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Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics
Düsternbrooker Weg 120
24105 Kiel (Germany)
E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)
<https://www.zbw.eu/econis-archiv/>

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2023 DEVELOPMENT EFFECTIVENESS REVIEW

APRIL 2024

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6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines
Tel +63 2 8632 4444; Fax +63 2 8636 2444
www.adb.org

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Notes:

In this report, “\$” refers to United States dollars.

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ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
APQC	–	American Productivity & Quality Center
CCAP	–	Climate Change Action Plan
CPRO	–	COVID-19 Pandemic Response Option
CRF	–	corporate results framework
CSO	–	civil society organization
DEfR	–	development effectiveness review
DMC	–	developing member country
DMF	–	design and monitoring framework
EGM	–	effective gender mainstreaming
FCAS	–	fragile and conflict-affected situations
GDP	–	gross domestic product
GEN	–	gender equity theme
IED	–	Independent Evaluation Department
IF-CAP	–	Innovative Finance Facility for Climate in Asia and the Pacific
KMAP	–	Knowledge Management Action Plan
MDB	–	multilateral development bank
MSMEs	–	micro, small, and medium-sized enterprises
NDC	–	nationally determined contribution
NSO	–	nonsovereign operation
O&M	–	operation and maintenance
OCR	–	ordinary capital resources
OP	–	operational priority
PBL	–	policy-based lending
PPP	–	public–private partnership
PRC	–	People’s Republic of China
PSM	–	public sector management
PSOD	–	Private Sector Operations Department
RBL	–	results-based lending
RCI	–	regional cooperation and integration
SDG	–	Sustainable Development Goal
SGE	–	some gender elements
SIDS	–	small island developing states
SPD	–	Strategy, Policy, and Partnerships Department
WUS	–	water and other urban infrastructure and services

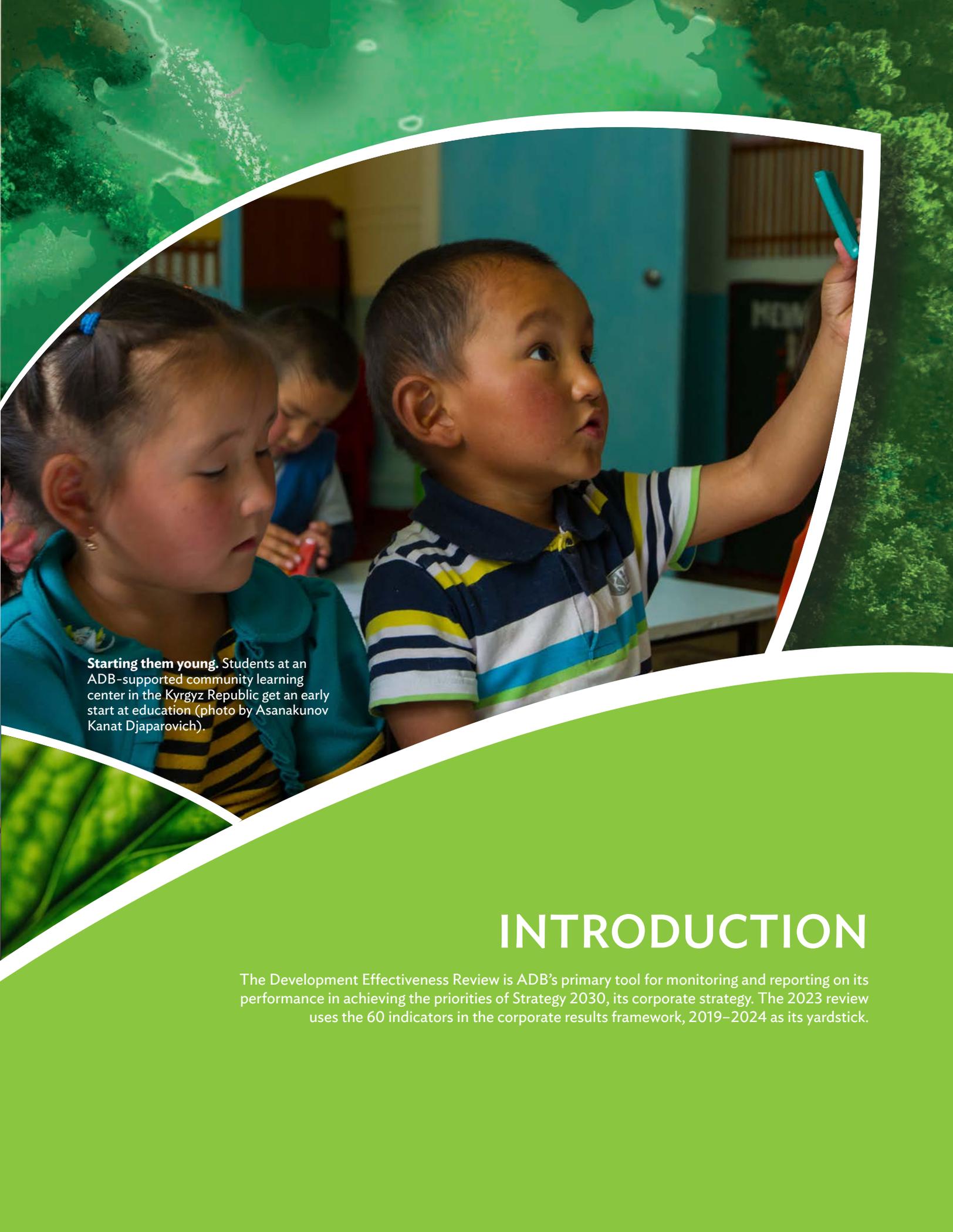
OVERVIEW OF ADB'S SUITE OF ANNUAL CORPORATE PERFORMANCE REPORTS

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

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



Coffee beans drying in Paksong district, Champasack Province, Lao PDR. Farmers in a local coffee growers cooperative received support under the ADB-assisted Smallholder Development Project, including training and study tours to improve their knowledge on the production and marketing of coffee (photo by Xaykhame Manilasit/ADB).



Starting them young. Students at an ADB-supported community learning center in the Kyrgyz Republic get an early start at education (photo by Asanakunov Kanat Djaparovich).

INTRODUCTION

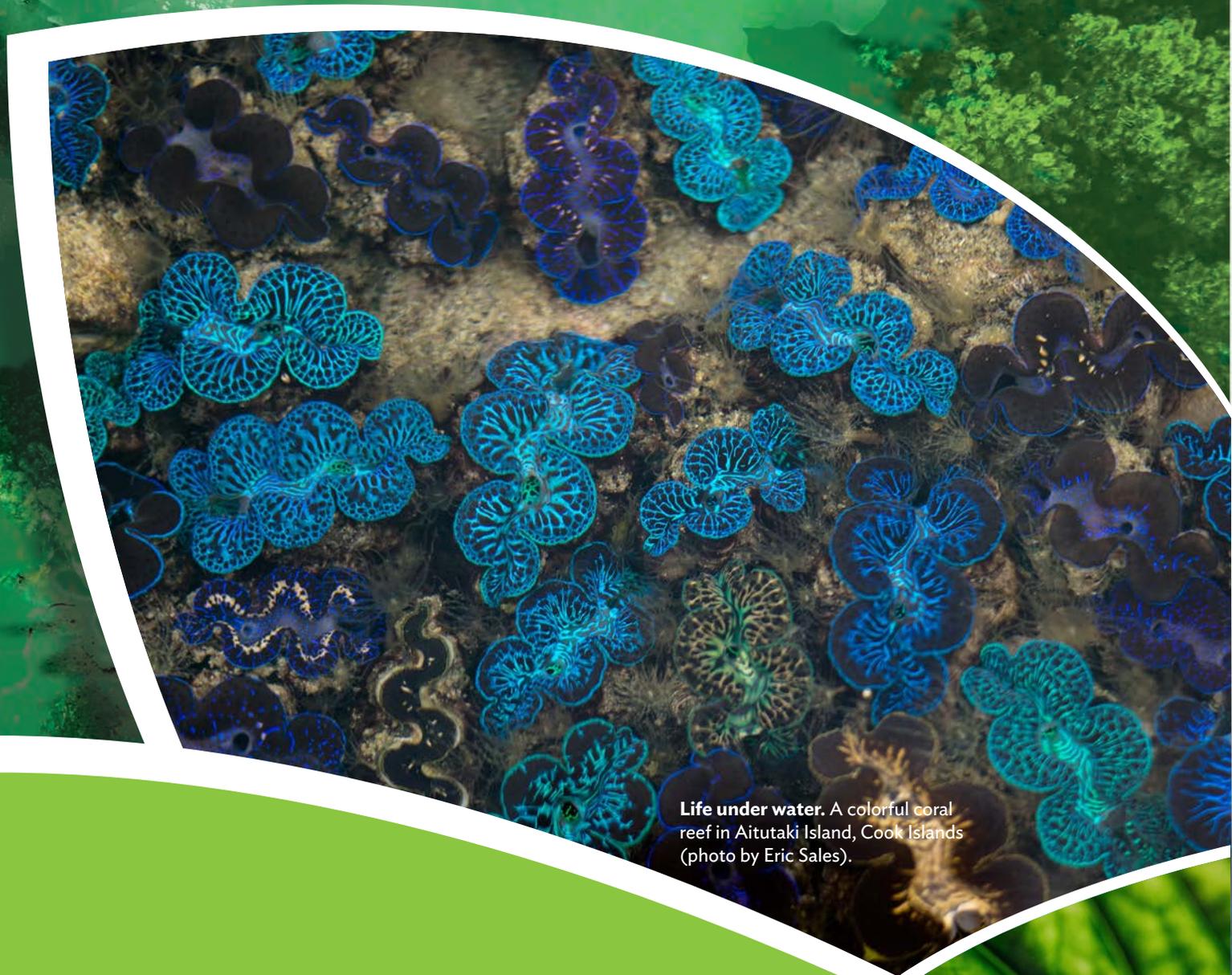
The Development Effectiveness Review is ADB's primary tool for monitoring and reporting on its performance in achieving the priorities of Strategy 2030, its corporate strategy. The 2023 review uses the 60 indicators in the corporate results framework, 2019–2024 as its yardstick.

1. The 2023 Development Effectiveness Review (DEfR) is the 17th annual performance report of the Asian Development Bank (ADB). The DEfR is based on ADB's corporate results framework (CRF), a management tool used to track and monitor ADB's progress in implementing its corporate strategy. Preparing the DEfR is ADB's annual review and reflection exercise. This yearly process enables it to spot and analyze trends in corporate effectiveness, identify underlying issues, and develop actions to improve. The DEfR findings inform ADB's operational directions and resource planning through the President's planning directions and the 3-year corporate work program and budget framework process.
2. The 2023 DEfR continues the practice of using signals in a scorecard to communicate performance. However, the report's main body is organized by themes to reflect Strategy 2030 and the CRF, 2019–2024.
3. **Understanding performance signals.** The use of arrows and check mark symbols and green, amber, and red signals to illustrate the status of performance continues in the 2023 DEfR (Table 1). These signals indicate the direction of change for Level 1 indicators and performance against targets for the indicators in Levels 2–4. Performance on indicators with 2024 targets is expected to show the progress necessary from the baseline values to reach these targets. Signals for indicators with annual or periodic performance targets reflect performance on meeting the minimum and/or maximum threshold values set for each year during 2019–2024. Performance on some indicators is monitored rather than scored. In these cases, arrow signs indicate any improvement or deterioration, but no color signals are assigned. Table 1 summarizes the signals for indicators in Levels 2–4.
4. **Where to find performance results.** The Performance Highlights section and the scorecard at the back of the report summarize performance on all indicators across the four levels of the CRF. The scorecard explains each performance signal.
5. **The thematic structure.** The 2023 DEfR is divided into five thematic chapters that group indicators according to the priorities and overall objectives of Strategy 2030. Performance signals and key related data are provided graphically alongside brief commentaries on overall thematic performance, followed by deeper examination of particular areas and notable results. The thematic chapter focused on the seven Strategy 2030 operational priorities and the Sustainable Development Goals (SDGs) (Chapter 1) covers all Level 1 indicators and relevant indicators from Levels 2 and 3. The four other thematic chapters cluster and discuss results for indicators from Levels 2–4 according to theme.
6. **Reporting key ADB actions.** ADB has a system in place to identify and monitor actions for improvement, and important actions were undertaken during 2023 to address major performance challenges identified in the 2022 DEfR. Actions to address challenges that remain relevant to Strategy 2030 priorities are summarized in the last section.
7. **Complementing the two other ADB corporate performance reports.** The DEfR report complements and refers to the two other corporate performance reports ADB prepares each year—the Annual Portfolio Performance Report prepared by the Procurement, Portfolio, and Financial Management Department and the Annual Evaluation Review prepared by the Independent Evaluation Department (IED). An overview of the focus and purpose of each review is illustrated in a diagram at the beginning of this report.

