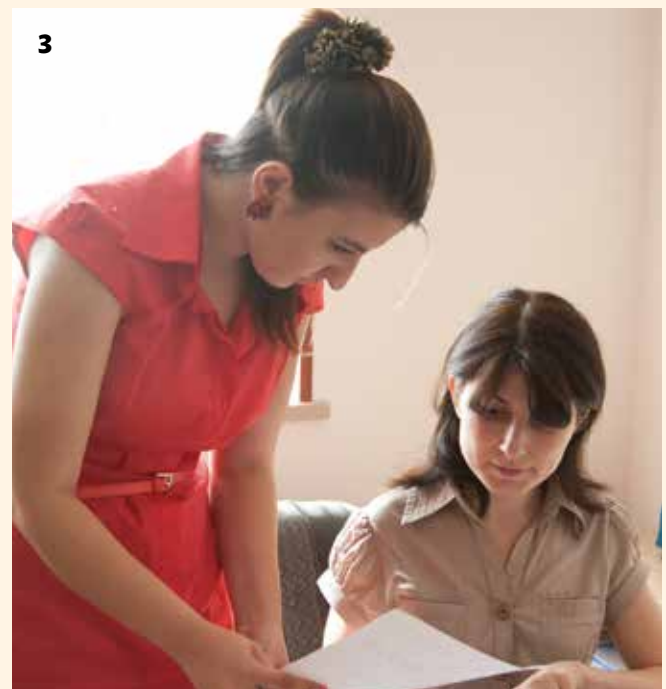
Now, an efficient and transparent government agency authorizes the assistance with no strings attached. “It’s easier and faster, and the people are friendly,” he said.

LOOKING TO THE FUTURE

ADB is committed to doing more in this area of its work, including to help countries achieve the Sustainable Development Goals. The challenge is a big one.

As Maria Leonor Robredo, vice-president of the Philippines said, “If each one of the 7 billion people living in the world today gives no bribe, accepts no bribe, pays the right taxes, shuns any sense of entitlement for government perks, and condemns corruption in any form, national government and local leaders will have no choice but to follow.” ●

- 1 A government officer consulting with women in Sri Lanka
- 2 Community training on mangrove management
- 3 Employees of Azerbaijan Amelioration and Water Management Agency



3



ADB'S PARTNERSHIP with the Cook Islands
initially focused on the pearl industry

COOK ISLANDS

WEATHERING CRISES TOGETHER

The Cook Islands and ADB have found innovative ways to respond to natural and fiscal challenges.



The Cook Islands have enjoyed a productive and long-standing relationship with the Asian Development Bank. We have weathered crises together and in more recent years, our partnership has matured, reflecting our development as a country. We continue to appreciate the flexible approach to our country needs.

—MARK BROWN, Minister of Finance, Cook Islands

The Cook Islands is one of the world's most remote states. Even travel within the country can be arduous and expensive. But the remoteness is also an asset, making the country a largely unspoiled tourist destination. Tourism is the country's leading source of revenue, accounting for about 60% of gross domestic product.

Since the Cook Islands joined the Asian Development Bank (ADB) in 1976, ADB has worked as a partner to build critical infrastructure, helped build resilience, responded to disasters, and supported the government's policy reforms aimed at spurring economic growth and reducing hardship.

STRENGTHENING INFRASTRUCTURE

The Cook Islands relies heavily on maritime imports to support its tourism industry and

for international and domestic trade. This was put in jeopardy in 2005 when a series of cyclones damaged the Avatiu Port, on the island of Rarotonga, which handles 90% of the country's imports.

ADB responded with a \$2.5 million concessional loan that helped repair the port. Most basic services were restored within a few months of the storms. Then, in 2008, ADB supported the Avatiu Port Development Project, valued at \$24 million, to improve the harbor and strengthen the protective breakwater. Completed in 2013, this included climate-proofing features such as the ability to raise the height of the wharf to cope with the half-meter sea level rise expected during its lifetime.

ADB is supporting the Cook Islands to achieve its ambitious target to use

COOK ISLANDS

100% renewable energy. With cofinancing from the Global Environment Facility and the European Union, ADB has mobilized almost \$23 million for solar power in the remote southern islands of Atiu, Mangaia, Mauke, and Mitiaro. The 2 megawatts of new capacity expected to be installed is equivalent to about 15% of the country's total power supply. ADB has also secured funding from the Green Climate Fund to scale up this program through the incorporation of battery power storage technology.

Looking ahead, ADB expects to work with partners to support Cook Islands to connect to a planned new cable between Samoa and French Polynesia. This will dramatically reduce the cost of phone and internet connectivity.

RESPONDING TO SHOCKS AND SUPPORTING THE MOST VULNERABLE

In the early years of the partnership, ADB focused on education and the pearl industry. In 1980, the Cook Islands was one of the first ADB members to receive a multiproject loan, a mechanism to efficiently package small projects, which otherwise would not have met criteria for financing due to their size. That was followed by a loan supporting the Cook Islands Development Bank in 1982.

In the mid-1990s, the Cook Islands faced a fiscal crisis. ADB responded in 1996 with the Economic Restructuring Program, supported by a \$4.8 million loan. ADB acted as an “honest broker” in the restructuring of

the country's debts through this program, which resulted in more favorable lending arrangements with creditors.

Also in the mid-1990s, the ADB-supported Education Development Project helped train 300 teachers in the country's primary and secondary schools. It also repaired and built schools, and provided textbooks and teaching aids to libraries, teachers, and students. The wide-ranging project enabled major reforms and modernization including developing a student assessment system, improving subject curricula, and initiating programs for early childhood education, special education, and distance learning.

In early 2005, the Cook Islands was struck by five major cyclones—all with wind speeds of more than 200 kilometers per hour. ADB partnered with the Government of the Cook Islands in the Cyclone Emergency Assistance Project to help rebuild after the devastating storms, with a particular focus on the tourism industry, the mainstay of the economy. By 2009, visitor arrivals had rebounded, and tourist numbers have continued to climb.

As the 2005 cyclone recovery efforts were bearing fruit, the Cook Islands was hit by another major setback—the global financial crisis of 2007–2008. ADB responded with loans totaling \$16 million for the Economic Recovery Support Program. The program supported higher public spending on rebuilding and rehabilitating social and economic infrastructure, increased assistance to the country's most vulnerable communities, and improved government financial management.





A woman checks on telecommunications equipment

COOK ISLANDS

The downturn highlighted the need for effective social policies to shelter vulnerable households, especially the elderly, from hardship arising from lower remittances, reduced tourism earnings, and frequent and intense natural disasters. The number of vulnerable households had been growing, especially on the outer islands, as migration to urban centers and overseas broke down the traditional informal support systems that ensured care for the elderly.

To respond to this growing crisis, ADB piloted semiformal professional care services for the elderly and disabled to complement the economic recovery and government budget support projects. A grant of \$900,000 funded home care and nursing services, a national consultation on the social welfare review, and the development of a national social protection safety net. One-third of the funds went to trial performance-based schemes to provide home care and nursing services for the elderly and persons with disabilities. Project manager Debbie Ave explains, “Some of our papas and mamas were found to be in an extremely neglected state and left on their own at home. This is why having well-trained, passionate caregivers like those funded by the project is so valuable and important to our communities for the ongoing welfare and care of our elderly and people with disabilities.”

The government sought a \$10 million contingent credit from ADB in 2016, which can be drawn down quickly after a natural disaster to support emergency responses and increase the Cook Islands’ resilience.





This is the first contingent credit line that ADB has offered to any member country. The financing complements the Cook Islands' own efforts to build fiscal buffers and other mechanisms that will help it weather future disasters.

An ADB field office opened in 2012 to support ADB's expanding engagement in the Cook Islands. Looking ahead, the two partners will continue to seek creative and lasting solutions that will strengthen the country's resilience and achieve sustainable development. ●



- 1 Students in a secondary school
- 2 A can recycling facility
- 3 A farm in the Cook Islands



FIJI

FOSTERING RESILIENT DEVELOPMENT

Fiji and the Asian Development Bank are working together to recover from one of the strongest storms on record. It is just the latest effort in a long partnership that has built roads, improved water supply and sanitation, and provided reliable electricity to those who need it most.



WORKERS FORTIFY the roof ballast for a home to ensure it can withstand the elements



The Fijian government appreciates ADB’s continued support in areas of technical, grant, and loan assistance, and of course, the continuing close dialogue that Fiji maintains and enjoys with the ADB Pacific Subregional Office. In particular, ADB has helped improve critical infrastructure and access to basic services for many Fijians. This signals ADB’s ongoing commitment to help Fiji move its development agenda forward and achieve greater, inclusive socioeconomic prosperity.

—MAKERETA KONROTE , Permanent Secretary, Ministry of Economy, Fiji

Fiji joined the Asian Development Bank (ADB) in 1970. Since 1970, ADB has partnered with Fiji on \$506 million in projects and programs designed to encourage economic growth and reduce poverty.

STRENGTHENING TRANSPORT LINKS

During the 1990s, ADB and Fiji worked to rehabilitate the country’s road system, with about 300 kilometers (km) of roadway built since then, including sections of the Kings and Lodonihighways. This work included the Third Road Upgrading (Sector) Project, which ran from 1996 to 2014 and was partly funded by almost \$67 million in ADB loans.

The project rehabilitated about 120 km of roads, upgraded a further 125 km, and improved road safety. It also assisted in establishing the Fiji Roads Authority as the agency responsible for maintaining roads, bridges, and jetties.

A new road in northern Tailevu Province illustrates the impact of good roads, which have brought business, farming, and better education opportunities to a formerly isolated region.

Maika Vunimoli, a villager in rural Fiji, set up an ecolodge with beach bungalows and a restaurant, after he noticed how motorists



Upgrading ports has been one of the first priorities of ADB's partnership with Fiji

traveling with their families down the new road were drawn to the beach beside his house.

The road has benefited the Ratu Kadavulevu School, says Principal Nemani Bale. The road made it easier for students to attend events and activities in the capital and for parents to visit.

The new road is also helping the pineapple farmers in the area to reach buyers in the food market in the nearby town. "With less traveling time and good roads, there's been little need for maintenance on our trucks," says Surendra Singh, a pineapple farmer.

Building on the successes of previous projects, ADB committed \$100 million to

Fiji to further improve the transport network in 2014. This is expected to help improve more than 100 km of roads, and build or repair 30 bridges and 6 jetties.

In the early 2000s, the Fiji Ports Development Project was undertaken to extend the life of Suva Port by 15 years and protect it from earthquakes. The project also expanded the capacity of Lautoka Port and made it more resilient to the effects of natural disasters.

IMPROVING WATER AND SANITATION

A key feature of ADB's partnership with Fiji has been to ensure the inhabitants of some of the country's most densely populated areas have access to regular and safe piped water and an environment-friendly

FIJI

sewerage system. The Suva–Nausori Water Supply and Sewerage Project, which was approved in 2003, expanded water supply and sewage treatment services to about 330,000 people.

The ambitious project also improved the efficiency of urban water and sewerage services through the establishment of the Water Authority of Fiji, and upgraded the Waila and Tamavua water treatment plants and the Kinoya sewage treatment plant. About 50 km of new sewer pipelines were installed as part of the project. This provided sewer access for about 2,500 households.

Over the next 7 years, the project is expected to increase water supply by 40,000 cubic meters, and move the water intake 49 km upstream from the river mouth to reduce increasing saltwater intrusion. Wastewater treatment capacity will be doubled in the main Kinoya facility, and the sewerage network will reach an additional 4,500 households—mostly in poor peri-urban areas.

RESPONDING TO DISASTERS

In 2009, ADB stepped in to assist with the recovery from devastating floods. The Emergency Flood Recovery Project, the Fiji Flood Emergency Response Project, and the Fiji Flood Rehabilitation Project helped the government restore economic and social activities in affected areas to predisaster levels and ensured that new infrastructure would be more resistant to climate change.

When Tropical Cyclone Winston, the second most powerful storm on record, struck Fiji in February 2016, about 62% of the population was adversely affected and losses were estimated at \$1.42 billion — equivalent to 31% of Fiji's gross domestic product. The cyclone damaged 495 schools, 88 health facilities, disrupted basic public services, and destroyed crops and livelihoods. ADB responded with a \$50 million assistance package to help those most in need and rebuild critical infrastructure. ●



- 1 The main bus line in Suva
- 2 The ADB-funded Kings Road project in the outskirts of Suva





SVANETI, MESTIA ADB-financed roads facilitated faster, more comfortable, and safer transport.

GEORGIA

A BRIDGE BETWEEN ASIA AND EUROPE

Georgia and the Asian Development Bank became partners in 2007, and in less than a decade they have worked together to deliver infrastructure and services that benefit all.



ADB is our most responsive and least bureaucratic development partner.

—GIORGI KVIRIKASHVILI, Prime Minister, Georgia

Georgia joined the Asian Development Bank (ADB) in 2007. A year later, external shocks, including an armed conflict slashed economic growth in 2008, from a projected 9% to 2.3%. Foreign investment declined, about 120,000 people were displaced, and 100,000 people lost their jobs. ADB responded with an emergency loan of \$70 million, which the government used to help provide social services and fund basic expenses.

The conflict was exacerbated by the effects of the global economic crisis. ADB responded with two additional programs of \$80 million in 2009 and a further \$100 million in 2010 to help the government sustain funding for essential social services and social protection during the crises.

The \$100 million Social Services Delivery Program initiated in 2010 provided a cushion for the government as the economy improved. A medical insurance program for the poor and the adoption of a landmark law on gender equality were part of the reforms supported.

The program helped ensure equal access to health care and social assistance, and

supported maternity care, family planning, and protection of women's reproductive rights. The government also adopted improved service standards for hospitals, outpatient care, and medical laboratories. In education, about 12,000 teachers received training and at least 50,000 textbooks were made available to schoolchildren below the poverty line.

Despite the challenging environment, Georgia grew its economy. Gross domestic product per capita rose from \$916 in 2003 to \$3,878 in 2016, and gross domestic product growth averaged nearly 6%.

ANCIENT LAND, MODERN PERSPECTIVE

In addition to responding to urgent needs, ADB has helped Georgia upgrade its infrastructure.

The first ADB project in Georgia was the Municipal Services Development Project. The two-phased project provided \$70 million of support for the rehabilitation of roads, water supply, and sanitation systems, with more than 100 subprojects bringing potable water and improved roadways to communities across Georgia.

GEORGIA

The project's emphasis on increasing local revenue and financial management created longer-term value for regional development in Georgia. ADB is also providing technical assistance to help Tbilisi put together a sustainable transport master plan, including improved rail transit

CONNECTING THE REGION

Given its geographic location at the crossroads of Europe and Asia, and past reforms in customs and trade facilitation, Georgia has the potential to develop into an important transit corridor and nodal point for regional trade flows. To help realize this potential, ADB has supported road and energy projects that strengthen connections to neighboring countries and facilitate cross-border trade. This cooperation was enhanced in 2016 when Georgia became a full member of the Central Asia Regional Economic Cooperation (CAREC).

ADB has supported the modernization and expansion of Georgia's East-West Highway, which has enhanced Georgia's positioning

as a logistics hub. ADB and Georgia have also worked together to expand renewable energy resources and upgrade the country's power transmission network. ADB also financed three new substations for the country's grid in 2016 under the \$48 million Regional Power Transmission Enhancement Project. The substations have enhanced the efficiency and stability of Georgia's transmission infrastructure, strengthening the capacity for regional power trade.

Today, ADB is one of Georgia's largest multilateral development partners, with an active portfolio of more than \$2.1 billion in development assistance. ADB's relations with the government are robust, and Georgia's ongoing economic and governance reforms have led it to become an upper middle income country. ●





Urban metro in Tbilisi

PROVIDING RELIABLE electricity in Guwahati

INDIA

PRIORITIES FOR THE NEW MILLENNIUM

India has made remarkable economic progress.
Asian Development Bank projects contributed to that success.





India has been closely associated with ADB since its establishment. We have always extended an unequivocal support to ADB and will continue to do so in future... India and ADB share a productive and beneficial relationship.

—ARUN JAITLEY, Minister of Finance, India

In July 1991, the Indian economy was in crisis. The country's leaders undertook a series of structural reforms to modernize the economy and encourage foreign investment. The results have been remarkable.

Economic growth rates soared and poverty levels fell from 45% in 1984 to 28% in 2005.

A PARTNER IN REFORM

Asian Development Bank (ADB) projects played a role in this transformation. India was a founding member of ADB and is now the fourth-largest shareholder, but operations in the country began only in 1986, when India opted to become a borrowing member.

While ADB's financial assistance may have been small relative to the size of public investment in a large middle-income economy like India, ADB support has made an important contribution to the country's development process.

ADB's work in the 1980s and 1990s mainly supported the government's program of

industrialization, helping to restructure the country's finance sector, and supporting infrastructure development. As part of this effort, ADB financed the construction of roads, railways, ports, and power facilities.

The very first loan to the country, which was approved in 1986, was a \$100 million loan to the Industrial Credit and Investment Corporation of India. The program helped to expand and modernize medium-sized industries, and supported the introduction of new technologies.

India's balance-of-payments crisis, which hit in 1991, precipitated deep structural reforms. ADB's \$300 million Financial Sector Program Loan to India in 1992 infused money into the crippled banking sector and financed wide-ranging reforms that helped develop the finance sector.

TRANSFORMING THE LANDSCAPE

ADB has also sought to assist state governments directly, helping to deepen and spread the reform process across the country.

INDIA

Reform-oriented Gujarat was the first state to negotiate a loan directly from ADB. The \$250 million loan, approved in 1996 for the Gujarat Public Sector Resource Management Program, was the first program loan provided by a multilateral development bank to a subnational government in any ADB developing member country.

The project, designed in conjunction with Gujarat state government officials, directly supported state reforms that aimed to restore fiscal stability, reform public enterprises, and create an enabling environment for public-private partnerships.

The state government of the southwest India state of Karnataka developed and implemented the first ADB-supported urban sector project in India. The slum area of Indiranagar in Karnataka used to have a network of open drains with few toilets and little clean water. Today, the 3,000 residents of the area enjoy electricity, a regulated water supply, low-cost sanitation, underground drains, and wide roads.

“Since the toilets came, there is not just general cleanliness in the slum, the women have a sense of privacy,” says Khizar Pasha, a resident of Indiranagar.

In Rajasthan state, the ADB-supported Rajasthan Urban Infrastructure Development Project, approved in 1998, provided 7 million residents with improved water supply and 3.5 million with upgraded wastewater management facilities.

BUILDING FOR THE FUTURE

In the 2000s, the government identified an urgent need to upgrade infrastructure, so ADB increased the share of transport, urban, and energy projects in its portfolio correspondingly. While most of ADB’s financial support went to infrastructure, the wide-ranging portfolio also included agriculture, water resources management, public resource management and governance, private and finance sector development, education, and health.

The ADB-supported Rural Roads Sector II Investment Program, which has improved roads in the countryside, is one example.

Roads built or improved under the project are helping more people get to a community hospital in Chandanpur, in eastern India. Safe, paved roads that can be used in all weather conditions mean that people who once suffered at home, or died in transit, can now reach modern medical care.

“More and more pregnant women prefer to visit the hospital now to deliver their babies,” says Prakash Chand Mahate, a doctor who works at the center. “This has reduced the maternal and infant mortality rates by up to 25% in the region.”

The 16-bed hospital is doubling in size to handle the influx of new patients. More than 100 patients come to the hospital each day, twice the number in previous years.

“Lives are being saved,” says Prakash. “Ambulances can now reach the villages where there was no road in the past.”





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- 1 Students of the Barbhitha Anchalik School in Merganda, Gumi, Assam
- 2 An embankment project funded by ADB has given the local residents a safe *ghat*, a series of steps leading to a river.
- 3 A school bus transports children from Muhali village to Seypor everyday

INDIA

POWERING INCLUSIVE GROWTH

ADB has been active in the power sector at both the national and state levels. India was ADB's largest borrower for energy projects from 2007 to 2015, accounting for 25% of ADB's total investments in energy projects in Asia and the Pacific.

ADB has supported the expansion and modernization of the national electric transmission system to reduce losses, increase connections, and even out supply and demand mismatches across states and regions. The work has also provided electricity meters to consumers, and helped implement power sector reforms at the state level.

More recently, ADB has increased its funding for low-carbon solutions, renewable energy, and energy efficiency. The \$1 billion Green Energy Corridor and Grid Strengthening Project is installing the latest high-voltage direct current transmission systems technologies to improve efficiency and reduce losses.

ADB's support for solar power programs are also helping break down barriers to more private sector investment, including foreign direct investment, in clean energy infrastructure.

ADB loans of up to \$100 million to ACME Group, India's pioneering private sector solar power developer, will support 200 megawatts of new solar power, much of it in Jodhpur district of Rajasthan state, where solar irradiance levels are among the highest in the country.

ADB's diverse work in India is also supporting energy, transport, and urban development, capital market enhancements, as well as investment reform and jobs for youth. It is addressing vital issues such as climate change, pollution, internet connectivity, and vocational training. Together, ADB and India will work to find effective solutions that deliver sustainable development. ●



Photo by Chris Hoare / CC BY / <https://flic.kr/p/nNMFOj>



Photo by Vinaykumar8687 / CC BY-SA / https://commons.wikimedia.org/wiki/File:4MW_single_axis_horizontal_tracker_in_Vellakoil,_Tamil_Nadu,_India.jpg

- 1 Solar panels in southern India
- 2 Children in Kosi Khurd village in Mathura, Uttar Pradesh studying using a solar set from the ADB-financed Simpa Network
- 3 The newly constructed terminal of Mumbai International Airport funded in part by ADB



KNOWLEDGE

A LONG HISTORY OF SHARING KNOWLEDGE

The growing complexity of development in Asia and the Pacific requires deeper understanding of problems, and knowledge about options for solving them. The Asian Development Bank is bringing knowledge and finance together to help developing member countries find better paths to sustained prosperity.

KM HELPDESK



THE ADB LIBRARY



Today, finance alone is not enough for our client countries, especially for middle-income countries. From my conversations with leaders and ministers, I realize that countries value ADB's cooperation because we combine financing with expertise and knowledge, including the provision of know-how on planning and implementing projects.

—TAKEHIKO NAKAO, President, Asian Development Bank

Some 206 million people in rural areas and 60 million urban residents in Asia and the Pacific still do not have access to safe drinking water. Part of the problem is that local water utility companies are not able to manage and administer piped water supply well.

In 2006, the Asian Development Bank (ADB) started a technical assistance program to match local water operators with peers from companies that had encountered similar problems such as leaks or a lack of bill payment, and help overcome them. The results were encouraging. An expert from Malé Water and Sewerage Company in the Maldives assisted the Thimphu City Corporation in Bhutan to improve service. Experts from Ranhill

Utilities in Malaysia worked with the Davao City Water District in the Philippines. Despite coming from different backgrounds, they were able to share solutions to shared problems. The knowledge that was captured and exchanged through the project had a profound development impact. Knowledge is a pivotal part of the support that ADB offers its developing member countries.

A TRADITION OF SHARING KNOWLEDGE

In the 1960s when agriculture was the mainstay of most economies in the region, ADB quickly undertook an in-depth study of the sector. The findings of the ADB-commissioned Asian Agricultural Survey were released in May 1969, becoming

KNOWLEDGE

ADB's first knowledge product. The first ADB President, Takeshi Watanabe, also commissioned a comprehensive transport survey in the 1970s.

ADB began publishing *Trends in Developing Asia* and *Key Indicators of Developing Asian and Pacific Countries* in 1971 to provide a better appreciation of the economic and financial trends affecting ADB's DMCs.

Two successive oil crises in the late 1970s and recession in early 1980s led ADB to refocus its assistance on developing indigenous energy resources. A regional energy survey enabled countries to deepen their understanding of potential opportunities, and helped ADB to provide more effective assistance to its DMCs. Environment, water, gender, and education also became the subjects of sector reports during this period.

A study of ADB's operational priorities and plans for the 1980s crystallized the idea of ADB taking on the role of a regional resource center. In this role, ADB worked to become a center for new thinking on development issues and strategies in the region.

“We must play a more complex and sophisticated role, combining financial assistance and policy advice on key development issues,” said President Masao Fujioka said during the 1985 Annual Meeting. ADB also intensified its support for research, training, and information exchange within and among its DMCs.

ADB set about building up its analytical capacity so that it could successfully assume this role. The role of the Economics Office was expanded, and more staff were engaged to do economic analysis DMCs. Policy dialogue intensified so that ADB could better understand the needs, aspirations, and problems of its DMCs, and ADB strengthened its long-term research and analysis programs. The Economic Staff Papers series and the *Asian Development Review Journal* were launched in the 1980s.

In keeping with ADB's expanded role as a regional resource center and catalyst for development, ADB began to publish its flagship publication, the *Asian Development Outlook* in 1989. This annual report and its September update provide analysis and assessment of recent trends and prospects for development in ADB's DMCs. ADB works closely with counterparts in its DMCs to gather the underlying data, and to understand the implications of the emerging analysis. Insights from the *Asian Development Outlook* country chapters also serve as starting points for policy dialogue when country partnership strategies are prepared.

The ADB Institute, a Tokyo-based think tank, was established in 1997 to capture and disseminate information and knowledge on development issues that have strategic implications for policy formulation and capacity building in DMCs.

ADB adopted in 2001 its Long-Term Strategic Framework for 2001–2015,





Launch of the seminal *Asian Development Outlook* report

KNOWLEDGE



ADB Vice-President for Knowledge Management and Sustainable Development Bambang Susantono joins UNESCAP Executive Secretary Shamshad Akhtar and UNDP Assistant Secretary General Haoliang Xu to launch the first outputs of a renewed tripartite partnership on the Sustainable Development Goals

which positioned it to become a learning institution and a source of development knowledge in Asia and the Pacific. In 2004, a Knowledge Management Framework was developed that formalized many of the procedures and processes to capture and share the information that developing countries need.

As part of its current long-term strategic plan, Strategy 2020, ADB has recognized that the development and sharing of knowledge is a driver of change in developing countries. It stimulates growth across all sectors and helps bring together broader development assistance efforts. ADB is mandated under Strategy 2020 to develop, mobilize, and apply knowledge solutions from which it will distill and disseminate lessons, and to distribute knowledge in ways that have both an immediate impact and catalytic force to achieve benefits for the poor.

ADB now works to provide “finance++”—a combination of ADB financing, plus resources leveraged through partnerships, plus high-quality knowledge to help developing countries in Asia and the Pacific reach their goals.

“Today, finance alone is not enough for our client countries, especially for middle-income countries,” explained ADB President Takehiko Nakao. “From my conversations

with leaders and ministers, I realize that countries value ADB’s cooperation because we combine financing with expertise and knowledge, including the provision of know-how on planning and implementing projects.”

To deploy the rich expertise that exists across ADB, in 2014, the Bank reorganized its communities of practice into seven sector groups, such as energy and transport; and eight thematic groups, including governance and gender, each led by a technical advisor. These groups work across operations departments, collaborating closely at the earliest stage in the project cycle to support effective projects.

“While maintaining a country focus in our institutional structure, we have adopted a ‘one ADB’ approach to generate, share, and use first-class expertise across the entire bank,” observed President Nakao. This approach requires ADB to act as one to create “stronger, better, and faster knowledge solutions” with all departments of ADB playing an integral part in the knowledge work. ●

INDONESIA

BUILDING BACK BETTER

Indonesia has faced major challenges—including one of the worst natural disasters in recent history—and it has responded with resilience and determination in partnership with the Asian Development Bank.

THIS MOSQUE in Banda Aceh was rebuilt after being devastated by the 2004 tsunami





We thank ADB for being one of the most important development partners with Indonesia. We welcome the ADB's continued prioritization of its knowledge sharing programs. These programs provide the framework for countries to learn from others and share best practices in addressing development issues.

—BAMBANG P.S. BRODJONEGORO, Minister of National Development Planning, Indonesia

In December 2004, severe earthquakes rocked Indonesia, triggering a tsunami that killed more than 160,000 people and obliterated most infrastructure in the province of Aceh. The tsunami destroyed more than 100,000 houses and left half a million survivors in Aceh without shelter.

The Asian Development Bank (ADB) responded by providing more than \$382 million to Indonesia from the \$600 million Asian Tsunami Fund. Importantly, it moved the administration of the program to the frontlines of the affected area, so it could respond quickly to local needs.

After the disaster struck, housing was a priority for the half a million survivors in Aceh. In addition, roads and bridges were impassable, and power and other utilities had been destroyed. Despite

the massive scale and complexity of the undertaking, ADB's work in those difficult days contributed to a return to normalcy for many residents and improvements in their lives.

"These ADB houses are still very sound. It's 8 years now since they were constructed," said survivor Zahrul Fuady of the 8,500 new homes built with ADB support after the disaster. He noted that government services and even landscaping in the area were improved during the reconstruction.

