

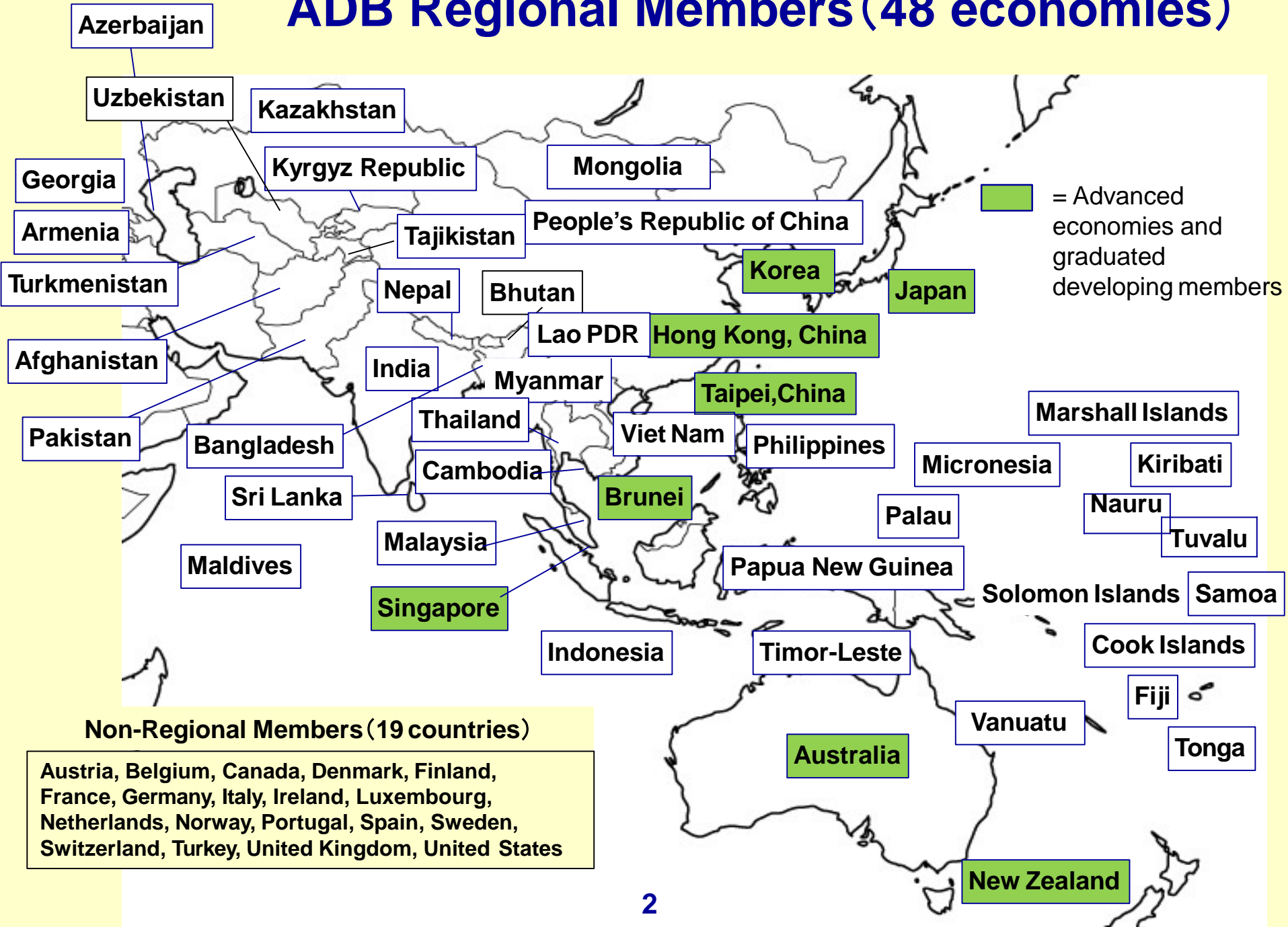
Asian Development Bank

March 2018

President
Takehiko Nakao



ADB Regional Members (48 economies)



Non-Regional Members (19 countries)

Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Ireland, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States

Country Data (2016)

	Population (million)	GDP (\$ billion)	Per capita GDP (\$)
People's Rep. of China	1,382.7	11,232	8,123
India	1,299.8	2,264	1,742
Indonesia	258.7	932	3,604
Pakistan	193.6	279	1,441
Bangladesh	161.5	228	1,414
Philippines	104.2	305	2,927
Viet Nam	92.7	201	2,172
Thailand	69.0	407	5,902
Myanmar	52.3	64	1,232
Republic of Korea	51.2	1,411	27,535
(reference: advanced economies)			
Japan	127.0	4,937	38,883
United States	323.3	18,624	57,608
Germany	82.5	3,479	42,177
France	64.6	2,466	38,178
United Kingdom	65.6	2,629	40,050

Source: *World Economic Outlook October 2017* database.