Table 1: Levels 2–4 Signals Explained

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

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



Life under water. A colorful coral reef in Aitutaki Island, Cook Islands (photo by Eric Sales).

PERFORMANCE HIGHLIGHTS

ADB responded again in 2023 to the compounding impacts of successive global crises while making good progress on strategic priorities to mainstream gender in operations, expand its focus on climate change mitigation and adaptation, accelerate its mobilization of nonsovereign cofinancing, and double its investment in food security between 2022 and 2025. It improved the performance of its active portfolio and, though unevenly, its overall organizational management. Pandemic aftereffects and a series of geopolitical and economic shocks have slowed regional recovery and progress on the Sustainable Development Goals.

A. PROGRESS ON REGIONAL DEVELOPMENT INDICATORS

Level 1: Development Progress in Asia and the Pacific

8. **Agenda 2030 challenged by geopolitical conflict, climate change, inflation, and the pandemic.** The region is not *on track* to meet the SDGs and the targets set under the Paris Agreement on climate change, with progress challenged by the compounding effects of serial overlapping global crises. Despite ongoing economic recovery, socioeconomic progress is uneven, gender disparities have widened, disaster resilience is weak, and food insecurity persists. Most Level 1 indicators showed regression in the first 2 years of the pandemic and, while progress has resumed in some dimensions, the pace is slow. Where up-to-date data are not yet available, supplementary sources and projections provided a fuller picture of development progress in Asia and the Pacific.

9. **Economy reviving, inequality undiminished.** Despite global and climate challenges, Asia and the Pacific continues to drive the world's economic recovery. However, not everyone is benefiting equally, extreme poverty remains higher than expected before the pandemic, and social safety net coverage is still insufficient. Regional population aging is becoming an important development challenge.

10. **Women and girls more affected.** The rising cost of living and disruption to energy supply have resurrected abandoned cooking and heating technologies that pollute the air inside homes, where female family members spend more time than male family members do. Female participation in developing member country (DMC) labor forces was falling before the pandemic and has continued to be low. Women are paid less than men across the region and bear a disproportionate share of the burden from domestic care and chores, an imbalance that worsens when climate-induced emergencies strike.

11. **Climate effects overwhelming regional mitigation and resilience capacity.** Asia and the Pacific continues to suffer mounting effects from climate change and face complex and growing threats

from it. With effects already overwhelming the region's capacity for adaptation and resilience, urgent support is critical. The vast potential of the climate crisis to deepen poverty and hunger, worsen inequality in gender and health, and endanger human security is illustrated by the reversals extreme climate events have already dealt to progress on the SDGs.

12. **Rapid urbanization a double-edged sword.** The region's rapid urbanization enables social and economic development but comes with special challenges. Cities and towns make outsized contributions to the global emissions that accelerate climate change. When unplanned, urban growth makes cities and towns more vulnerable to climate risks and squanders scarce DMC resources. The measurement and reporting of greenhouse gas emissions in the region's urban centers need to be stepped up for climate issues to be fully understood and addressed.

13. **Pressures on food security amplified by inflation and climate change.** Asia and the Pacific is home to half the world's undernourished people, and gains against food insecurity lost during the pandemic have still not been made up. Women are more likely than men to live with food insecurity, and children in the Pacific are more likely to suffer stunting from malnutrition than those elsewhere in the region. While food security currently varies by subregion and gender, DMCs across the region are at risk of higher food insecurity from inflation and the rising frequency of severe weather events.

14. **Improved governance needed.** A long-standing need for stronger governance and institutions is still largely unmet in many parts of the region. Inadequate DMC performance on regulation, freedom of expression, and corruption shows little or no improvement. As the effects of various crises accumulate, lower government revenue and mounting government debt make progress on this front even more critical, especially in the areas of tax revenue and administration.

15. **Regional integration resuming.** Stronger results for regional value chains and for infrastructure and connectivity in 2023 reflected encouraging developments as more borders reopened and international shipping grew. Swift DMC adoption of modern technologies and digital connectivity is one clear reason for the resilience evident in these two aspects of regional cooperation and integration. On the other hand, integration in trade and investment has

been slowed by supply chain disruption and a decline in cross-border investment over recent crisis years. Moreover, most DMCs continue to record large trade deficits. This threatens jobs, especially in domestic manufacturing, a problem that is exacerbated in most DMCs by fiscal consolidation. Trade and investment were down in some DMCs eligible for concessional assistance as foreign direct investment fell short.

B. ADB ACHIEVEMENTS IN 2023

Level 2: Results from ADB's Completed Operations

Strategy 2030 Operational Priority Results

16. **Good results on Strategy 2030 operational priorities.** The CRF, 2019–2024 includes outcome indicators that measure the results of ADB sovereign operations, nonsovereign operations (NSOs), and technical assistance to support the seven Strategy 2030 operational priorities. Overall, completed ADB operations in 2023 delivered 80% or more of their expected results for all 19 results framework indicators for which results were expected. The subset of concessional assistance operations fell short on 2 of these 19 indicators.

Sovereign Operations Performance

17. **Marginally improved overall success rate.** The share of completed sovereign operations rated *successful* increased only marginally from 67% in reporting period 2020–2022 to 68% in 2021–2023. Infrastructure and non-infrastructure sectors both raised their success rates by 1 percentage point in 2021–2023. However, non-infrastructure operations, enjoying a success rate of 77%, continued to outperform infrastructure projects, with a success rate of 65%. The relative stagnation in overall sovereign operations performance reflects difficult realities inherent in ADB's shift to an expanding and more complex portfolio of operations that are required to be responsive and agile in the face of such challenges as volatile markets and evolving client demands.

18. **Mixed results on success criteria.** Completed operations continued to do best on *relevance* among the four criteria that determine project or program success.

Performance on *relevance* was steady at 85% in 2021–2023. *Effectiveness* improved by 3 percentage points to 70% in 2021–2023 and *efficiency* by 1 percentage point to 67%, which ended a downward trend that began in 2017–2019. *Sustainability* slipped by 3 percentage points to 64% in 2021–2023 after improving over three reporting periods from 61% in 2017–2019 to 67% in 2020–2022. Weighing on *sustainability* were concerns over inadequate financial resources for operation and maintenance (O&M), and low institutional capacity in executing agencies. Pandemic effects continued to weigh on *efficiency* and *sustainability* ratings as they slowed procurement and consultant recruitment and reduced estimated economic benefits.

19. **Weak performance in fragile and conflict-affected situations (FCAS) and small island developing states (SIDS).** Success rates continued to slide in operations completed in DMCs classified as FCAS or SIDS. The FCAS success rate dropped from 52% in 2020–2022 to 40% in 2021–2023 and the SIDS success rate from 48% to 43%. FCAS and SIDS operations face recurrent constraints such as limited institutional capacity, challenging operational conditions including the pandemic, and insufficient funding for O&M.

20. **On time completion still short of the target.** Only 33% of operations completed in 2021–2023 managed to complete on time. While this is up 5 percentage points over the previous period, it remains well below the 2024 target of 45%. Only 26% of concessional assistance projects closed on

time in 2021–2023. The average delay of 3 years can be attributed to procurement delays brought about by construction costs increased by COVID-19 and inflation, issues with contractor and consultant performance, and safeguard concerns.

Nonsovereign Operations Performance

21. **NSO success rate stable but off track.** There was no change in the 55% share of completed NSOs rated *successful* in 2021–2023, and ADB remained *off track* to meet the 2024 target of 70%. A drop in the

success rate for infrastructure investments from 69% to 64% and a low success rate for private equity fund investments weighed down the NSO portfolio success rate. In terms of finance volume, 64% of financing went to projects rated *successful*. Completed NSOs recorded slow but steady improvement in *development results* ratings, which increased by 1 percentage point. ADB *additionality* recorded a 5-percentage-point increase to 66%, ADB's highest *additionality* rating since 2018. The *work quality* rating declined from 63% to 59% after 4 years of continuous improvement.

Level 3: ADB's Operational Management

Design and Implementation Quality

22. **Mixed performance on project readiness.** The share of sovereign infrastructure projects that were design-ready before approval remained at 80%, as in 2022, achieving the target in the CRF. Procurement readiness declined, however, with the share of sovereign infrastructure projects rated procurement-ready down by 5 percentage points to 55%, and thus *off track* to meet the 60% target set for 2024. The drop in part reflected rising costs for materials and consequent delays in preparing procurement documents for several projects. Meanwhile, government regulations in some DMCs, particularly in East Asia and Viet Nam, continue to prevent executing and implementing agencies from posting invitations for bids prior to project approval.

23. **Slight decline in active portfolio performance.** Indicators of implementation quality declined slightly in 2023 for both sovereign and nonsovereign operations. The *satisfactory* rating of ongoing sovereign operations was down from 67% in 2022 to 65%, and the percentage of NSOs considered at risk of not achieving development results rose from 15% to 17%. Sovereign operations' *satisfactory* rate slipped as inflation increased construction costs, slowed contract awards, and thus undermined project readiness. A third of the 34 NSOs found to be *at risk* of not achieving development results were flagged for failure to submit development effectiveness monitoring reports. Overall, however, the share of NSOs rated *on track to meet development results* improved from 42% in 2022 to 47% in 2023, and the share requiring attention dropped from 20% to 14%.

Development Finance Mobilization and Transfer

24. **Planned disbursements exceeded.** ADB disbursed \$10.0 billion, or 110% of intended disbursement for sovereign projects and results-based lending in 2023, well above the target of 90%. This was driven by a pickup in implementation pace with the end of the COVID-19 pandemic, coupled with substantial disbursement for large projects.

25. **Record high nonsovereign cofinancing.** Nonsovereign cofinancing achieved a record high of 230% in 2021–2023, exceeding the 2024 target of 200%. This means that, on average, every \$1.00 committed by ADB to NSOs was matched by \$2.30 in long-term cofinancing. Meanwhile, long-term cofinancing for NSOs over the past 3 years has reached \$7.9 billion.

26. **Education financing on track for the first time.** Following the loss of learning caused by the COVID-19 pandemic, and to help make education systems resilient against future shocks, ADB scaled up its education sector financing in 2023 to make education systems more resilient against future shocks. The sector's share of ADB financing increased from 4.48% in 2022 to 6.50%, achieving for the first time the CRF target range, set for 2024 at a 6%–10% share. Education commitments totaled \$1.4 billion, a 77% increase from 2022.

27. **Health financing breached target range.** In 2023, financing for the health sector reached \$2.3 billion, or 10.65% of ADB commitments, far surpassing the 3%–5% target range for 2024. Health

financing registered an almost threefold increase from \$816 million in 2022 to \$2.3 billion, driven largely by new operations to strengthen health care systems and pandemic preparedness in Bangladesh, Indonesia, and the Philippines.

Alignment with Strategy 2030 Priorities

28. Record climate financing. A record high \$9.8 billion in climate finance commitments in 2023 placed ADB *on track* for the first time to meet the cumulative target of \$35 billion for 2019–2024. With \$4.3 billion in climate adaptation financing in 2023, ADB's adaptation financing since 2019 reached \$10.4 billion, surpassing the 2024 target of \$9.0 billion. Climate mitigation financing also rose by almost 40% to \$5.5 billion. Climate financing since 2019 now stands at \$30.8 billion and puts ADB in a strong position to achieve its \$100 billion climate finance ambition by 2030. While some of this increase in climate finance can be attributed to the region recovering from the pandemic, and to DMCs prioritizing climate-resilient and climate-compliant solutions across sectors, ADB has also made considerable effort to incorporate climate change components in its sovereign and nonsovereign operations across sectors. As a result, the share of non-infrastructure sectors in climate financing increased to 26% in 2023.

29. Accelerated mainstreaming of climate action. Enhanced climate mainstreaming was visible in the share of operations supporting climate action, which rose from 64% in 2020–2022 to 79% in 2021–2023. With this, ADB has surpassed the 2024 target of 65% and the 2030 target of 75%.

30. Continued strong mainstreaming of gender in operations. Gender mainstreaming results surpassed the 2024 target of 50% for a fifth consecutive year. The share of ADB operation commitments classified as *gender equity theme* (GEN) or *effective gender mainstreaming* (EGM) rose another 8 percentage points in 2021–2023 to 88%. The proportion of those categorized GEN, EGM, or *some gender elements* (SGE) remained at 99%, also above the 2024 target.