A \$20 million grant from ADB for new irrigation channels also helped rehabilitate 50,000 hectares of farmland on the northern Aceh coast. As Aceh's Provincial Agriculture Development Officer Kharril Hadi explains: "The new irrigation channels

INDONESIA

have helped a lot. We now have two crops of rice per year, and production per hectare has doubled from 4 tons to 8 tons. This has really helped increase rural incomes.”

As part of the project, nearly 20,000 houses were reconstructed, 600 kilometers of national roads restored, 1,600 kilometers of irrigation channels built, 677 schools rehabilitated, and 8,000 new wells dug in the province. ADB also funded eight power supply and distribution projects.

SCALING UP AGRICULTURE

The strong collaboration on a reconstruction built on a longstanding partnership Indonesia was a founding member of ADB and a close partner for nearly 4 decades. When the relationship began, Indonesia was primarily an agriculture-based country and that is where ADB’s work was initially focused.

In August 1967, ADB approved its first-ever technical assistance project, the \$80,000 Foodgrain Production project. The relatively modest project to improve food production and availability in Indonesia turned out to have important long-term results. The project triggered ADB’s early support for rice intensification, which contributed to Indonesia’s green revolution. Later cooperation helped Indonesia adopt high-yielding varieties of paddy rice, transforming food production in the country.

Rice yields rose from just over 1 ton per hectare in the 1960s to more than 3.5 tons per hectare by the end of the 1970s, and

poverty, which had been concentrated in the rural areas, fell from two-thirds to one-third of the population in the same decade.

The Tajum Irrigation Project, which was approved in 1969, contributed to this effort. The project was ADB’s first loan to Indonesia and the first loan to focus on agriculture infrastructure.

During the 1970s, Indonesia broadened its partnership with ADB and became its largest borrower.

Although ADB remained active in agriculture, the work moved off the farm in the 1980s and into energy, urban infrastructure, and education. For example, the Small Towns Water Supply Sector Project, approved in 1980, provided access to clean, piped water to more than 500,000 people in 33 towns across the country.

RISING FROM ADVERSITY

From 1990 to 1996, Indonesia’s gross domestic product grew by 7%–9% per year and the country was considered as one of Asia’s emerging tigers. In 1997, after the onset of the Asian financial crisis, however, the economy deteriorated and poverty worsened.

Bankruptcy hit many in the banking and corporate sectors, and social development indicators fell. The country was able to regain social, macroeconomic, and political stability, and in 2003 graduated from the program set up by the International Monetary Fund to assist countries hit





- 1 Mangroves being rehabilitated along the coast of Aceh.
- 2 Dusk falls over the Sudirman-Subroto intersection in Jakarta

INDONESIA

hard by the crisis. ADB's work at this time focused on finance sector reform and resilience.

Today, Indonesia is the largest economy in Southeast Asia and the 16th-largest economy in the world.

ADB has also played an active role as catalyst, coordinator, and knowledge leader of regional cooperation and integration. It has been involved in the Indonesia–Malaysia–Thailand Growth Triangle subregional program, which aims to stimulate economic development in the less-developed states and provinces in the three countries. It also advises the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area subregional program, launched in 1994 to accelerate economic development by increasing increase trade, tourism, and investment in areas far from the national capitals.

Now that Indonesia has built stronger systems and capacity, ADB's assistance has adjusted to reflect the complex development needs of a rapidly evolving middle-income country. Today, ADB is helping to improve infrastructure and environmental sustainability, strengthen economic governance, and develop human resources. ●





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- 1 A rehabilitated bridge in the city of Banda Aceh funded by ADB
- 2 Children in a low-cost housing village built through the ADB Neighborhood Upgrading and Shelter Sector project in Bau Bau, Southwest Sulawesi
- 3 Jakarta's bus rapid transit system offers passengers a much-needed alternative in traversing the city's traffic-choked streets.
- 4 A farmer from Bojong Village near Yogyakarta



3

THE RAMSTORE ARCH BRIDGE spans the Ishim River in Astana.

KAZAKHSTAN

PURSUING PROSPERITY

After declaring independence in 1991, Kazakhstan catapulted to upper-middle-income status in less than 2 decades. The Asian Development Bank has remained a steady partner in supporting this progress.



Your efforts in promoting strong and sustainable economic growth, controlling the environmental impact, improving the lives of the population globally cannot be underestimated.

—ERBOLAT DOSSAEV, Minister of National Economy, Kazakhstan

In Kazakhstan, a single congested and dangerous road had become a bottleneck to the country's ambitious plans to expand trade with Europe and Asia via the Caspian Sea.

An estimated 30 million tons of cargo are transported across the Caspian Sea each year, with more than one-third of it transiting the international port in the Kazakhstan city of Aktau. The city sits in Mangystau region, which is the source of most of the country's oil and minerals, and acts as a regional hub for transporting oil to Asia and Europe.

Traditionally, a portion of this cargo traveled over gravel or dirt roads in Mangystau region, or over highways that were partially paved with severely deteriorated and impassable sections. The road from Aktau to Beyneu region, which links the international port to the main road system in central Kazakhstan, has been in poor condition for many years.

As part of a regional transport development project, the Asian Development Bank (ADB) has helped rebuild the Aktau–Beyneu road. The road is one link in a broader initiative, organized under the Central Asia Regional Economic Cooperation (CAREC) program, which seeks to make it easier to transport goods and people through Central Asia to Europe, the Russian Federation, the People's Republic of China (PRC), and other parts of Asia.

Helping to open up the Caspian Sea to more trade from Kazakhstan was just one initiative in a partnership that has included more than \$4.9 billion in investments across sectors, including agriculture, education, finance, irrigation, and water supply and sanitation.

ADB's work with Kazakhstan began in 1994 after the collapse of the Soviet Union and the country's declaration of independence in 1991. As it did throughout Central Asia, ADB helped Kazakhstan transition from a centrally planned economy to a more modern, free-market system.

KAZAKHSTAN

In one of the early projects in which ADB and Kazakhstan partnered, outdated irrigation and water drainage systems were improved to increase yield crops. The Water Resources Management and Land Improvement Project, which began in 1997, helped build drainage wells and water channels, and used computer models to maximize the impact of water use. The results were higher yields of cotton and alfalfa for export, and a more rapid decrease in poverty in the project area.

In the late 1990s, Kazakhstan also joined CAREC in an effort to transform from a landlocked economy to a “land-linked” one that is connected to its neighbors and beyond. ADB helped build critical roads, and also assisted with trade facilitation and logistics development in order to use those links effectively to benefit the economy and create jobs.

ADB has supported a 2,700-kilometer road linking the PRC to Europe through Kazakhstan. ADB contributed to this megaproject by providing funding for the reconstruction of a 470-kilometer road section in Zhambyl region, which borders the Kyrgyz Republic.

Rustam Niyazov, a truck driver on one of the country’s smooth new highways, says: “We are happy with the road. I wish that all roads in Kazakhstan were like this one. It’s good for drivers and for the trucks, of course.”

With a new ADB office opened in Kazakhstan in 1998, the two partners were





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- 1 Altynkol Railway Station in Khorgos (Kazakhstan–People's Republic of China Border Zone)
- 2 A worker in a juice plant outside Almaty
- 3 Panorama of the sea port in Aktau



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KAZAKHSTAN



3





poised in the early 2000s to pursue the country's evolving economic and social development goals. As a middle-income country, it faced the challenge of avoiding economic stagnation.

During the early 2000s, Kazakhstan's prosperity resulted in a reduced need for development financing, so ADB worked to support the government's efforts to sustain a high economic growth rate, promote environment-friendly development, catalyze the private sector, facilitate regional cooperation and integration with Central Asia.

The global economic crisis in 2007 and 2008 set Kazakhstan back and prompted the government to seek external financing once again. ADB responded with a \$500 million loan package to help the government cover critical expenses, support

road improvements, and encourage private sector development, especially small and medium-sized businesses.

Under ADB's \$500 million Small and Medium Enterprise Investment Program, more than 1,500 businesses have received financing. Improved access to finance has helped drive investment, increase employment, and generate income for small and medium-sized enterprises, particularly those located in regions outside Astana and Almaty, and those operated by women entrepreneurs.

Diversifying the economy is a priority for Kazakhstan. Knowledge and experience exchange can help the country achieve more equitable and sustainable growth. New partnerships to this end are getting underway. ●



- 1 A locomotive assembly plant in Astana
- 2 A man selling dried fruits, nuts, and delicacies at the green market in Almaty
- 3 A cellular communication, internet and television support tower



THE PENANG BUS RAPID TRANSIT system is providing low-carbon solutions for Malaysia.

CLIMATE CHANGE

ADDRESSING ASIA'S CHANGING CLIMATE

Over the last 2 decades, the Asian Development Bank has deepened its efforts to combat climate change in Asia and the Pacific. Today, that work is being dramatically scaled up.



We have the means, the imagination, and the human ingenuity to solve the climate change problem and avoid further irreparable harm as long as we act now and together. It requires strong leadership and the adoption of innovative approaches, and the promotion of low-carbon development.

—TAKEHIKO NAKAO, President, Asian Development Bank

Asia and the Pacific could be facing a grim future. Rising sea levels are damaging coastal cities and their infrastructure, while more frequent and intense storms, floods, and drought are causing crop failure, damaging habitats, and destroying livelihoods. In many places, agricultural land is being eroded, fresh water supplies are under threat, and warming oceans are harming marine life. The region's poor bear the brunt of these climate change impacts, and are least able to contend with food and water shortages, outbreaks of disease, and higher prices.

However, this is not inevitable.

As Asian Development Bank (ADB) President Takehiko Nakao said, “We have the means, the imagination, and the human ingenuity to solve the climate change problem and avoid further irreparable

harm as long as we act now and together. It requires strong leadership and the adoption of innovative approaches, and the promotion of low-carbon development.”

ACTION FOR A CHANGING REGION

ADB has been taking action on climate change for more than 2 decades, setting up sources of financing and tapping others, delivering innovative and effective investments, and helping developing member countries better understand the impacts of climate change and how to reduce them.

In the 1990s, as concern about climate change grew, ADB began to explore ways to mitigate its impacts. A major landmark in that effort was the Asia Least-Cost Greenhouse Gas Abatement Strategy Project, in 1995–1998, which produced the first authoritative inventory of greenhouse

CLIMATE CHANGE

gas (GHG) sources and sinks in 12 countries. It also developed portfolios of GHG abatement projects.

Following the Kyoto Protocol agreement on GHG emissions reduction in 1997, ADB began to step up its climate change activities. ADB established the Clean Energy Financing Partnership Facility (2007) and the ADB Climate Change Fund (2008) to provide grant financing for climate change projects. It also established two carbon funds under ADB's Carbon Market Program—the Asia Pacific Carbon Fund (2007) and the Future Carbon Fund (2009)—to provide upfront financing for investments in GHG mitigation.

In 2008, climate change was recognized as an important area of operation as part of environmentally sustainable growth in ADB's Strategy 2020, and in 2009, ADB's new Energy Policy set a clean-energy investment target of \$2 billion per year by 2013. This target was reached 2 years ahead of schedule as climate change mitigation through investment in clean energy became a major focus of ADB operations. Energy efficiency and climate change mitigation through sustainable transport and urban development were also growing areas of ADB's portfolio. The midterm review of Strategy 2030 reinforced the need to address climate change as a priority.

ADB's work on climate change adaptation grew from the recognition that ADB's Pacific developing member countries were acutely vulnerable. ADB initiated Pacific-wide work to mainstream climate change



- 1 The 73-megawatt Lopburi solar power plant in central Thailand is one of the largest solar photovoltaic facilities in the world
- 2 A house built on stilts in Bintan, Indonesia to cope with changing water levels





adaptation, developing in 2009 ADB's Climate Change Implementation Plan for the Pacific. This launched ADB's push to climate-proof infrastructure investments that might be affected by climate change. By 2014, ADB had mainstreamed climate risk screening in its project development cycle. Climate change adaptation work now extends to strengthening developing member countries' adaptation planning, and integrating climate change adaptation and disaster risk management more firmly into ADB investments.

CHANGING CLIMATE, DEEPER COMMITMENT

Today, ADB is helping to address climate change in some capacity in nearly every country it works with in the region.

In Uzbekistan, ADB is promoting energy efficiency through the Advanced Electricity Metering Project, which will install an advanced electricity metering system with modern, accurate revenue meters for about 1 million residential and commercial entity customers in three regions. The system will allow every unit of power consumed to be accounted for. This will allow users to monitor their energy consumption, and reduce use and losses where possible, including through the adoption of more efficient technologies. Although this technology is new to the region, its use is spreading quickly, and by 2020, 65% of smart meters worldwide are expected to be in Asia and the Pacific.

In Hohhot, capital of the Inner Mongolia Autonomous Region of the People's Republic



CLIMATE CHANGE

of China, an ADB-supported project is introducing a first-of-its-kind low-carbon and low-emissions heating system using natural gas and the region's plentiful wind power. The project will replace inefficient and polluting coal-fired boilers with low-emission natural gas boilers and zero-emission wind-based boilers, resulting in cheaper, more reliable heating and less-polluted air. The project aims to develop a business model that can be replicated across the country's cold northern provinces.

In Bangladesh, the Khulna Water Supply Project is providing climate-proofing measures to help withstand the threats of sea-level rise, saltwater intrusion, flash floods, and increased cyclonic activity. Bangladesh is highly vulnerable to climate change because of its extensive low-lying deltas, inadequate infrastructure, and dependence on natural resources.

In the Philippines in 2016, ADB backed the issuance of the first project-level Climate Bond in Asia and the Pacific. The bond provided credit enhancement—an alternative to bank financing—to the Philippine firm AP Renewables for the acquisition and refurbishment, and operation and maintenance of the Tiwi and Makiling-Banahaw geothermal energy facilities in Luzon. The bond issuance was a landmark for capital market development and climate finance and underscores ADB's commitment to crowding-in private sector climate finance.

ADB's 14 Pacific developing member countries have some of the highest

exposures to climate change and disasters, and for many small island states, climate change is an existential issue. ADB is leading the shift to renewable energy in the region and helping countries improve energy efficiency. At the same time, it is expanding its work on disaster risk management, and raising more financing build resilience.

In 2017, for example, ADB and the Government of Tonga launched Tonga's first Climate Change Trust Fund, which will enhance capacity for nationwide climate actions in Tonga by providing a sustainable funding mechanism for climate adaptation and mitigation projects.

SCALING UP FINANCE

Work on addressing climate change in the region is expected to increase with the implementation of the landmark deal reached at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change held in December 2015 in Paris, France. Under the deal, 195 countries agreed to cut GHG emissions to limit the rise in the global average temperature to below 2 degrees compared with preindustrial levels.

In response to the Paris Agreement, ADB support for climate action reached record levels in 2016. It approved \$3.7 billion in climate finance investments that year, with climate finance from ADB's own sources reaching \$2.65 billion for climate mitigation and \$1.08 billion for climate adaptation. Including financing from external sources, as well as scaling up its own funding, ADB is helping countries





access international climate finance. ADB was one of the first multilateral organizations accredited to provide finance from the Green Climate Fund—one of the United Nations Framework Convention on Climate Change’s two main entities under its financing mechanism—to the region.

In September 2015, ADB announced that it would double its annual climate financing to \$6 billion by 2020, up from \$3 billion. By the end of the decade, ADB’s investments in addressing climate change will rise to about 30% of its overall financing.

Most of this funding—about \$4 billion—will be invested in projects and programs that support renewable energy, energy efficiency, sustainable transport, and building smart cities. The remaining funding will be for adaptation, including investments in resilient infrastructure, climate-smart agriculture, and preparation for climate-related disasters.

ADB is developing a climate change operational framework that will spell out ADB’s future directions on climate change during 2017–2030 and will feed into ADB’s new long-term corporate strategy. ●

- 1 A technician in the Department of Energy in Manila, Philippines tests compact fluorescent bulbs
- 2 An ADB-funded seawall and upgraded wharf on Dhidhdhoo Island in the Maldives

AT DAYBREAK at a lagoon near
Tangintebu village in South Tarawa

KIRIBATI

IMPROVING LIVES THROUGH BETTER CONNECTIONS

Kiribati and the Asian Development Bank have worked together to build some of the country's most iconic transport infrastructure.



Fifty years of partnership with ADB is monumental to Kiribati. It has seen milestone achievements that have impacted significantly on our quality of life and overall development.

The partnership continues to support and complement Kiribati's development efforts moving forward. Our relationship with ADB over these past 50 years has been one based on mutual trust and respect, and this is the foundation of the success of our development cooperation with ADB.

—TEUEA TOATU, Minister of Finance and Economic Development, Kiribati

The most important road in Kiribati, which joined the airport with the main seaport and passed through one of the country's most densely populated areas, used to be in very poor condition.

In 2010, the Asian Development Bank (ADB) and other development organizations partnered with Kiribati to improve the situation. The result was the largest infrastructure investment in the country since World War II. The Kiribati Road Rehabilitation Project, rehabilitated more than 30 kilometers of critical roads, including the segment connecting the

seaport of Betio and the airport on the atoll of South Tarawa.

The road is the only transport route on the atoll of South Tarawa and is vital to the lives of the entire population. The project also installed footpaths, speed bumps, street lighting, and road signs to improve safety. Training and jobs are being provided for women and men participating in road maintenance microenterprises, resulting in a boost in incomes for local communities.

The new road is an important link in the transport network of one of the most

KIRIBATI

remote and geographically dispersed countries on the planet. In Kiribati, the entire population lives on 20 coral atolls spread over 3.5 million square kilometers of ocean. More than 56,000 people, or about half of the population, live in the capital, South Tarawa, which has an area of only 16 square kilometers.

IMPROVING LIVES THROUGH STRONGER PARTNERSHIP

The country's small economy relies heavily on imports, even for basic commodities such as food and fuel. Most of the government's revenue comes from license fees paid by distant fishing countries, remittances sent home from Kiribati citizens living and working abroad, and investment income. Since 1974, ADB and Kiribati have been working together to on a wide range of initiatives.

The first joint project, in 1976, helped build the causeway between two key atolls, Betio and Bairiki. The causeway still provides the only land link between the two population centers.

In the 1980s, ADB supported rehabilitation of the Betio shipyard and improvements to the power distribution system in Tarawa. In the late 1990s, ADB provided assistance on sanitation, public health, and better environmental management. This included restructuring the Public Utilities Board, which enabled it to provide sustained water supply, sanitation, and solid waste management, and carry out conservation work.



ADB is supporting the improvement of other infrastructure enterprises as well by providing assistance to strengthen corporate governance and sharpen the commercial focus of state-owned enterprises. These reforms are intended to help achieve sustainability in Kiribati.

“Fifty years of partnership with ADB is monumental to Kiribati,” said Teuea Toatu, minister of finance and economic Development, Kiribati. “It has seen milestone achievements that have impacted significantly on our quality of life and overall





development. Our relationship with ADB has been one based on mutual trust and respect, and this is the foundation of the success of our development cooperation with ADB.”

Since the ADB partnership began, Kiribati has benefited from more than \$73 million in loans, grants, and technical assistance projects. The partnership will continue to support and complement Kiribati’s efforts to promote economic opportunity by improving public financial management and delivering sustainable infrastructure services. ●



- 1 Tarawa atoll
- 2 A villager preparing to cast his net at Bikeman Islet in South Tarawa

THE DOLON PASS

KYRGYZ REPUBLIC

A REVIVAL ALONG THE SILK ROAD

The Kyrgyz Republic and the Asian Development Bank have worked through a series of challenges to chart a course toward a brighter future for the country.





Throughout the years of cooperation, the Asian Development Bank has been and remains as a reliable partner of the Kyrgyz Republic in the implementation of the most important projects for the country.

—SOORONBAY JEENBEKOV, Prime Minister, Kyrgyz Republic

In the mid-2000s, poor people who needed medicine in the Kyrgyz Republic could get a government subsidy to help cover the cost. That was helpful for people in cities, but in rural areas, there were few pharmacies to provide the subsidized medicines.

To address the problem, the government worked with the Asian Development Bank (ADB) to offer incentives to private companies to open pharmacies in remote areas. The government provided free rent while the program provided financing for the initial supply of essential drugs, equipment, and training. Though the pharmacies had to sell essential medicines at government-regulated prices, they were able to sell other medicines, toiletries, and sundries to make a profit.

The result: the number of pharmacies doubled in the 12 poor districts where the program was run, giving 90% of the people in these areas access to basic medicines at affordable prices. Before the program, less

than one-third of the people living in the 12 districts could get those vital medicines.

The program is an example of the partnership and innovation that the Kyrgyz Republic and ADB have fostered since the relationship began in 1994.

Not long after the Kyrgyz Republic joined ADB, the country faced a fiscal crisis related to the collapse of its long-time benefactor, the former Soviet Union. ADB's first loan to the Kyrgyz Republic helped to stabilize the country's financial system and undertake difficult reforms leading to the development of a market-based economy.

In addition to helping the country's economic transition, ADB worked in the 1990s to use the Kyrgyz Republic's strategic location to its benefit. Work began to develop trade and transport along the historic Silk Road, which once linked Europe and Asia. In 1997, the country joined the regional cooperation group that eventually

KYRGYZ REPUBLIC

became the Central Asia Regional Economic Cooperation (CAREC) program.

By the 2000s, ADB had opened a field office in the country to intensify the work being done. The focus was on reducing poverty through private sector-led economic growth and human development, including training and education.

The country made remarkable progress, almost halving the national poverty rate from 56.4% 2001 to 32.1% in 2015.

NEW CHALLENGES

In the late 2000s, the country faced an unusually harsh winter followed by the effects of the global economic crisis. Economic growth and poverty reduction stalled as a result.

ADB supported a range of initiatives to drive economic growth and keep people from sliding back into poverty. This included projects and programs in transport and communication, agriculture and natural resources, education, private sector development, regional cooperation, and environmental sustainability.

This included rehabilitation of the Bishkek–Osh road, the main road connecting the north and the south of the country, and upgrading the Bishkek–Torugart road, which serves as the main route linking the Kyrgyz Republic with the People’s Republic of China. Both road corridors are important parts of the CAREC program and are helping reduce the country’s isolation by





1

connecting people within the country and region, and generating regional trade and economic activities along the route. Poor rural communities, especially those in the south of the country where many ethnic minorities live, also benefited.

Another landmark ADB project involved the rehabilitation of the largest and most important power plant in the country. The 1,200-megawatt Toktogul hydroelectric power plant, which is critical to the national and regional power supply, is being refurbished as part of a \$275 million loan and grant package. The project is making the country's power supply and distribution system safer and more efficient, and is helping to educate the public about the reforms under way in the power sector. Once completed, the revitalized plant will contribute to energy security in the mountainous country, fueling the country's economic growth in the future.



2

In recent years, ADB has also assisted with reforming legal and regulatory frameworks, improving the business environment, promoting public-private partnerships, and expanding access to finance for small and medium-sized enterprises, including those led by women.

“Throughout the years of cooperation,” says Sooronbay Jeenbekov, Prime Minister of the Kyrgyz Republic, “the Asian Development Bank has been and remains as a reliable partner of the Kyrgyz Republic in the implementation of the most important projects for the country.”

- 1 A road built through the Central Asia Regional Economic Cooperation Transport Corridor Bishkek–Naryn–Torugart Project
- 2 Students attending vocational school in Karakol
- 3 ADB has supported the government to provide quality education through the Community-Based Early Childhood Development Project

KYRGYZ REPUBLIC

1



Looking to the future, Candice P. McDeigan, country director for the Kyrgyz Republic Resident Mission, says, “ADB and the Kyrgyz Republic will continue to improve the investment climate, enhance human capital, build basic infrastructure, and strengthen ties with neighboring countries. Additional improvements in the business environment will enable the entrepreneurial talent of the private sector to drive growth and build further prosperity.” ●

- 1 A clinic providing maternal care supported by ADB’s Reducing Neonatal Mortality Project
- 2 ADB has helped rehabilitate hundreds of schools through the Community-Based Early Childhood Development Project



2

LAO PEOPLE'S DEMOCRATIC REPUBLIC

CHANGE IN THE HEART OF THE MEKONG REGION

Thirty years ago, the Lao People's Democratic Republic decided to make sweeping changes to its economy and society. The Asian Development Bank joined the effort with projects that have responded to the country's changing needs.



CHILDREN at the Ban Palai elementary school in Paklai District



ADB has continually played a major role in our region, which has shown tremendous success and also has deep-rooted problems, from widespread poverty to environmental degradation and rising inequality.

—THIPPHAKONE CHANTHAVONGSA, Vice-Minister of Finance,
Lao People's Democratic Republic

Regional cooperation is vital for countries throughout Asia, but for the Lao People's Democratic Republic (Lao PDR), it is even more vital. The country is situated in the heart of the Greater Mekong Subregion, bordering all five other countries: Cambodia, the People's Republic of China, Myanmar, Thailand, and Viet Nam.

The Asian Development Bank (ADB), which acts as the secretariat for the Greater Mekong Subregion Economic Cooperation Program, has helped the Lao PDR become more connected to its neighbors and the rest of the world. This has involved work on transport and electricity, and had a major effect on trade, tourism, and job creation in the country.

A HISTORY OF RESPONSIVENESS

ADB has partnered with the Lao PDR since 1966. The partnership started slowly and grew steadily—ADB financed 12 projects during 1970–1990.

ADB's engagement deepened in 1986 when the Lao PDR began a process of radically transforming the economy, from one that was centrally planned to a market-based system. To support this transformation, ADB extended an assistance package that helped craft policies and build basic infrastructure needed to drive a modernizing economy.

ADB has been involved in the Lao PDR's road sector since 1983, but work ramped up in the 1990s after the government identified land transport as a key building block to taking the economy to the next level. ADB had already developed extensive institutional experience in the transport sector and was able to put forward a package of projects.

A 1991 national transport study noted that a modern road connecting Xieng Khouang Province, in the northeast of the country, to the Viet Nam border could benefit impoverished communities in the area and

LAO PEOPLE'S DEMOCRATIC REPUBLIC

throughout the country by helping to open up regional trade.

ADB responded with the Xieng Khouang Road Improvement Project, which built nearly 300 kilometers of roads throughout the province, created jobs and income opportunities, and reduced poverty in the area.

A BOOMING ECONOMY

By the 2000s, the country's economic transition was in full swing. Economic growth was strong—gross domestic product rose by about 7% per year during 2000–2009—but growth was based primarily on hydropower and mining. The government and ADB recognized that greater economic diversity was needed. Initiatives were taken to promote wider private sector activity.

Despite the narrow economic base, prosperity was spreading and poverty was falling. The percentage of people living below the national poverty line fell from 39% in the late 1990s to 23% in 2013.

During these years, the economy was evolving. People were moving away from a subsistence lifestyle in rural areas and migrating to towns and cities.

The Vientiane Urban Infrastructure and Services Project responded to the challenges of rapid urbanization with a series of measures to improve public services and infrastructure for the poor in Vientiane, the country's capital and largest city. This included new roads and drainage





1

- 1 A view of Nongping Village
- 2 A coffee farmer in Pak Xong
- 3 An organic vegetable farmer in Boung Phao village



2

LAO PEOPLE'S DEMOCRATIC REPUBLIC

systems that resulted in drastic reductions in waterborne illnesses among the city's poor.

In July 2001, ADB opened a field office in Vientiane to provide more resources and greater focus for the work being done in the country. To reach the poor most effectively, agriculture, natural resources, and rural development have been the core of this work.

ADB helped build a new airport terminal, control tower, and 1,600-meter runway to allow larger planes and more passengers to use the Luang Namtha Airport. The 26-kilometer access road to Kwangsi Falls, a tourist destination, was also upgraded, halving travel time from nearby Luang Prabang.

In Lao PDR, rural areas remain home to the vast majority of the country's population, including many ethnic groups, and these areas also have the highest poverty levels. Even after years of rural-to-urban migration, more than 70% of the population still depends on agriculture.

In response, ADB has financed a series of inclusive rural development projects, initially with poverty reduction and food security as the priority. Today, the focus is on agricultural commercialization, rural economic development, and natural resource conservation.

Thipphakone Chanthavongsa, vice-minister of finance of the Lao PDR, recognized the value of this work in her country and throughout the region, in a recent speech.

"ADB has continually played a major role in our region, which has shown tremendous success and also has deep-rooted problems, from widespread poverty to environmental degradation and rising inequality," she said. ●





- 1 Cooling systems training at a Champasack TVET Institution
- 2 Mahaxay substation
- 3 Border checkpoint on the Lao PDR side of the Mekong River
- 4 Patuxay arch in central Vientiane
- 5 Resettlement village in Feung District



NIGHTTIME TRAFFIC streams past historic buildings on Jalan Kampong Pantai in Melaka

MALAYSIA

A HISTORIC PARTNERSHIP LOOKS TO THE FUTURE

Malaysia's work with the Asian Development Bank has experienced a renaissance in recent years, focusing on a sophisticated partnership that will help bring the country to the next stage of development.