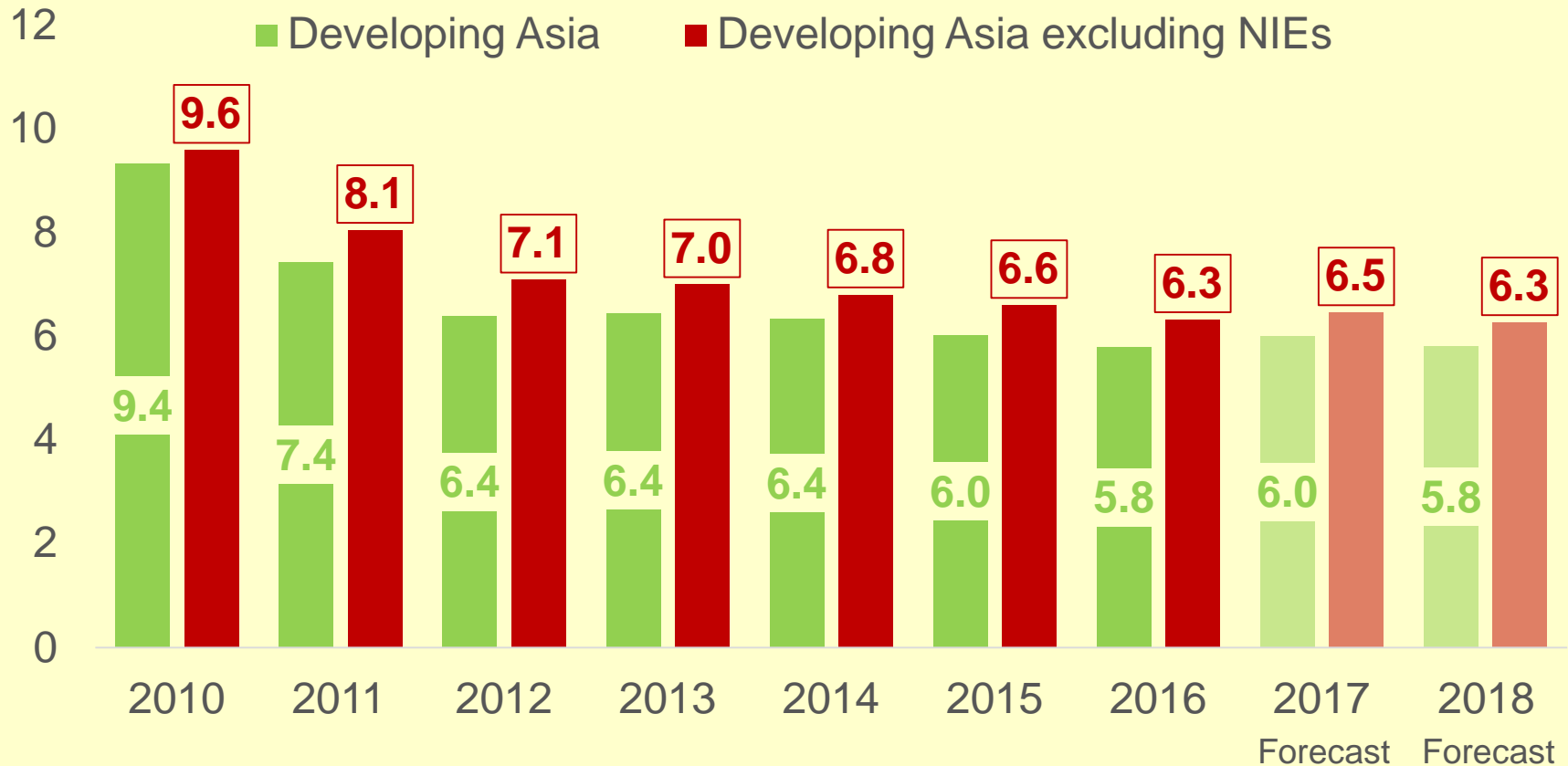
Growth Rate (%)

	2016	2017 (forecast)	2018 (forecast)
Developing Asia	5.8	6.0	5.8
(excluding NIES)	6.3	6.5	6.3
People's Rep. of China	6.7	6.8	6.4
India	7.1	6.7	7.3
Indonesia	5.0	5.1	5.3
Pakistan	4.7	5.3	5.5
Bangladesh	7.1	7.3	6.9
Philippines	6.9	6.7	6.8
Viet Nam	6.2	6.7	6.7
Thailand	3.2	3.8	3.8
Myanmar	5.9	7.7	8.0
Republic of Korea	2.8	3.1	3.0

NIEs = newly industrialized economies of Hong Kong, China; Rep. of Korea; Singapore; and Taipei, China.
 Source: *Asian Development Outlook December 2017 Supplement*.

Developing Asia growth moderated, but remains healthy

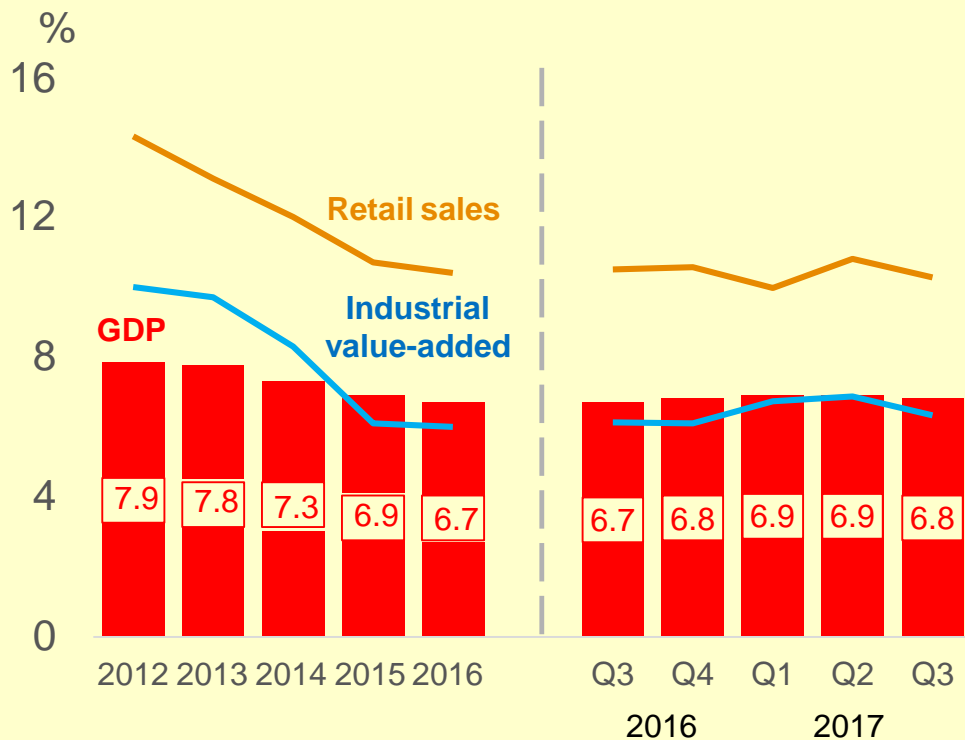
Real GDP Growth (y-o-y, %)



NIEs = newly industrialized economies of Hong Kong, China; Rep. of Korea; Singapore; and Taipei, China.
Source: *Asian Development Outlook December 2017 Supplement*.