31. Share of NSOs remained off track despite increase in number and volume. NSO commitments rose from 37 in 2022 to 40 in 2023. However, the nonsovereign share of all ADB operation commitments in 2023 remained, at 29%, *off track* to hit the 33% target by 2024. NSO funding increased by 54% to \$1.7 billion, aided by an average deal size that rose from \$30.6 million in 2022 to \$43.7 million.

32. Focus on expanding NSOs in frontier economies and nontraditional sectors. Of the 40 NSOs committed by ADB in 2023, 13 were in frontier economies, 9 were in new sectors that are relatively challenging but have a high potential for development impact, and 3 were in both. This brought the share of NSO commitments in these two categories to 63%, well above the 2024 target of 55%.

33. Share of social protection operations down from pandemic peak. Eight of ADB's operation commitments in 2023 promoted social protection, bringing the 3-year average ratio in 2021–2023 to 8%. This was down from 14% at the height of the pandemic in 2020–2022. The number of social protection operations still exceeded the pre-pandemic annual norm of 6–7.

Level 4: ADB's Organizational Effectiveness

Organizational Systems and Processes

34. Progress toward a gender-balanced workforce. Higher female international staff appointments and helped increase female representation in ADB staff from 38.7% in 2022 to 39.8% in 2023. This was still 0.2 percentage points short of the 40% target for 2024. At 49.0% in 2023, women made up almost half

of the new international staff appointments, up from 44.9% in 2022.

35. Long turnarounds delay procurement. Only 69% of sovereign operation procurement transactions valued at \$10 million or more were processed within the target time frame of 40 days or less in 2023, down

by 5 percentage points from 2022. Procurement performance for concessional assistance operations showed an even steeper, 7-percentage-point, decline to 64%. This was primarily because of DMC counterpart agencies' slower response to address ADB comments, with multiple rounds of review often required. This highlights the need for still more capacity-building for executing and implementing agencies in bid and evaluation report preparation, despite targeted procurement training delivered in 2023 to 260 executing agency staff from 31 DMCs. The new operating model has introduced changes to shorten turnaround and procurement processing times through organizational restructuring that brings procurement teams closer to project teams and thus improves collaboration.

36. Budget utilization remained on target. Only 3% of ADB's internal administrative budget was unused in 2023, well within the target of 5% or less. Despite the challenges posed by high inflation and growing ADB operational travel volume, the budget was successfully managed by reallocating resources, and using general contingency to meet emerging needs. Administrative costs were tracked closely throughout the year, and flexible budget management ensured that the rollout of the new operating model and associated movement in people and changing work plans did not disrupt operations.

Organizational Capacity

37. Expanded lending capacity. In September 2023, the ADB Board of Directors approved updates to ADB's Capital Adequacy Framework. This expanded the bank's annual lending capacity to potentially more than \$36 billion, for an annual increase of about \$10 billion. Expansion has been achieved by optimizing ADB's prudential level of capitalization, risk measurements, and financial planning, all while maintaining a healthy and efficient appetite for risk. The reforms also created a countercyclical lending buffer to support DMCs when they face unexpected severe crises. These capital management reforms are designed to ensure ADB maintains its AAA credit rating and ability to provide DMCs with funding at low cost and with long maturities. By making more ADB

capital available for lending, the reforms effectively reduced the bank's capital utilization ratio from 83.9% in 2022 to 70.0% in 2023.

38. More field staff for country engagement. ADB increased the number of international and national staff positions in its field offices from 596 in 2022 to 628 in 2023. This 5.4% increase achieved by creating new positions in field offices and by outposting more international staff to field offices as part of the Workforce Rebalancing Framework. This framework aims to strengthen ADB's country engagement by placing more international staff from ADB headquarters to DMCs. The new operating model categorized more ADB departments as operations in 2023. This increased the number of staff positions considered operations by 20.4% and thus reduced, the percentage of them in the field from 46.0% in 2022 to 40.0% in 2023 (Figure 5.1). The number of international and national staff positions in FCAS and/or SIDS remained at almost the same. This is expected to increase as new positions will be created in financial management in these country groups under the Workforce Rebalancing Framework in 2024. As part of the implementation of decentralization under the new operating model, 70 staff are expected to be outposted from headquarters to field offices including in FCAS and SIDS, starting in July 2024. Decentralization puts more expertise in the field to improve ADB's responsiveness to clients' needs aligned with their emerging development priorities. In 2023, 373 of 630 active operations were administered in field offices, or 59%, an increase of 4 percentage points from 2022.

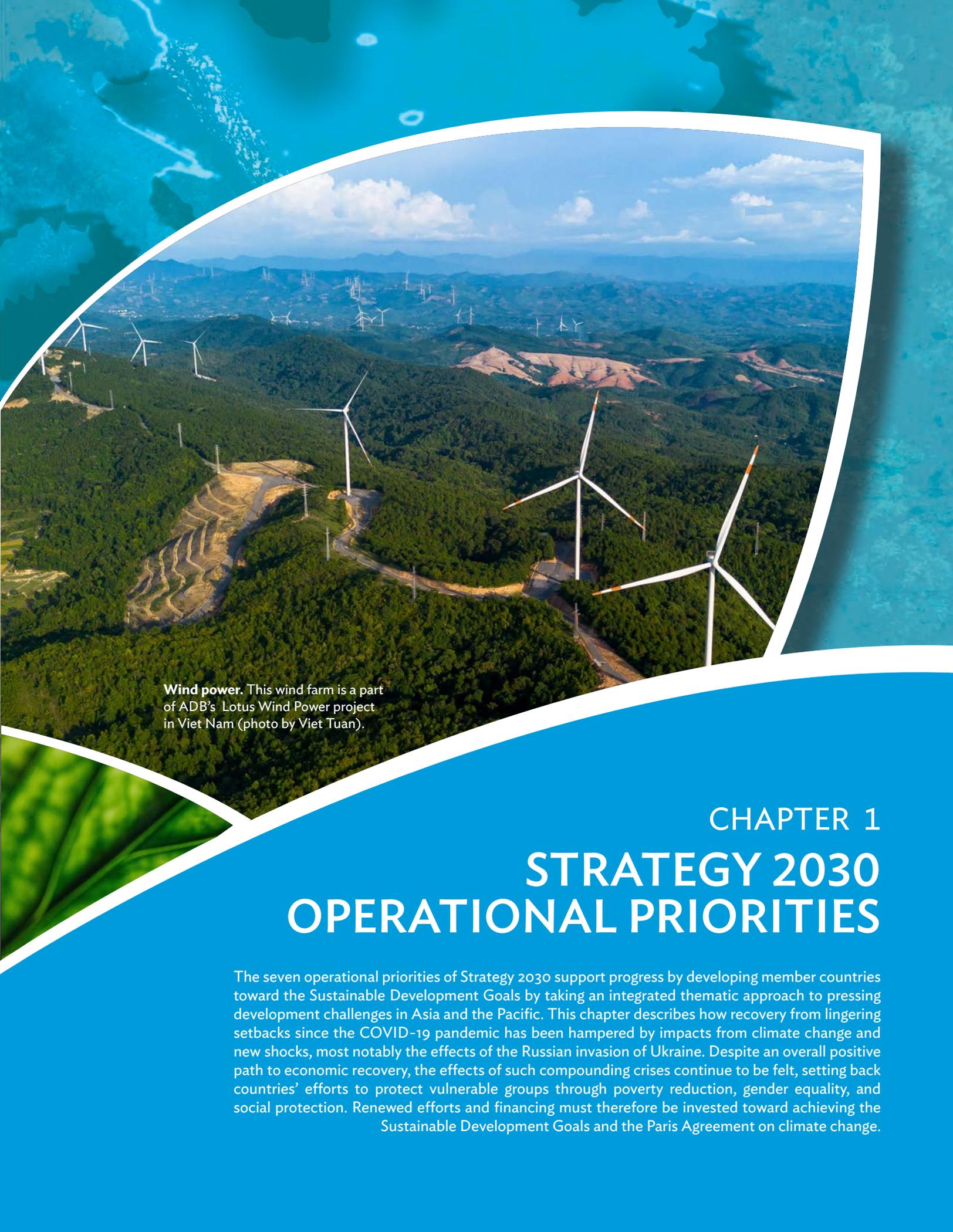
39. Benefits from digital transformation. The rollout of 30 new digital products during the year raised the cumulative total since 2019 to 261. ADB's digital transformation continues, with 47 projects approved under the Digital Agenda Stage 1 program, with 21 completed to realize \$60 million in expected benefits. Digitalization saves time and delivers cost savings by minimizing the need for support from information technology staff, reducing meeting delays by modernizing video conference rooms, installing cost-effective internet services at field offices, and

automating at least 50% of day-to-day services previously provided manually. A new modern digital platform provides access through a single source of high-quality data to enhance sovereign and nonsovereign operations. An overhaul of ADB's digital business process systems will modernize and expand the SovOps system to make it more efficient and effective for monitoring and reporting operations. New system changes to support the new operating model have been delivered seamlessly.

ADB as a Knowledge Organization

40. Strengthening knowledge and working toward maturity as a knowledge organization. In 2023, ADB became the first multilateral development bank (MDB) to conduct an International Organization for Standardization (ISO) 304015 audit of its knowledge management system. This was complemented by

the 2023 midterm assessment of ADB's Knowledge Management Action Plan, 2021–2025 (KMAP). ADB underwent a broad knowledge capacity survey in 2023 using the Knowledge Management Capability Assessment Tool of the American Productivity & Quality Center (APQC). Results indicated some progress in ADB's knowledge management maturity since 2021, based on the indicator *staff rating ADB as an effective knowledge and learning organization*. Its score rose from the 2021 baseline of 51.6% (equal to 2.58 on a 5.00-point scale) to 58.8% (2.94). This puts ADB very nearly at the “standardize” Level 3 of the five levels on the APQC knowledge management maturity scale. Level 2 indicates that an organization has localized and repeatable knowledge management practices. Level 3 indicates that these localized knowledge management practices should become more common in its processes and approaches.



Wind power. This wind farm is a part of ADB's Lotus Wind Power project in Viet Nam (photo by Viet Tuan).

CHAPTER 1

STRATEGY 2030

OPERATIONAL PRIORITIES

The seven operational priorities of Strategy 2030 support progress by developing member countries toward the Sustainable Development Goals by taking an integrated thematic approach to pressing development challenges in Asia and the Pacific. This chapter describes how recovery from lingering setbacks since the COVID-19 pandemic has been hampered by impacts from climate change and new shocks, most notably the effects of the Russian invasion of Ukraine. Despite an overall positive path to economic recovery, the effects of such compounding crises continue to be felt, setting back countries' efforts to protect vulnerable groups through poverty reduction, gender equality, and social protection. Renewed efforts and financing must therefore be invested toward achieving the Sustainable Development Goals and the Paris Agreement on climate change.

A. REGIONAL DEVELOPMENT PROGRESS

41. **Agenda 2030 challenged by geopolitical conflict, climate change, inflation, and the pandemic.** The region is not *on track* to meet the SDGs or the targets set under the Paris Agreement on climate change. Nor is the region where it might have been midway through agenda implementation were it not for a series of compounding global crises. Geopolitical challenges, the lingering effects of the COVID-19 pandemic, and the increasingly severe impacts of climate change have weighed on inclusion and widened the region's development gaps. Socioeconomic progress is slow and uneven despite signs of economic recovery. The cost-of-living crisis continues to affect households. Gender disparities have worsened. Resilience remains low as the number of extreme weather events mounts and as rapid urbanization drives regional greenhouse

gas emissions higher. One result has been poverty and hunger rates persistently higher than before the pandemic.

42. **Projections used to fill data gaps on regional development.** Determining the damage inflicted on the region's development by such global shocks as COVID-19 and the Russian invasion of Ukraine is complex, and the effects are gradually becoming evident in the data. However, reporting lags and data gaps remain. Data for 2022 or 2023 are available for only half the 10 regional progress indicators in the CRF. Data for the remaining five indicators are from 2020, the first year of the pandemic. This DEfR has therefore used supplementary sources in these cases to build a fuller picture of development progress in Asia and the Pacific.