Malaysia remains steadfast and supportive toward the role that ADB plays and is looking forward to working closely with ADB and member countries [to] combat poverty by promoting inclusive growth in the region.

—JOHARI ABDUL GHANI, Minister of Finance II, Malaysia

In the Malaysian state of Melaka, historic neighborhoods are being nurtured. The culture and history of Melaka are being protected, and the area made more livable.

The Melaka River has been transformed from a polluted drainage canal into a tourist attraction and enjoyable green space for residents. The state is also developing solar power and other renewable energy projects that are designed to keep the air clean for future generations.

The Asian Development Bank (ADB) and the Melaka state government are leading regional efforts to cooperate in sustainable urban development under the Subregional Cooperation Program of the Indonesia–Malaysia–Thailand Growth Triangle Green Cities Initiative. Under the initiative, the cities of Melaka, Medan, Batam, Songkhla, and Hat Yai have developed Green Cities Action Plans. The initiative has been so successful that it was replicated in other cities in the region.

When ADB first began working with Malaysia in 1966, the country relied on natural resources and poverty was prevalent. Back then, the country sought financing and expertise to build basic infrastructure and deliver social services. About half of the population of Peninsular Malaysia, the country's most prosperous area, living in poverty. In rural areas around the country, the figure was even higher, at about 59%. Today, Malaysia is an upper-middle-income country with a vibrant manufacturing sector that is working to take its economy and society to the next level of development.

SPARKING THE ECONOMY

When the ADB-supported Sarawak Electricity Supply Project was approved in 1969, countries around Asia were seeking to develop energy projects to drive their economies. The \$3.1 million loan was ADB's first ever in the energy sector, and it has had a lasting impact.

MALAYSIA

The project built power plants in the cities of Kuching, Miri, and Sibul and introduced a modern transmission system, which led to the creation of jobs and opportunities around the state of Sarawak.

The Malaysian economy was able to grow quickly through the 1960s and 1970s due to exports of commodities such as rubber, tin, palm oil, and petroleum, combined with a government-led focus on industrialization.

In the mid-1980s, however, the global recession took its toll and, as was the case in many countries across Asia, the government worked to make structural adjustments in the economy. The manufacturing and services sectors expanding rapidly and gross domestic product growth rising to almost 10% in the 1990s.

It was during this period that ADB undertook what would become its largest intervention in the health sector in any country in Asia for the next 10 years. With a loan of \$105 million approved in October 1989, the Third Health (Sector) Project helped the Government of Malaysia strengthen and upgrade the delivery of health services throughout the country. This included improvement of mother and child health services, and after the project was implemented, women began visiting the antenatal clinics of health centers more often.

By 1997, ADB had implemented 75 projects totaling nearly \$2 billion in the country. The government largely stopped borrowing from multilaterals after the Asian financial crisis in the late 1990s, but Malaysia remained an active member of ADB.



- 1 Lush greenery covers Lake Titiwangsa
- 2 A teacher conducts a class for students of Thai Hong Primary School in Johor Bahru.
- 3 The Kuala Lumpur monorail line opened in 2003 and serves 11 stations across 8.6 kms over the city
- 4 Nurses at the children's ward of the Mahkota Medical Center in Melaka



MALAYSIA

The partnership has recently been revitalized. In 2011, ADB and Malaysia forged a new interim country partnership strategy that supports regional cooperation and integration, public–private partnerships, and knowledge sharing. ADB is entering a new and more sophisticated partnership with Malaysia that can help the region sustain and advance its development gains.

“Malaysia remains steadfast and supportive towards the role that ADB plays and is looking forward to working closely with ADB and member countries [to] combat poverty by promoting inclusive growth in the region,” said Johari Abdul Ghani, minister of finance II of Malaysia. ●

- 1 The Kuala Lumpur skyline
- 2 A traditional trishaw in Melaka





A WOMAN joins a computer class at the Institut Teknologi Bandung in Indonesia

GENDER

ASIA'S GREATEST POTENTIAL CAN BE FOUND IN ITS WOMEN AND GIRLS

The Asian Development Bank recognized women needed opportunities to learn, work, contribute and earn, or the potential of half of the region would not be maximized. This understanding has evolved into policies that leverage the potential of women to benefit society as a whole.



More women's rights means more human rights, mean more rights for men, and a better, happy world for all of us.

—AUNG SAN SUU KYI, State Counsellor and Union Minister for Foreign Affairs, Myanmar

Although women make up about 50% of the population in many countries in Asia and the Pacific, their ability to participate in all aspects of society is often limited due to discrimination, societal restrictions, and a lack of access to education and job opportunities.

Consider these facts.

By one estimate, \$12 trillion could be added to global gross domestic product by 2025 by advancing women's equality.

In developing Asia, only 49% of women of working age participate in the labor force compared with 80% of men. Further, a woman in developing Asia is paid only 77% that of her male counterpart, on average.

Only about 10% of women in the region own land, and this makes it difficult for them to borrow money to start a business. The region also has far to go to reach gender parity in the boardroom and Parliament: women occupy only 6% of seats on corporate boards and only 18% of seats in Parliament.

These disparities must be eliminated for Asia and the Pacific to reach its full potential.

AN EVOLVING POLICY

Since it was founded in 1966, the Asian Development Bank (ADB) has recognized that to reduce poverty rates, helping women and girls must be a priority in its work. In 1985, ADB adopted its first official policy on the topic—the Policy on the Role of Women in Development, which encouraged projects that targeted improving the well-being and empowerment of women. It also advocated projects with a gender component to ensure that women share in the benefits of development.

In 1998, the policy was expanded to incorporate gender considerations into all aspects of ADB's work, with a focus on health, education, agriculture, natural resource management, and financial services—especially microcredit. This strategy entailed including gender considerations in projects starting from initial consultations and design, and running through to final evaluation.

GENDER

ADB's commitment to gender equality was further enhanced in 2008 with the approval of Strategy 2020, which identified gender equity as one of the five "drivers of change" that will be stressed in all ADB operations.

AN UNUSUAL PLUMBER

The results of ADB's work to help women and girls can be felt around Asia and the Pacific. In Nepal, it can be seen in the work of Sumitra Shrestha.

As a master plumber, she can often be found supervising men on construction sites. Women plumbers are rare in Nepal and senior women plumbers are even more scarce. Shrestha is an exception, but other women plumbers are following her example.

"Some clients ask me, 'Can a woman do this kind of work? Can you handle this?'" she said. "I tell them, 'Just watch me work. Talk to my former clients. If you see how I work, you won't be worried.'"

As a single mother supporting a young son on her earnings as a weaver, Shrestha used to struggle to make enough money to keep him fed. When she heard about a program that offered training for women to learn how to be plumbers, she wanted to know more.

"I had not heard of a woman plumber before," she said. "I thought, 'Why don't I take this challenge?'"

"You have to be willing to work hard to be a plumber and it can be dangerous working on construction sites," she said.





“But it is skilled labor, the pay is good, and the work is secure—there is always a need for plumbers.”

Shrestha is a graduate of one of several training institutes supported by ADB’s Skills for Employment Project, which helped women and disadvantaged people in society, including *Dalits*, or low-caste individuals, learn in-demand skills.

She now earns five times more than she did as a weaver, and can afford to send her son to a good school.

THE BEST INVESTMENT

The first primary education project ADB supported was also ADB’s first loan that exclusively targeted women. The Primary Education (Girls) Sector Project in Pakistan was approved in 1989, at a time when the literacy rate among women in the country was 15%—and just 4% in rural areas—among the lowest in the world. Due to a lack of girls’ schools in many areas, only one-third of girls attended school and more than half dropped out before completing 5 years of schooling.

Besides improving school access and the quality of the learning environment, the project’s major contribution was its sociocultural impact: mostly illiterate rural people, who put a premium on girls’ work at home or in the fields, more readily accepted girls’ education.

Since then, ADB has supported many more projects to bring more girls into classrooms and keep them learning for longer.

- 1 A dental clinic in Bishkek, Kyrgyz Republic
- 2 A female driver for the Nepal Electricity Authority and trained through the ADB-assisted Skills for Employment Project
- 3 Workers at the Fujian Jinxi Tea plantation in the People’s Republic of China



GENDER

In the Lao People's Democratic Republic, ADB's work in gender equality was felt by Yen Fo, a young girl who desperately wanted to go to school but could not because her mother did not have the money.

Yen Fo's father died and she was being supported by her mother, who worked as a day laborer to support Yen Fo and her two sisters. The young girl was given the chance to attend school by a village outreach program that sought out the poorest children in the area and helped them obtain what they needed to enroll. The program was part of the ADB-supported Second Education Quality Improvement Project.

Now that Yen Fo has been given the chance for an education, she is making the most of the opportunity. One of the school administrators commended Yen Fo, saying, "she has a perfect attendance record."

Traditional gender bias meant that other daughters risked being pulled out of school when a family's income falls so that sons can continue their education. Community awareness programs supported under the project tackled this issue by helping villagers understand that school attendance was mandatory for both boys and girls, and that assistance was available for those who needed it.

"This situation of pulling girls out of school has changed," says Sinsay Phengleu, the principal of a Paxang village primary school in the north of the country. "Now, all children go to school. There is no difference between boys and girls." ●



1 The finance manager of the Franjiti Shipping company, supported by the ADB co-financed domestic maritime support project

2 Residents of Shampa Nagar in Kolkata show their new housing leases



VAKARUFALHI ISLAND

THE MALDIVES

OVERCOMING CHALLENGES TOGETHER

From helping to create the country's first university to lighting up the outer islands, the Maldives and the Asian Development Bank have spent the better part of 4 decades finding solutions to overcome development challenges together.



ADB has been our friend, counsel, and partner in development, and I take this opportunity to share our deep appreciation to ADB for its continued efforts toward the economic growth of the country and the region.

—ABDULLA JIHAD, former Minister of Finance and Treasury, Maldives

For decades, there were few options in the Maldives for people who wanted to obtain a college degree. Standards were inconsistent, degree courses were not offered. Only a small number of the most promising scholars were able to obtain government scholarships to study abroad.

The government was committed to addressing the problem. This challenge led to the first education initiative of the Asian Development Bank (ADB) in the Maldives: the Postsecondary Education Development Project.

The project, which ran from 1999 to 2007, paved the way for the Maldives Qualifications Authority, which enabled the private sector to offer government-recognized courses and led to the creation of six private colleges. The project also helped develop courses of an international standard, and provided overseas scholarships to talented teachers to improve their skills.

The project produced a renaissance in postsecondary education in the Maldives and led to the establishment of the first university in the country, the Maldives National University, in February 2011.

“People now have confidence in higher education,” says Hussain Haleem, former deputy vice-chancellor of the Maldives National University. “We have the ability to run courses of international standard.”

SUBSTANTIAL BENEFITS OF GREATER CONNECTIVITY

Launched in 2007, the Domestic Maritime Transport Project helped people access markets and social services, and contributed to economic growth. After project completion of the project, cargo and passenger volumes increased, as did sales in nearby markets.

“The vessel turnaround time has vastly improved,” said Abdul Nasir Mohamed, deputy director general of the Maldives

THE MALDIVES

Transport Authority. “Before, they had to queue for a week to 10 days; now it has been brought down to about 5 days or less. This also means cost reductions for the boat owners, because there are shorter waiting times for the crew they hire.”

These projects are part of a nearly 4-decade partnership between the Maldives and ADB. Since 1978, ADB has worked with the Maldives to overcome the restraints of being an isolated island country with limited resources.

A GIANT DISASTER HITS A SMALL COUNTRY

In 2004, the Indian Ocean earthquake and tsunami dealt a powerful blow to the Maldives. Nearly a third of the population was severely affected, and 39 islands were significantly damaged. Thousands of people lost their livelihoods and nearly 62% of the country’s gross domestic product—about \$470 million—was lost in a matter of hours.

ADB responded to the disaster by contributing \$18.13 million under the Tsunami Emergency Assistance Project. As part of the project, infrastructure in these areas was rebuilt to be of higher quality, to be more resilient, and to meet more demanding environmental standards. This included work on transport, power, agriculture, fisheries, and water and sanitation.

The project included rebuilding the harbor on Dhidhdhoo Island, which now provides better service than it did before the disaster. Six island power systems were rebuilt

and upgraded and now provide reliable electricity. On Guraidhoo Island, a new sewer system is protecting groundwater and improving public health. About \$800,000 was disbursed to 600 fishers, and hundreds of others received training and kits with basic equipment that helped restore their livelihoods.

Despite the challenges and setbacks, the Maldives has maintained a strong economy. The country achieved a gross domestic product growth rate of 9% or more through most of the 1970s and 1980s, and reached 16.2% in 1990. Growth has since moderated, but a strong, expanding economy has been a hallmark of the country’s progress.

“ADB has been our friend, counsel, and partner in development, and I take this opportunity to share our deep appreciation to ADB for its continued efforts toward the economic growth of the country and the region,” says Abdulla Jihad, former minister of finance and treasury of the Government of the Maldives. ●



- 1 ADB-funded power generation sets
- 2 A girl from Baarah Island
- 3 An ADB-funded sewage treatment facility
- 4 An upgraded concrete wharf in Dhidhdhoo Island funded by ADB

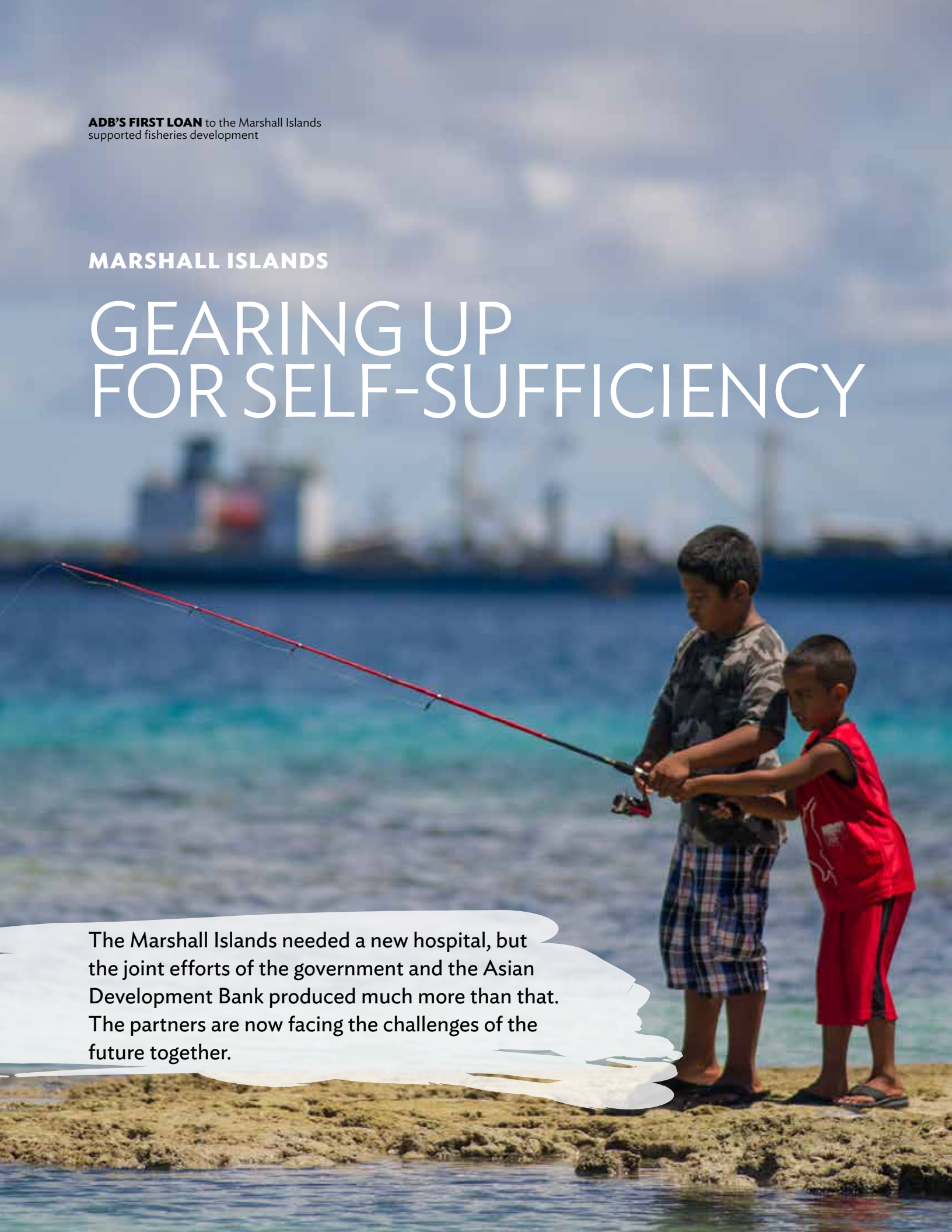


ADB'S FIRST LOAN to the Marshall Islands supported fisheries development

MARSHALL ISLANDS

GEARING UP FOR SELF-SUFFICIENCY

The Marshall Islands needed a new hospital, but the joint efforts of the government and the Asian Development Bank produced much more than that. The partners are now facing the challenges of the future together.





...together forge new levels of understanding, together create and broaden the horizon of our vision, and together cement an enduring common purpose. I believe this is the meaning of a true and abiding partnership.

—CHRISTOPHER LOEAK, President, Marshall Islands

On the atoll of Ebeye, where about 20% of the population of the Marshall Islands lives, life was difficult in the 1990s. A new hospital was urgently needed for the 11,000 people living on the atoll, but operating the hospital would require a reliable supply of power and water, and a modern sanitation system, which the small island lacked.

The Asian Development Bank (ADB) and the Government of the Marshall Islands took an integrated approach to solving the problem that acknowledged the interrelationship between health, sanitation, and hygiene.

The Ebeye Health and Infrastructure Project, which was approved in 1999, rebuilt the atoll's hospital, provided reliable water and sanitation, and upgraded power generation and distribution to the whole island. ADB contributed almost \$9 million to the eventual \$10.7 million project cost.

The project benefited the people of Ebeye by improving health care provision and living conditions, reducing the quality-of-life disparity between Ebeye and the main urban center, Majuro.

The availability of safe water resulted in a lower incidence of waterborne diseases, and fewer visits to hospitals and clinics. Children's truancy rates dropped once they no longer needed to fetch water, and women had more time to engage in productive activities. An assured supply of electricity and water also meant fewer class disruptions as well. Fully equipped hospital operating rooms and qualified doctors enabled more medical procedures to be carried out on the island and improved the level of postoperative care.

The Marshall Islands is among the 10 smallest states in the world, and it struggles with the challenges of a dispersed

MARSHALL ISLANDS

population and a remote location far from potential markets for the country's goods.

ADB's first loan to the Marshall Islands was in 1991. ADB invested \$3.4 million in the Fisheries Development Project, which helped develop the country's most important natural resource and economic asset. From there, the work expanded in the 1990s to projects in education, health, and water supply. ADB also supported the Public Sector Reform Program, which helped stabilize government finances, ensure the sustainability of efficiency gains, and improve the environment for private sector activities.

During 2004–2009, loans and grants were suspended, but the country continued to benefit from technical assistance to improve the business environment. Loans resumed in 2010 after the government caught up with its repayments, and ADB and the government continued their work on one of the greatest challenges facing the Marshall Islands: to successfully achieve long-term fiscal self-sufficiency.

Much of the country's revenue in the last few decades has come from grants linked to a Compact of Free Association with the United States, an economic and security agreement that is set to be phased out by 2023. The reduction of incoming revenue from the Compact grants puts pressure on the government's ability to deliver vital basic services.

In 2009, the government began several initiatives to promote macroeconomic stability and sustainable growth. A new Public Sector Program, approved by ADB in 2010, aimed to improve the government's fiscal discipline, increase tax revenues, improve the performance of selected state-owned enterprises, and ensure effective stakeholder participation in public sector reform initiatives.

One of the program's major milestones was the implementation of a comprehensive recovery plan for the Marshalls Energy Company, which was struggling to keep the country's lights on. ADB loan funds were used to restructure the company's debt, and the savings were used to refurbish a generator, which resulted in higher electricity output and lower fuel usage.

Planned assistance in the future will focus on quality basic education, public financial management, outer islands transport, and strategic planning for renewable energy investments. ADB's work today is designed to improve the country's infrastructure and support a more self-sufficient Marshall Islands. ●





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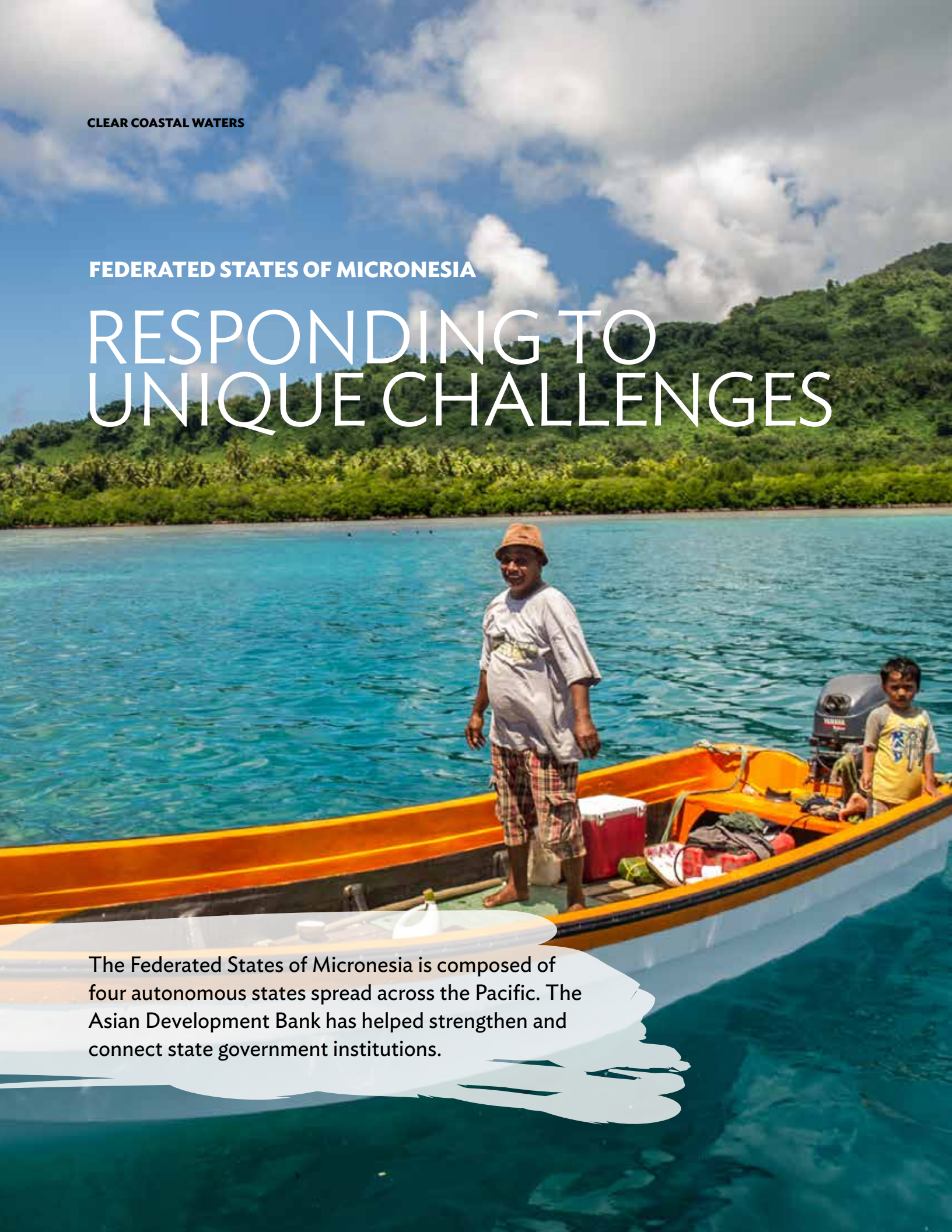
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- 1 An artisan supplies her work to the Happy Hands handicraft store in Majuro
- 2 Primary school students
- 3 A water supply and sanitation facility in Ebeye

CLEAR COASTAL WATERS

FEDERATED STATES OF MICRONESIA

RESPONDING TO UNIQUE CHALLENGES

A photograph of a man and a child on a yellow motorboat in clear blue water. The man is standing in the center of the boat, wearing a white t-shirt, plaid shorts, and a brown hat. The child is sitting at the back of the boat, wearing a yellow t-shirt. The boat has a red cooler and other gear on board. The background shows a lush green coastline under a blue sky with white clouds.

The Federated States of Micronesia is composed of four autonomous states spread across the Pacific. The Asian Development Bank has helped strengthen and connect state government institutions.



ADB’s assistance—in collaboration with the United States Government through the Compact of Free Association, under the Omnibus Infrastructure Development Project and the Weno Water Supply Well Remediation Project—has significantly contributed to improved electricity, water, and sewerage services in Weno.

—ELISEUS AKAPITO, Director of Planning for Chuuk State, Federated States of Micronesia

The Federated States of Micronesia (FSM) is unique. It is a country spread over four autonomous island states—Chuuk, Kosrae, Pohnpei, and Yap—in the northwestern Pacific Ocean. Each state has its own constitution, elected legislature, and governor, and largely manages public service provisions.

A complex decision-making process, rooted in the political structure and geographical distance between the states, makes it difficult to coordinate and gain consensus on national reforms and programs. This has hampered effective use of development partner funds, despite the country’s high dependence on development assistance.

The Asian Development Bank (ADB) has responded to these challenges by supporting good governance and

focusing on economic management and accountability. ADB and the FSM are also working together to promote development of the country’s production potential and to encourage private sector involvement in the economy.

In the mid-2000s, ADB and the FSM began one of their most comprehensive and longstanding projects. The Omnibus Infrastructure Development Project, approved in 2004, has helped address sanitation, water, and power needs in Chuuk, Kosrae, Pohnpei, and Yap. As part of the project, Weno Island in Chuuk was connected to 24-hour power supply and the sewerage system in Kolonia, Pohnpei was rehabilitated. The communities of Utwe in Kosrae as well as those of Maap, Tomil, and Gagil in Yap were also given improved access to clean water.

FEDERATED STATES OF MICRONESIA

The \$4.68 million Yap Renewable Energy Development Project, approved in 2013, helped reduce Yap's dependency on imported diesel through the development of renewable energy sources and greater energy efficiency in the electricity grid. The project also supported efforts to increase the effectiveness of the Yap power agency.

INNOVATION FOR EDUCATION

Historically, Pacific island countries uphold oral traditions more than reading and writing. Assessments of North Pacific island primary students have shown that their reading and mathematics proficiencies were below Pacific regional benchmarks.

ADB and the FSM also partnered on the use of an innovative new education tool to boost literacy and numeracy development. The 2012 Quality Primary Education in the North Pacific Project piloted an Early Grade Learning Assessment instrument at eight schools in Kosrae and Pohnpei states with very positive results. ADB expects to scale up this approach to more schools across the country under a new comprehensive education grant.

“Unlike typical standardized tests, the Early Grade Learning Assessment is a diagnostic tool that gives us detailed information on student performance weaknesses, which can be addressed through targeted teacher training and learning resources,” says Chimi Thonden, ADB Pacific Department education specialist. “Confronting these obstacles to learning in the early grades is critical to enabling more students to succeed through their school career.”

The Early Grade Learning Assessment tool incorporates a one-on-one student assessment system that provides detailed data on where students are in literacy and numeracy at grades 3 and 5. It is also the only bilingual assessment instrument in the Pacific.





Data generated by the tool is also used to train teachers and increase collaboration between administrators, teachers, and students. The results of schools in the pilot project show that the percentage of proficient to advanced readers increased by an average of 21%, while advanced numeracy was up by 19%.