Factors behind the PRC's growth slowdown

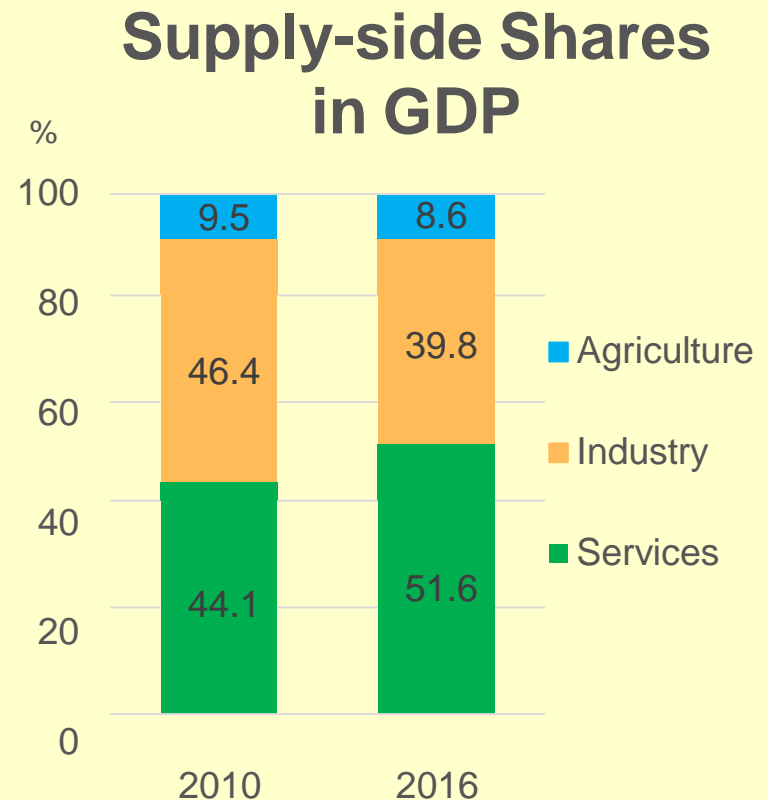
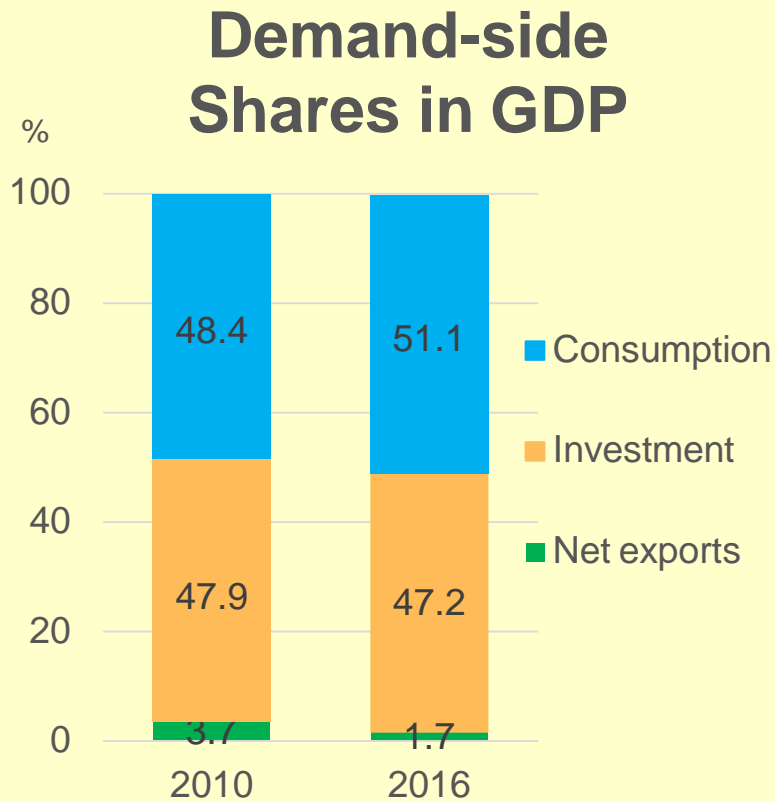
Economic growth



Sources: Asian Development Outlook December 2017 Supplement database; CEIC Data Company.

- Cyclical factors
 - Excess capacity in some sectors
 - Prioritizing financial sector stability
- Structural factors
 - Rebalancing from investment- to consumption-driven growth
 - Declining working-age population
 - Convergence to developed economies

PRC shifts toward services- and consumption-driven economy



Asian Development Bank (ADB)

Headquarters Manila, Philippines

Founded in 1966

67 Members

Authorized Capital \$ 151.5 billion (Dec 2017)

Major shareholders (capital share %): Japan (15.6%), United States (15.6%), PRC (6.4%), India (6.3%)

* Paid-in capital: \$7.6 billion (including \$0.6 billion committed but not paid yet)
Callable capital: \$143.9 billion

Annual Loan/Investment Approval \$19.1 billion (2017)

* Including loans, ADF grants, guarantees, and equity investments, but excluding technical assistance and cofinancing

Top recipients: PRC, India, Pakistan, Bangladesh, Indonesia

Loan Outstanding \$101.0 billion (Dec 2017)