OP 1: ADDRESSING REMAINING POVERTY AND REDUCING INEQUALITIES



43. **Ongoing economic recovery.** Despite climate and other global challenges, Asia and the Pacific helped drive world economic recovery in 2023, with an upbeat 4.9% growth rate. Healthy domestic demand, revived remittances, and a rebound in tourism contributed to this. Disinflation was seen across most of developing Asia's subregions as energy and food prices moderated. The exception was parts of East Asia, where bad weather forced up food costs.¹

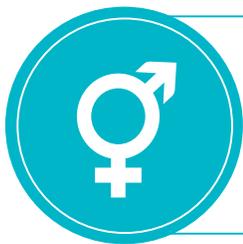
44. **Backward step on eradicating poverty.** Not everyone benefited from the region's resurgent growth, and some have been more deeply affected than others by the long-term economic damage left by the pandemic, higher inflation, and worsening geopolitical tensions. An estimated 155 million people in developing Asia and the Pacific, or almost 4% of the combined population of DMCs, still lived in extreme poverty in

2022.² This was 68 million more than was expected before this series of events and marked a pullback from the impressive headway made against poverty across the region in past decades. On the macro level, the per capita growth rate of DMCs was 4.6% in 2022, slightly lower than in 2021 but nonetheless a major improvement from contraction in 2020.³

45. **Social safety net coverage low.** Only 44% of people in DMCs have any access to social protection benefits. Only 45% of new mothers received maternity leave.⁴ The latest data shows little improvement in these numbers during 2019–2021. According to the universal health care service coverage index, DMCs slipped slightly, while countries eligible for concessional assistance marginally improved 2 years after the pandemic. Protection for the unemployed remained low at 14%, though the number of workers

out of a job also dropped, by 14%.⁵ Identifying the target population for social protection is complicated by contributory programs being confined to the formal sector. The region's noncontributory schemes target a small portion of poorest people in society. This leaves a large group of workers uncovered and vulnerable—which notably includes women, migrants, and the self-employed. Social protection funding and investment was low at the equivalent of 7.5% of gross domestic product (GDP) in 2020, with half of DMCs spending less than 2.6%. The global average was 12.9%.⁶

46. Rapid aging a major demographic issue. Projections are that one person in four in DMCs will be older than 60 by 2050. This swift and massive demographic shift is expected to raise a host of socioeconomic development challenges. DMCs have made substantial progress in expanding sound pension coverage for older people. An estimated 73.5% of people above retirement age receive a pension.⁷ Nonetheless, ensuring that women have access to income in their old age is still a problem.



OP 2: ACCELERATING PROGRESS IN GENDER EQUALITY



47. Women and girls disproportionately affected by global shocks. Global crises in 2020–2023 set back some of the progress made toward gender equality,⁸ with the health and well-being of women and girls disproportionately affected.⁹ Rising costs of living and shrinking household budgets forced many families to revert to more polluting cooking and heating technologies and fuels, exposing women and girls in particular, as they tend to spend the most time working in the home.¹⁰ The Russian invasion of Ukraine curtailed the supply of food staples and thus drove up their prices, increasing the number of women who were food-insecure. More positively, a long-standing global gender gap in food insecurity, which worsened in the wake of the COVID-19 pandemic, narrowed from 3.8 percentage points in 2021 to 2.4 percentage points in 2022, suggesting that the disproportionate impacts of the pandemic on women's food insecurity have eased.¹¹ This improvement was particularly significant in Asia.¹²

48. Gender gap persisting in work hours and pay. Female participation in the labor force was falling in DMCs even before the pandemic. It was 49% in 2021, starkly below the 79% for men. Rates ranged from a high of 71% in East Asia to 27% in South Asia, or not much more than half of the 47% recorded globally.¹³ The region's high-growth sectors—such as high value-added manufacturing—have historically provided more jobs for men than for women.¹⁴ When their unpaid care and other domestic labor is combined with their paid work, women in Asia and the Pacific put in longer hours than any in other region in the world. They dedicate almost four times as many hours to unpaid tasks as do men, much higher than the global ratio of 2.8.^{15,16} This burden is known to intensify during climate-induced emergencies.^{17,18} The consequences are significant in terms of gender discrepancies affecting wages and the role of women in the economy and political life.



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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND

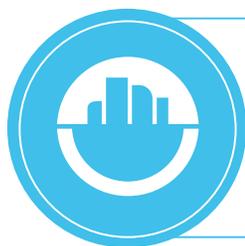


49. **Climate change undermining progress on SDGs.** A series of extreme weather events heightened the urgency across DMCs to mitigate climate change and adapt to worsening climate risks and impacts. The vast potential for the crisis to exacerbate poverty and hunger, widen gender and health inequality, and endanger human security is illustrated by the reversals these events have dealt to progress toward the SDGs.^{19,20} Temperatures reached 45°C (113°F) in India during a 2023 heat wave that threatened water shortages, undermined food security, and endangered public health. Typhoon Doksuri dumped record-breaking rainfall on the People's Republic of China (PRC), and the floods that ensued left 880,000 people without clean running water and forced them from their homes.²¹ Crop and infrastructure destruction and water supply pollution inflicted by Cyclone Mocha, the strongest in the Bay of Bengal in 10 years, drove residents from their communities in Bangladesh and Myanmar. The window of opportunity to limit global warming to 1.5°C by 2030 is closing.²² This puts at risk the region's vulnerable populations, especially in FCAS and SIDS. Nationally determined contributions (NDCs) urgently need to become more ambitious and to be promptly implemented to keep warming well below 2°C and preferably below 1.5°C.

50. **Resilience not keeping pace with climate-induced and geophysical disasters.** A total of 210 extreme weather and geophysical events killed 4,606 people in DMCs in 2023 and affected 37 million more. More than half of the deaths were caused by the two worst disaster, an earthquake in Afghanistan's Herat region and flooding in India caused by monsoon rains. About 18 million people suffered the effects of a drought in Indonesia induced by El Niño.²³

The region's exposure is heightened by its lagging programs to build resilience. Insufficient action, partly owing to a financing gap, risks leading to even higher costs down the road if climate change impacts continue to intensify. One estimate is that annual losses from these disasters in agriculture, energy, and biodiversity could increase from a current average of \$924 billion to almost \$1 trillion, or from 2.9% of regional GDP to 3.0%, with global temperature rise worsening from 1.5°C to 2°C.²⁴ Support through climate and green financing is urgently needed to help DMCs adopt comprehensive risk management policies and innovative approaches to advance early warning and nature-based solutions.

51. **Conserving biodiversity crucial to regional growth and development.** Asia and the Pacific is home to 17 of 36 global biodiversity hot spots.²⁵ Vast terrestrial and coastal ecosystems in DMCs provide food and livelihoods and contribute to the socioeconomic development and well-being of more than 4 billion people. As populations grow and increasingly urbanize, however, consumption of regional natural resources outpaces their replenishment. Biodiversity and habitat loss is another deleterious effect of climate change, notably in East Asia.²⁶ DMCs have responded by improving safeguards. The share of areas important for terrestrial, freshwater, and mountain biodiversity that are under government protection—which is tracked by three SDG target indicators—increased significantly from 2010 to 2022.²⁷ DMCs have committed to speeding up their implementation of the Kunming–Montreal Global Biodiversity Framework, for which they receive support from regional and subregional partners. The framework focuses on the conservation, protection, sustainable use, and restoration of nature.



OP 4: MAKING CITIES MORE LIVABLE

11 SUSTAINABLE CITIES AND COMMUNITIES 

52. **Rapid urbanization contributing to climate change.** Urban transformation in Asia and the Pacific continues at an unprecedented rate.²⁸ By 2050, the region's urban population is projected to grow to 3.38 billion, up from 2.48 billion in 2023.²⁹ Roughly half of the migration to urban areas globally over this period will be in DMCs—primarily Bangladesh, India, Indonesia, and the PRC.³⁰ While they have helped power social and economic development, the region's urban areas account for 75% of its carbon emissions³¹ and all but 1 of the world's 100 most polluted cities.³² High rates of unplanned urbanization have swift and serious consequences. Resources become overstretched and structural damage to city's basic infrastructure occurs. Poverty, food insecurity, and malnutrition grow. Climate change makes these problems worse. Most of the region's countries remained ill-prepared to handle multiple and overlapping climate-induced risks. Among them are the top hazards confronting cities, according to Carbon Disclosure Project data—flash surface flooding, extreme heat, rainstorms, and drought—all of which are common hazards across most of Asia and the Pacific.³³ This poses a stiff challenge to DMC government planners.

53. **Critical need for accelerated measurement and reporting of emissions in cities.** Analysis needs

to be stepped up across DMCs to better determine and respond to existing carbon emissions in urban areas and their growth as urbanization continues. This work is currently frustrated by the small proportion of the region's cities voluntarily disclosing their carbon emissions and by complexities and gaps in often disparate reporting methodologies. Of the 100 Asian cities reporting mitigation action to the Carbon Disclosure Project in 2020, only 44 had a citywide emission reduction target, and 48 a climate action plan.³⁴

54. **High urban digitalization rates an opportunity and a vulnerability.** Three-quarters of the region's urban residents use the internet, while fewer than two-fifths of rural people do. This makes the reliability and resilience of information and communication technology infrastructure in cities and towns a critical issue for urban governments; education systems; and businesses large, small, and informal. Digital connectivity gives vulnerable urban populations a way to build livelihoods and incomes but causes them disproportionate harm when connectivity breaks down. The 25% of urban residents without access to the internet find themselves on the wrong side of a digital divide that urgently needs to be bridged. Uneven digital access has become a determinant of socioeconomic inequality.³⁵



OP 5: PROMOTING RURAL DEVELOPMENT AND FOOD SECURITY

2 ZERO HUNGER 

55. **Making up lost ground on food security.** In its continuing efforts to end hunger by 2030, the region is still compensating for setbacks caused by the pandemic and the Russian invasion of Ukraine.

An estimated 400 million people were undernourished in Asia and the Pacific in 2022.³⁶ This accounted for 55% of the global total and was still more than half a million more than before the

pandemic.³⁷ The distribution of food insecurity varied across subregions. It was most severe in South Asia, where nearly 314 million people remained undernourished in 2022, and 809 million people were moderately or severely food-insecure—though there was improvement from the previous year.³⁸ Other than in East Asia, women are generally more likely to experience undernutrition than men, with almost 1 in 10 women facing severe food insecurity.³⁹ Stunting in children under five years old remains, at a prevalence of 23.4%, a significant public health issue in the region.⁴⁰ Achieving food security is particularly urgent in many Pacific DMCs because they rely heavily on imports and subsistence agriculture and fishing.⁴¹

56. Food inflation risk on the rise. In 2022, food inflation across Asia and the Pacific remained comparatively moderate by global standards, with the notable exception of Sri Lanka, where it skyrocketed to 94.9% in September 2022 under a severe economic

crisis.^{42,43} In Mongolia, food inflation was 15.4% in 2022, affected by supply shocks from the Russian invasion of Ukraine and the closure of the border with the PRC, and remained high at 12.2% in 2023 as severe weather hit agriculture, which contracted by 8.9%. India similarly saw a rapid increase in food prices, which climbed to 10.9%, a considerable jump from the previous year's rate of 6.3%.⁴⁴ This surge in food prices seemed to threaten a rice shortage and prompted India to ban exports of rice other than basmati in 2023. Considering India's position as the world's largest rice exporter for the past 15 years, contributing approximately 40% to global rice exports in 2022 and 2023, this ban drove rice prices to a decade-high, affecting several other countries in the region.⁴⁵ The risk of further supply disruption and food price shocks is on the rise, exacerbated by the heightened likelihood of more frequent disasters, such as droughts, typhoons, floods, and other climate-induced events, which pose a significant threat to food production both within the region and globally.