Today, ADB and the FSM are focusing on building the country's economy as it prepares for the reduction in external assistance provided by a long-standing agreement with the United States, called the Compact of Free Association. The emphasis is on improving government finances and boosting economic growth, with work also geared to promoting renewable energy. ●



- 1 A clinic in Chuuk State
- 2 Sewage treatment facility in Pohnpei
- 3 Schoolchildren in Chuuk State

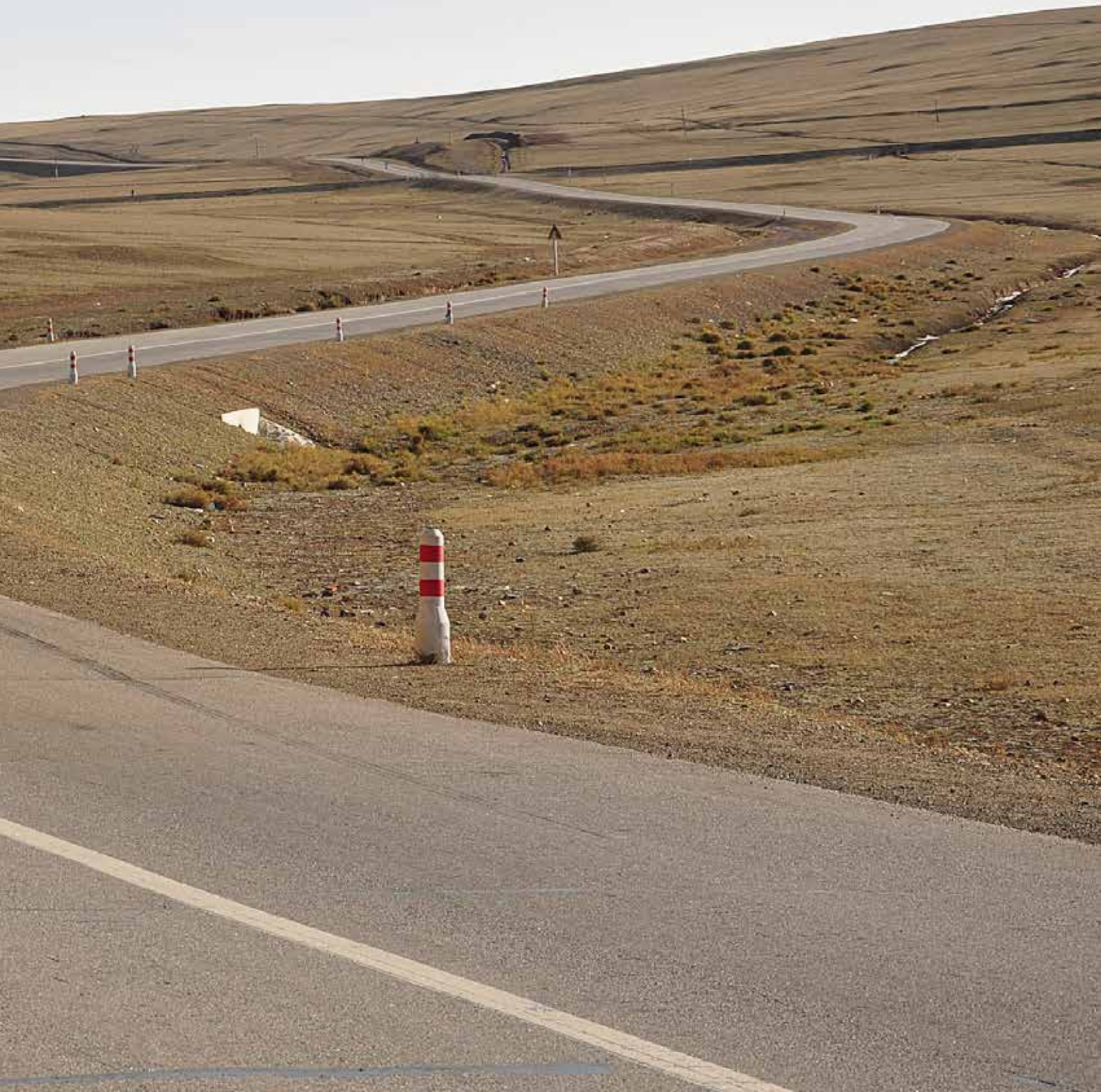
MONGOLIA

SIMPLE SOLUTIONS IN MODERN TIMES



Mongolia began revamping its economy and society in the early 1990s and the Asian Development Bank was an early, trusted partner in this effort. The work continues today.

A ROAD linking Mongolia and the
People's Republic of China





There will be many challenges ahead in implementing the Sustainable Development Goals and the need for both infrastructure development and affordable energy still remain as major challenges in the emerging markets. We believe as we take on these challenges, ADB will continue to play an important role and take necessary measures to support us in the most efficient and effective manner it sees fit.

—BOLOR BAYARBAATAR, former Minister of Finance, Mongolia

At Sainshand School No. 2, in Mongolia's Gobi Desert, students once struggled with 50-year-old science books. Teachers tried to explain complicated biology—such as the placement of internal organs—using drawings on a blackboard. That has changed in recent years and the school now has large, detailed posters as well as scale models of human and animal biology.

“These exhibits make it much easier to understand our lessons,” says Tuvshinjargal, a 15-year-old ninth grader. “I really like the displays of the internal biology of animals. It's hard to imagine these things just by reading. Now I can touch the internal organs in the exhibits and I understand what is happening inside the animals.”

The transition to a more modern classroom, which was facilitated by the Asian Development Bank (ADB)-supported Third Education Development Project, is just one example of the changes, both large and small, that Mongolia and ADB have undertaken together since their partnership began in 1991.

In the early 1990s, the Mongolian economy was based primarily on mining and animal husbandry, and used outdated technology to manufacture products that were not competitive internationally.

ADB helped modernize many aspects of the economy and society by investing \$505 million in 29 projects in Mongolia

during 1991–2001. This involved work in agriculture, education, energy, finance, health, industry, telecommunications, transport, and urban development.

SIMPLE SOLUTIONS

Mongolia benefitted from periods of rapid economic growth and began to make progress on lowering poverty levels before the country was hit by the growth-slowing Asian financial crisis of the late 1990s.

The crisis and frigid winters drove many Mongolians who were accustomed to a rural lifestyle into the country's cities. Many migrants from the countryside moved into *ger* (traditional tent) settlement areas of the city, which are home to many of the country's poor. These informal settlements began in the 1990s, and grew considerably in the 2000s. The population of the capital city of Ulaanbaatar alone more than

doubled from about 660,000 in 1998 to almost 1.4 million by 2015. Since 2010, the city has become home to nearly half of Mongolia's people, making Ulaanbaatar one of Asia's most crowded cities in its most sparsely populated country. As a result, the financing and management systems for cities across the country were overwhelmed.

ADB responded to this urgent problem with a variety of initiatives, including the Integrated Development of Basic Urban Services in Provincial Towns Project. Approved in 2002, the project helped provide clean water and sanitation services to nearly 150,000 people.

In southern Mongolia, providing access to clean water is not always a simple matter. *Gers*, used by nomadic people, can be moved from one place to another, so piped water is not always the best option. Water



Homes in Mongolia

MONGOLIA

kiosks turned out to be a better solution. As nomadic families come and go, access to clean, inexpensive water remains.

For Orgoo Luvsansharav, a welder living in a *ger* community in southern Mongolia, the water kiosk is more than just a convenience. He works in the neighboring town, away from his family for much of the time. So when he is home, he wants to spend as much time as possible with them.

“It just takes a few minutes to get enough water to last my family for the week,” he says. “I don’t have to spend half my day waiting in line.”

As Mongolia’s fast-growing economy continued to modernize in the 2000s, the government recognized the need to upgrade the country’s road system. In the early 2000s, only about 12% of the country’s roads were paved and a barely functional road network impeded economic development.

The ADB-supported Regional Road Development Project, approved in 2004, sought to help address this problem by constructing a 427-kilometer paved road between the town of Choir in Mongolia and the border with the People’s Republic of China (PRC). The project sought to promote cross-border trade and improve road safety at the same time.

By the time the project was completed, traders were moving their goods faster, more safely, and at lower cost along the road. Vehicular traffic increased and the local

economy improved, which in turn helped create jobs. A similar investment through the Western Regional Roads Corridor Investment Program is connecting Ulaanbayshint on the Mongolia–Russian Federation border to Yarant on the Mongolia–PRC border. The western regional road is built under the umbrella of the Central Asia Regional Economic Cooperation program.

In the late 2000s, ADB helped Mongolia recover from a series of severe winters, called *dzuds*. The *dzud* of 2009–2010 killed about 17% of the country’s livestock, the main source of livelihood for people in rural areas. ADB helped herders by improving the delivery of social and health-care services in *dzud*-affected areas. In 2016, ADB approved a \$2 million grant from its Asia Pacific Disaster Response Fund as part of a broader emergency response to yet another severe winter. The grant is part of ADB’s long-standing commitment to help Mongolia deal with the effects of *dzud* and the threat of food shortage that it causes.

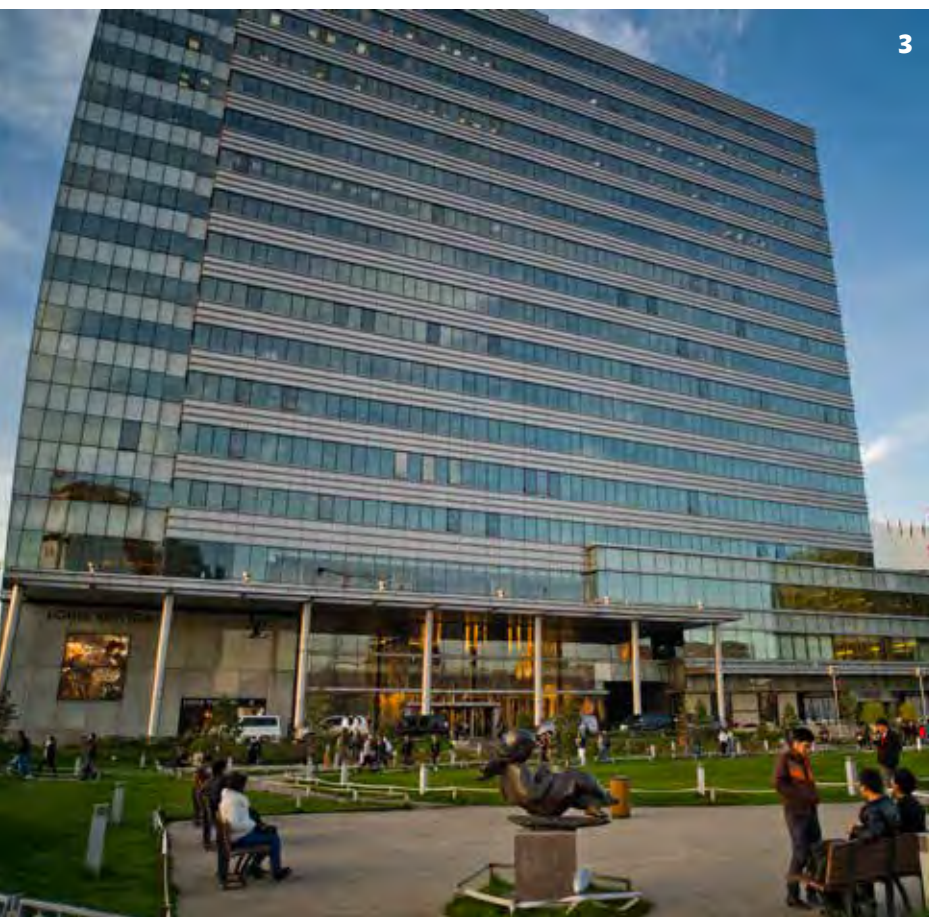
ADB has also worked to develop value chains for Mongolia’s livestock-based products, including cashmere, wool, leather, meat, and dairy products. This has helped Mongolian agribusiness companies create about 2,000 jobs.

Today, ADB works across a broad range of areas, including power, heating, renewable energy, water, education, health, and municipal infrastructure. There is also a renewed focus on working with the private sector and promoting environmentally friendly policies.

“There will be many challenges ahead in implementing the Sustainable Development Goals and the need for both infrastructure development and affordable energy still remain as major challenges in the emerging markets,” said Bolor Bayarbaatar, former minister of finance for the Government of Mongolia. “We believe as we take on these challenges, ADB will continue to play an important role and take necessary measures to support us in the most efficient and effective manner it sees fit.” ●



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- 1 A traditional Mongolian family
- 2 A doctor examines a patient in a health clinic
- 3 A park in Ulaanbaatar

THE HELIX BRIDGE in Singapore

GRADUATED DEVELOPING MEMBER COUNTRIES

ASIA'S SOARING ECONOMIES

The list of graduates of ADB's development assistance reflects how ADB responded to its members' diverse needs at varying stages of development.



In these 50 years, Asia has evolved from the region where poverty was predominant to a dynamic growth center of the world.

—TAKEHIKO NAKAO, President, Asian Development Bank

They are drivers of economic growth in Asia and they are among the world's most successful economies: Brunei Darussalam; Hong Kong, China; the Republic of Korea; Singapore; and Taipei, China.

They are also all graduates of the development assistance programs of the Asian Development Bank (ADB). The dramatic transformation of these economies—from mostly poor and rural 50 years ago to highly developed today—tells the story of some of ADB's most dynamic work in the region.

“In these 50 years, Asia has evolved from the region where poverty was predominant to a dynamic growth center of the world,” said ADB President Takehiko Nakao.

BRUNEI DARUSSALAM

Brunei Darussalam joined ADB in 2006, and the first initiative of the partnership was a technical assistance project in 2008 that helped develop the country's capital market and modernized payment and settlement systems. ADB has also been active in supporting the Brunei Darussalam–Indonesia–Malaysia–Philippines East

ASEAN (Association of Southeast Asian Nations) Growth Area subregional cooperation program.

In 2016, Brunei Darussalam was classified as a graduated developing member country (DMC) of ADB. Its per capita gross domestic product (GDP) rose from \$1,236 in 1966 to \$30,555 in 2015—among the highest in the world. Extreme poverty has been eradicated, and most indicators of social and human development are above regional averages.

Although the economy of Brunei Darussalam is based primarily on energy resources and needs to diversify, its macroeconomic indicators are sound and it is usually able to draw on its own resources to finance its development agenda.

HONG KONG, CHINA

Hong Kong, China became a member of ADB in 1969 at a time when its per capita GDP was \$826. ADB launched its first project in Hong Kong, China in 1972 with a \$21.5 million loan to extract fresh water from the ocean through desalting.

GRADUATED DEVELOPING MEMBER COUNTRIES

Work continued in the 1970s with projects to upgrade sewerage treatment, develop urban housing, and improve the Sha Tin Hospital–Polyclinic—one of ADB’s first loans to the health sector. In 1980, an urban development project in Sha Tin was the last ADB loan to Hong Kong, China.

In 1999, Hong Kong, China was classified as a graduated DMC of ADB. Since then, it has contributed more than \$900 million to ADB’s operations, helping DMCs in the region. By 2015, people in Hong Kong, China had a per capita GDP of more than \$42,328—a dramatic rise from \$686 in 1966 for one of the world’s most dynamic economies.

THE REPUBLIC OF KOREA

The Republic of Korea was a founding member of ADB in 1966, and in 1968, ADB approved the first loan to the country. A \$6.8 million investment was made to finance the Seoul–Inchon Expressway, a 30-kilometer, four-lane toll road that linked the capital city to the country’s main seaport.

In the late 1990s, the country was severely affected by the Asian financial crisis and ADB responded with the largest loan in the institution’s history. The \$4 billion Financial Sector Program Loan was processed in record time due to the urgency of the crisis. The loan, along with emergency assistance provided by other organizations, was instrumental in helping the Republic of Korea emerge from the crisis.



Photo by Nan-Cheng Tsai / CC BY-ND / <https://flic.kr/p/bvVvDy>





The program loan and other official development assistance (ODA) provided by ADB and other organizations have been critical to the long-term economic development and success of the Republic of Korea, according to Joong-Kyung Choi, the country's former minister of knowledge economy.

“Development assistance played a very, very important role for Korea’s economic success,” he said. “At the early stage of Korea’s economic development, the economy had no money to finance its development plans so it needed ODA. ODA was a very essential element for Korea’s economic success and should be a critical element for other economies as well.”

Since graduating from ADB’s developing member program, the Republic of Korea has contributed about \$8 billion to support ADB’s work. The per capita GDP of the country grew from \$129 in 1966 to \$27,222 in 2015.



- 1 Changi International Airport in Singapore
- 2 A view from the Yongsan station in the Republic of Korea

SINGAPORE

In 1969, 3 years after Singapore joined ADB as a founding member, ADB extended a loan to the Development Bank of Singapore for onlending to its borrowers engaged in industrial, manufacturing, and business activities in the country.

In 1970, ADB’s first education sector loan helped expand Ngee Ann Technical College, which still thrives today as Ngee Ann Polytechnic. That same year, ADB also financed the Singapore International Airport Development project to upgrade the

GRADUATED DEVELOPING MEMBER COUNTRIES

Paya Lebar airport, which was the country's only commercial airport at that time. The improvements helped pave the way for Singapore to become a leader in air travel in Southeast Asia today.

In 1978, Singapore was the recipient of one of two loans that were among the first of ADB's forays into the health sector. ADB helped improve the Kent Ridge Hospital-Polyclinic. ADB projects also improved water and sewerage systems, expressways, wharves, power transmission, and telecommunications, among others.

By the 1980s, Singapore had reached a level of prosperity where it did not need to borrow from ADB, and in 1999, it was classified as a graduated DMC of ADB. The country's per capita GDP grew from \$567 in 1966 to \$52,889 in 2015.

To date, Singapore has contributed more than \$500 million to ADB.

TAIPEI, CHINA

Taipei, China borrowed from ADB from 1968 to 1971, for projects involving a development corporation, expanding aluminum and copper factories, deep-sea fisheries development, petroleum, an elevated railway system, Hualien Harbor development, power transmission and distribution, hydroelectric power development, and the Taipei, China–Yangmei and North–South freeways.

Since then, Taipei, China has contributed more than \$1.7 billion to support the work of ADB and has been an engine of economic growth for countries around East Asia. ●



- 1 An endoscopy at the Prince of Wales Hospital in Sha Tin, New Territories in Hong Kong, China
- 2 Sultan Omar Ali Saifuddin Mosque in Bandar Seri Begawan, Brunei Darussalam
- 3 Residential estates along the coast of Ma On Shan, Hong Kong, China



Photo from REUTERS/Olivia Harris

NUMEROUS TEMPLES dot
the landscape in Bagan

MYANMAR

HOPE AND POSSIBILITIES

Until 2011, Myanmar was one of the world's most isolated economies. Today, it is one of Asia's fastest-growing economies and the Asian Development Bank is an active partner in this economic renaissance.



We thank ADB for its increasing and active support to Myanmar since its reengagement with the country in 2012.

—KYAW WIN, Minister of Planning and Finance, Myanmar

Myanmar has experienced historic and fundamental transitions since 2011, and is now flourishing and experiencing rapid economic growth. Decades of direct military rule have been replaced by a democratically elected government. A shift from central planning toward an open market economy is under way, active conflict in a number of ethnic states is being managed through a peace process, and many parts of the country are now relatively stable. Development partners have resumed country operations, and international sanctions have been lifted. The government has initiated wide-ranging economic, social, and governance reforms. These stimulated economic growth at an average rate of 7.9% during 2012–2015, and improved human development outcomes.

FROM ISOLATION TO REENGAGEMENT

Myanmar joined the Asian Development Bank (ADB) in 1973, but operations were put on hold in 1988, when the country entered a period of economic and political isolation. Even so, some activity continued during those years through Myanmar's participation in the Greater Mekong Subregion Economic Cooperation Program,

for which ADB acts as secretariat, as well as through economic monitoring.

ADB reengaged with Myanmar in 2012, and set about supporting Myanmar's economic and social transition.

“This is a historic tipping point for Myanmar,” Stephen Groff, vice-president of operations for East Asia, Southeast Asia, and the Pacific, said at a ceremony marking the resumption of ADB lending to Myanmar in 2013. “We are focusing first on the building blocks for stability and sustainability, which will ultimately lead to major investments in road, energy, irrigation and education projects, as well as investments in other sectors.”

In a short period of time, ADB has laid strong foundations, rebuilding relationships and dialogue with government, civil society, and the private sector and providing knowledge and capacity-building support. It has built a significant country program focused on infrastructure (particularly transport and energy), rural development, and education and training.

MYANMAR

ADB was also quick to establish a strong country presence. ADB is the only development partner to have its main office in the capital, Nay Pyi Taw, with a second office in Yangon where other development partners, embassies, and major private sector and civil society organizations are located. This has helped ADB improve its understanding of the challenges facing Myanmar and the intricacies of operating in the country's formative period of its development.

“We have been on a steep learning curve,” said Winfried Wicklein, ADB's former country director in Myanmar. “Close consultation and participation with all the main development stakeholders helps ADB to be more relevant and responsive to the country's needs and priorities.”

ACCELERATING MYANMAR'S TRANSITION

Since resuming operations in 2012, ADB has built up a \$1.2 billion sovereign portfolio that includes energy transmission and distribution in and around the country's main commercial centers, road transport improvement along its main trade corridors, urban infrastructure in Mandalay city, and irrigation infrastructure. It has also supported education reforms and efforts to equip youth with the skills needed in a modern economy.

Rebuilding the country's road system was a key priority and ADB was not new to the task. In the 1980s, ADB had helped upgrade about 250 kilometers of the road from Yangon to

Pyay. Travel times decreased and economic activity improved after the completion of the Yangon–Pyay Road Improvement Project.

In 2015, after conducting a nationwide transport sector assessment, ADB launched the East–West Economic Corridor Eindu to Kawkareik Road Improvement Project. This project is upgrading 66 kilometers of Myanmar's road network to improve connectivity within the isolated Kayin State and link Myanmar's “rice bowl” with neighboring Thailand and beyond.

State Counsellor and Union Minister for Foreign Affairs Daw Aung San Suu Kyi, at a meeting in 2016 with ADB President Takehiko Nakao, underscored the critical importance of infrastructure for sustainable and inclusive development and job creation in Myanmar. The State Counsellor stressed the importance of connecting villages with power and roads to improve lives in rural areas—where the majority of Myanmar's people reside—and stressed that improved access would support education, health, women's social participation, as well as peace and stability.

HUMAN CAPITAL FOR INCLUSIVE GROWTH

Following decades of neglect, weaknesses both in general education and technical and vocational education and training (TVET) are a critical development challenge for the country. Businesses consistently cite human capital as a leading constraint to growth in Myanmar. Meanwhile, low educational attainment leaves most young people with bleak prospects for participation in a modern economy.

The government has recognized the need to bolster human capital and decrease dependence on natural resource extraction and cheap labor, as part of a strategy to ensure that all parts of society





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- 1 Evening in Yangon
- 2 Cargo trucks leave Bo Aung Kyaw Port
- 3 A monk walking on a wooden bridge



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MYANMAR



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can contribute to and benefit from growth. ADB has supported government-led efforts to advance evidence-based reforms in close cooperation with other development partners.

“In 2012, Myanmar launched the Comprehensive Education Sector Review to pinpoint key reform priorities, and ADB immediately responded in supporting this process,” says Myo Thein Gyi, minister of education for Myanmar. “Based on that evidence, in 2016, ADB once again responded to the government’s request for investment in critical reforms in secondary education and TVET, with the approval of the Equipping Youth for Employment Project.”

The project will support government reforms to realign secondary education and TVET to meet skill demands in a modern economy.



- 1 Yangon Central Railway Station
- 2 Training at Naypyidaw Government Technical High School

THE PRIVATE SECTOR STEPS UP

ADB is also helping to foster private sector development in Myanmar. It supported the government’s formulation of a Private Sector Development Framework and Action Plan, which prioritizes strengthening legislation, access to finance, trade and investment, and human capital, as well as promoting public–private partnerships. Myanmar’s government is focused on efforts to carry these and other reforms forward, with the goal of enhancing competitiveness, expanding investment, and creating quality jobs. ADB is also supporting the government in promoting public–private partnerships, especially in infrastructure.

By 2016, ADB’s \$1 billion portfolio of private sector investments was supporting projects to expand telecommunication networks, promote power generation, and support logistics. ADB has also expanded its Trade Finance Program to Myanmar to support trade growth, including among small and medium-sized businesses—the main generators of jobs.

THE ROAD AHEAD

ADB is proud of its contributions, albeit modest, to Myanmar’s ongoing transformation process. With its forthcoming first full country partnership strategy for Myanmar, 2017–2021, ADB will have a historic opportunity to support Myanmar as it accelerates its transition and builds the foundations for inclusive and sustainable growth. ●



NAURU

BROADENING OPPORTUNITIES

Nauru, the world's smallest island nation, faces acute development challenges including distance from international markets, uncertain sources of future revenue, and inadequate infrastructure. The Asian Development Bank has been a key partner in helping build a more sustainable economic future.

CORAL CLIFFS exposed at low tide





For more than 25 years, Nauru and ADB have been working together to strengthen public financial management, raise the performance of state-owned enterprises, improve service delivery, and address infrastructure needs. ADB is an important, long-term development partner to Nauru.

—DAVID ADEANG, Minister for Finance and Sustainable Development, Nauru

In the 1990s, Nauru was facing a crisis. The royalties the country was earning from the sale of phosphate were declining, and overseas investments had lost value. After welcoming Nauru as a member in 1991, the Asian Development Bank (ADB) initially provided economic advice and, in 1998, approved the Fiscal and Financial Reform Program, which helped the government improve its finances.

ADB and Nauru worked together in 2012 on the \$4 million Public Financial Management Reform Program, ADB's first grant to the country. The program supported the government's wide-ranging efforts to improve its fiscal performance, support the private sector, and fund essential government services.

Under the program, the government enlarged its education and health allocations, enabling it to improve its delivery of social services to Nauru's population. Tax collection was increased by the introduction of an employment and services tax, and procurement improvements helped contain costs, freeing up more resources for health and education.

In addition, banking services were successfully restored after 15 years. After a thorough assessment by ADB of financial services, banking models, and service providers, Bendigo and Adelaide Bank—a major Australian regional bank—was selected. It opened its first customer service agency in Nauru in June 2015.



Man fishing from a pier at sunset

In 2014, Nauru partnered with ADB to formulate its first National Women's Policy. The policy promotes equal participation of women in government decision making and leadership, as well as improved women's health and economic status. It also supports equitable access to education and the elimination of violence against women.

"The policy reflects equal rights and equal participation for women in all areas of life," says Charmaine Scotty, minister for home affairs.

INCREASING CONNECTIVITY

ADB plans to substantially increase its level of assistance to Nauru over the coming years. This will include strengthening fiscal sustainability and investments in solar power. Infrastructure will also be built, with port development as the centerpiece.

The new, modern port facility being designed as part of the project will include a quay wall, access causeway, upgraded port buildings and container storage, and a strengthened port authority. It is expected to speed up turnaround of vessels, reduce charges associated with failure to load or discharge the ship on time, and improve safety.

ADB will also support Nauru's participation in a multimillion dollar subregional undersea cable project in 2017, providing the country with an opportunity to enhance internet bandwidth, improve reliability, lower costs, and allow businesses and government to provide online services.

These projects will dramatically improve Nauru's physical and virtual connectivity, reducing its geographic isolation and opening up new opportunities for its people. ●



A child by the beach



NEPAL

A STEEP CLIMB

Nepal has faced major setbacks in recent decades, but the country has made steady progress. Its partnership with the Asian Development Bank has remained strong, and helped it respond to new shocks.

SOLAR STREET LAMPS



We greatly acknowledge the crucial role played by ADB in harnessing regional cooperation through investing in regional and subregional infrastructure and connectivity projects.

—BISHNU PRASAD PAUDEL, Minister of Finance, Nepal

On 25 April 2015, Nepal faced one of the worst disasters in its history. A 7.8 magnitude earthquake killed nearly 9,000 people and injured more than 22,000. Nearly 800,000 homes were destroyed or damaged, along with tens of thousands of roads, government offices and businesses, and heritage sites.

While the disaster also destroyed or severely damaged more than 35,000 classrooms, about 160 schools in the Kathmandu Valley were spared from damage. These school buildings had one thing in common: each was retrofitted to make it more resilient to disasters as part of the Government of Nepal's school sector program, which was supported by the Asian Development Bank (ADB).

Those same schools were used as shelters during the earthquake and the powerful aftershocks that followed, said Jhapper Singh Vishokaram, senior divisional engineer and disaster focal person at the Ministry of Education.

“A small step in protecting school buildings against seismic vulnerability goes a long way in ensuring the safety of students, teachers, and staff, and in providing shelter to communities when needed,” he adds.

LANDMARK PROJECTS

Helping to identify Nepal's most pressing needs—and responding to them—has been a hallmark of the country's long relationship with ADB.

Nepal was a founding member of ADB in 1966. The first ADB assistance was the Air Transport Development Project, a \$6 million investment in 1969 that improved critical aviation services in a country where mountainous terrain has created many isolated communities.

That project was followed by work that supported agricultural credit, irrigation, hill agriculture, crop intensification, small-scale hydropower, and technical and vocational education and training.

NEPAL

Assistance in those first 2 decades was relatively modest, considering how large ADB's assistance would eventually become.

The country faced major economic development challenges in recent decades, including political unrest, but the partnership persevered. ADB assisted with the structural reforms to the economy in the 1990s that supported an increase in poverty-reducing economic growth.