Staff 3,128 (including international staff 1,136) (Dec 2017)

Contribution by Members

- Ordinary Capital Resources (Capital Share/ Voting Power Share)
 - Japan (15.6%/ 12.8%), United States (15.6%/ 12.8%), PRC (6.4%/ 5.5%), India (6.3%/ 5.4%), Australia (5.8%/ 4.9%), Indonesia (5.4%/ 4.7%), Canada (5.2%/ 4.5%), Korea (5.0%/ 4.3%), Germany (4.3%/ 3.8%), others (30.4%/ 41.3%)
- Asian Development Fund (Cumulative Contribution)
 - Japan (38.3%), United States (13.4%), Australia (7.9%), Canada (6.0%), Germany (5.7%), United Kingdom (5.0%), France (4.2%), others (19.5%)
- International Staff (1,136) (Dec 2017)
 - Japan (143), United States (139), India (80), Australia (69), PRC (63), Korea (63), United Kingdom (56), Canada (51), Philippines (45), Germany (42), France (37), Pakistan (31), Indonesia (30), others (287)

ADB Operations

- ADB provides loans, grants and technical assistance to developing member countries in Asia and the Pacific.
- Loans are financed from ordinary capital resources.
 - Regular OCR loans are provided to middle-income countries (per capita income \leq \$7,025) at quasi market rate.
 - Concessional OCR loans are provided to low income countries (per capita income \leq \$1,185) at concessional terms (long maturities, low interest rate including grants)
- ADF grants are offered to countries with limited debt repayment capacity
e.g. Afghanistan, Lao PDR
- Technical assistance includes capacity building, project preparation, and research for developing members.

(Billion USD)

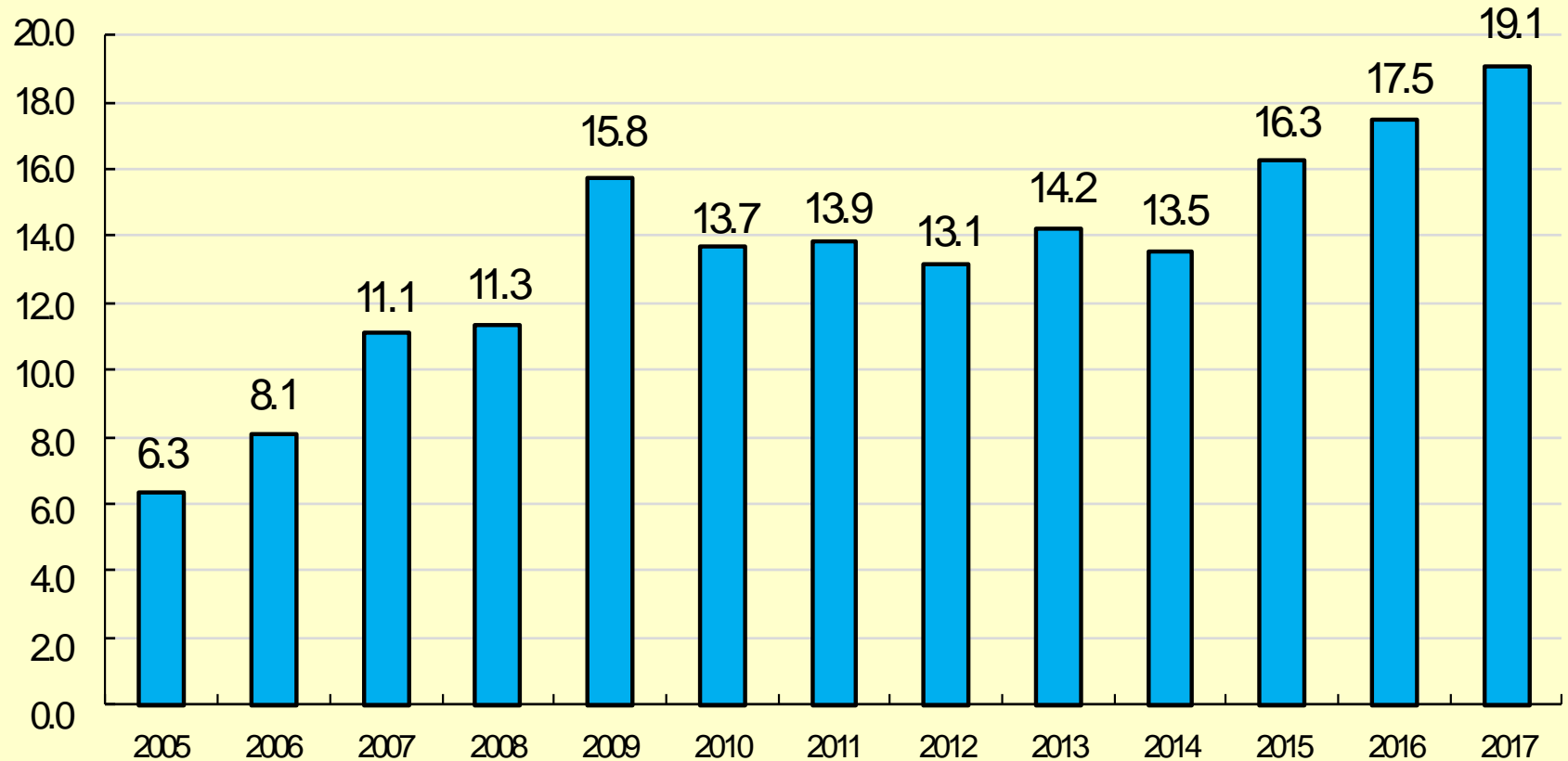
	2017 Commitments *	Outstanding	Equity **
OCR (Loan)	19.50	100.9	50.3
Regular OCR	17.23	71.5	
Concessional OCR	2.27	29.4	
ADF (Grant)	0.6	—	0.7
Technical Assistance	0.2		

* Excluding co-financing.