OP 6: STRENGTHENING GOVERNANCE AND INSTITUTIONAL CAPACITY

16 PEACE AND JUSTICE
STRONG INSTITUTIONS



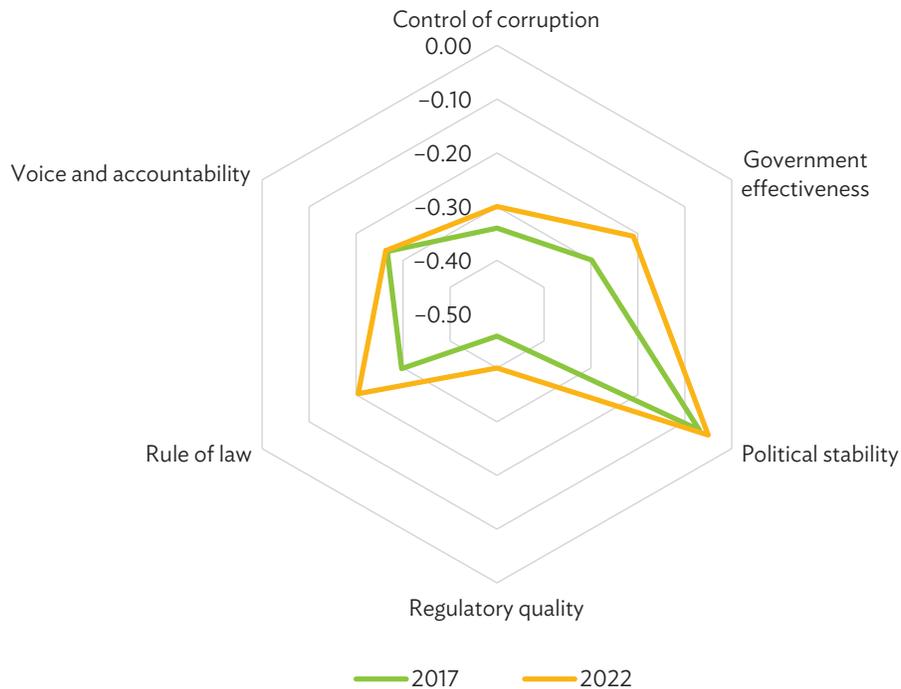
17 PARTNERSHIPS
FOR THE GOALS



57. Weak governance persisting. The average World Governance Index score for developing Asia and the Pacific slipped slightly deeper into negative territory in 2022, the most recent year available, to -0.2379 for DMCs overall and -0.2541 for DMCs eligible for concessional assistance.⁴⁶ Despite improvements in most of the six governance dimensions since 2017, the regional score for regulatory quality is persistently low (Figure 1.1). This indicates weak DMC capacity to formulate and implement sound policies and regulations that permit and promote private sector development. Scores for political stability, on the

other hand, have remained little changed. Freedom of expression and corruption scores continue to be weak. Recent global crises have taken a toll on government effectiveness and institutional capacity to implement policies, with the average index value for the region dropping from -0.1746 in 2020 to -0.2097 in 2022. Notably, scores for the rule of law improved by 30% on average over the 5-year period ending in 2022. While a large number of DMCs still score in the bottom 20% of countries across all 6 dimensions, the Pacific subregion had the top DMC performers on the overall index, placing it above the 50th percentile worldwide.

Figure 1.1: Worldwide Governance Index for Developing Member Countries, 2022



Source: World Bank, [Worldwide Governance Indicators](#) (accessed 17 December 2023).

58. **Tax revenue low and dwindling but debt levels steady.** Revenue raised through taxation in Asia and the Pacific has been below the generally accepted optimal minimum.⁴⁷ Tax revenue as a percentage of GDP averaged 8.44% in DMCs overall in 2021 and 9.09% in DMCs eligible for ADB concessional assistance; the latter figure is 1.03 percentage points

down from 2019. The average ratio of gross debt to GDP was 50% in DMCs overall during the 2 years following the 2019 outbreak of COVID-19. Debt was projected to increase in a quarter of DMCs in 2022,⁴⁸ heightening the need for the region's governments to boost tax administration and tax revenue through institutional reform and capacity-building.



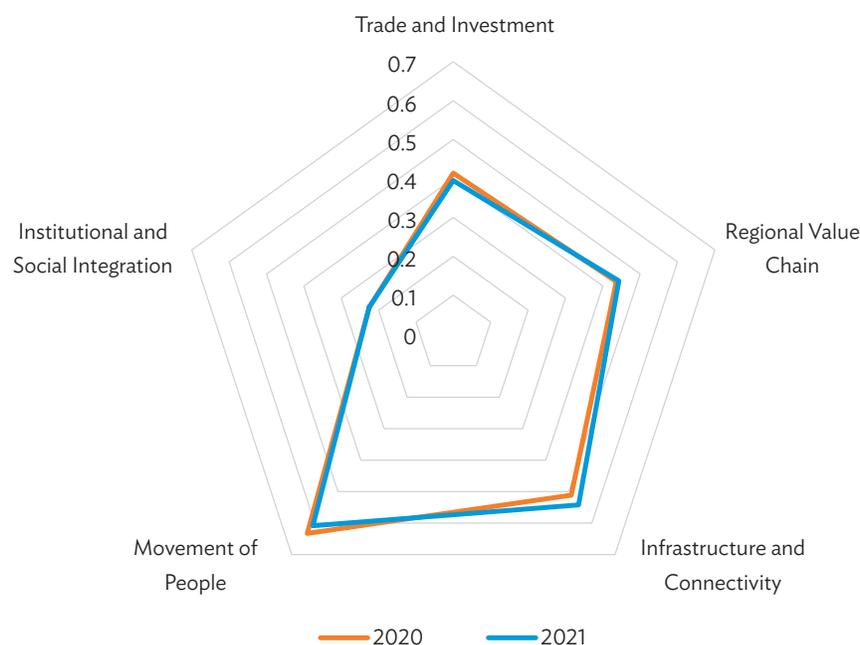
OP 7: FOSTERING REGIONAL COOPERATION AND INTEGRATION



59. **Progress on regional cooperation and integration.** Despite global headwinds and the effects of the COVID-19 pandemic, the latest data from the modified Asia-Pacific Regional Cooperation and Integration Index (Figure 1.2) showed that regional cooperation and integration (RCI) improved in 2021. A stronger indicator result for regional value chains

reflected encouraging developments, as did a stronger result for infrastructure and connectivity, driven mostly by an increase in liner shipping as borders reopened. Modernization in technology and digital connectivity has been a critical contributor to regional resilience. DMCs' integration in trade and investment was slowed somewhat by supply chain disruption and a decline in

Figure 1.2: Modified Regional Cooperation and Integration Index Scores for Developing Member Countries, 2021



Note: 0 = not integrated, 1 = fully integrated.

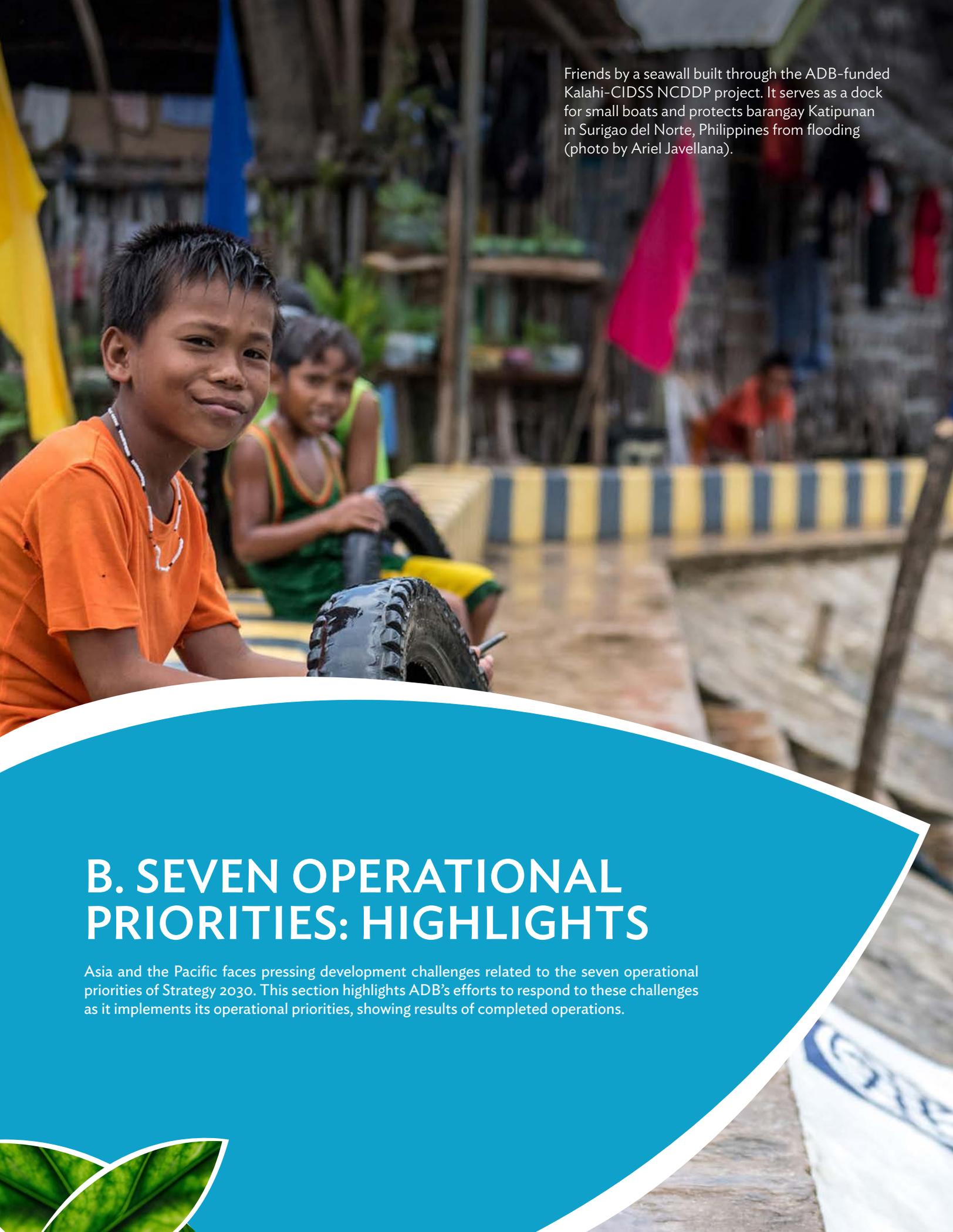
Source: ADB. Asia-Pacific Regional Cooperation and Integration Index (accessed 6 February 2024).

cross-border investment in recent years. Pandemic-induced travel restrictions weighed on the movement of people and intraregional tourism in 2020–2021, particularly in East Asia and Southeast Asia.

60. RCI strengthening in countries eligible for concessional assistance.⁴⁹ The index performance of DMCs eligible for ADB concessional assistance presented a mixed picture on RCI in 2021. Indicators for integration in regional value chains and for infrastructure and connectivity were up from 2020, while those for trade and investment, the movement of people, and money and finance were down. The biggest drop, in RCI trade and investment, reflected mainly lower foreign direct investment into the Pacific, South Asia, and Southeast Asia. Indicators of institutional and social integration were notably lower across all concessional assistance DMCs. A critical channel for strengthening RCI among them is through their environmental cooperation platforms. These platforms aim to align their NDCs with the goals of the Paris Agreement and to foster a coordinated approach

to achieving net-zero targets. The cost of meeting these goals is significantly reduced if countries work together on ambitious joint action plans.⁵⁰

61. Trade deficits high as regional commercial services grow. After the blows suffered during the COVID-19 pandemic in 2020–2022, most DMCs continued to record large trade deficits, sometimes reaching the equivalent of 40% of GDP. This threatens jobs, especially in domestic manufacturing.⁵¹ Trade growth in the region is likely to remain slow as central bankers tighten monetary policy to deal with rising inflation. Merchandise trade was forecast to decline in 2023 in line with a continued shift toward spending on services, high living costs, a restrictive policy environment, and geopolitical tensions. Recovery in travel has supported growth in the commercial services trade. International trade in the Caucasus and Central Asia has been unsettled since the Russian invasion of Ukraine by shifts affecting the economy of the Russian Federation that have shrunk DMC service exports.⁵²



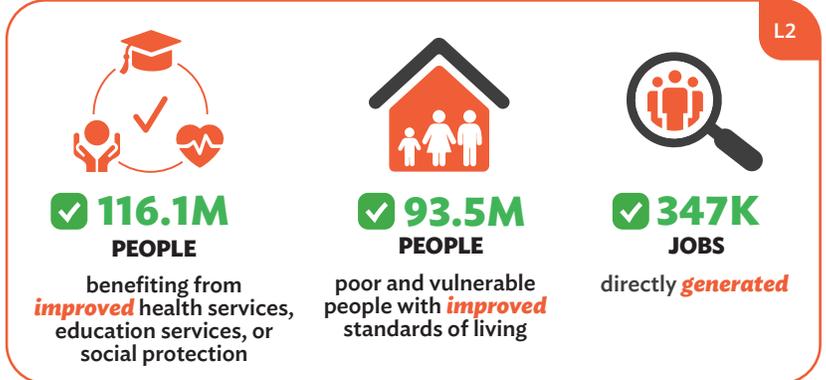
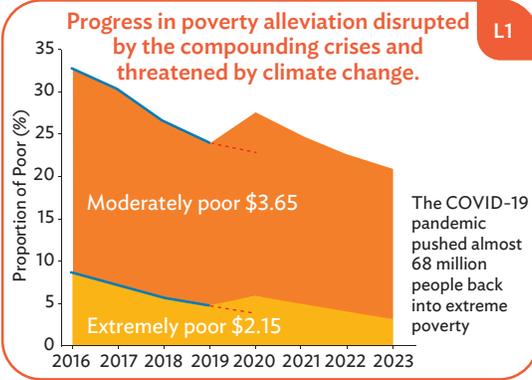
Friends by a seawall built through the ADB-funded Kalahi-CIDSS NCDDP project. It serves as a dock for small boats and protects barangay Katipunan in Surigao del Norte, Philippines from flooding (photo by Ariel Javellana).