Within this challenging environment, ADB continued to finance major projects with a lasting impact. In 1996, ADB supported the construction of Nepal's first large hydroelectric plant, the 144-megawatt Kali Gandaki "A" Hydroelectric Project. The project significantly increased generation capacity and is still the largest single hydropower source in Nepal, supplying more than 20% of power nationwide in 2015.

Another ADB-supported hydropower plant is scheduled to be completed by 2021. The Tanahu Hydropower Project will reduce winter power shortages and expand grid connections by supplying 140 megawatts of electric power to the national grid.

ADB's support for the transport sector, which began in the 1970s, has also had a major impact. Over the years, ADB has financed strategic and rural roads all across Nepal, cutting travel time for millions of people, boosting trade across and beyond the country, and supporting the commercialization of agriculture.



- 1 A woman from Singla village extracts her belongings from the rubble in the aftermath of the earthquake
- 2 Retrofitted Shree Madan Smarak Higher Secondary school building in Patan
- 3 Kali Gandaki "A" Hydroelectric Project
- 4 A vegetable shop in Tato Pani





2

STEADY PROGRESS

ADB is working with Nepal to capitalize on the country's comparative advantage, including its location between two large and growing market economies—the PRC and India.

The South Asia Subregional Economic Cooperation Roads Improvement Project will soon begin, widening 160 kilometers of Nepal's East–West Highway, which connects Nepal to India, and its feeder road. The improved roads will provide faster and better access to social services and economic opportunities, and will facilitate national and regional integration.

Despite the political disruptions and difficult economic environment over the past decades, ADB's partnership with Nepal has contributed to steady improvements in the country's human development indicators.

Access to education has improved dramatically, particularly for primary and secondary schools. The enrollment rate in basic education increased from 73% in 2008 to 89% in 2015, and gender parity has been achieved. However, quality remains a challenge. ADB, which has been involved in the education sector since 1990, is helping initiate the 7-year School Sector Development Plan, together with eight other development partners, to raise the quality of education and student achievement.

DEEP COMMUNITY PARTICIPATION

ADB support for water and sanitation has provided millions of people with access



3

NEPAL



- 1 A girl from the Terai
 - 2 ADB helped improve primary and secondary schools
 - 3 ADB-supported initiatives helped provide 2.7 million people with access to clean water supply
-

to safe water, eliminating countless hours of unproductive labor, usually by women. This has prevented significant loss of life and productivity due to waterborne diseases and has enhanced social cohesion through participation in water user groups.

This work includes a large ADB-supported water project that will bring 170 million liters of drinking water daily from the Melamchi Valley to Kathmandu Valley—the country’s largest urban area—through a 27-kilometer-long tunnel. This will improve the health and well-being of millions of people living in the capital region who now receive water only a few hours each week.

ADB and the government are actively engaging local communities. At first, the communities were involved only in operating and maintaining the water supply systems in their area under ADB projects. More recently, their participation was expanded to include playing a key role in deciding where systems would be placed, what their design would be, and how the services would be delivered. Such projects have a much greater chance of being sustained because they are chosen, designed, and maintained by the community that benefits from them.

Community participation improved local governments’ and water users’ understanding of critical issues such as water quality, cost sharing, and ownership. In recent years, this model was expanded from rural areas to small towns.

CLEAN WATER IN BIRTAMOD

As part of the ADB-supported Small Towns Water Supply and Sanitation Sector

Project, the water system in the town of Birtamod is managed by a water user and sanitation committee, formed in 2000 by the local community.

The committee oversees three water tanks that supply safe drinking water. It has also installed public water taps and public toilets in various locations, including public schools, thus reducing the risk of waterborne diseases and other health hazards.

ADB’s efforts, in partnership with the government and the community, have changed the life of Durga Ratna Darjini, a widow and resident of Birtamod town, who used to spend hours trying to obtain clean water for her family.

“I don’t have to use my energy to pump water and carry it home anymore,” she says.

“Having a tap in the house is like a miracle.”

The project has improved water supply and sanitation in 29 towns and urban centers along Nepal’s major highways, which has resulted in better water and sanitation for nearly 600,000 people.

“We greatly acknowledge the crucial role played by ADB in harnessing regional cooperation through investing in regional and subregional infrastructure and connectivity projects,” says Bishnu Prasad Paudel, minister of finance for Nepal. ●

WIND POWER GENERATION
at KhuttiKun New Island

PAKISTAN

POWERING PAKISTAN

The Asian Development Bank has been a leader in times of need in Pakistan. It is also helping the country generate clean, reliable, and affordable electricity.





Pakistan values its partnership with ADB and looks forward to expand these ties by developing economically viable infrastructure and energy projects.

—MOHAMMAD ISHAQ DAR, Federal Minister for Finance, Pakistan

On 8 October 2005, the mountainous northeast regions of Pakistan were devastated by a 7.6-magnitude earthquake that killed more than 70,000 people and left 2.8 million homeless.

Within weeks of the disaster, the Asian Development Bank (ADB) was coordinating one of the most successful and rapidly executed recovery efforts ever seen in an earthquake area. ADB established the Pakistan Earthquake Fund to help meet the country's most urgent emergency needs, and launched the Earthquake Emergency Assistance Project later to cover a broad range of reconstruction and rehabilitation needs.

ADB teams were on the ground fast. A satellite office was set up close to the quake's epicenter to assess the damage, identify priority reconstruction areas, and quickly channel aid to the worst-affected areas. Today, many of the hard-hit areas are more prosperous than they were before the disaster.

A VALUED PARTNERSHIP

The fast action in 2005 was the result of a partnership that began in 1966 and continues today, with ADB being one of Pakistan's largest and most active development partners. The earliest project undertaken was to augment the foreign exchange resources of the Industrial Development Bank of Pakistan for the development of industry in 1968. That was followed by support for the vital rice, cotton, and fisheries sectors.

In the 1970s, the partnership broadened and ADB stepped into the area of power generation and transmission. The Tarbela hydropower plant, one of Pakistan's largest, was originally supported by ADB in 1974 and has been extended with assistance from other development partners in subsequent decades.

With a field office established in 1989, ADB primarily supported government efforts to grow the economy through free enterprise, privatization, deregulation,

PAKISTAN

and liberalization. This support included promoting exports, bringing private sector efficiency into health care and education, and prioritizing energy.

By the mid-1990s, ADB's work in Pakistan was focused on education, population welfare, public sector management reform, and government decentralization. Particular emphasis was placed on promoting the welfare of women.

In the early 2000s, a new government built on past reforms and opened up the economy. This move, along with other factors, provided a major boost to the economy. During 2004–2008, Pakistan's gross domestic product growth rose to an average of 7.0%, compared with 3.6% in 1999–2003.

Although poverty remained widespread, particularly in the rural areas, conditions improved. The proportion of the population living below the national poverty line dropped from 64.3% in 2001 to 29.5% in 2013.

POWERING DEVELOPMENT

ADB is one of Pakistan's biggest development partners in upgrading the country's power infrastructure.

In the 2000s, ADB continued its long-term support for Pakistan's efforts to provide reliable, affordable energy. ADB's \$355 million Energy Sector Restructuring Program, in the first half of the decade, helped to relieve Pakistan's immediate financial crisis in the energy sector.





- 1 The Minar-e-Pakistan monument in Lahore
- 2 Sunflowers harvested in a field at Tero Malh, Badin
- 3 The Jinnah Bridge serves Karachi Port, where 65% of the country's trade takes place



PAKISTAN

The energy crisis continued to pose a major challenge to Pakistan's economy, however, and the government sought help from ADB and other partners to expand the supply of energy and improve power distribution.

In 2006, ADB launched the Renewable Energy Development Sector Investment Program to harness Pakistan's rich clean energy potential to broaden and strengthen the country's energy mix.

The Ranolia run-of-river hydropower project is one of two hydropower projects being built by the Khyber Pakhtunkhwa provincial government under the ADB-supported Renewable Energy Development Sector Investment Program. The \$510 million program, which is also financing four hydropower plants on irrigation canals in Punjab Province, is part of a national plan aimed at generating 1,700 gigawatt-hours of power each year—enough to supply electricity to about 4.8 million people.

In addition to large sovereign hydropower projects, ADB's investments in Pakistan's power sector have diversified to include support for private sector power projects, such as the New Bong Escape Hydropower Project, near Islamabad, the country's first independent hydroelectric power project. The project is now producing 84 megawatts of low-cost hydropower and has triggered more private sector investments.

A pioneering privately financed and owned wind farm, near Karachi, in Jhimpir, Sindh Province, has been operational since 2013. The wind farm has had considerable demonstration impact, spurring the



development of several follow-up wind projects elsewhere in Pakistan. The private company Zorlu Energy Group received an ADB loan of \$36.8 to install new wind turbines to increase the output of its wind farm from 6 megawatts to 56 megawatts.

Smaller, community-level off-grid initiatives, such as the Sindh Coastal Community Development Project, are another integral part of the overall power infrastructure program. Launched in 2007, this project raised the incomes of people in eight of the poorest coastal areas by providing access to solar power. The project also extended access to fresh water, toilets, water tanks, cyclone-resistant school buildings, flood protection embankments, and new roads and bridges.

These projects are part of a broad-based, 50-year partnership that has involved more than \$27 billion in investments designed to help Pakistan improve the lives of its people.

“Pakistan values its partnership with ADB,” says Mohammad Ishaq Dar, Pakistan's Federal minister for finance and vice-chair of the ADB Board of Governors, “and we look forward to expanding these ties by developing economically viable infrastructure and energy projects.” ●





- 1 Wind turbines at KhuttiKun New Island, Taluka Mirpur Sakro, Thatta District
- 2 Preparing a fresh harvest of apricots in a solar dryer
- 3 The Lahore Ring Road

THE AFTERMATH of Typhoon Haiyan (Yolanda)

DISASTER RISK MITIGATION

OVERCOMING DISASTERS

Disaster presents one of the gravest threats to socioeconomic development and is especially detrimental for the poorest members of society. The Asian Development Bank is supporting its developing member countries by strengthening their disaster resilience, enhancing preparedness, and responding quickly when disasters strike.





Our region faces a future of frequent and severe natural hazards. But if we act quickly, and we act together, there's nothing inevitable about the losses that may accompany them.

—TAKEHIKO NAKAO, President, Asian Development Bank

The impacts of disasters in Asia and the Pacific are severe, and physical losses are mounting as exposure and vulnerability continue to grow.

About half of global deaths and physical losses due to disasters, and almost nine in 10 of the people affected were in the Asia and the Pacific region. Disasters affected 1.4 billion people across the region between 2006 and 2015.

ADB has responded to this growing catastrophe by becoming more innovative and strategic in how it reduces disaster risk and prepares for disasters, and quicker and more flexible in responding when disasters strike.

AN ADAPTIVE APPROACH

ADB's work in response to the rising toll of disasters in the region was formalized in 1987 when it became the first multilateral development bank to establish a disaster assistance policy. This first policy focused on immediate assistance to address urgent

rehabilitation of key infrastructure, and applied only to the small Pacific developing member countries, the Maldives, and Papua New Guinea.

A second rehabilitation assistance policy, approved in 1989 and implemented in parallel with the first, covered all ADB developing member countries and widened the focus to include slow-onset disasters, such as droughts, and man-made disasters, such as wars and environmental degradation. The length of time that disaster recovery projects could last was also lengthened, and a new provision allowed surplus funds to be reallocated from other projects in the same country and sector toward disaster response.

With this policy, ADB moved away from merely responding to disasters by financing rehabilitation activities, and for the first time recognized the need to help countries reduce their vulnerability to natural hazards and find ways to prevent disasters or mitigate their effects. This policy recognized

DISASTER RISK MITIGATION

the need for disaster risk reduction measures in infrastructure rehabilitation work, which later became widely known as the concept of “build back better.”

In 2004, ADB approved a new disaster and emergency assistance policy, integrating existing emergency policies into a single document and reinforcing a comprehensive approach to disaster risk management. The action plan for this policy, approved in 2008, included a recommendation to explore the provision of a quick disbursing fund for developing member countries impacted by a major natural hazard event. This gave rise to the establishment of a special Asia Pacific Disaster Response Fund in 2009 to provide such immediate assistance.

The midterm review of ADB’s Strategy 2020 in 2014 recommended that ADB strengthen integrated disaster risk management to reduce vulnerability to natural and environmental hazards. Disaster risk

financing instruments and strategies would also be supported, and ADB would share knowledge on disaster risk management in the region.

ADB’s Operational Plan for Integrated Disaster Risk Management, 2014–2020 captured these threads in a three-pronged plan to strengthen disaster resilience. Measures included integrating disaster risk management across ADB’s operations, strengthening the interaction of disaster risk management and climate change adaptation, and mobilizing more resources for both disaster risk reduction and response, including strengthened financial preparedness for disasters.

At the 49th Annual Meeting of ADB, the President announced the successful replenishment of ADF 12 for the period 2017–2020. For this ADF 12 period, donors agreed to allocate up to \$163 million in grants for disaster risk reduction to only receiving concessional assistance countries



A family affected by flooding in Pakistan

only countries. Additional concessional lending of up to \$224 million would also be made available for disaster risk reduction purposes. The disaster risk reduction funding would focus solely on disaster risk linked to natural hazards.

Donors also agreed to the regularization of the pilot ADF Disaster Response Facility. This facility enhances ADB's capacity to quickly respond to disasters caused by natural hazard events in ADB's poorest countries.

POLICY IN ACTION

ADB has worked with countries in Asia for decades on disaster resilience and recovery. Technical assistance projects in support of flood control in Afghanistan and Indonesia were approved in 1970. ADB's first disaster risk management loan was approved two years later, also focusing on flood control in Indonesia. It has been in the last 16 years, however, that some of the most high-profile disasters in modern Asian history have put policies, practices, and expertise to the test.

In January 2001, the state of Gujarat in India experienced an earthquake, which registered 6.9 on the Richter scale. The earthquake left five districts in ruins and killed 20,000. More than 200,000 people were injured, almost 2 million were left homeless, and a staggering 20 million people were affected in some manner.

In less than 2 months, ADB formulated and approved the Gujarat Earthquake

Rehabilitation and Reconstruction Project, which focused \$500 million and harnessed the activities of 19 government agencies to restore damaged infrastructure in the worst hit areas.

The destruction in Gujarat was followed by one of the most devastating natural hazards in history. The 2004 Indian Ocean earthquake and tsunami killed more than 260,000 people and displaced more than 1.7 million people in 14 countries. The Indonesian province of Aceh, close to the epicenter of the earthquake beneath the sea, suffered the most but India, the Maldives, Sri Lanka, and Thailand were hard hit as well.

Within 6 weeks of the disaster, ADB established a \$600 million multidonor Asian Tsunami Fund grant facility, including the largest ever single ADB grant—\$300 million to Indonesia. ADB eventually committed \$851 million for tsunami-related assistance.

Not long after the tsunami, more than 73,000 people died and about 2.8 million were left homeless when a 7.6 earthquake struck near the city of Muzaffarabad in Pakistan in October 2005.

On 14 November 2005, ADB approved the establishment of the Pakistan Earthquake Fund to support the government's reconstruction efforts. After providing an initial \$80 million grant, total funding from ADB and its partners eventually exceeded \$400 million. Work was concentrated on

DISASTER RISK MITIGATION

the hardest hit areas and helped revive economic activity so people could return to their normal lives.

The devastating series of disasters in recent years culminated in Super Typhoon Haiyan, known locally as Yolanda, which struck the Philippines in November 2013. The storm, one of the strongest ever to make landfall, caused destruction across a huge area of the Central Philippines, which is home to some of the poorest communities in the country. More than 6,000 people were killed and 16 million affected by the storm.

ADB quickly moved to approve more than \$900 million in assistance for relief, recovery, and reconstruction of Yolanda-affected areas, establishing a new record in ADB's level of response to a single disaster event. The assistance package included a \$3 million grant from the Asia Pacific Disaster Response Fund. Within days of the typhoon making landfall, the grant was disbursed to help meet immediate life-saving needs. To oversee this vast effort, ADB established a field office in Tacloban, the worst-hit city, staffed with an expert team.

STRENGTHENING DISASTER RESILIENCE

ADB recognizes that disaster response addresses the symptoms of a problem but not its cause, and without strengthened resilience, disaster losses will continue to rise, placing increasing pressure on governments and international assistance. Many ADB projects integrate disaster risk management.

A project in Viet Nam is achieving this by helping farmers adapt to increasingly erratic

rainfall to protect and enhance their harvests and their livelihoods. Farmers in Hai Duong Province, where floods increasingly alternate with droughts as global weather patterns change, have gained some protection from crop-destroying flooding rains now that pumps have been installed.

The pump stations are 2 of 10 being built or rehabilitated in 3 northern Vietnamese provinces under the Strengthening Water Management and Irrigation Systems Rehabilitation Project. The project, supported by a \$100 million loan from ADB, is part of Viet Nam's effort to manage rising demand for increasingly unreliable and scarce water resources.

The government is also responding to the droughts that accompany more frequent El Niño events with innovative water-saving irrigation technologies and by enacting new water-related laws and policies. The next generation of water management experts is benefiting from in a new campus for the country's water resource university that is being built as part of the project.

ADB's assistance program incorporates lessons learned from its responses across the region. Lessons from the 2015 Nepal earthquake informed a project in Armenia to build earthquake-resilient schools and scale up capacity to respond to natural hazards in one of the most earthquake-prone regions in the world. ADB's assistance of \$89.3 million will support upgrades to at least 46 schools.

ADB President Takehiko Nakao reflected on the risks that disasters pose to Asia's economic growth and poverty reduction



efforts in a 2014 article. “We must do better,” he said. “Our region faces a future of frequent and severe natural hazards. But if we act quickly, and we act together, there’s nothing inevitable about the losses that may accompany them.” ●



Heavy rain disrupts traffic flow in Myanmar

A SEA of biodiversity

PALAU

JOURNEY TO PROSPERITY

Palau is one of the most successful economies among the small Pacific island countries, and is partnering with the Asian Development Bank to take its people to the next level of prosperity.



Palau greatly values our strong relationship with ADB. Throughout the years, ADB has found a way to be responsive to our needs and become an effective and meaningful partner in our country's development.

—ELBUHEL SADANG, Minister of Finance, Palau

Palau enjoyed a 9.4% gross domestic product growth rate in 2015, one of the highest in the Pacific. With an average income per person of \$13,499 per year in 2015, Palau is the most prosperous Pacific developing member country of the Asian Development Bank (ADB).

Palau enjoys outstanding natural and cultural resources and has benefited from strong growth in tourism that has driven overall economic growth.

Despite this progress, as a small island state with a population of about 20,000, Palau remains vulnerable to external economic shocks, the impacts of climate change, and other environmental and weather-related risks.

Since 2003, Palau and ADB have been working together to improve public sector effectiveness, facilitate private sector development, deliver

safe water and sanitation services, and improve connectivity.

Part of this work includes the construction of a fiber-optic submarine cable system that will link Palau to the high-speed internet cable hub in nearby Guam. This will deliver affordable, accessible broadband connectivity, and will better connect Palau to the rest of the world, promote greater efficiency in its small market, and create jobs.

Currently, Palau relies entirely on satellite links for internet connectivity. The high cost and limited bandwidth restrict internet penetration. In Palau, internet is accessed by only 25% of the population, while 90% have access to mobile phones.

The \$25 million North Pacific Regional Connectivity Investment Project will provide higher-quality broadband internet connectivity at a much lower cost to Palau,

PALAU

making it accessible and affordable for the broader population.

ADB has helped overcome another business hurdle supporting the development of a new secured transaction law that is increasing access to business credit. Thanks to a new secured transaction registry, it is now possible for banks to provide loans with greater security, and at reduced risk. The country's business registration systems have also been modernized to facilitate business growth.

PROTECTING A FRAGILE NATURAL HERITAGE

A major thrust of ADB's work has been to assist the government with critical investments in water and sanitation services, both to safeguard the health of residents and to help Palau become the island of choice for environmentally conscious tourists.

The \$28.8 million Koror–Airai Sanitation Project, approved in 2014, is addressing outdated sanitation infrastructure by rehabilitating the Koror sewer system and developing a new system in the town of Kesbelau in Airai State.

The improvements will provide better sanitation for 80% of Palau's population who live in Airai and Koror, the country's most two populous states. They will also protect fragile marine and mangrove ecosystems from pollution, safeguard Palau's citizens and tourists from waterborne diseases



Photo by LuxxTonnerre / CC BY / <https://flic.kr/p/4zp3tT>

- 1 The state capital
- 2 A traditional house
- 3 ADB support for internet connectivity will improve access to information and communication for Palau's people



Photo by Matt Kieffer / CC BY-SA / <https://flic.kr/p/fNVYMM>



associated with sewerage overflows, and avoid the potential loss of tourism revenue associated with a serious disease outbreak.

This project follows the earlier Water Sector Improvement Program, which responded to concerns about the unsustainable water demand of households and a rising number of tourists. It introduced the necessary policies and plans to deliver sustainable water and sewerage services, and reformed the sector to ensure a better-quality, more reliable service.

The project's successful actions greatly reduced the number of sewage overflows; ended water supply interruptions; and cut nonrevenue water levels, dramatically reducing the size of government's subsidies.

“Palau greatly values its strong relationship with ADB,” said Elbuchel Sadang, minister of finance of Palau. “Through the years, ADB has found a way to be responsive to our needs and become an effective and meaningful partner in our development.”

In the coming years, ADB will continue to support higher-value tourism and more inclusive growth in Palau by enhancing public sector effectiveness, facilitating private sector development, delivering safe water and sanitation services, and improving connectivity. ●

A white twin-engine turboprop aircraft is parked on a runway. The background features a dense line of palm trees and a large, hazy mountain range under a cloudy sky. The foreground is filled with lush green vegetation, including tall grasses and leafy plants.

PAPUA NEW GUINEA

INVIGORATING WELL-BEING

The Asian Development Bank has been helping Papua New Guinea address some of its most difficult development challenges since 1971, and the partnership continues.

THE HOSKINS AIRPORT upgraded
in 2015 with ADB support





Our 45-year development partnership with ADB has so far rehabilitated transport infrastructure, improved air safety, provided basic health services to rural populations, provided financial services to the unbanked, and removed barriers to jobs and business creation.

—PATRICK PRUAITCH, Minister for Treasury, Papua New Guinea

In the mid-2000s, the Pacific island country of Papua New Guinea (PNG) was facing an HIV epidemic. In 2004, the National AIDS Council and National Department of Health estimated that 47,000 people in PNG were infected with HIV, and infection patterns suggested that the HIV epidemic was at an advanced and critical stage.

To help the government deal with the crisis, the Asian Development Bank (ADB) approved the HIV/AIDS Prevention and Control in Rural Development Enclaves Project in 2006. In collaboration with the governments of Australia and New Zealand, this project established partnerships between health authorities and rural mining and agriculture enterprises, and expanded their health services to the surrounding areas. It also introduced behavior change programs and implemented a national infection surveillance system.

The successful partnerships set up under the project contributed substantially not only to HIV prevention and care, but also to limiting the deterioration of the country's primary health services.

An ongoing ADB health project, the Rural Primary Health Services Delivery Project, approved in 2011, is testing and refining the earlier project's approach to improve the coverage and quality of primary health care for eventual rollout across the country by the Ministry of Health.

SUPPORTING INCLUSIVE DEVELOPMENT

PNG's economy is based on a rich endowment of natural resources, including gold, timber, fish, and natural gas. Booming exports of these commodities have underpinned a continuous period of economic growth since 2002.



Cityscape of Port Moresby

Despite facing profound development challenges, PNG has made great strides in the last 5 decades. Per capita gross domestic product in the country has risen from \$196 in 1967 to more than \$2,268 in 2014, while life expectancy increased from 44 years to 63 years in the same period. Under-5 mortality has been cut by almost two-thirds from 160 in 1967 to 57 in 2015.

ADB is helping PNG build on these gains by supporting the country's efforts to convert its resource wealth into inclusive and environmentally sustainable economic growth. This is being done through projects that remove infrastructure bottlenecks and reduce barriers to job and business creation.

“Our 45-year development partnership with ADB has rehabilitated transport infrastructure, improved air safety, provided basic health services to rural populations,

provided financial services to the unbanked, and removed barriers to jobs and business creation,” says Patrick Pruitich, minister for treasury of Papua New Guinea.

A key part of ADB's work in PNG involves helping people, many of whom have lived traditional lifestyles outside the formal economy, to develop financial literacy and benefit from assistance such as microfinance. Much of this work is being done in the Highlands—the region with the highest levels of poverty.

In PNG, women have 25% less financial literacy than men, tend not to know their rights, and are less likely to complain about the quality of services they receive (and more likely to be rejected if they do).

To help address this, the ADB-supported Pacific Private Sector Development

PAPUA NEW GUINEA

Initiative is assisting the government in studying the impact of competition and consumer laws on men and women, and how regulatory frameworks hinder women's commercial activities. It is also reviewing laws and institutions with regard to the interests of men and women as consumers, and examining how laws that protect women consumers are being enforced.

Leap Elijah, a mother of four from the Tsak Valley in the Western Highlands of Papua New Guinea, received financial training about budgeting and savings under an ADB project and said it has changed her life. "I used to waste my money before I had the knowledge," she said. ●



Tea growers along Kindeng-Kondipina Road, part of the ADB's Highlands Region Road Improvement Investment Program



VISITORS to Puerto Princesa in Palawan

PHILIPPINES

LISTENING AND RESPONDING

As home to the Asian Development Bank (ADB) headquarters, the Philippines has always been considered a special partner. ADB and the Philippines have worked together to address persistent challenges and forge a more vibrant economy.



The Philippines has received more than \$16 billion from ADB in the form of loans and grants. About a billion dollars more have also been released in the form of loans and investments to private Philippine companies. These have made ADB one of the largest official development assistance partners of the Philippines. For all of these, you [ADB] have the gratitude of the entire Filipino people.

—RODRIGO ROA DUTERTE, President, Philippines

Lorna, a 41-year-old mother of four, is proud to have shoveled gravel and sand and carried concrete blocks to build the three-classroom school building and evacuation center in Barangay Tres Maris, Donsol, in the southern province of Sorsogon. As a single parent, her wholehearted focus is on providing for her children.

“I don’t want my children to experience the poverty I experienced,” she says.

Vulnerable and excluded people like Lorna are finding a voice and contributing to their communities as part of the KALAHI Comprehensive and Integrated Delivery of Social Services National Community Development Program, which builds on and expands the successful and long-

running KALAHI Comprehensive and Integrated Delivery of Social Services Program. The program is restoring basic social services to and rebuilding the municipalities devastated by typhoon Yolanda, which pushed 1.5 million more Filipinos into poverty.

Community empowerment is a cornerstone of the program, and through it, communities are involved in designing and carrying out the repair and reconstruction of small-scale community infrastructure—access roads, water supply systems, seawalls, school buildings, and health stations.

A SPECIAL RELATIONSHIP

The Asian Development Bank (ADB) has been involved in the economic and social

PHILIPPINES

development of the Philippines since 1966, when ADB was founded. As the host country of the ADB headquarters, the Philippines holds an important place in ADB's history. Over the decades, thousands of ADB staff have built up strong and enduring ties to the country, and the vibrant Filipino spirit of community permeates ADB's workplace culture.

Through the years, ADB has listened to the government and the people, understood their needs, and responded by delivering solutions to help the country attain its development goals.

In the 1960s, ADB immediately began assisting the country with some of its most pressing problems. In 1968, less than 10% of country's rice fields were irrigated during the dry season. That year, ADB undertook the Water Irrigation and Management Project, which helped develop the expertise needed to expand the country's irrigation systems.

During the 1970s, ADB's work in the Philippines focused on rural infrastructure development in Mindanao, including hydroelectric plants; irrigation systems; and farm-to-market roads to link farmers to buyers, cut their travel time, and allow easier access for rural communities to schools and health-care facilities. In the late 1970s, ADB expanded its assistance to include education, technical and vocational training, and livelihood support, providing communities with skills and knowledge to improve their living standards.





- 1 Residents of Tacloban rebuild what was left of their homes after being hit by Typhoon Haiyan (Yolanda)
- 2 New classrooms in Bislig Elementary School, on the island of Leyte
- 3 The North Luzon Expressway



In 1981, ADB and the Philippines partnered on an ambitious program to bring electricity to the countryside. The Rural Electrification Sector Project connected more than 590,000 households to electricity and established small hydropower-generating systems in remote areas.

In 1986, when a new government took over the Philippines, ADB began to focus on job creation, income generation, poverty alleviation, and the provision of basic needs, especially in rural areas.

ADB also began its private sector operations in the early 1980s. These had a major impact in the Philippines as the government worked to attract greater foreign investment.

In the 1990s, ADB's work in the Philippines focused on reform of the country's public finances. The Philippines' efforts in this area were rewarded with investment upgrades from international rating agencies.