** Including paid-in capital (\$7.0 billion) and ordinary reserves (\$ 43.2 billion: accumulated retained earnings (12.5 billion) plus a one-time income of \$30.7 billion at the beginning of 2017 due to the merger of ADF loan assets with OCR))

Annual Approvals of Loans and Grants

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

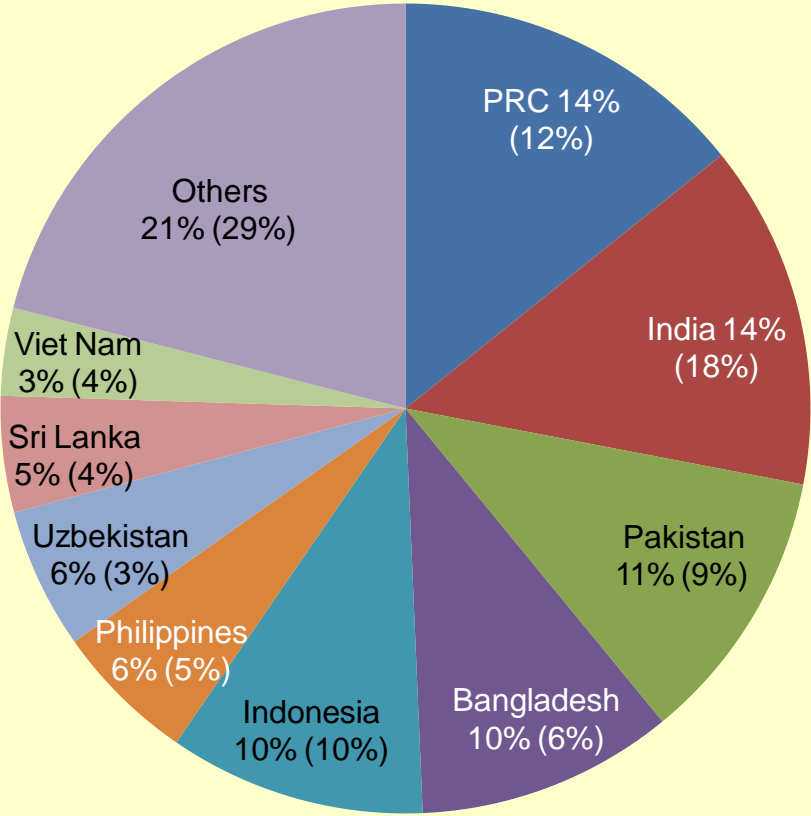


Note: Figures reported in gross approval basis include loans, grants, equity investments, and guarantees.

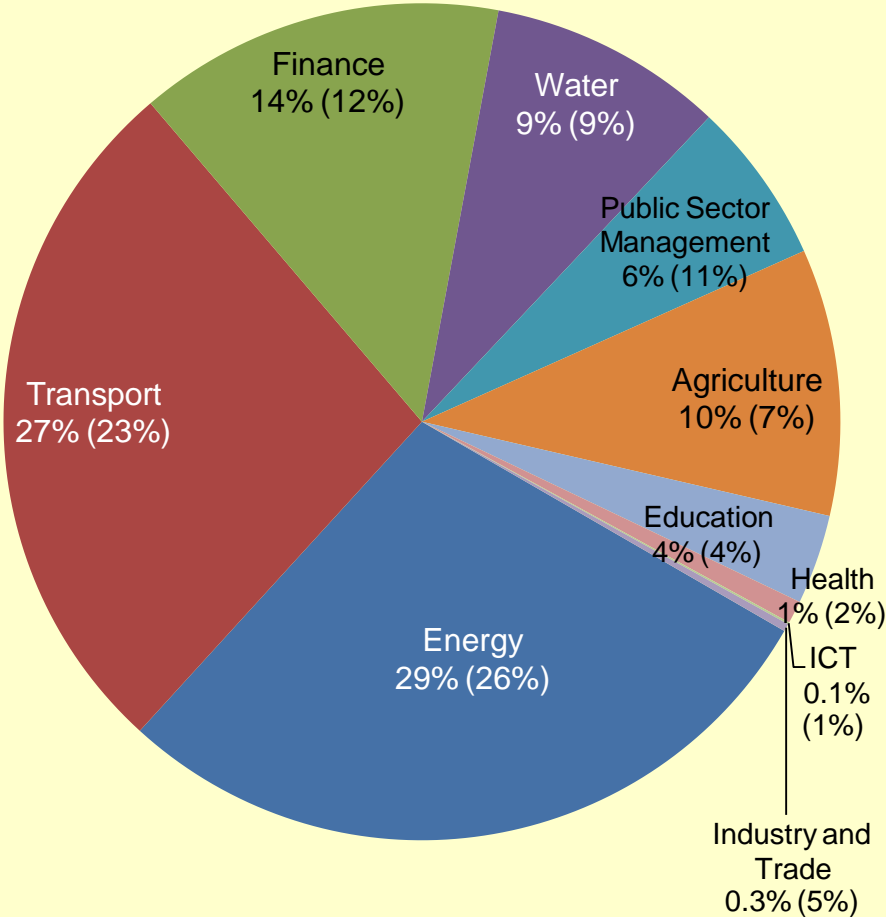
ADB Operations

Ordinary Capital Resources (OCR) and Asian Development Fund Operations (ADF)
Approvals (\$19.1 billion in 2017 from \$17.5 billion in 2016)

By Country



By Sector



Bracketed numbers are from 2016.