B. SEVEN OPERATIONAL PRIORITIES: HIGHLIGHTS

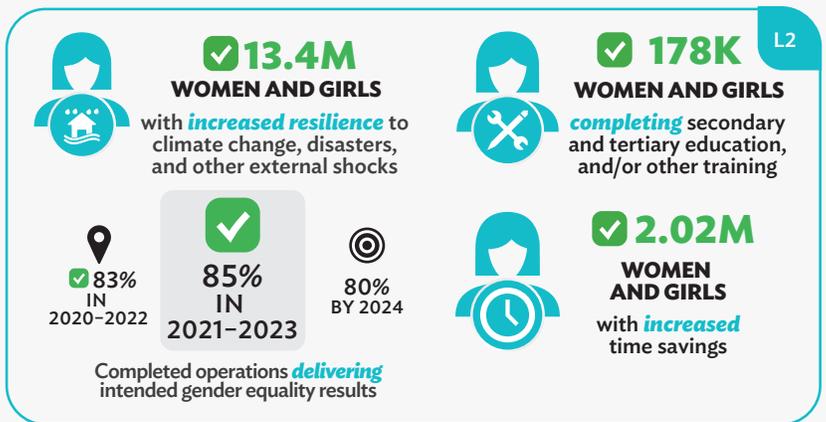
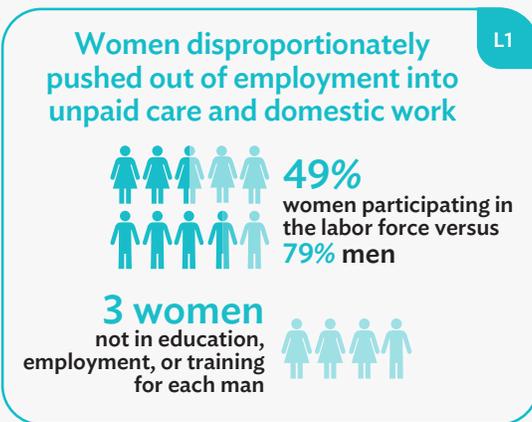
Asia and the Pacific faces pressing development challenges related to the seven operational priorities of Strategy 2030. This section highlights ADB's efforts to respond to these challenges as it implements its operational priorities, showing results of completed operations.



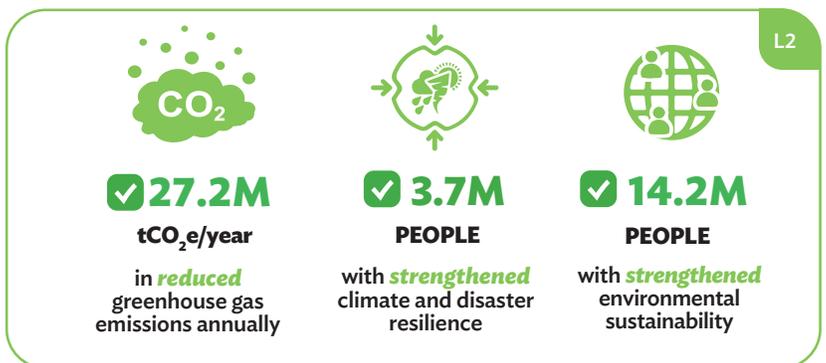
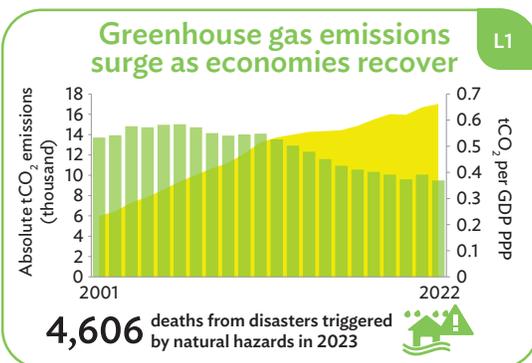
OP 1 ADDRESSING REMAINING POVERTY AND REDUCING INEQUALITIES



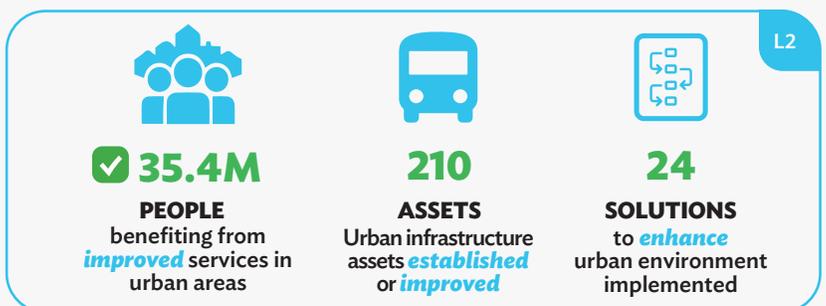
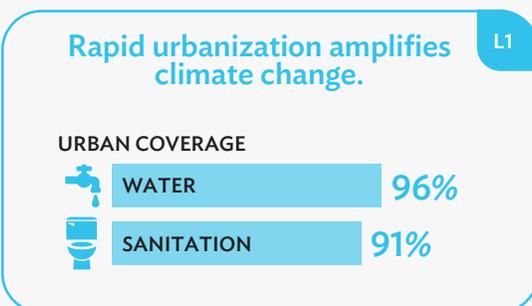
OP 2 ACCELERATING PROGRESS IN GENDER EQUALITY



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



OP 4 MAKING CITIES MORE LIVABLE

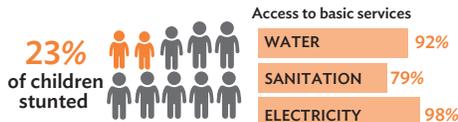


CO₂ = carbon dioxide, GDP = gross domestic product, K = thousand, L1 = development progress in Asia and the Pacific, L2 = results from ADB operations completed in 2023, M = million, PPP = purchasing power parity, tCO₂e = tons of carbon dioxide equivalent.

OP 5 PROMOTING RURAL DEVELOPMENT AND FOOD SECURITY

Stunting remains high along with food security crises.

L1

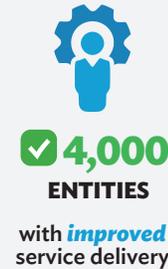
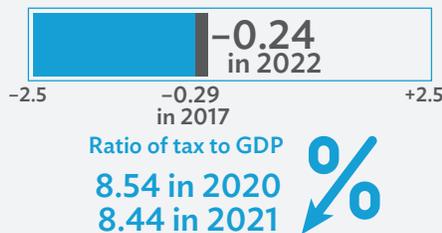


L2

OP 6 STRENGTHENING GOVERNANCE AND INSTITUTIONAL CAPACITY

World Governance Indicators Index scores slightly decreased

L1

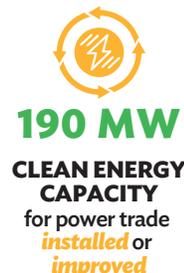
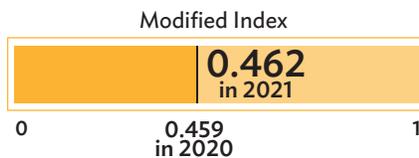


L2

OP 7 FOSTERING REGIONAL COOPERATION AND INTEGRATION

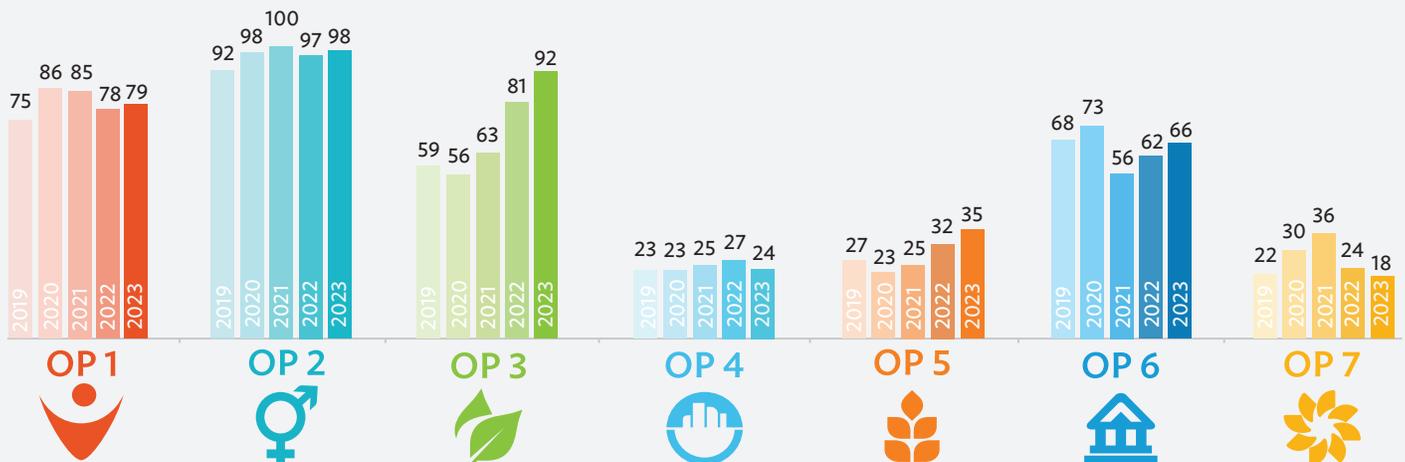
Asia-Pacific Regional Cooperation and Integration Index scores slightly increase

L1



L2

ADB Committed Operations Aligned with Each Strategy 2030 Operational Priority, 2019–2023 (%)



ALIGNMENT OF ADB COMMITMENTS WITH THE SUSTAINABLE DEVELOPMENT GOALS, 2023

CROSS-CUTTING THEMATIC GOALS



SECTOR-BASED GOALS



SELECTED RESULTS OF 2023 COMPLETED OPERATIONS BY SUSTAINABLE DEVELOPMENT GOAL

 <p>1 NO POVERTY</p>	<p>116,100,000 people benefiting from improved health services, education services, or social protection</p>	<p>93,478,000 poor and vulnerable people with improved standards of living</p>	<p>49 social protection schemes established or improved</p>
 <p>2 ZERO HUNGER</p>	<p>106,070,000 people benefiting from increased rural investment</p>	<p>32,000 hectares of land improved through climate-resilient irrigation infrastructure and water delivery services</p>	<p>960 rural infrastructure assets established or improved</p>
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>32 health services established or improved</p>		<p>99 pollution control enhancing infrastructure assets established or improved</p>
 <p>4 QUALITY EDUCATION</p>	<p>789,000 people enrolled in improved education and/or training</p>	<p>178,000 women and girls completing secondary and tertiary education, and/or other training</p>	<p>930,000 women enrolled in TVET and other job training</p>
 <p>5 GENDER EQUALITY</p>	<p>2,018,000 women and girls with increased time savings</p>	<p>1,583,000 Women-owned or -led SME loan accounts opened or women-owned or -led SME end borrowers reached</p>	<p>4,500 women represented in decision-making structures and processes</p>
 <p>6 CLEAN WATER AND SANITATION</p>	<p>7 sustainable water-food-energy security nexus solutions implemented</p>		
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>9,200 megawatts of renewable energy capacity installed</p>		
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>347,000 jobs generated</p>	<p>43,000 skilled jobs for women generated</p>	<p>2,900,000 women opening new accounts</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>5,500 low-carbon infrastructure assets established or improved</p>	<p>210 new and existing infrastructure assets made climate and disaster resilient</p>	<p>190 megawatts of clean energy capacity for power trade installed or improved</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>35,422,000 people benefiting from improved services in urban areas</p>	<p>120 national and subnational disaster risk reduction and/or management plans supported in implementation</p>	<p>210 urban infrastructure assets established or improved</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>14,178,000 people benefiting from strengthened environmental sustainability</p>		<p>24 solutions to enhance pollution control and resource efficiency implemented</p>
 <p>13 CLIMATE ACTION</p>	<p>3,713,000 people with strengthened climate and disaster resilience</p>	<p>\$ 3,622,320,000 additional climate finance mobilized</p>	<p>27,233,000 tCO₂e/year in annual greenhouse gas emissions reduction</p>
 <p>14 LIFE BELOW WATER</p>	<p>88,000 hectares of area with reduced flood risk</p>	<p>19 solutions to conserve, restore, and/or enhance terrestrial, coastal, and marine areas implemented</p>	<p>100,000 hectares of terrestrial, coastal, and marine areas conserved, restored, and/or enhanced</p>
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>51,000 government officials with increased capacity to design, implement, monitor, and evaluate relevant measures</p>		<p>120 service delivery standards adopted and/or supported in implementation by government and/or private entities</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>\$16,922,400,000 cargo transported and energy transmitted across borders</p>		<p>60 measures to improve execution of provisions in existing or new trade or investment agreements supported in implementation.</p>

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

Note: Indicators in **bold** are results framework indicators derived from or aligned with official Sustainable Development Goal (SDG) indicators. Indicators in **bold italics** are tracking indicators derived from or aligned with official SDG indicators. Indicators in italics are results framework or tracking indicators that relate to overall SDG objectives but do not expressly relate to an official SDG indicator formulation.