Since 2005, ADB has supported the government's public-private partnership (PPP) agenda. Its first public-private partnership project devised a landmark financing plan involving the private sector to rehabilitate and expand the North Luzon Expressway, the major thoroughfare that links Manila to the Subic and Clark export zones in Pampanga province and beyond.

The 30-year-old highway had fallen into disrepair, with flooded sections, potholes, and traffic congestion. An 84-kilometer section of the road was renovated, and 14 interchanges, 24 bridges, and 31 overpasses

PHILIPPINES

were built or rehabilitated. The safe, smooth tollway has since attracted thriving businesses that did not exist before, and has opened up picturesque destinations in the north to more tourists.

“Every time we called, ADB was always available. It was a partnership,” recalls Cesar Purisima, former secretary of finance. “ADB not only helped us with getting start-up funds, especially in the funding of feasibility studies, but they also worked to share with us institutional knowledge in putting up a PPP center. So they were our partners every step of the way.”

The government seeks to build on these gains by driving rapid but inclusive economic growth through the acceleration of employment on a massive scale. ADB is contributing to this effort by focusing on improving the investment climate, delivering social services, and minimizing disaster risks.

ADB’s work in the Philippines also involves strengthening governance, developing both publicly and privately funded infrastructure, and expanding the country’s finance sector.

SEEING CLEARLY

Elementary school student Era Marie Vargas sees the results of the partnership between ADB and the Philippines clearly every day.

The resident of the central Philippine island of Bohol used to be so poor that her parents had difficulty buying her school supplies.

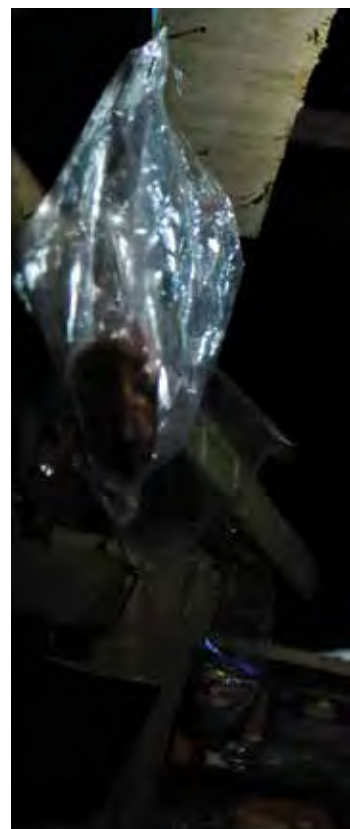
They could not even afford the eyeglasses she needed for reading. Schoolwork was a constant struggle.

Her family took part in an ADB-supported conditional cash transfer program that provides regular payments to poor families who comply with conditions such as sending children to school, ensuring they receive regular checkups, and participating in nutrition programs.

After her family began receiving the regular cash payments from the government for their daily needs, her mother was able to buy her a pair of eyeglasses, as well as other school supplies and basic necessities. It has changed Era Marie’s life.

“Because of the eyeglasses, I can now read well, and can participate in all school activities,” says Era Marie. “Now I’m an honor student.”

Looking ahead, the Philippines and ADB will continue its decades-long partnership for inclusive growth. Secretary of Finance Carlos Dominguez III states: “We are calling on ADB to support the government’s program on accelerating spending on infrastructure, human capital, providing social protection to the country’s most vulnerable people, reforming tax policy and administration, reducing red tape, and promoting the ease of doing business.” ●





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- 1 An eight-turbine wind farm in Nabas overlooks the resort-island of Boracay
- 2 A store owner replaces her incandescent bulb with more energy-efficient compact fluorescent lights

THE PRIVATE SECTOR

HARNESSING ASIAN ENTREPRENEURSHIP

The Asian Development Bank (ADB) has been supporting the private sector since the 1960s, and over the years its work has intensified and expanded. Today, support for the private sector is a core function of ADB.



THEPPANA WIND FARM in
Chaiphum City, Thailand



Ending poverty without further exacerbating climate change will only be possible if the private sector takes a leading role in supporting green economic growth and creating quality jobs.

—DIWAKAR GUPTA, Vice-President for Private Sector and Cofinancing Operations,
Asian Development Bank

The Philippines sits on a massive source of clean geothermal power, but developing these resources has been a challenge. In 2016, the Asian Development Bank (ADB) backed the issuance of the first Climate Bond in Asia and the Pacific through a credit enhancement transaction in the Philippines. The \$225 million bond comes in addition to a direct loan of \$37.7 million for the Tiwi–MakBan geothermal energy facilities. “This transaction validates the successful rehabilitation program of the Tiwi–MakBan facilities,” said Liza Montelibano, first vice-president and chief financial officer of Aboitiz Power. “The deal opens a new avenue for financing and refinancing our various projects, allowing Aboitiz Power to redeploy capital toward our large pipeline of new power investments that include renewable energy.”

Programs like this illustrate why ADB supports the development of a vibrant private sector, covering a wide range of

operations from cutting-edge infrastructure to helping local businesses gain access to credit.

ADB supports the private sector because it plays a critical role in driving economic growth and sustainable development.

It was not long after ADB was formed that it began supporting the private sector. In 1968, ADB extended a line of credit to a development finance institution in Thailand to help it lend to small and medium-sized enterprises. In the early years, ADB also helped finance private companies by providing government-guaranteed loans to development finance institutions.

In 1983, ADB began to provide direct assistance to private companies by introducing an equity investment facility. During the same year, ADB made its first equity investments in private companies with \$960,000 going to the Korea

THE PRIVATE SECTOR

Development Investment Corporation to help fund technology-intensive small businesses, and \$2 million going to Bankers Equity in Pakistan.

In 1986, ADB launched a new lending program designed to enlarge and diversify its support for private enterprises in developing member countries by introducing direct lending to private sector enterprises and financial institutions without government guarantees. Its first loan to a private company without government guarantee was to Pakistan's National Development Leasing Corporation, in 1986. The assistance stimulated growth of the leasing industry and had a demonstrative role that paved the way for the establishment of private and commercial banks.

In the same year, a new Private Sector Division was established in the Industry and Development Banks Department to facilitate such lending and act as a focal point to all private sector activities in developing member countries.

The lesson learned from that experience was that effective private sector transactions require specialized skills and expertise and different operational processes and procedures. As a result, ADB-wide private sector operations became the responsibility of a dedicated Private Sector Group in 1995.

That year also saw the approval of a more focused strategy on private sector operations, which accorded high priority to





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- 1 Workers at Guangdong Real Faith Lighting Company
- 2 Small business loans from Access Bank in Azerbaijan have enabled small businesses to grow

infrastructure and finance—two sectors in which ADB had had long experience through its public sector operations. Then, in 2001, ADB adopted a strategic direction paper for private sector operations. While maintaining its focus on infrastructure and capital markets, the Bank sought to extend and deepen private sector operations’ reach of countries and sectors and to expand mobilization of cofinancing in response to evolving market needs.

ADB’s renewed commitment to private sector development and new challenges presented by the changing environment signified that upgrading the Private Sector Group to a Private Sector Operations Department was a natural progression for private sector operations within ADB. The Private Sector Operations Department was established in 2002 with responsibility for project finance, capital markets, investment fund management, and risk management. ADB staffed up to support expanded private sector operations by bringing in legal and risk management specialists.

Under this new framework, ADB was able to scale up its engagement in key sectors. ADB’s \$37.3 million loan to the New Bong Escape Hydropower Project—the first private hydroelectric power generation project in Pakistan—illustrates the power of demonstration in helping address an electricity shortfall. Developing a bankable framework for this run-of-river plant developed by Pakistan’s first independent

THE PRIVATE SECTOR

power producer paved the way for the subsequent rapid development of the country's hydropower potential.

Telecommunications is another area where ADB has engaged. In Afghanistan, ADB helped the country's largest telecom operator develop a nationwide mobile phone infrastructure and expand cellular services and coverage to all of the country's provinces. Innovative services, such as telemedicine, mobile trade, mobile banking, public call offices, and a mobile wallet system, have improved lives and livelihoods.

From 2008, ADB was focused on private sector development and private sector operations as "drivers of change" in developing member countries in Asia and the Pacific in its long-term planning document, Strategy 2020. This included promoting public-private partnerships in all of ADB's operations.

Today, ADB is deepening its work to support private sector projects that have clear development impacts or demonstration effects that go beyond profit.

Projects include supporting Credo, a microfinance organization that is expanding banking services for small businesses and farming households in Georgia. ADB is lending the company \$23 million.

In Bhutan, ADB has made a \$3 million equity investment, and is providing a \$1.5 million technical assistance grant, to Mountain Hazelnuts, a firm that is

developing an inclusive and environmentally sustainable hazelnut value chain in Bhutan. The company is training thousands of farmers, including women, to grow a totally new crop and to use farm practices that will help minimize crop losses including from climate change.

Both companies were recipients of the ADB Private Sector-Consumer News and Business Channel (CNBC) Awards for providing ground-breaking, high-impact private sector solutions to key development challenges in 2015.

"Ending poverty without further exacerbating climate change will only be possible if the private sector takes a leading role in supporting green economic growth and creating quality jobs," observes Diwakar Gupta, ADB vice-president for private sector and cofinancing operations. "Private capital and expertise will be needed to address poverty in all its dimensions—from food security through the effective and efficient delivery of social services and infrastructure. ADB recognizes this [...] and continues to place its private sector operations at the heart of its long-term strategies." ●





Philippine Stock Exchange

A HOTEL OWNER sitting in a traditional hut in Saleapagaa

SAMOA

FROM POWER LINES TO CLASSROOMS

From power lines to classrooms, results of the partnership between Samoa and the Asian Development Bank are evident around the country.



We appreciate ADB’s commitment to helping Samoa achieve economic self-reliance by pursuing a private-sector-led economy and to help us prepare for climate change challenges and a renewable energy future. As a founding member, we have a strong partnership and share a long-term vision with ADB for the sustainable development of Samoa

—SILI SÂLÂ EPA TUIOTI, Minister of Finance, Samoa

The frequent power outages that once plagued Samoa were more than an inconvenience. At the country’s hospitals, they were endangering lives.

For years, electricity supply had been problematic in many parts of Samoa, particularly in the countryside. Long blackouts and voltage fluctuations affected productivity and damaged appliances. Not only was the electricity supply unreliable, it was also unaffordable for many.

Sosefina Taulauta, a health worker and mother, has seen the dramatic improvement in power supply to the National Health Service hospital on the main island of Upolu. This has benefited the public at large, including Sosefina’s twin daughters.

“Their health has improved because the facility has better power supply,” she said. “After visiting the doctor, their health gets better and this means they are active in education, church, and the village. I believe they have a promising future.”

The improvements are the result of the Power Sector Expansion Project, the 2007 joint undertaking of Samoa, the Asian Development Bank (ADB), the Government of Australia, and the Japan Bank for International Cooperation. The project helped the country develop an effective energy policy and provide reliable and affordable electricity. Under this project, as well as other investments in the power sector dating back to the early 1990s, ADB has helped to finance

SAMOA

over half of the installed generation capacity in Samoa.

With limited natural resources and a narrow economic base, the country faces formidable challenges to its social and economic development. ADB has helped Samoa overcome these challenges by building infrastructure and supported economic reforms and improvements in the business environment for private enterprise.

The results of this partnership can be seen in Samoa today: the power lines along the coastal roads; the school buildings in every village; the small businesses, from roadside stores, to print shops, to beach resorts that draw tourists from all over the world. But some results are hidden from view, such as the electricity transmission wires that supply the national hospital on the main island of Upolu, which the ADB project put underground to avoid disruption caused by storms and disasters.

After joining ADB as a founding member in 1966, the first major project in Samoa was the Faleolo Airport and Road Project in 1969. It helped promote tourism by upgrading the country's main airport to suit short-haul jet aircraft and improving the road to Apia, the capital and largest city. Work continued with investments in energy, transport and telecommunications, and agriculture and forestry. ADB also helped establish the Development Bank of Western Samoa.



In the 2000s, ADB turned its attention more to infrastructure, increasing access to services and helping create the basis for a vibrant private sector.

Following the double impact of the global economic crisis and the devastating tsunami that hit Samoa on September 2009, ADB worked closely with other development partners to provide flexible financing to assist Samoa's reconstruction efforts and support reform efforts. Early in 2010, ADB opened a joint office with the World Bank. As ADB's portfolio in Samoa continued to expand, ADB expanded its presence further in 2016. This has strengthened relationships with the government and supported project implementation. A \$16 million Economic Recovery Support Program agreed in March 2010 helped Samoa put in place policies





- 1 With ADB support, more villages in Samoa now have school buildings
- 2 A tailor using a prepaid electricity meter installed in her home in Apia to power her equipment
- 3 A wood carver at the Apia Cultural Village



SAMOA

to encourage higher economic growth, and improve the delivery of basic services to the poorest and most vulnerable. ADB provided a further \$14 million in 2013 to improve fiscal management and build resilience to climate change, including a city plan for Apia that included guidelines for mitigating the risk of natural disasters and their impact on government resources. A new grant, approved in 2016, supports further policy and public enterprise reforms.

ADB has supported small businesses in Samoa, through a \$5 million agribusiness project agreed in 2014. So far, 10 businesses—producing a range of products including natural cosmetics, coconut oil, vegetables for the tourism market—have been able to access cheaper financing from commercial banks, allowing them to grow and provide jobs.

ADB is also working closely with Australia and the World Bank to develop a new submarine cable system, which is expected to be operational by the end of 2017. This project, for which ADB approved \$25 million in 2015, is expected to significantly reduce internet and telephone costs, and help government to improve services to citizens.

“We appreciate ADB’s commitment to helping Samoa achieve economic self-reliance by pursuing a private-sector-led economy and to help us prepare for climate change challenges and a renewable energy future,” said Sili Sâlâ Epa Tuioti, Samoa’s minister of finance. “As a founding member, we have a strong partnership and share a long-term vision with ADB for the sustainable development of Samoa.” ●





- 1 Central Apia, the capital of Samoa
- 2 A communications tower

A woman with dark hair pulled back, wearing a white sleeveless top and a beaded necklace, holds a large, ripe pineapple in front of her. The background is a dense, out-of-focus green forest. The text is overlaid on the top left and bottom left of the image.

SOLOMON ISLANDS

TAKING CARE OF BUSINESS

Solomon Islands and the Asian Development Bank (ADB) have partnered on several large projects in transport, which has been a key area of focus since 1973. More recently, ADB has supported reforms to create a more business-friendly environment.





Since joining the Asian Development Bank in 1973, Solomon Islands has benefited from ADB's assistance in energy, private sector development, public sector management, and transport. This government has an ambitious agenda and we will continue to work with ADB to help us achieve our goals for the benefit of all Solomon Islanders.

—SNYDER RINI, Minister of Finance and Treasury, Solomon Islands

Not long ago, female farmers in the northern Solomon Islands sold their vegetables for minimal profit in the central market of Honiara. After they set up their own company, some of the farmers were able to collectively sell fresh fruits and vegetables to a leading hotel in the capital for greater profit.

The women benefited from a series of business law reforms in Solomon Islands that introduced the concept of community companies. These consist of groups, such as farmers, landowners, or women's organizations, which use community assets in the form of handicrafts, fishing boats, or local crops. A company is formed to direct the profits of these activities toward an agreed community goal, and to preserve the community's assets for future generations.

This has empowered women and people in vulnerable situations to set up small businesses and contribute to the country's economic prosperity.

As part of these reforms, Solomon Islands' business registry is now able to accept online applications for company registrations. Previously, company registrations used to take about 10 days; now, new registrations can be done in just 24 hours.

These reforms were introduced as part of the Pacific Private Sector Development Initiative, financed by ADB and the governments of Australia and New Zealand, which is making it easier to do business in ADB's 14 Pacific developing member countries. Solomon Islands has been a

leader in the Pacific when it comes to implementing reforms for improving the enabling environment for the private sector to develop and grow.

A PARTNERSHIP FOR REFORM

After joining ADB, Solomon Islands quickly got down to business. The first ADB loan, approved in 1976, invested \$3.57 million to import beef cattle and to develop small cattle ranches.

In the subsequent decades, ADB and Solomon Islands worked together on improving the country's fisheries, upgrading power supplies, rehabilitating roads, and helping the country recover from conflict.

From 2004, reforms to the business environment became a focus of the partnership, as ADB helped Solomon Islands develop the new State Owned Enterprise Act, which was passed by Parliament in 2007. This has helped Solomon Islands become the leading country in the Pacific region in the reform of state-owned enterprises.

The average return on equity of the Solomon Islands state-owned enterprises portfolio increased from negative 11% in 2002–2009 to positive 10% in 2010–2014.

Another important area of work for the partnership has been in transport, particularly roads and related infrastructure.



The port in Honiara

SOLOMON ISLANDS

With a mostly rural population of nearly 600,000 people widely dispersed over an extensive archipelago, transport has been a key development priority for decades.

ADB has helped the country improve rural and urban households' access to markets, education, and health services. The Second Road Improvement Project replaced or upgraded 35 major water crossings and rehabilitated and upgraded 64 kilometers of roads. These investments were climate-proofed by constructing 50 culverts to drain rainwater, erecting river training walls, and realigning river channels to minimize future risks. Local communities were enlisted to maintain the road.

In 2016, ADB and the Government of Australia extended a total of \$48.8 million for the Sustainable Transport Infrastructure Improvement Program. This is ADB's first results-based program in the transport sector in the country and will help maintain vital infrastructure.

ADB has also been active in responding to disasters in Solomon Islands. After floods hit the country in 2014, ADB quickly disbursed a grant of \$200,000 from the Asia Pacific Disaster Response Fund to help restore communication services and roads.

In the years ahead, ADB will continue its role as the lead development partner for the transport sector, and will help Solomon Islands build an investment- and business-friendly environment. ●



- 1 A rehabilitated road
- 2 ADB-financed technical education, such as tailoring training, opens up new income opportunities





THE BANKS of Ampara Tank
in Eastern Sri Lanka



SRI LANKA

FROM THE GROUND UP

After a series of vast transformations over the last 5 decades, Sri Lanka, in partnership with the Asian Development Bank, is attempting another bold transition.



The sterling role played by ADB has to be placed on record with utmost gratitude. We are indeed inspired by your presence and look forward to further improvement of your contribution towards the continued efficacy of our economy.

—RAVI KARUNANAYAKE, Minister of Finance, Sri Lanka

In a laboratory at a secondary school on the outskirts of Sri Lanka's capital city of Colombo, an experiment is taking place.

An instructor is inserting plant tissue into a microbe-free environment. Student Rashmi Koushalya observes nearby, hoping she can one day break into the male-dominated field of science.

“My ambition is to be a nanotechnology scientist, or to work in the weather department,” she says.

Her small experiment in the classroom is part of a much more ambitious experiment taking place nationwide in Sri Lanka. The country is trying to transform its education system to produce graduates who have high-end science and technology skills and are sought after by employers.

“As a nation, we are trying to switch from being a labor market to a knowledge economy,” says Ranjith Kumarasiri,

an education specialist with Sri Lanka's Ministry of Education.

Female students, who traditionally do not pursue science and technology studies in Sri Lanka, are a major target of the effort.

Underpinning this effort is another ambitious experiment supported by the Asian Development Bank (ADB). The Education Sector Development Program, which is financing Sri Lanka's effort to expand science and technology teaching in schools, is ADB's first-ever results-based loan.

This innovative loan disburses funding once clearly defined indicators—such as number of improved schools and trained teachers—are met. This helps ensure that students, teachers, and school systems receive the maximum benefit from the loan. Targets set for 2013–2016 have largely been met, and the program is ongoing.

SRI LANKA

AN IMPRESSIVE TRANSFORMATION

Since 1966, when Sri Lanka joined ADB as a founding member, the country has made impressive progress in economic development and has markedly improved its social indicators. In the 1960s, the country was mostly rural, and had high rates of poverty, and low rates of education and literacy.

Sri Lanka's rich cultural heritage and increasingly sophisticated workforce have positioned the country to benefit from strong economic growth. In practical terms, this has meant that many Sri Lankans are able to earn more and invest in their families and communities.

The country's transport system and other infrastructure are being upgraded to move goods and people more efficiently, and to accommodate the increasing number of international tourists.

At 98%, Sri Lanka has one of the highest rates of primary school students moving into secondary school. In 2015, the adult literacy rate was 93% and almost 99% of people in the urban areas had access to safe water.

IMPROVING LIVES, ONE PROJECT AT A TIME

Over 50 years, ADB has helped upgrade infrastructure, improve education and skills-based training, and assist with postconflict reconstruction. It has also supported the growth of small and medium-sized enterprises, the development of agriculture and natural resources, and the management

of the public sector. This work has come in the form of nearly 200 projects and programs and other investments totaling more than \$7.5 billion.

One of the earliest efforts by ADB in Sri Lanka was a project to help transform the country's famous and economically vital tea industry. The Tea Factory Modernization Project, approved in 1968, cut the cost of producing tea, improved the quality of the product, increased government revenues from the industry, and helped 128 small business owners.

From those beginnings, ADB's work spread across the economy and increasingly moved into agriculture, which had a direct impact on reducing poverty, enhancing the role of women, and protecting the environment. In the 2000s, ADB worked with Sri Lanka to assist areas in the north and east that had been affected by 3 decades of conflict, and was instrumental in bringing critical assistance after the 2004 tsunami that heavily damaged two-thirds of the country's coastline.

Today, in line with the country's evolving needs and the priorities of the Government of Sri Lanka, ADB's work focuses on helping the country achieve inclusive growth, good governance, and private sector development.

The results of ADB's work can be seen in Sri Lanka's northern and eastern provinces. Economic activity in these once conflict-affected areas has been increasing





- 1 An ADB-supported project helped rehabilitate school facilities in Hakmana
- 2 The Polonnaruwa–Ikiriwewa rural water supply scheme is part of an ADB-supported project that provides clean water to more than 600 homes
- 3 Nurses at Kilinochchi District General Hospital attend to a newborn infant on the maternal ward
- 4 ADB is supporting the Colombo port expansion

SRI LANKA

rapidly, growing at twice the rate of other provinces.

This is due in part to the two phases of the North East Community Restoration and Development Project, which has helped build and rehabilitate basic infrastructure and services needed for a fresh start. The project has restored crucial irrigation pumps, built a new dam, and refurbished agrarian outreach centers to supply farmers with essentials such as seeds and fertilizer.

The projects brought health services, education facilities, shelter, water, sanitation, and electricity to tens of thousands of people in conflict-affected areas. The reconstruction work provided much-needed employment for many residents.

In the hard-hit district of Mullaitivu, the ADB-supported Conflict-Affected Region Emergency Project is helping to improve roads and providing access to a reliable power supply. It has also restored irrigation systems so that farmers who return to work the land can earn more.

Tharmalingam Vasanthiradevi, a 64-year-old widow who farms 3 acres of rice paddies, can remember when artillery shells would land on her property. Fighting that raged around her farm, and sometimes spilled onto the farm itself, forced her to flee with her family in 2008.

Amid the chaos, the family abandoned their farm and their belongings, leaving with nothing more than they could carry. After 2 years, when it was safe to return

to the farm, the family had lost nearly everything and had to start from scratch. The government assisted the family with fertilizer and farming equipment to begin planting again.

To support farmers in the area, ADB financed the improvement of an irrigation canal. The canal that was previously leaky and unreliable was lined with concrete and now allowed water from a nearby reservoir to flow easily and reliably to farms.

“We can get water more easily now and cultivate more,” says Vasanthiradevi. “It is still difficult to farm due to droughts and flood, but the irrigation canal has made work easier.” ●

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- 1 Convex mirrors reflect the road ahead at the bends for easier and safe driving along the Udatenna-Mahiyangana road
- 2 The newly constructed breakwater of the Colombo port



TAJIKISTAN

UNLOCKING DEVELOPMENT

Tajikistan has grown its economy and has reduced the number of its citizens living in poverty during nearly 2 decades of partnership with the Asian Development Bank. Improving roads and power supply has been a top priority.



We look upon ADB as our own bank and a reliable partner, which would work with us to find country-specific solutions to the myriad of development challenges being faced by the member countries.

—DAVLATALI SAID, First Deputy Prime Minister, Tajikistan

The Nurek hydropower plant is Tajikistan's main source of power, producing over 70% of the country's electricity. About 6 million people rely on the plant for power, as do the textile, aluminum, food processing, and agriculture industries, which drive the economy.

This vital power source was found to have a major vulnerability. The switchyard, which performed crucial functions needed to keep the plant running, sat on a water-soluble rock formation that was dissolving. The switchyard had literally been sinking. If it were to fail, the plant would go offline, causing power outages in most of the country and resulting in disastrous social and economic consequences.

In 2008, Tajikistan and the Asian Development Bank (ADB) partnered to find a solution. A \$54.8 million grant from ADB financed the Nurek 500-Kilovolt Switchyard Reconstruction Project, which built a new

state-of-the-art switchyard on a stable site and made Tajikistan more energy secure.

Since 1998, ADB has been helping Tajikistan increase the supply of energy, reduce the isolation of the mountainous, landlocked country; improve social services, and create income-generating opportunities.

“We look upon ADB as our own bank and a reliable partner which would work with us to find country-specific solutions to the myriad of development challenges being faced by the member countries,” notes Davlatali Said, first deputy prime minister of the Republic of Tajikistan.

RENEWED ENERGY

In the 1990s, Tajikistan experienced a conflict that devastated its economy and caused hardship to its people. ADB responded with a postconflict rehabilitation program as well as work to help the country transition to a market economy.

TAJIKISTAN

By the 2000s, Tajikistan and ADB were working together to improve the country's supply and transmission of energy. Hydropower provides most of Tajikistan's electricity, but the Soviet-built power plants and power lines were antiquated and poorly maintained, resulting in frequent power outages and inefficient operation.

ADB's assistance to upgrade and rehabilitate the outdated energy infrastructure not only made power more reliable and available to the country's citizens, but also enabled Tajikistan to export surplus power in the summer to neighboring countries.

This work included upgrading nearly 500 kilometers of transmission and distribution lines, thereby connecting more than 50,000 households to electricity for the first time.

The first energy initiative in which ADB and Tajikistan partnered was the \$34 million Power Rehabilitation Project in 2000, which added more than 100 gigawatt-hours of power-generation capacity by rehabilitating major power plants in the country.

Another example of the energy partnership was the 2006 Regional Power Transmission Interconnection Project. With help from other donors, the ADB-supported project tapped Tajikistan's summer energy surplus to meet shortfalls in neighboring Afghanistan. The project constructed a 220-kilovolt transmission line linking the hydropower stations on Tajikistan's Vakhsh River to the border town of Sher Khan Bandar, then to Kunduz, Baglad,





- 1 The Dushanbe–Kyrgyz Border Road Rehabilitation Project in Jirgatal District, Tajikistan, rehabilitated with ADB support
- 2 Teacher and students during a break
- 3 An electrician inspects the facilities at the Nurek Hydro Powerplant
- 4 Road maintenance works under the Dushanbe–Kyrgyz Border Road Rehabilitation Project in Garm district
- 5 Reservoir for the Khojabakirgan–2 Pump Station

TAJIKISTAN

Pul-e-Khumri, and, ultimately Kabul in Afghanistan.

With a new ADB field office opening in the capital city of Dushanbe in 2003, ADB continued to help Tajikistan connect and trade with its neighbors. This assistance included supporting Tajikistan's membership in the Central Asia Regional Economic Cooperation program, which it joined in 1998.

ADB and Tajikistan have partnered to make the country's customs operations more simple, efficient, and transparent, so goods could be traded more easily with neighboring countries. The Regional Customs Modernization and Infrastructure Development Project supported a crackdown on smugglers, increased the amount of tax revenue collected at the border, and streamlined the process for imports and exports.

GETTING MOVING

ADB has also been active in helping Tajikistan improve its roads. By 2013, ADB had become the largest multilateral development partner in its transport sector, with about \$440 million in loans and grants to support improvements. The

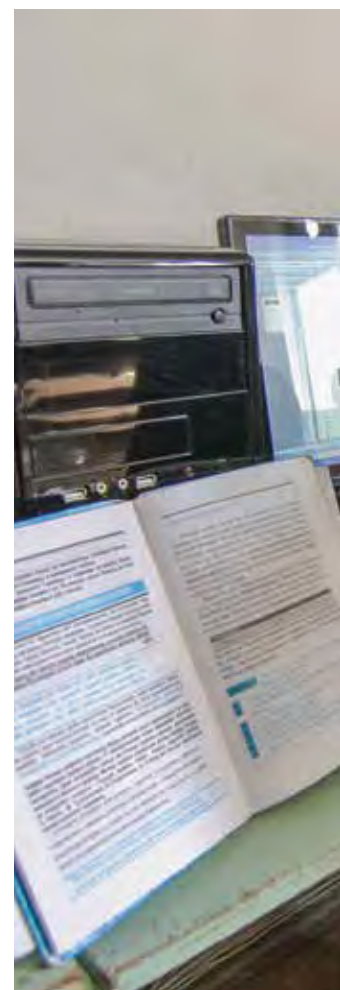
work focused on rehabilitating the country's major regional highways, rural roads, and border crossings.