ADB Operational Activities

- Approvals (\$ million) -

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Loans and Grants*										
Sovereign	9,421	14,024	11,809	11,752	11,300	12,611	11,610	13,655	14,950	15,937
Non-sovereign	1,913	1,735	1,846	2,106	1,841	1,602	1,919	2,626	2,502	3,150
Subtotal	11,335	15,758	13,655	13,858	13,141	14,213	13,529	16,280	17,452	19,087
Technical Assistance	190	203	175	148	151	156	159	141	169	206
Cofinancing	1,678	4,978	5,462	7,695	8,272	6,648	9,222	10,735	14,061	9,585
Total Operations	13,203	20,939	19,293	21,700	21,564	21,017	22,909	27,157	31,682	28,878

- Figures reported in gross approval basis include loans, grants, equity investments, and guarantees.
- Cofinancing amount includes TA cofinancing.

Numbers may not sum precisely due to rounding

ADB Operational Activities

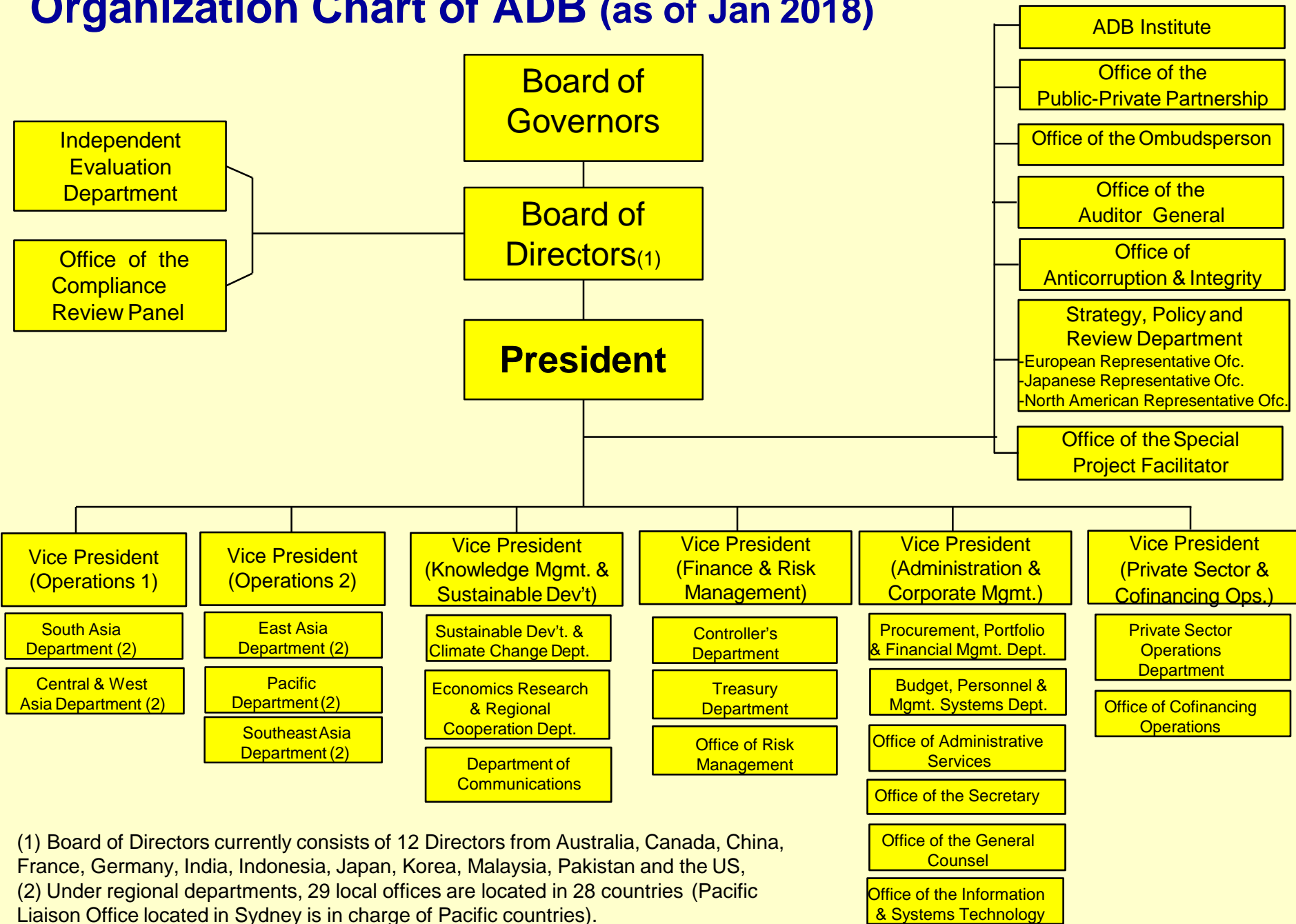
- OCR and ADF Disbursements (\$ million) -

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Loans and Grants*										
Sovereign	8,098	9,997	7,201	7,516	8,080	7,779	8,962	10,773	10,746	10,069
Non-sovereign	725	507	865	792	615	924	1,229	1,567	1,743	1,372
Total	8,823	10,503	8,066	8,309	8,695	8,703	10,191	12,340	12,489	11,441

*Figures include loans, ADF grants, guarantees, and equity investments, but do not include technical assistance, other special funds and cofinancing. Numbers may not sum precisely due to rounding.

Source: Controller's Department, ADB.

Organization Chart of ADB (as of Jan 2018)



(1) Board of Directors currently consists of 12 Directors from Australia, Canada, China, France, Germany, India, Indonesia, Japan, Korea, Malaysia, Pakistan and the US,
 (2) Under regional departments, 29 local offices are located in 28 countries (Pacific Liaison Office located in Sydney is in charge of Pacific countries).