Digital Age. Students attend their computer class at Shree Rastriya secondary school in Solta village, Sugarkhal, Kailali, Nepal (photo by Narendra Shrestha).

CHAPTER 2

STRATEGIC ALIGNMENT AND PROGRESS ON S2030 TARGETS AND PRIORITIES

To realize its vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, ADB provides financing to its developing member countries in alignment with the priorities in Strategy 2030. ADB operations in 2023 are *on track* to achieve most of its targets in Strategy 2030, particularly to advance gender equality, address climate change through mitigation and/or adaptation initiatives, scale cofinancing, and provide support for social sectors. However, ADB is *off track* to reach its 33% target for the share of nonsovereign operations relative to total operations.

DEVELOPMENT FINANCE

SOVEREIGN DISBURSEMENT RATE (% OF PLANNED DISBURSEMENT)



110% IN 2023
90% ANNUALLY UNTIL 2024

\$23.7 BILLION IN APPROVALS



\$21.3 BILLION IN COMMITMENTS^a



\$11.5 BILLION IN DISBURSEMENT^b



■ SOVEREIGN
■ NONSOVEREIGN
■ OF WHICH IN GROUP A AND B COUNTRIES

^a Excludes private sector programs and technical assistance commitments.

^b Excludes policy-based lending.

PROGRESS ON STRATEGY 2030 TARGETS AND PRIORITIES

2023 PROGRESS ON STRATEGY 2030 TARGETS



CLASSIFIED GENDER EQUITY THEME OR EFFECTIVE GENDER MAINSTREAMING



CLASSIFIED GENDER EQUITY THEME, EFFECTIVE GENDER MAINSTREAMING, OR SOME GENDER ELEMENTS



OPERATIONS SUPPORTING CLIMATE CHANGE MITIGATION AND/OR ADAPTATION



CUMULATIVE FINANCING FOR CLIMATE CHANGE MITIGATION AND/OR ADAPTATION



OPERATIONS AS A SHARE OF ALL ADB OPERATIONS



COFINANCING RATIO



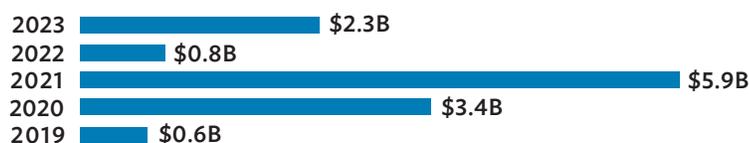
SOVEREIGN AND NONSOVEREIGN OPERATION COMMITMENTS

NONSOVEREIGN

EXPANDING INTERVENTIONS IN SOCIAL SECTORS



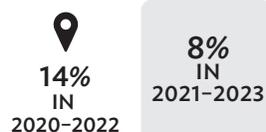
FINANCING FOR HEALTH



FINANCING FOR EDUCATION



OPERATIONS SUPPORTING SOCIAL PROTECTION



DISABILITY-INCLUSIVE OPERATIONS



A. DEVELOPMENT FINANCE MOBILIZED AND TRANSFERRED

62. In 2023, ADB approved \$23.7 billion in financing for 156 projects and programs. A total of \$21.3 billion⁵³ was committed for 140 operations⁵⁴ funded by regular and concessional ordinary capital resources and the Asian Development Fund (ADF). This amount does not include \$2.0 billion in ADB transactions under its private sector programs. Further, it committed \$5.6 million for five grants using ADB special funds.⁵⁵ ADB technical assistance commitments reached \$264.1 million. Cofinancing during the year amounted to \$16.4 billion.

63. Commitments volume increased by 22% in 2023 as DMCs pursued post-pandemic economic recovery and undertook reform. Investment project commitments amounted to \$13.7 billion, up a substantial 26% from 2022. They included \$336.5 million to help Bangladesh strengthen its domestic vaccine, therapeutic, and diagnostic manufacturing, and regulatory capacity.⁵⁶ The policy-based lending (PBL) volume remained robust at \$6.5 billion and included \$350 million in special support for economic stabilization efforts in Sri Lanka.⁵⁷ The results-based lending (RBL) volume more than doubled from the previous year to \$1.0 billion, primarily focused on the education, health, and urban sectors.

64. ADB operations in the poorest and most vulnerable DMCs reached \$8.7 billion in 2023. Commitments to DMCs eligible for concessional

assistance represented 41% of operation funding for the year—9% of which supported Group A DMCs, eligible for concessional assistance only, and 33% Group B countries, eligible for blended assistance. ADB committed \$930.1 million, or 4% of 2023 funding, to FCAS and SIDS. These levels are poised to increase by the end of the current ADF cycle.

65. ADB released \$16.6 billion in sovereign operation disbursements to DMCs in 2023. This included \$10.0 billion for investment projects and RBL operations, representing 21.7% of the available balance for disbursement at the beginning of the year and 110% of the \$9.1 billion in disbursements planned for 2023.⁵⁸ Disbursements for PBL declined from \$7.2 billion in 2022 to \$6.6 billion.

66. In 2023, ADB revised its capital adequacy framework, resulting in expansion of its lending capacity by almost \$10 billion per annum.⁵⁹ The coming years are expected to see commitments gradually scaled up while priority remains on project quality. These increases will be enabled by adequate staff resources, enhanced cross-sector and thematic collaboration, reinforced private sector development, and new ways of working under ADB's new operating model and refined corporate strategies, priorities, and targets.

B. PROGRESS ON STRATEGY 2030 TARGETS AND PRIORITIES

67. ADB remained responsive to the needs of DMCs in 2023 as they continued to deal with residual effects from the COVID-19 pandemic and the challenges emerging from the protracted Russian invasion of Ukraine, slowing global trade, and spiking interest rates. ADB redoubled its efforts to help DMCs meet the SDGs while strengthening the alignment of its operations with its Strategy 2030 priorities.

68. Further progress on mainstreaming gender across ADB's operations saw 88% of sovereign and nonsovereign operations in 2023 classified GEN or EGM, already well above the target of 50% set for 2024. The share of operations categorized as GEN, EGM, or SGE reached 99%. The 2024 target is 71%.

69. ADB committed to 40 NSOs in 2023. While the 29% NSO share in all ADB commitments left ADB *off track* to reach the 2024 target of 33%, committed financing rose by 54% over 2022 to reach \$1.7 billion. Growth in the number of NSOs and their financing benefited from several large deals closed in 2023. The NSO portfolio continued its support for underdeveloped markets and underserved sectors, with 63% of the newly committed operations going to frontier economies and nontraditional sectors. Long-term cofinancing for NSOs hit an all-time high in 2023. The annual cofinancing ratio in 2023 reached 266% and raised the rolling 3-year average in 2021–2023 to 230%, surpassing the 2024 target of 200%.

70. ADB's ambition to be Asia and the Pacific's climate bank was reinforced in 2023 by the climate shift mandate of its new operating model. This contributed to record-high climate action financing during the year. Climate finance commitments in

2023 totaled \$9.8 billion, bringing ADB on track for the first time to meet its target of a cumulative \$35 billion in climate financing during 2019–2024 and in a strong position to meet its ambition to provide \$100 billion in climate financing by 2030. ADB's Climate Change Action Plan (CCAP), 2023–2030, which was launched at the 2023 United Nations Climate Change Conference (COP 28) in Dubai, lays out upstream, midstream, and downstream measures by which ADB can achieve its climate ambitions and ensure Paris Agreement alignment.⁶⁰

71. ADB health sector financing in 2023 strengthened health care systems and service delivery. Health financing soared from \$816.0 million in 2022 to \$2.3 billion in 2023. This represented 10.65% of ADB financing overall and significantly overshot the 3%–5% target range for 2024. At 6.50%, the share of financing for education reached the target range for the first time, set at 6%–10% for 2024.

C. IN FOCUS

1. Climate Operations

72. **Climate action mainstreamed and climate finance accelerated.** The share of ADB operations supporting climate change mitigation and/or adaptation jumped from 64% in reporting period 2020–2022 to 79% in 2021–2023, exceeding both the target of 65% for 2024 and that of 75% for 2030 (Figure 2.1). ADB committed \$30.8 billion in cumulative climate financing between 2019 and 2023: \$20.4 billion for mitigation and \$10.4 billion for adaptation. It is now comfortably *on track* to meet the midterm target of \$35 billion in climate financing during 2019–2024 and has already surpassed the \$9 billion target for adaptation financing in that period. Sustaining this momentum is critical to achieve both the Strategy 2030 target of \$80 billion in cumulative climate finance during 2019–2030 and ADB's ambition to exceed this target by \$20 billion (Figure 2.2).

73. **New sectors and modalities.** ADB continued to diversify climate finance in sectors and financial instruments. It made considerable efforts to incorporate climate change components in its sovereign and

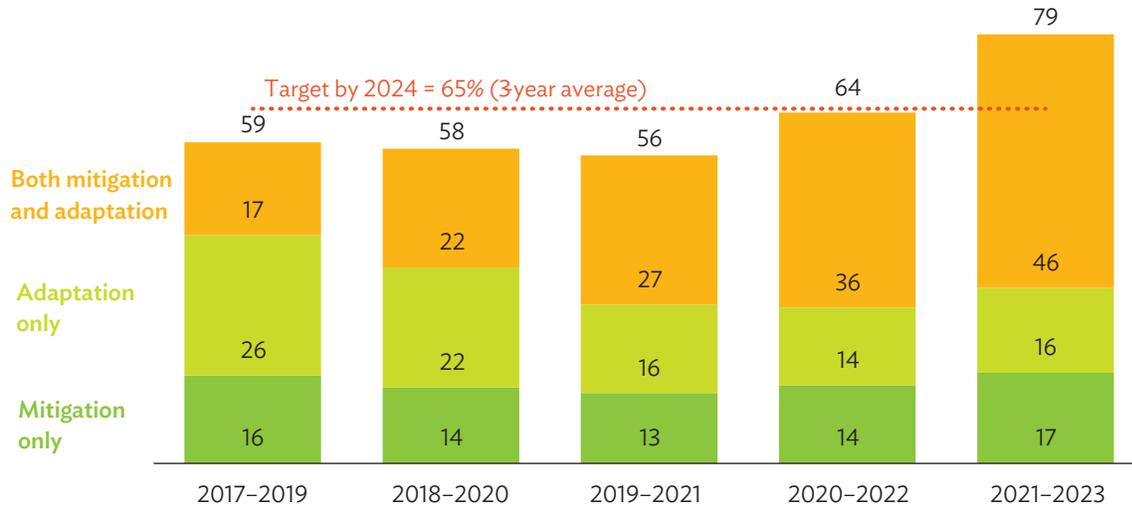
Box 2.1: Using Guarantees to Leverage ADB Climate Lending and Accelerate Climate Action

The Innovative Finance Facility for Climate in Asia and the Pacific (IF-CAP), a multi-donor financing partnership facility launched by ADB in 2023, is the first leveraged guarantee mechanism ever adopted by an MDB. The IF-CAP goal is to provide guarantees for parts of ADB's sovereign loan portfolio to free up capital and thus allow ADB to increase its lending to accelerate action in the region on climate change.^a IF-CAP aims to strengthen the ability of DMCs to create low-carbon and climate-resilient development strategies and build a larger pipeline of potential investments. Supplementary grants will facilitate project preparation, capacity-building, and knowledge solutions.