As a result of the partnership in the transport sector, about 430 kilometers of major highways and 620 kilometers of rural roads were built or improved, giving people greater access to vital social services and opening up regional markets for Tajikistan's goods.

FALLING POVERTY

After a difficult decade in the 1990s, Tajikistan's economy took off in the 2000s and poverty plummeted. During 1998–2007, gross domestic product growth averaged 7.9% per year. During 2005–2009, the proportion of the population earning less than \$2 per day fell from 84% to less than 28%.

Today, ADB is working with Tajikistan to diversify its economy and create more high-income jobs. Improvements in the country's investment climate and continued improvements to transport and energy infrastructure will be vital. Efforts are also under way to improve food security in the country and upgrade the skills of the labor force. ●





- 1 Computer classes at a secondary school in Chorbog Village
- 2 Residents of Bobojon Gafurov District sell fruits along the road linking Khujand with Kanibadam
- 3 A secondary school in Mirapok Village rehabilitated with ADB support



OVER HALF A MILLION solar panels in central Thailand help provide power to the national grid

THAILAND

CATALYZING ONE OF SOUTHEAST ASIA'S MOST DYNAMIC ECONOMIES

The Asian Development Bank has been present since the start of Thailand's impressive journey to middle-income status.



We appreciate our close partnership with ADB in addressing Thailand’s development challenges including competitiveness, economic reform, inclusive growth, and regional cooperation and integration, as well as support at the subregional level to enhance inclusive growth and sustainable development.

—APISAK TANTIVORAWONG, Minister of Finance, Thailand

Sprawling across more than 176 hectares in central Thailand, more than half a million gleaming panels soak up the energy provided by the sun. The solar panels provide power to the national grid, and they are also a symbol of the country’s leadership role in Southeast Asia.

The Natural Energy Development solar plant in Lopburi province, supported by financing from the Asian Development Bank (ADB), produces 84 megawatts of electricity, which is enough to supply electricity to 70,000 households, all using the power of the sun.

The Lopburi solar plant helped transform commercial sentiment toward solar energy projects. It proved that renewable energy projects can be reliable, sound, and relatively low-risk ventures.

“Thailand is the leader in Southeast Asia in solar energy, and many countries in the region would like to copy its success,” says Daniel Wiedmer, principal investment specialist of ADB’s Private Sector Operations Department.

The Government of Thailand is seeking to have 30% of power generation coming from renewable sources by 2036. Due in part to the success of the Lopburi plant and its catalytic effect on private investment, officials say that target might actually be exceeded.

FUELING AN EXPORT BOOM

The energy renaissance that ADB has helped foster in Thailand is just one aspect of a relationship that dates back to the establishment of ADB in 1966. Since then, Thailand has evolved from a low-income,

THAILAND

agriculturally based country into the second-largest economy in Southeast Asia. It reached upper-middle-income status in 2011 and now has its sights set on becoming a high-income country.

Thailand was the recipient of the first loan ever extended by ADB. The \$5 million loan to the Industrial Finance Corporation of Thailand in January 1968 contributed to the country's industrial development, boosting export earnings and helping to lay the foundations for Thailand's subsequent economic boom. The loan was the only source of foreign exchange for re-lending by the corporation at the time, and therefore played a vital role.

Later, Thailand integrated its manufacturing production, particularly of automobiles and electronics, into regional and global value chains, making it a global presence today in these industries.

FINANCING KEY SECTORS

As Thailand's economy took off in the 1970s, the country was looking to upgrade its road system. ADB's 1980 Highway Sector Project took what was at the time a novel approach to the challenge of upgrading roads. The sector loan helped upgrade and strengthen more than 1,200 kilometers of roads and also improved road safety, maintenance, and other policies needed to maintain a modern national road system. Today, Thailand has some of the most modern, efficient roads and highways in Southeast Asia.





1



2



3

- 1 Skytrain tracks in Bangkok
- 2 The 73-megawatt Lopburi solar power plant in central Thailand is one of the largest solar photovoltaic projects in the world
- 3 Boats ready to ferry passengers dock along the Mekong River

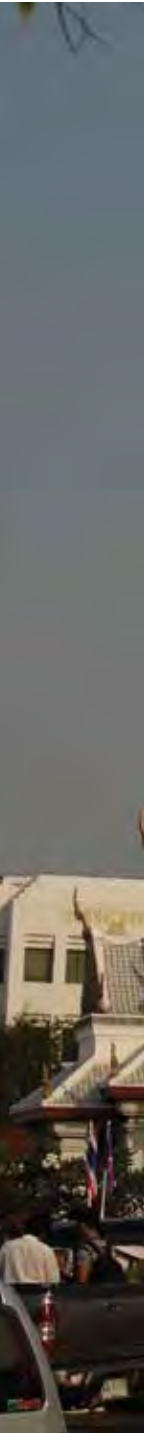
THAILAND

Since 1966, ADB has invested \$6.7 billion in 275 loans, grants, and technical assistance projects focused primarily on energy, and transport and communication. ADB has provided no new public sector loans to Thailand since 2010. Instead, responding to Thailand's needs as an upper-middle-income country, ADB has provided policy advice, capacity building, and knowledge support for infrastructure development, social sector reform, financial sector improvement, and regional cooperation.

“We appreciate our close partnership with ADB in addressing Thailand's development challenges including competitiveness, economic reform, inclusive growth, and regional cooperation and integration, as well as support at the subregional level to enhance inclusive growth and sustainable development,” says Apisak Tantivorawong, minister of finance for Thailand. ●



- 1 A safety officer at the construction site of a wind farm in Chaiyaphum
- 2 The Pink Elephant statue on Ratchadamnoen Avenue, Bangkok





REGIONAL COOPERATION AND INTEGRATION

STRONGER TOGETHER

Bringing Asia and the Pacific together through projects that promote regional cooperation and integration has been a cornerstone of the Asian Development Bank's work since it was created. The fruits of those efforts can be seen in roads, power plants, bridges, border crossings, and other points of cooperation throughout the region.



CROSS-BORDER ROADS facilitate the movement of goods and people.





ADB is paving the way for a new dimension of economic corridor development, leveraging trade and transport networks, and helping economies integrate into regional and global value chains and production networks.

—WENCAI ZHANG, Vice-President Operations 1, Asian Development Bank

In 2008, the Lao People's Democratic Republic (Lao PDR) finished building the Route 3 Highway, which stretches from the country's northern border with the People's Republic of China (the PRC) to its southern border near Thailand. In 2013, the Fourth Thai-Lao Friendship Bridge spanning the Mekong River was completed.

"After the road was completed, trade volume increased by more than 70%," says Tinnawat Silarug, a customs official in Thailand. "Then, after the Friendship Bridge was completed, the trade volume increased by a further 12%."

The road and bridge are part of an Asian Development Bank (ADB)-supported project that is connecting Kunming in the PRC to Bangkok, Thailand via the northwest region of Lao PDR. The Greater Mekong Subregion North-South Economic Corridor Project is upgrading roads, building bridges,

easing border restrictions, and taking other measures to make it easier for the three countries to trade, travel, and cooperate.

The project is one of dozens across Southeast Asia, Central Asia, South Asia, the Pacific and others areas where ADB is promoting regional cooperation and integration, a cornerstone of the institution's work in the region.

REASONS TO COOPERATE

Regional cooperation and integration is a process by which national economies become more connected regionally, allowing them to make greater connections, including on global agendas. The process builds stronger institutions and closer trade integration, intraregional supply chains, and stronger financial links. Reducing or removing barriers at the border and behind the border allows economies of scale to be tapped.

Trade in goods and services, cross-border investment, labor mobility, technology transfers, and financial transactions all support the creation of a much larger, regionally integrated market. The supply chains and production networks that thrive on economic efficiency and integration have made Asia's enormous manufacturing growth possible.

As poorer countries' economies become more integrated with those of their richer neighbors, they have the opportunity to move up the value chain, boost their growth potential, speed their expansion, and gradually forge convergence. Such cooperation provides a platform for all participating countries to reduce poverty and economic disparity, and work toward achieving rapid and sustained growth.

ADB and its partners across Asia and the Pacific have recognized that regional cooperation and integration can be a powerful mechanism for unlocking the vast economic potential of Asia and the Pacific for the benefit of its people.

Working together also helps policy makers in the region better respond to global challenges such as financial shocks, climate change, and threats of global pandemics. It creates safety nets—whether financial, social, environmental, or disaster-related—and enables countries to collectively confront cross-boundary challenges. For example, ADB is helping countries in the region work together to enhance their responses to infectious diseases that are posing new threats.



- 1 Goods find their way to consumers in neighboring markets
- 2 Customs officials noted increased volume in cross-border trade

REGIONAL COOPERATION AND INTEGRATION

By speaking with a unified voice, the countries of Asia and the Pacific can make a greater impact on the global agenda, commensurate with the region's growing economic might.

A HISTORY OF COOPERATION

From the 1960s to the late 1980s, ADB helped the region work together primarily through technical assistance projects, including regional studies, seminars, and policy dialogue. This improved relations and understanding between countries.

Regional cooperation efforts were ramped up dramatically in the early 1990s with the establishment of the Greater Mekong Subregion (GMS) in 1992, which linked two provinces of the PRC with five neighboring Mekong countries—Cambodia, the Lao PDR, Myanmar, Thailand, and Viet Nam. The program supports priority subregional projects in transport, energy, agriculture, the environment, and trade facilitation.

In 1994, ADB launched a formal Regional Cooperation Policy, which identified three complementary functions for the institution as provider of knowledge, honest broker, and a means of leveraging public and private resources for regional investments. Much of the policy's initial focus was on the development of the GMS.

Subsequently, ADB helped establish the Central Asia Regional Economic Cooperation program in 1997, which supports priority projects in cross-border infrastructure and trade in the 11 member countries. In 2001, ADB helped set up

the South Asia Subregional Economic Cooperation program, with a focus on transport, trade facilitation, energy, and economic corridor development.

ADB serves as the secretariat for the GMS, South Asia Subregional Economic Cooperation, and Central Asia Regional Economic Cooperation programs.

The Asian financial crisis of 1997–1998 brought greater urgency to the issue of cooperation and integration. After the economic devastation brought about by the crisis, the GMS countries deepened their resolve to pursue regional cooperation and integration, and cemented their commitment to a shared vision of an integrated, prosperous, and harmonious subregion.

In 1999, the Regional Economic Monitoring Unit, which became the Office of Regional Economic Integration in 2005, was established to drive ADB's regional cooperation agenda. A new Regional Cooperation and Integration Strategy was established in 2006, and it was supported by ADB's long-term planning document, Strategy 2020. This was followed by an increase in the volume and share of regional cooperation and integration projects in total operations.

Regional cooperation and integration was further mainstreamed into ADB's operations in 2015 when the Economic Research Department and the Office of Regional Economic Integration were merged into the Economic Research and Regional





Cooperation Department. Following the merger, a new Regional Cooperation and Integration Operational Plan, 2016–2020 was formulated and approved in 2016.

The result of this sustained effort to promote regional cooperation and integration has been better dialogue, increased people-to-people exchanges, more economic ties, and improved physical connections throughout the region.

As the region has developed, so too have its regional cooperation and integration needs. Wencai Zhang, ADB vice-president, outlines the current thrust: “ADB is paving the way for a new dimension of economic corridor development, leveraging trade and transport networks, and helping economies integrate into regional and global value chains and production networks.” ●

- 1 ADB has supported economic corridor development, leveraging trade and transport networks, and helping economies integrate into regional and global value chains and production networks
- 2 A driver gets his one-day permit checked as he leaves the Wagah border at dusk

BEACH IN DILI

TIMOR-LESTE

A SOLID FOUNDATION FOR ASIA'S NEWEST COUNTRY

Timor-Leste, Asia's youngest country, has moved past the strife of recent years and is undertaking the difficult work of building a strong, resilient economy that benefits all. The Asian Development Bank is by its side.





After a long struggle for independence and return to peacebuilding after the 2006 crisis, Timor-Leste is in the stage of statebuilding through strengthening the institutions that will provide decades of growth and prosperity, for its people. ADB is one of the partners in this process.

—SANTINA JOSE RODRIGUES FERREIRA VIEGAS CARDOSO, Minister of Finance,
Timor-Leste

Timor-Leste gained independence in 2002 and for years had been wracked by conflict. The country's infrastructure was in ruins and it had few of the institutions needed for a strong economy.

Throughout the tumultuous post-independence period, the Asian Development Bank (ADB) worked on emergency rehabilitation of damaged infrastructure and the sustainability of the country's assets and institutions. The situation improved faster than expected and in 2012, ADB ended Timor-Leste's status as a special postconflict state, 2 years earlier than originally planned.

Timor-Leste has many challenges ahead, but the country has also made significant progress. Timor-Leste halved child and infant mortality between 2001 and 2009,

achieving one of the fastest rates of progress of any country in the world on these indicators. The proportion of people living in extreme poverty has fallen from about 71% to 33% over the same period, and the country is on track to achieve a two-thirds reduction in maternal mortality.

Timor-Leste is now working with ADB on projects that will have an enduring impact on improving living standards in the country.

ADB has been the lead development partner supporting Timor-Leste's road sector. One example of this is the Road Network Development Sector Project, which is rehabilitating 76 kilometers of national and district roads and is developing a road maintenance program that will keep them safe and reliable for years to come.

TIMOR-LESTE

The upgraded roads will improve connections between the capital city of Dili and the western regions of the country and Indonesia. This is expected to boost ties with Indonesia, which is Timor-Leste's main source of imports and third-largest export market.

The project aims to accelerate economic opportunities, promote private sector growth, and reduce poverty. A key element of the road project is its climate-resilient design, meaning the upgraded road will be less vulnerable to floods and landslides.

ADB has been supporting Timor-Leste with more than \$380 million worth of loans, grants and technical assistance. In addition to the development of roads infrastructure, ADB has also been working in the areas of finance, urban water supply, technical and vocational education and training, and regional cooperation and integration.

ADB assistance in finance has helped the Institute of Microfinance of Timor-Leste become the country's first locally owned commercial bank providing loans to individuals and businesses in urban and rural areas. The National Commercial Bank of Timor-Leste, as it is now called, has 1 branch in Dili, 12 branches across the country, and 2 extension counters, including 1 in the small island of Atauro. The bank has boosted local entrepreneurship, jobs, and investment, and is assisting the government's drive to diversify the economy beyond petroleum.

The Government of Timor-Leste also aims to provide all citizens with 24-hour access

to clean water by 2030. ADB is supporting this objective, focusing on improving the water supply in Dili and the district capitals. About 1,800 more households in Dili now have access to reliable water supply, and upgrades of the supply systems in two district capitals are providing clean water to more than 30,000 people. A key component of the project is reducing the incidence of waterborne diseases by involving women in decision making and hygiene awareness campaigns.





- 1 Children playing
- 2 Store owner in Talimoro
- 3 Workers load a boat with goods for transport to other islands

TIMOR-LESTE

ADB is also supporting the development of a skilled workforce needed for Timor-Leste's rapidly expanding economy. It is using its extensive regional experience in technical and vocational education and training to help the government reduce midlevel skills shortages.

The Mid-Level Skills Training Project, approved in 2012, is supporting all five of Timor-Leste's accredited construction and automotive training providers to offer mid-level training in these trades for the first time in the country.

The project seeks to ensure that at least one in five of the trainees is female. Female participation is being encouraged with scholarships, separate amenities and gender awareness training. The project target has been exceeded with 26% of trainees female.

Arcelia Faroca Fernandes (or Lia), 21, studied Certificates I and II in automotive mechanics at Don Bosco Training Centre in Comoro in 2015. She then went on to win "best female in automotive" at Timor-Leste's National Skills Competition, and was selected to observe the ASEAN Skills Competition in Malaysia in 2016. After undertaking a traineeship with the national ambulance service, Lia returned to Don Bosco Training Centre and is currently working as a supervisor to a team of mechanics at the training center's workshop.

"I chose to study automotive because in Timor-Leste there are many mechanics

but they're all men. That is why we want to become mechanics, because women can do it too," says Lia.

The Mid-Level Skills Training Project has trained and facilitated employment for the country's first female mechanics. Along with Lia, Florinda Elo was awarded a permanent contract working as a mechanic with the national ambulance service.

The ADB-supported technical education and road projects are important steps toward greater integration of Timor-Leste with the fast-growing markets of Southeast Asia and beyond. The government recognizes that regional economic integration has the potential to make an important contribution to the country's transition to a diversified private-sector-led economy. With this in mind, ADB is working with the government to ready it for accession to the Association of Southeast Asian Nations.

Under its new country partnership strategy, ADB aims to further strengthen infrastructure services, improve technical and vocational skills, and foster regional integration.

"ADB is a trusted development partner of the Government of Timor-Leste," said Paolo Spantigati, ADB country director for Timor-Leste. "The government is very appreciative of ADB's expertise and technical support, and wants us to partner more closely with them." ●





1 Youths playing soccer on the beach in Dili
2 High school students



TONGA

MAKING HIGH-SPEED CONNECTIONS

Since the 1970s, the Asian Development Bank has been helping Tonga connect to the rest of the world, first through telephone infrastructure and today via high-speed internet access. This complements the work being done to improve government finances, build critical infrastructure, and increase resilience to climate change and extreme weather events.



ADB has proven in action its relevance to Tonga by assuming an increasingly important role for our socioeconomic development. Six years ago in the aftermath of the negative impacts to Tonga of the international financial crisis, ADB together with key development partners articulated a joint commitment to support Tonga's economic recovery. Today, we are achieving above average growth, and once again, the government looks forward to foster stronger partnership with ADB to sustain Tonga's economic growth.

—SAMIUELA 'AKILISI POHIVA, Prime Minister, Tonga

In Tonga, access to the internet used to be frustratingly slow.

“We used to joke that if you wanted to access the internet you would click on the site, go away and make a cup of tea, drink it, and then maybe when you returned to your computer the site would be up—if the system hadn't timed out,” recalls Robert Bolouri, chief executive officer of Tonga Cable.

Before the Asian Development Bank (ADB)-backed \$32.8 million Tonga–Fiji Submarine Cable Project, internet access

was only possible through an extremely expensive and slow satellite service. Under the project, connections to the remote Pacific island country were largely improved and costs were more than halved.

Improved internet access is not just a convenience. At Vaiola Hospital in the capital city of Nuku'alofa, the lack of high-speed internet could be a matter of life and death. Radiologist Ana Akauola used to be unable to transmit large data files and had to mail X-rays and CT scans to colleagues in Australia for a second opinion.

TONGA

The whole process could take up to 10 days. Sometimes, patients died during that time,” she recalls, adding, “now, when I send X-rays, scans, and patient histories to colleagues overseas, they review the material and report back within hours.”

ADB is also supporting the development of electronic applications to improve service delivery in Tonga’s health and education sectors.

Helping to bring high-speed internet is one aspect of the work being done by ADB in Tonga, the oldest remaining Polynesian monarchy and the only Pacific island country that has never been brought under foreign rule. While embracing modernity, Tonga has kept its traditions and culture alive.

ADB is working with Tonga to improve the government’s financial management and spur economic growth to create jobs and reduce poverty. Part of this effort includes infrastructure investments in renewable energy, climate resilience, and water and sanitation.

MOVING TOWARD RESILIENCE

ADB has a long history of improving communications in Tonga. A year after the partnership began in 1972, ADB’s first project in the country was to improve the telecommunications system. In 1979, ADB implemented a new type of assistance—a multiproject loan that allows more development work to be done via a single loan approval process. Tonga was the first country where this was used.

Projects in communications, transport, health, water supply systems, and industry, improved infrastructure for much of the population and helped the outlying islands participate in the country’s development.

In the 1990s, ADB focused on partnering to strengthen Tonga’s investment climate, macroeconomic policies, and government efficiency. This work continued into the 2000s with the Economic and Public Sector Reform Program, which helped increase economic growth, and lower unemployment and poverty.



1

- 1 A clothing factory
- 2 Children in school



2



TONGA

In 2009, ADB and the World Bank Group established a joint office in Nuku'alofa, Tonga's capital, to provide on-the-ground support. This included helping the government undertake an ambitious economic reform program. In partnership with Australia and the World Bank, more than \$30 million in budget support was provided in 2009, 2013, and 2016. This has helped to restore public finances and debt to manageable levels and channel resources toward health, education, and other areas.

“Six years ago, in the aftermath of the negative impacts to Tonga of the international financial crisis, ADB together with key development partners articulated a joint commitment to support Tonga's economic recovery,” Tonga's Prime Minister, Samiuela 'Akilisi Pohiva, recalled that time. “Today, we are achieving above average growth, and once again the government looks forward to fostering a stronger partnership with ADB to sustain Tonga's economic growth.”

When a major tropical cyclone hit the outer island group of Ha'apai in January 2014, ADB and the Government of New Zealand provided assistance through the Cyclone Ian Recovery Project, which rebuilt and climate- and disaster-proofed 4 high schools and 12 primary schools. The project also reconstructed more than 45 kilometers of power lines, which restored electricity to 1,000 households.

ADB was also on hand when Cyclone Winston struck Tonga in 2016, and provided \$1 million from ADB's Disaster Response Facility to help in the aftermath of the cyclone.

Helping the island country incorporate climate resilience into its administrative planning and processes is another important and complementary thrust of ADB's support. The Climate Resilience Sector Project, launched in 2013, will finance a range of least-cost and locally appropriate solutions for climate resilience, with suitable investments identified and implemented by civil society organizations and local communities.

ADB is working to support Tonga in meeting its targets for curtailing climate change by tapping climate change mitigation finance from the Green Climate Fund to help transition away from diesel power generation and toward solar, hydropower, and wind energy. Tonga intends to generate 50% of its energy needs from renewable sources by 2020.

ADB will expand its overall assistance to support Tonga in addressing the existential threat of climate change, promoting economic growth, improving the efficiency of government finances and operations, and building critical infrastructure. ●





- 1 A high school student from Tupou High School in Nuku'alofa
- 2 Fixing a transmission line
- 3 A view of the sea



A VIEW OF ASHGABAT

TURKMENISTAN

ENERGIZING GROWTH

The Asian Development Bank has been involved in projects that could change the trajectory of Turkmenistan.





The TAPI pipeline is a true game changer, a historic undertaking that will address the energy needs of the region and contribute to development, peace, security, and, in turn, prosperity.

—SEAN O’SULLIVAN, Director General, Central and West Asia Department,
Asian Development Bank

Not long after Turkmenistan joined the Asian Development Bank (ADB) in 2000, the two partners undertook one of the most ambitious projects in Asia.

ADB has served since 2003 as the secretariat of the 1,600-kilometer Turkmenistan–Afghanistan–Pakistan–India (TAPI) Natural Gas Pipeline, which will export up to 33 billion cubic meters of natural gas per year from Turkmenistan to Afghanistan, India, and Pakistan.

Not only will this produce vital revenue for Turkmenistan by creating a larger market for its huge gas reserves, it will also increase energy security for 1.5 billion people in Afghanistan, India, and Pakistan. Since 2013, ADB has been the transaction adviser on the project, undertaking a wide range of activities that drive the project forward. ADB is expected to serve as financial adviser for the second phase of the project, with a view to bring it to financial closure in the near future.

“TAPI exemplifies ADB’s key role in promoting regional cooperation and integration over the past 20 years,” says Sean O’Sullivan, director general of ADB’s Central and West Asia Department. “It will unlock economic opportunities, transform infrastructure, diversify the energy market for Turkmenistan, and enhance energy security in the region.”

Moreover, the 1,600-kilometer natural gas “Pipeline of Peace,” as it has been described by participating countries, is intended to bring Central Asia and South Asia closer, promoting stability and prosperity in the region.

After opening an office in Turkmenistan in 2010, ADB worked with the country to attain membership in the Central Asia Regional Economic Cooperation program, and has supported transport and energy projects that link it to its neighbors.

Part of ADB’s work linking Turkmenistan to its neighbors included the 2011

TURKMENISTAN

North-South Railway Project, which improved 288 kilometers of railway between Chilmammet and Buzkhun. The railway has become an important transport link for regional trade from Turkmenistan to Iran, Kazakhstan, the Persian Gulf countries, the Russian Federation, and South Asia. It has also led to the economic development of local areas adjacent to the route. ADB is also providing expert advice on the long-term export of power to Afghanistan.

ADB intends to broaden and deepen the scope of its engagement in the years to come, focusing more strongly on institutional development, public financial governance, private sector investment, pilot testing innovation, and knowledge sharing and application. ●



- 1 Vendors and customers at the Terkezy Bazaar
- 2 New technologies used at the country's massive textile factories
- 3 Children at an elementary school in Ashgabat





1



2

CHILDREN watching the sunset

TUVALU

NAVIGATING TOUGH TIMES

As part of a decades-old partnership that has helped improve the delivery of public services, Tuvalu and the Asian Development Bank are working together to improve the lives of people living on the outer islands.



Improving maritime transportation is a key priority for government and we are calling on partners, including ADB, to work with us to make our ports safer and more efficient so that we can enhance economic development and improve livelihoods for our people in the outer islands

—MAATIA TOAFA, Minister of Finance and Economic Development, Tuvalu

In Tuvalu, transporting people and cargo to the outer islands is critical. Nearly half of the country's small, dispersed population lives away from the capital on eight outer atoll islands. Without proper docking facilities, most of the outer islands can only be accessed by small workboats, which are dangerous for the sick, elderly, children, and people with disabilities.

In November 2016, the Asian Development Bank (ADB) approved the \$13.3 million Outer Island Maritime Infrastructure Project, a grant that will upgrade jetties on these small islands to move people and goods more safely and efficiently between ship and shore. This project will construct a small harbor in Nukulaelae atoll, and rehabilitate boat ramps in Nanumaga, Nui, and Niutao atolls.

“Better maritime transport will bring more economic opportunities to the people on the outer islands, and improve access to social services, such as medical care and education, reducing the need for migration to the capital,” said Shigehiko Muramoto of ADB's Pacific Department. “Along with improved livelihoods, this project will also help build the climate resilience of community infrastructure on the outer islands by making it easier to transport construction materials.”

This is an example of the problem-solving projects that Tuvalu and ADB have been undertaking since 1993 as part of an overall country assistance program focused on improving government efficiency and services, and upgrading education and maritime transport.

TUVALU

In the late 2000s, ADB grants to Tuvalu totaling \$7.6 million helped counter the social and economic impact of the 2007 global financial crisis and fortified Tuvalu against future shocks. In collaboration with the governments of Australia and New Zealand, and the World Bank, a comprehensive reform program was undertaken to help Tuvalu build resilience to external economic shocks and disasters.

Today, ADB and Tuvalu continue the vital work of improving the country's maritime transport while supporting government financial reform efforts and the promotion of job-creating economic growth via the private sector. ●

- 1 A reform program is helping Tuvalu build resilience to economic shocks and disasters
- 2 Children at the beach
- 3 Developing maritime transport is a national priority







FINANCING PARTNERSHIPS

MOBILIZING FINANCE FOR DEVELOPMENT

The Asian Development Bank recognizes that the investment needs of Asia and the Pacific are too great for any one institution. The challenge is to harness all possible sources of finance to support sustainable development in the region. Cofinancing can be an effective way of expanding the amount of resources that can be put toward improving the lives of people in the region.

ASIA AND THE PACIFIC will need
an estimated \$1.7 trillion per year in
infrastructure investments





ADB is firmly committed to enhancing its partnership agenda as a critical pillar of both its corporate strategy and daily operations. ADB continues to develop innovative solutions for the raising and deployment of financing partnerships, and strives to remain the premier development partner in the Asia and Pacific region.

—DIWAKAR GUPTA, Vice-President for Private Sector and Cofinancing Operations,
Asian Development Bank

The needs of the Asia and Pacific region are immense. Although millions of people have been lifted out of poverty in the last 2 decades, millions are still struggling to improve their lives, access clean water, get a good education, and overcome myriad other challenges. The region will need an estimated \$1.7 trillion per year in infrastructure investments alone, including climate change adaptation and mitigation costs.

In its long-term strategic vision, Strategy 2020, the Asian Development Bank (ADB) has recognized that the needs of Asia and the Pacific far outweigh the resources of any one country or organization. The challenge is to harness all available sources of finance to help the region achieve sustainable

development. Partnering—or cofinancing—can help facilitate the wider flow of resources needed.