Sector and Thematic Groups

Sector Groups	Thematic Groups
<ul style="list-style-type: none">• Education• Energy• Finance Sector• Development• Health• Transport• Urban• Water	<ul style="list-style-type: none">• Climate Change and Disaster Risk Management• Environment• Gender Equity• Governance• Public-Private Partnership• Regional Cooperation and Integration• Rural Development and Food Security (Agriculture)• Social Development

Remaining and New Challenges in Asia and the Pacific

- Still around 330 million people live in absolute poverty on less than \$1.90 a day
- Large infrastructure gaps
- Implementing the Sustainable Development Goals adopted at the United Nations
- Implementing the climate change actions agreed at COP21
- Promoting private sector
- Enhancing gender equality
- Urbanization
- Aging
- Widening inequalities

Poverty in ADB Developing Member Countries*

	Population (million)	\$1.9/day (2011 PPP)			\$3.2/day (2011 PPP)		
		No. of Poor (million)	Poverty Rate (%)	Share of Developing World Poor (%)	No. of Poor (million)	Poverty Rate (%)	Share of Developing World Poor (%)
1990	2,759	1,469	53.2	78.7	2,246	81.4	77.2
	(52%)***						
1999	3,172	1,230	38.8	71.2	2,240	70.6	73.3
	(53%)***						
2005	3,417	875	25.6	64.9	1,939	56.7	84.7
	(52%)***						
2011	3,644	500	13.7	52.5	1,499	41.1	65.4
	(52%)***						
2013	3,718	326	8.8	42.8	1,241	33.4	61.4
	(52%)***						

Notes: *Refers to 34 developing member countries: Armenia, Azerbaijan, Bangladesh, Bhutan, People's Republic of China, Fiji, Georgia, India, Indonesia, Kazakhstan, Kiribati, Kyrgyz Republic, Lao People's Democratic Republic, Malaysia, Maldives, Federated States of Micronesia, Mongolia, Myanmar, Nepal, Pakistan, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Tonga, Turkmenistan, Tuvalu, Uzbekistan, Vanuatu, and Viet Nam. **Ratio to the world population (5,285 million in 1990; 6,038 million in 1999; 6,517 million in 2005; 7,012 million in 2011; 7,182 in 2013).

Source: ADB estimates based on World Bank's PovcalNet data (downloaded October 11, 2017).

Key messages:

Attracting PPPs and strengthening capital markets

- Strengthen regulatory and institutional framework to generate a pipeline of bankable projects for PPP
- Enact PPP laws, streamline procurement and bidding processes, and establish independent PPP units to attract private sector financing
- Deepen capital markets to attract long-term institutional investors
- Improve government coordination and transparency, and enhance capacity for project planning, design, and implementation

ADB TO DOUBLE ANNUAL CLIMATE FINANCING TO \$6 BILLION FOR ASIA-PACIFIC BY 2020

(announced on 25 September 2015)

- Doubling ADB's annual climate financing to \$6 billion by 2020, from the current \$3 billion.
 - \$4 billion for mitigation through scaling up support for renewable energy, energy efficiency, sustainable transport, and building smart cities.
 - \$2 billion for adaptation through more resilient infrastructure, climate-smart agriculture, and better preparation for climate-related disasters.
- Continuing to explore cofinancing with Green Climate Fund and other partners. Mobilizing greater private resources. Issuing more green bonds.
- Adjust its procurement systems in order to facilitate the integration of cleaner and more advanced technology into its projects
- Strengthen partnerships with centers of excellence to provide cutting-edge knowledge and expertise

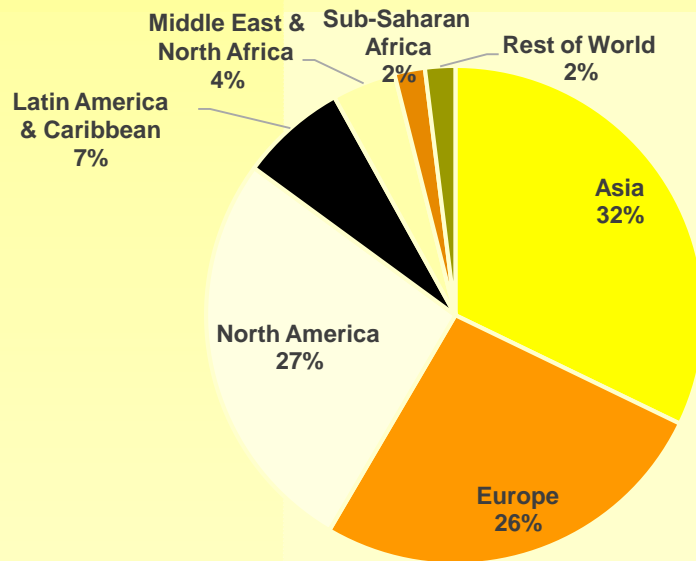
Reforming ADB

- Enhancing lending capacity by combining Asian Development Fund (ADF)'s equity and lending operations to the Ordinary Capital Resources (OCR) balance sheet.
- Streamlining procurement procedures.
- More authorities delegated to Resident Missions.
- The office of Public-Private Partnership established.
- 7 Sector Groups (Transport, Energy, Health, Education etc.) and 8 Thematic Groups (Gender, Governance, Environment etc.) reconstituted with full time secretariats.
- Talent management initiative to enhance staff performance and workforce planning to allocate staff resources more efficiently.
- Strengthening private sector operations