“ADB will make partnerships a core element of its business model,” states Strategy 2020. As an indicator of how seriously the institution takes this issue, Strategy 2020 sets a goal of increasing ADB’s cofinancing at a faster rate than ADB’s stand-alone financing operations. The objective is for total annual direct cofinancing to exceed the value of ADB’s stand-alone project financing.

MORE THAN JUST FINANCING

ADB seeks to collaborate and attract cofinance from a wide range of partners. These include other multilateral and



ADB and its partners have established trust funds to finance climate change action

government agencies, private sector organizations, as well as partnerships with philanthropic and other independent organizations. The type of finance that these partners bring to the table often varies, and in some cases partners are able to provide concessional funding that helps ADB engage in critical development agendas that require more flexible support. Such partnerships do more than just increase funding: they also leverage other resources such as complementary knowledge, expertise, and networks from partner organizations. Projects that are cofinanced are often more successful than those funded by one organization.

A HISTORY OF PARTNERSHIP

ADB has a long history of working with partners to raise funds for its investments. The first took place in 1970 with a technical assistance project to produce a regional transport survey for Southeast Asia. The United Nations Development Programme and the Government of the United States funded the survey, which was executed by ADB.

The first time ADB helped fund a project that was cofinanced was the expansion of a state-owned fertilizer plant in Indonesia in 1970. The project aimed to increase food production and decrease the need to import fertilizers. ADB helped appraise the project and financed \$10 million of the \$85.8 million overall cost. The International Development Association, Japan, and the United States provided much of the remaining necessary finance.

In the 1980s, ADB began to take a more active role in seeking out cofinancing for its projects. It enhanced its catalytic role by promoting a positive environment for commercial and export credit financing, and adopted guidelines on official cofinancing. New mechanisms were introduced, such as the Complementary Financing Scheme, a tool for sovereign risk mitigation for the private sector.

In 1995, ADB implemented new policies to encourage cofinancing and guarantees, and in 1996, the Office of Cofinancing Operations was established to mainstream such activities throughout ADB. By the 2000s, cofinancing had taken off as a major initiative of ADB.

FINANCING PARTNERSHIPS

In 2003, the Second Primary Education Development Program brought together the government and 11 other partners to improve primary education in Bangladesh. The program raised a total of \$654 million in grants and low-interest loans, including \$389 million in ADB cofinance.

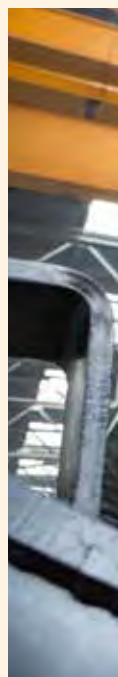
In 2005, record volumes of cofinancing were raised for the 1,070-megawatt Nam Theun 2 Hydroelectric Project in the Lao People's Democratic Republic. It was considered a landmark deal in international project finance that partnered the government with private sector investors. About \$1.25 billion was financed through a partnership of 27 financial institutions from the public and private sector, including ADB.

There have been wider approaches used to create new partnerships and generate finance for development priorities as well. In the same year, for example, Norway offered to write off some of Pakistan's debt to the country, in order to enable grant contributions to the Pakistan Earthquake Fund, which was set up by ADB to help channel funding to the relief and rehabilitation efforts under way after a disastrous earthquake hit northern Pakistan. The innovative program allowed Pakistan to route about \$20 million in debt repayments through ADB into the Earthquake Fund, thereby reducing its debt while increasing available finance for the reconstruction, including rebuilding of hospitals and schools.

During the 2000s, ADB also established several trust funds and facilities financed by development partners, including on clean energy, climate change, disaster management, infrastructure, and regional cooperation and integration.

ADB also began stepping up efforts to access global multilateral funds such as the Climate Investment Funds and the Global Environment Facility. In 2015, it became the first multilateral development bank to be accredited by the Green Climate Fund, the largest international climate finance mechanism.

The establishment of other multilateral banks in the region has created further opportunities to strike up new partnerships. By 2016, cofinancing had reached a new record level of \$14.1 billion of ADB's





total financing of \$31.7 billion, including cofinancing with institutions such as the Asian Infrastructure Investment Bank.

“ADB is firmly committed to enhancing its partnership agenda as a critical pillar of both its corporate strategy and daily operations,” said Diwakar Gupta, ADB vice-president for private sector and cofinancing operations. “ADB continues to develop innovative solutions for the raising and deployment of financing partnerships, and strives to remain the premier development partner in the Asia and Pacific region.” ●



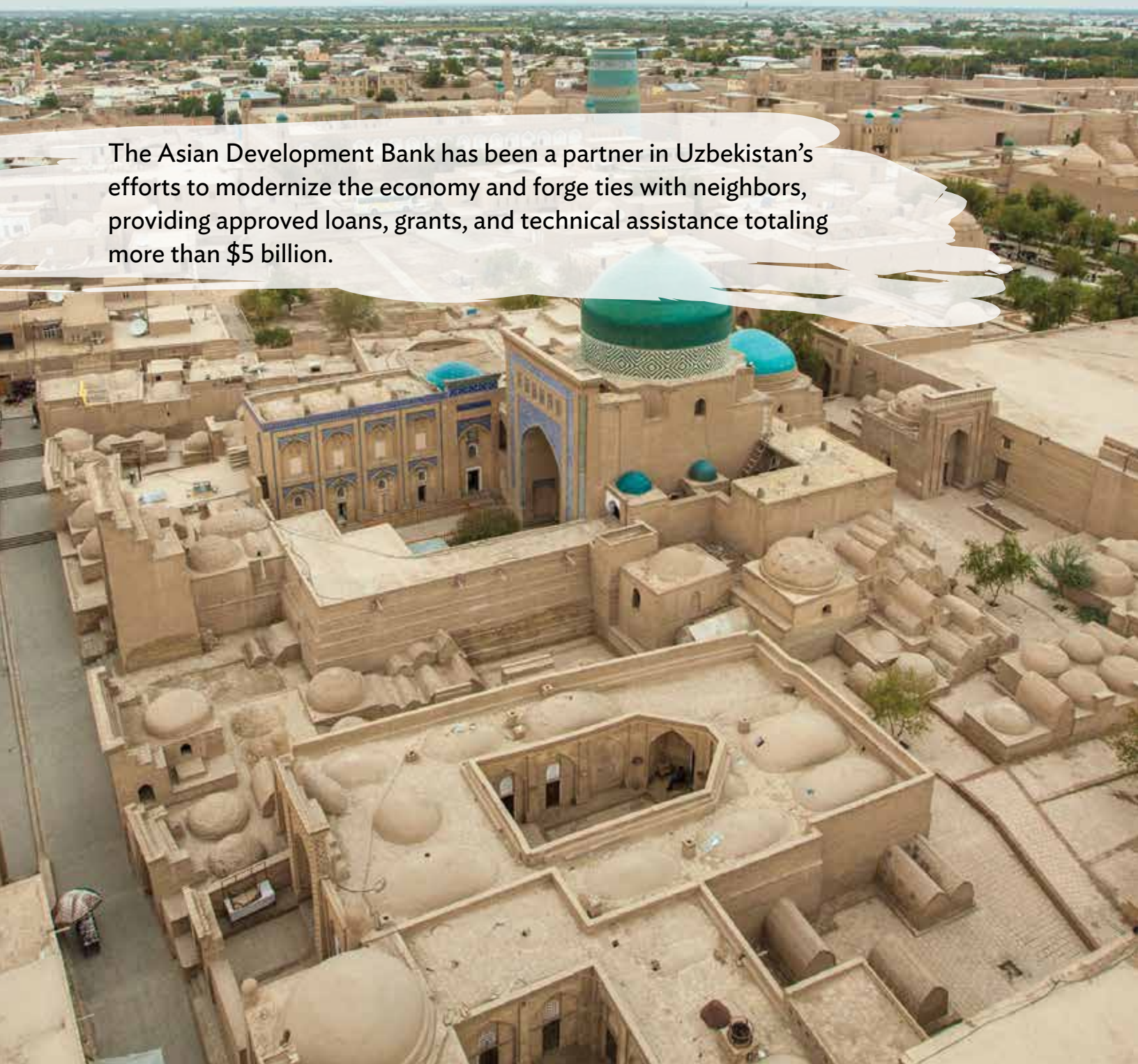
- 1 ADB President Nakao visits students in communities affected by Typhoon Haiyan (Yolanda)
- 2 Partnerships with other development finance institutions have supported state-owned enterprise reform
- 3 ADB has collaborated with other investors to finance major infrastructure

KHIVA, an old silk road town

UZBEKISTAN

CENTRAL ASIAN CROSSROADS

The Asian Development Bank has been a partner in Uzbekistan's efforts to modernize the economy and forge ties with neighbors, providing approved loans, grants, and technical assistance totaling more than \$5 billion.





We are grateful that, for more than 20 years, ADB is a strategic partner of Uzbekistan in implementation of structural reforms.

—RUSTAM AZIMOV, Deputy Prime Minister, Uzbekistan

After the fall of the Soviet Union and the declaration of independence in 1991, Uzbekistan's education system faced a challenging transition. An economic downturn left the government with an underfunded system and an outdated Soviet curriculum.

Uzbekistan and the Asian Development Bank (ADB) became partners in 1995, and one of their early initiatives was to produce millions of new textbooks with modern content. To do this, the government supported the creation of a modern publishing and printing industry to produce durable but affordable books for nearly six million children.

It was a staggering task, but the Basic Education Textbook Development Project delivered for Uzbekistan's children. By the end of the project, 15 million textbooks had been published in six different languages, and two million teacher's guides and 49,000 visual aids were distributed.

MAKING THE TRANSITION

When Uzbekistan joined ADB, it was in the midst of the country's transition

from a Soviet-style system to a modern market economy. After the initial shock of separation, the country was able to achieve moderate economic growth by 1996.

To help ease the transition, the government introduced programs to help people maintain access to high-quality social services, strengthen social protection, and increase their incomes. Reforms were undertaken in health, pensions, housing, and consumer subsidies. ADB's 6 loans and 28 technical assistance projects during the 1996–2000 period helped to improve governance, build institutional capacity, support policy and institutional reforms, and rehabilitate basic social and physical infrastructure.

By the 2000s, Uzbekistan's economy had taken off. The economy grew by more than 80% in real terms during the decade, and foreign investment rose dramatically, mainly in the oil, gas, and telecommunication sectors.

In the late 2000s, Uzbekistan, like other countries around the world, was feeling the effects of the global financial crisis. The government responded with careful fiscal

UZBEKISTAN

management and a timely government anticrisis program that steered the country through the global economic downturn and allowed it to emerge with an economic growth rate of 8.1% in 2009, one of the highest in the region.

After the worst of the crisis was over, ADB and Uzbekistan turned their attention to developing the country's immense natural energy resources, which gave it the potential to play a major role in redressing the energy deficit in other Central Asian countries and in South Asia. A 420-kilometer transmission line between Uzbekistan and Afghanistan's capital was constructed that benefited 4 million people.

ADB also helped install more efficient turbines in the Talimarjan power plant in southern Uzbekistan. This strengthened the country's energy generation infrastructure, helping it meet domestic power supply demand and produce electricity for export.

ADB and Uzbekistan also partnered in the late 2000s to make the most of the country's strategic location. With its once-glimmering cities of Samarkand and Bukhara, Uzbekistan was a pivotal trade crossroads on the steppes and deserts of the caravan-era ancient Silk Road. In recent years, its strategic location thrust it back into the same vital role as a land bridge between Europe and the Middle East.

Three of the six transport corridors being developed with ADB support under the Central Asia Regional Economic Cooperation (CAREC) program





1



3



2

- 1 A bridge over the river in Khiva
- 2 The Talimarjan Power Plant will supply electricity to the southern regions of Uzbekistan and Afghanistan
- 3 Laying the groundwork for a Central Asian Regional Economic Cooperation Corridor road investment project

UZBEKISTAN

pass through Uzbekistan: Corridor 2 (Mediterranean–East Asia), Corridor 3 (Russian Federation–Middle East–South Asia), and Corridor 6 (Europe–Middle East–South Asia).

Rail systems were also used to open up trade with neighboring countries. This included building a 75-kilometer railway line connecting Uzbekistan with Mazar-e-Sharif, the second-largest city in Afghanistan, via Hairatan on the Afghanistan–Uzbekistan border. The new line formed a key trade corridor between the two countries.

ADB has also helped improve the quality of life of people in rural areas through housing construction, job creation, and private sector development. More than 41,000 rural families benefited from the Housing for Integrated Rural Development Investment Program, and much of the work in other areas continues today.

Since the partnership began, ADB and Uzbekistan have invested more than \$5 billion in projects and programs designed to improve people’s lives. This has involved more loans to Uzbekistan than to any other country in Central Asia.

ADB and Uzbekistan continue to work together on projects in transport and communications, energy, water supply, municipal infrastructure and services, and access to financial services. All of this is being done with an eye to ensuring the country’s economic growth is inclusive. ●





- 1 Maternity facilities in Almalik City were improved through the ADB-funded Woman and Child Health Development Project
- 2 ADB is helping Uzbekistan boost the efficiency of its electricity supply
- 3 Primary school using textbooks funded by ADB's Second Textbook Development Project



VIEW from Montmarte, Port Vila

VANUATU

FINANCING THE FUTURE

Since 1981, the Asian Development Bank and Vanuatu have been working together to build the economy and make the whole country—from the capital city to the most remote outer islands—more resilient.



A market in Tanna

In Vanuatu, there was a longstanding tradition of burying money in tin cans rather than putting it in the bank. People would sometimes lose their savings this way or their money would be damaged beyond use.

People resorted to saving money this way because they had few alternatives. Most of the country's population lives in rural areas on remote outer islands. Access to banks and other financial services traditionally has been severely limited as there are few bank branches, poor road infrastructure, and unreliable shipping services.

In 2004, the Asian Development Bank (ADB) and Vanuatu partnered to get people's savings out of the tin cans in the garden and into banks, while at the same time offering other financial services such as microfinance to people living on the country's remote outer islands.

The project, in coordination with the National Bank of Vanuatu, opened more than 4,000 new accounts for rural

customers with the equivalent of more than \$6 million in deposits. Mobile banking services were also launched with 40 agents and more than 7,800 registered customers. In addition, financial literacy training programs were provided to more than 6,000 people.

Rural banking is just one of the challenges facing Vanuatu but the country has overcome many obstacles and has posted strong economic growth in recent years, driven primarily by tourism, construction, and aid inflows from development partners. Revenue is also generated from the export of copra, beef, cocoa, and kava.

ADB and Vanuatu have been working together to build the country's economy and spread prosperity since 1981. The first loan to the country was approved in 1982 and helped establish the Development Bank of Vanuatu. This was the first time ADB assisted a development bank in the South Pacific.

VANUATU

In the 1980s, ADB helped to stabilize Vanuatu's government finances, develop the country's agriculture and ports, and provide vocational training. By the 1990s, the work of the partners expanded to include support for interisland shipping, the copra and cocoa industries, and urban infrastructure.

In 2010, ADB and the World Bank opened a joint office in the capital city of Port Vila. This provided on-the-ground support for key initiatives, including the Vanuatu Interisland Shipping Support Project, which is improving infrastructure in Port Vila and outer islands and establishing a shipping system for remote islands. The office has also supported the work being done as part of the Port Vila Urban Development Project, which is improving road networks and drainage systems in and around the capital.

In March 2015, Tropical Cyclone Pam struck Vanuatu. Immediately after the extremely destructive category 5 cyclone, ADB approved a grant from the Asia Pacific Disaster Response Fund. This was followed by the approval of two cyclone recovery projects for the reconstruction of the country's roads and schools. Secondary schools in Tafea Province are being rebuilt and made more resilient to disaster and climate change risks.

In 2016, ADB expanded its office in Vanuatu to provide closer support to projects related to energy, transport, water, urban infrastructure, and development of the country's private sector, including agribusiness and tourism. ●





- 1 Port Vila
- 2 ADB supports small business development

A WORKER at the Chay Lap Farmstay in
Phuc Trach commune, Bo Trach District

VIET NAM

PARTNER IN ECONOMIC REFORM, PARTNER IN INCLUSIVE DEVELOPMENT

Viet Nam underwent dramatic economic reforms in the 1980s and 1990s and the Asian Development Bank stood in partnership during the sometimes difficult process. Today, Viet Nam is a lower-middle-income country that has made huge strides in social and economic development.



ADB always accompanies Viet Nam as a credible partner throughout the country development phases in the last 20 years. I would like to express my deep and sincere appreciation to ADB and other donors. I strongly believe that this cooperation will continue to be enhanced both in depth and width.

—NGUYEN THI HONG, Deputy Governor, State Bank of Vietnam

Viet Nam became a founding member of the Asian Development Bank (ADB) in 1966, and within the first decade of the partnership, more than 20 projects were implemented. After a break in operations from 1978 to 1993, ADB reengaged with the country with renewed vigor.

In the 1980s, Viet Nam undertook a reform process called Doi Moi to revamp a broad range of economic policies. ADB in the 1990s partnered with Viet Nam to transition from a centrally planned economy to a market-oriented one, and provided assistance to promote economic growth, reduce poverty, and support sustainable development.

ADB's support during this period centered on the rehabilitation, development, and

expansion of physical infrastructure; economic policy reform; mobilizing domestic resources; and promoting social services. Incorporating good governance and gender equity in projects was a particular priority.

BUILDING STRONG LINKS

ADB and the Government of Viet Nam recognized early on during the resumption of operations in the 1990s that the country's dilapidated road system would hinder plans to stimulate the investment-led, market-oriented economic growth needed to create jobs and reduce poverty.

Initial work was concered mainly with upgrading key national highway infrastructure and improving selected district and commune roads. Provincial

VIET NAM

roads were also upgraded to provide access to markets, provincial capitals, and the national highway network, and to connect the rural population.

From the resumption of operations in 1993 up to 2008, the largest share of ADB's loan disbursements to the country went to the transport sector. More than 30 transport projects were implemented during the period. As a result, about 1,000 kilometers (km) of national roads, 4,000 km of provincial and district roads, 2,100 km of rural roads, and hundreds of small bridges were improved.

STRONG GROWTH

The economic impact of the improved transport system, alongside a suite of wide-ranging economic reforms, became apparent in the 2000s. Economic growth averaged a strong 7.4% per year from 1998 to 2007, and poverty declined from 35% in 2000 to 16% in 2006.

In the 25 years since the initial reforms began, Viet Nam has made impressive progress, transforming itself from an impoverished country to one of the fastest-growing economies in Asia.

Viet Nam is now classified as a lower-middle-income country. The nature of ADB's assistance has accordingly changed. The focus now is on providing "finance++" support, which means providing finance, sharing knowledge, and leveraging other financing sources, including the private sector.



- 1 Freshly harvested coffee cherries from nearby farms await transport in Da Nhim
- 2 Boats in Phong Nha supported by the Greater Mekong Subregion Sustainable Tourism Development Project



CONNECTING WITH NEIGHBORS

Viet Nam has actively participated in the Greater Mekong Subregion Economic Cooperation Program, established in 1992 with ADB assistance. With support from ADB and other donors, the program has supported priority subregional projects in transport, energy, telecommunications, environment, human resource development, tourism, trade, private sector investment, and agriculture.

A trip down Viet Nam's longest expressway, the Noi Bai–Lao Cai highway, which opened in September 2014 and is part of the ADB-supported North–South economic corridor

project, shows how much impact one road can have on a country's economic fortunes. This toll road links the capital Ha Noi to the PRC border at Lao Cai, 244 km to the northwest, cutting the travel time from 7 hours to just 3 hours.

Do Minh Thuan of the Yen Bai Province department of transport says the number of vehicles using the expressway has leaped by more than 100%, to over 19,000 a day, compared with the previous year. The department has also noted a 60% reduction in road-related accidents in the first half of 2015 compared with the same period in 2014.

VIET NAM

New shops, cafes, and hotels have sprung up along the route, and tourism and cross-border trade have increased.

The highway itself, including power, communications, and toll booths, was 8 years in the making, with ADB providing more than \$1 billion in finance.

ADB has supported two other Greater Mekong Subregion economic corridors that connect Viet Nam to its neighbors in the region: the Southern Economic Corridor, connecting major towns and cities in the southern part of the subregion; and the East–West Economic Corridor, which spans 1,320-kilometers from Da Nang Port on Viet Nam’s eastern coast, to the Indian Ocean coast of Myanmar. Economic corridors comprise a variety of complementary projects that are usually situated along a major highway.

In keeping with its focus on greener urban transport solutions, ADB is also helping to provide the 14 million residents of congested Ha Noi and Ho Chi Minh City with clean, efficient metro rail services, and to foster more livable, resilient cities.

HELPING THOSE IN NEED

ADB has also provided direct assistance to the people in the country who are most in need. This includes people in the rural communities in Viet Nam’s Central Highlands.

Many people in these communities used to seek medical treatment from untrained traditional village practitioners. They preferred herbal remedies over modern medicines. The belief that diseases came from ghosts was common, and it exacerbated a lack of awareness of the health risks posed by poor hygiene.

These attitudes changed, partly due to the ADB-supported Health Care in the Central Highlands Project, says Nguyen Thi Luyen, a nurse working in the area.

Under the project, medical staff set up an information, education, and communication center in the hospital to raise awareness of the benefits of modern medical care. Each village in the surrounding areas was provided with at least one health worker, and nurses were trained in patient management techniques.

Since these measures were taken, local communities have reported lower rates of disease and infant mortality, says Thi Luyen.

“The project also trained frontline health workers and upgraded the skills of doctors, provided vehicles and wastewater treatment plants, and helped in myriad other ways,” says Nguyen Thi Ven, director of the department of health in the area. “It had a great influence on our province.” ●

- 1 Weavers at a community house in A Roang commune
- 2 A mobile health clinic in Dakrong District, Quang Tri Province
- 3 Ho Chi Minh City–Long Thanh–Dau Giay Expressway





CIVIL SOCIETY PARTNERSHIPS

FINDING COMMON GROUND

Since the late 1980s, the Asian Development Bank has worked increasingly closely with civil society organizations. The result has been more effective projects, more help for hard-to-reach communities, and an avenue for redress when things don't go well.



ADB is committed to collaborating with civil society organizations on project design and implementation, and in monitoring project activities and outputs. Civil society organizations have much to offer through their rich ground-level experiences and strong understanding of communities.

—TAKEHIKO NAKAO, President, Asian Development Bank

In Azerbaijan, students and educators are making their schools healthier. Students are learning safe hygiene habits and they are teaching them to their parents at home. School administrators are installing improved sewer systems and increasing access to clean water.

The work is part of an Asian Development Bank (ADB) project, but it is being carried out by the United Nations Children's Fund (UNICEF) in partnership with Local Governance Assistance, a civil society organization (CSO), and Azersu, the Azerbaijan Water Utility Company.

Partnering with CSOs is increasingly part of how ADB does its business. These organizations provide expertise and knowledge, give voice to marginalized communities, test innovative approaches to poverty reduction, and ensure that

those affected by development projects have a greater opportunity to get involved. Partnerships with groups that work at the grassroots level can help ADB reach some of the most vulnerable communities in the region.

“ADB is committed to collaborating with civil society organizations on project design and implementation, and in monitoring project activities and outputs,” said ADB President Takehiko Nakao. “Civil society organizations have much to offer through their rich ground-level experiences and strong understanding of communities.”

MANY ROLES, MANY PARTNERSHIPS

ADB began working with CSOs in the late 1980s. In 1987, ADB adopted a formal policy on cooperating with CSOs that sought to draw upon their special capabilities and expertise to enhance the effectiveness of

CIVIL SOCIETY PARTNERSHIPS

ADB's operations. Initial efforts included holding workshops to exchange views on how best to involve CSOs in ADB projects and programs.

A new policy was put in place in 1998 that identified developmental nongovernment organizations—civil society organizations particularly focused on the work of development—as ADB's key partners. The policy sought to establish ADB's role as a facilitator for greater collaboration between its member governments and civil society, and also expanded the role of civil society in ADB operations.

In 2001, the policy was expanded further with the establishment of the NGO Network and NGO Center, which was later renamed the NGO and Civil Society Center. Its function is to bring together CSOs from the countries where ADB operates to coordinate with project officers, field office staff, and departments throughout the institution, helping ADB share knowledge and collaborate productively with CSOs.

ADB also has strategic partnerships with global NGO networks. For example, 2001 ADB signed a memorandum of agreement with WWF that established a basis for information sharing, knowledge management, and capacity building. The two organizations have since collaborated on large-scale regional environmental programs—sustainable environmental development in the Greater Mekong Subregion, the Coral Triangle, the Heart of Borneo, the Living Himalayas—and on water and climate change more generally.

“Two heads are better than one, and this is needed to address the Asia and Pacific region's major challenge of steering its economies toward a path of green growth,” says Aaron Vermeulen, former ADB-WWF Partnership Manager. The partnership is mobilizing knowledge, technical assistance, and resources to help countries conserve large-scale transboundary ecosystems that are critical for the future of Asia.

Another important function of the relationship between ADB and CSOs is in ensuring that development projects and programs benefit vulnerable minorities and disadvantaged communities that are often difficult to reach. CSOs that work closely with such groups provide the expertise needed to help ADB deliver effective assistance.

In the Greater Mekong Subregion, ADB has worked with CSOs to conserve more than 1.9 million hectares of threatened forestland that is home to more than 170,000 people who belong to ethnic minority groups. The Biodiversity Corridors Conservation Project is working with CSOs to improve livelihoods and build resilience to climate change and food-price shocks among the poor and vulnerable.

Similarly, the ADB-supported conditional cash transfer program in the Philippines relies on the work of many CSOs to promote enrollment of elementary school-age children, reduced child labor, and improve access to maternal and infant health care, benefiting millions of disadvantaged individuals.





- 1 ADB has been partnering with civil society organizations (CSOs) to enhance implementation of its projects.
- 2 The ADB-CSO partnership includes knowledge sharing, capacity building, and information disclosure



ADB also works with CSOs to monitor projects. An example is the rehabilitation and reconstruction of schools in Armenia under the ADB-supported Seismic Safety Improvement Program. The government agency overseeing the implementation of the project includes participation from four CSOs.

In 2013, ADB launched the Youth for Asia initiative to harness and mobilize young people, one of the region's greatest assets, in driving positive social change, environmental sustainability, and technological innovation. The initiative facilitates youth engagement with governments and other key stakeholders to increase their opportunities to actively

CIVIL SOCIETY PARTNERSHIPS

participate in the design, implementation, and monitoring of development efforts.

CSOs have been invaluable partners in ADB's disaster relief, rehabilitation, and disaster risk reduction efforts as well. ADB has worked closely with CSOs to respond to disasters such as the Nepal Earthquake, Cyclone Pam in Vanuatu, and Tropical Cyclone Winston in Fiji.

After Typhoon Haiyan roared through the center of the Philippines in November 2013, leaving thousands dead and massive destruction in its wake, farming families saw their livelihoods disappear. The post-typhoon recovery effort by ADB and other partners set up a cash transfer program carried out by Plan International, an international NGO with an established presence in the area, to restore livelihoods and rebuild communities. The program created a lifeline for the thousands of poor families who had lost their source of income by implementing daily cash-for-work activities, such as cleaning debris, and repairing schools and hospitals.

Civil society also plays a vital role in strengthening ADB's accountability for delivering positive development impact. In 2003, with inputs from CSOs, ADB established an accountability mechanism that helped people who were negatively affected by ADB projects voice their concerns and obtain redress. Since its creation, ADB's Accountability Mechanism has received more than 60 complaints and CSOs assisted complainants in more than half of them.

Over the years, ADB has progressively mainstreamed CSO engagement across its operations. In 2016, CSOs were involved in 96% of sovereign projects. Reforms that are under way, such as simplifying contracting procedures and mainstreaming partnership arrangements with CSOs, will help expand this collaboration further. ADB has also joined new initiatives such as the Open Government Partnership, which promotes transparency, empowers citizens, seeks to fight corruption, and harness new technologies to strengthen governance. As ADB redoubles its efforts to support the Sustainable Development Goals, partnerships with CSOs will be critical in helping developing member countries achieve them. ●

- 1 CSOs have been invaluable partners in ADB's disaster relief, rehabilitation, and disaster risk reduction efforts
- 2 A town coordination meeting in Bangladesh informs municipal decision-making





BAND-E AMIR, Afghanistan's first national park



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Together We Deliver

50 Stories of ADB's Partnerships in Asia and the Pacific

This publication reflects on 5 decades of engagement with our 40 developing member countries, and explores 10 cross-cutting areas of work that enable the Asian Development Bank (ADB) to respond to new and emerging challenges that will affect development outcomes in a rapidly changing region. These 50 stories illustrate how ADB's partnerships with government, civil society, the private sector, and other development partners have contributed to a momentous half century of development, helping to create the building blocks for the region's prosperity.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to a large share of the world's poor. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



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