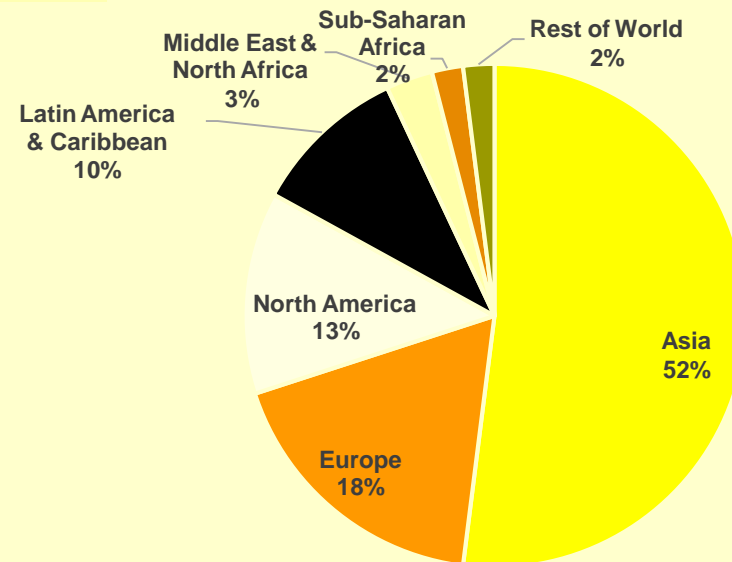
“Asian Century” Scenario (global GDP composition)

<Source: “Asia 2050”, which is a study in 2011 commissioned by ADB>

Present (2016)



“Asian Century” Scenario (2050)



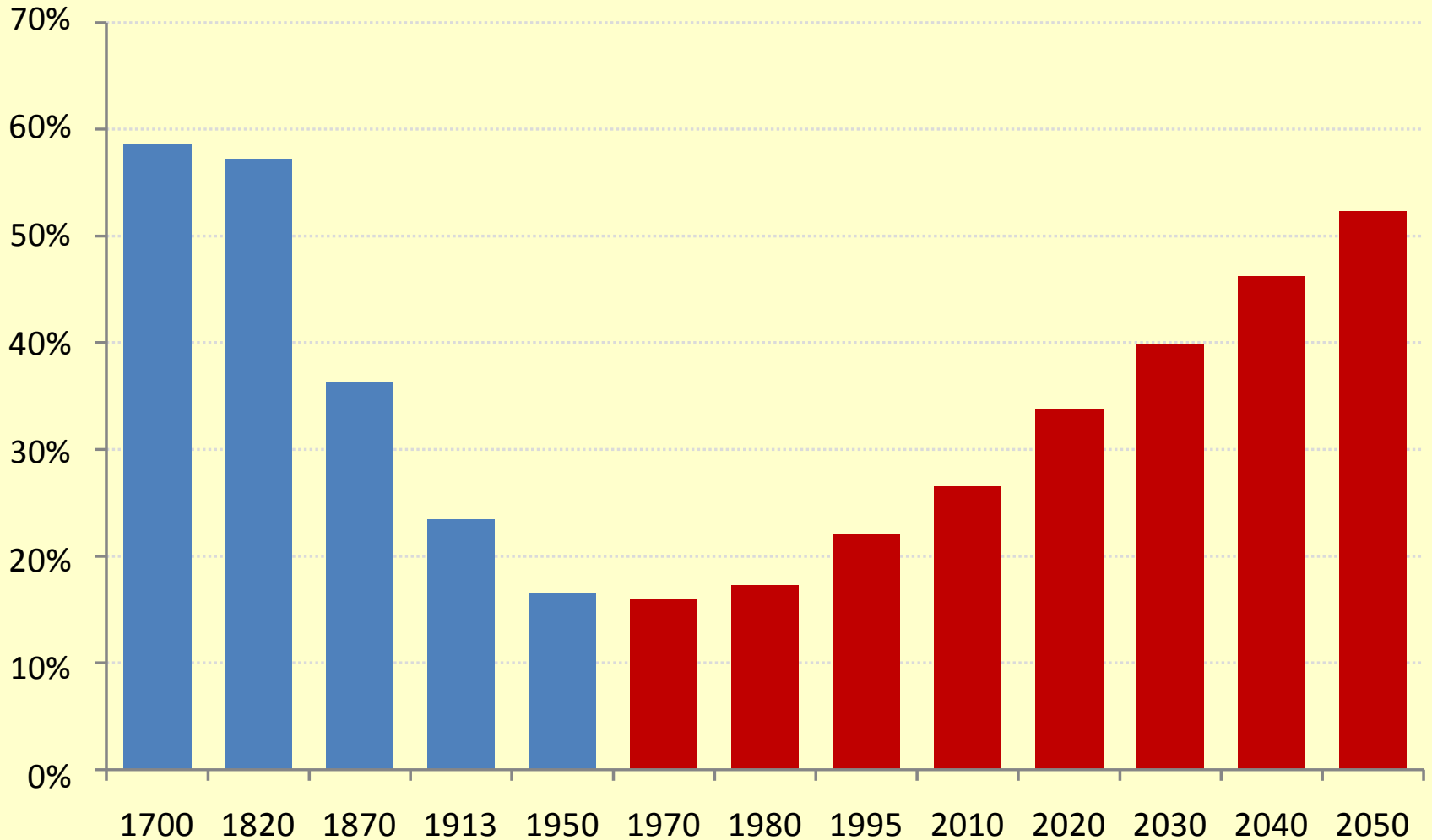
Asia’s GDP: \$24 trillion (market FX rate)
Asia’s per capita GDP: \$12,000 (PPP)

Asia’s GDP: \$174 trillion (market FX rate)
Asia’s per capita GDP: \$40,800 (PPP)

Population (billion) and Share (%)

	2016	2050
Asia	4.12 (55%)	4.76 (52%)
World	7.44 (100%)	9.15 (100%)

Asian Share of World GDP



Source: Asia 2050: Realizing the Asian Century

Eight Conditions for Economic Development

- Op-ed by President Nakao, Nikkei Asian Review (Feb 5, 2015) -

1. Infrastructure investment
2. Investment in health and education
3. Macroeconomic stability
4. Open trade and investment regimes: including streamlining regulatory framework and reforming state-owned enterprises
5. Public governance: anti-corruption, efficiency of delivering services and quality of regulations
6. Inclusiveness and sustainability: sharing development fruits, gender equality, environment, and climate change
7. Vision for the future
8. Political stability, security, and good relations with neighboring countries