^a ADB. 2023. *Establishment of the Innovative Finance Facility for Climate in Asia and the Pacific Financing Partnership Facility*. Manila.

Source: ADB.

Figure 2.1: ADB Operations Supporting Climate Change Mitigation and/or Adaptation, 2019–2023 (%)

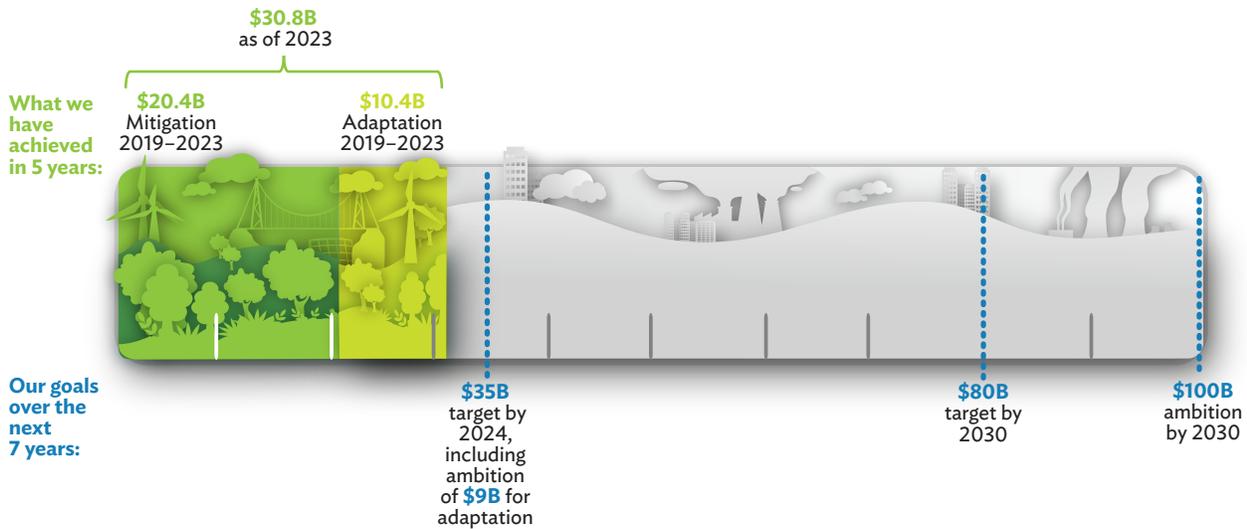


ADB = Asian Development Bank.

Note: Figures are based on 3-year rolling averages. Commitments include sovereign and nonsovereign operations but exclude private sector programs and technical assistance.

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

Figure 2.2: ADB Financing for Climate Change Mitigation and/or Adaptation, 2019–2023 (\$ billion)



ADB = Asian Development Bank, B = billion.

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

nonsovereign operations across sectors. As a result, the share of non-infrastructure sectors in climate financing increased from 20% in 2022 to 26% in 2023. NSOs played a growing role, increasing their share of climate finance twofold over 2022 and exceeding \$1.0 billion in climate funding. PBLs, with 19% of climate finance, emerged as a significant contributor to scaling up climate action. A noteworthy example is a \$400 million PBL extended to Bangladesh to bolster inclusive climate-oriented development initiatives.⁶¹ Major actions ADB took in 2023 to scale up climate financing are outlined in the section *Actions to Address Challenges*.

74. Unlocking climate solutions with digital technologies. ADB is leveraging the potential of digital technology to fast-track climate action. It is promoting the adoption of digital tools across its operations to help DMCs tackle climate change, bolster their climate and disaster resilience, and improve environmental sustainability. This has involved applying innovative technology to establish digital connections between datasets, enable interoperability between sensors and databases, and monitor ecosystem changes.

75. To enhance climate adaptation, ADB has supported the use of Earth observation data for assessing land-use changes that affect climate risk, remote sensing for hazard analysis, artificial intelligence and machine learning to precisely predict crop status, mobile applications for early warning systems, and cloud-based platforms for data modeling and analysis. Platforms for geospatial data sharing and geographic information systems have facilitated data-based planning for pandemic and disaster response and boosted climate and disaster resilience. In Indonesia, an ADB project used satellite technology to map flood risk, assess meteorological and agricultural risk, and monitor critical infrastructure. The project aimed to enhance the country's climate resilience by operationalizing a risk-management approach to flooding that maximized protection from outdated flood protection infrastructure. This included processing data from the Sentinel-2 satellite on a cloud platform developed in collaboration with the European Space Agency and other stakeholders.⁶²

2. Gender Mainstreaming

76. Reaching new heights. ADB continued to mainstream gender in its operations (Figure 2.3). The share of operation commitments made in 2021–2023 reporting period categorized GEN or EGM was up by 8 percentage points to 88%. Operations categorized as GEN, EGM, or SGE maintained their almost perfect 99%. Results on both indicators have surpassed the 2024 targets for several years. Financing for GEN and EGM operations rose to a record high share of 92% of ADB operations in 2021–2023, up from 86% in 2020–2022. This included a significant rise in concessional assistance from 79% to 94%. In terms of results, 85% of the operations completed in 2021–2023 achieved their intended gender equality results, marginally higher than 83% in the previous reporting period.

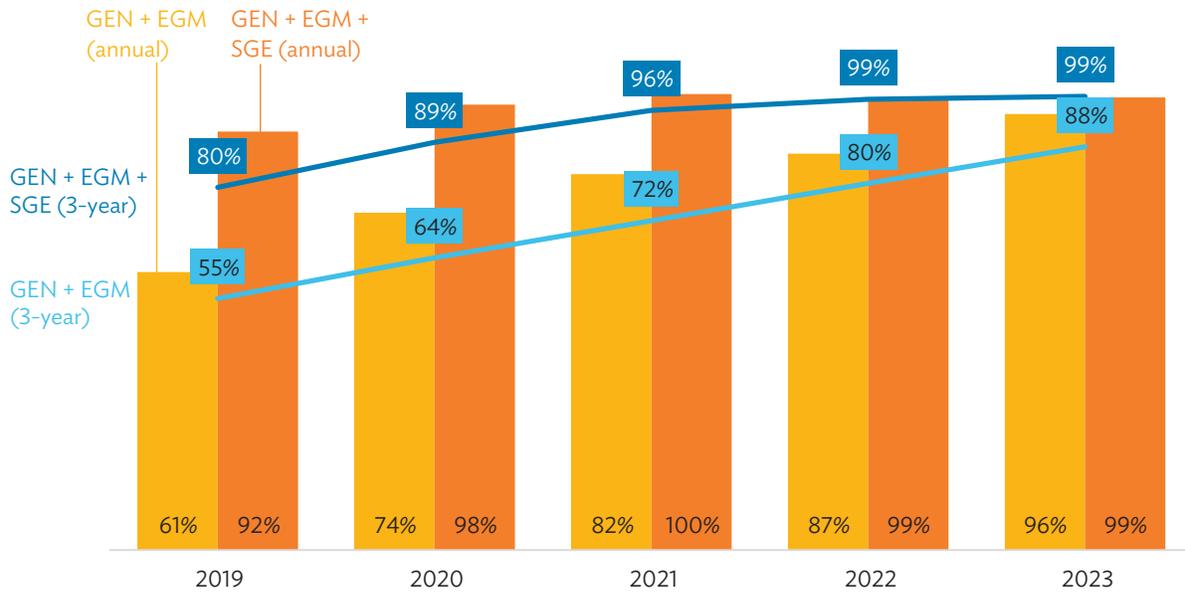
77. ADB's heightened targeting of gender equality in its operations has been crucial in achieving new highs. After 3 consecutive years of largely stagnant performance in the range of 9%–10%, the share of GEN sovereign operations improved markedly in 2023

to 13%. NSOs mirrored this trend with an increase from a 9%–11% share in the 3 preceding years to 13%. The share of EGM operations was up by only 2 percentage points in sovereign operations to 76% in 2023 but surged in NSOs from 43% in 2021 to 75% in 2023. As expected, these increases have been reflected by a declining trend in the SGE and *no gender elements* categories (Figure 2.4).

78. Investments support women's empowerment and access to economic and productive resources.

Despite significantly improved education enrollment, maternal mortality ratio, and job opportunities, persistent gender inequalities remain in health outcomes, education completion, transition to work and labor force participation, leadership, and decision-making. Meanwhile, digitalization and automation may squeeze women out of the workforce unless they are educated and equipped for higher-skill jobs in science, technology, engineering, and mathematics and acquire better access to technology to remain

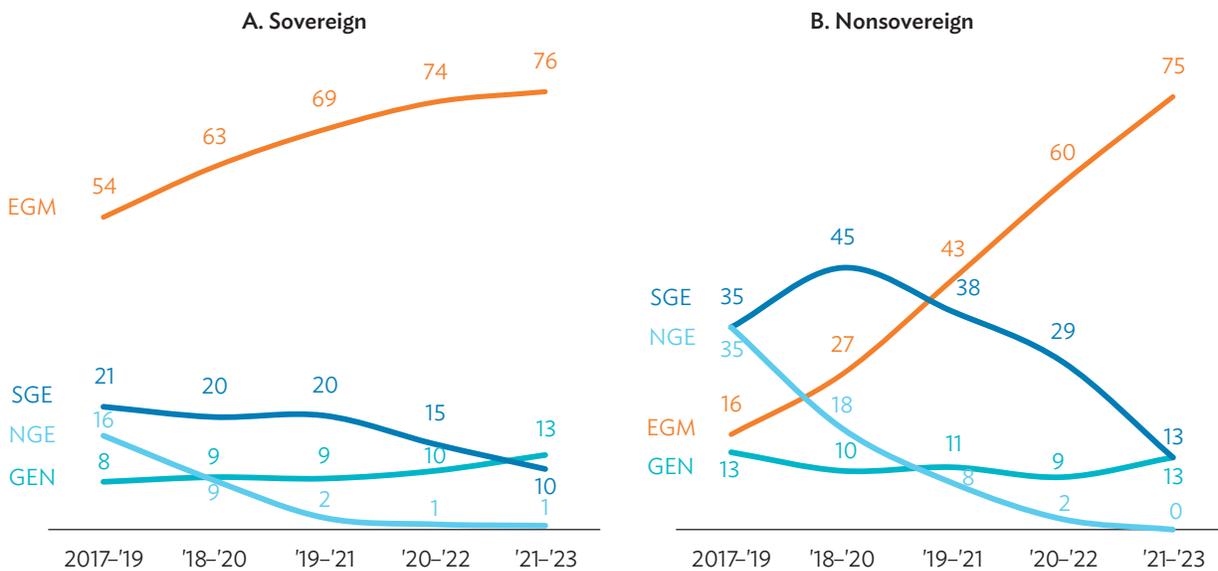
Figure 2.3: Share of Gender-Mainstreamed Operations in ADB Overall Commitments, 2019–2023 (%)



ADB = Asian Development Bank, EGM = effective gender mainstreaming, GEN = gender equity theme, SGE = some gender elements.

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

Figure 2.4: ADB Operations Supporting Gender Equality by Classification, 2019–2023 (%)



ADB = Asian Development Bank, EGM = effective gender mainstreaming, GEN = gender equity theme, NGE = no gender elements, SGE = some gender elements.

Note: Figures are based on 3-year rolling averages.

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

competitive in the labor market, including for the green economy. ADB has responded to these challenges through investments meant to empower women and girls. Projects such as the Senior Secondary Education Improvement Project in Solomon Islands are helping lower barriers to education for girls and empower them to thrive in an evolving labor market. The project also aims to foster women's participation in leadership positions in schools and the Ministry of Education. Under the project, pilot initiatives are being designed to prevent gender-based violence and offer second-chance learning opportunities for girls who dropped out of school because they became pregnant.⁶³

79. Blending gender and climate solutions. ADB is investigating the intersection of gender and climate issues to understand disproportionate impacts on women and girls from climate change and disasters and how to alleviate them in a way that enhances both gender equality and the transition to a green economy. The Integrated Flood Resilience and Adaptation Project in the Philippines has successfully incorporated gender aspects in activities and interventions to reduce climate risks and enable climate adaptation in three major river basins. Community women are being trained for roles in community flood risk management, from O&M to leadership. Additionally, the project incorporates gender-sensitive features in

flood protection infrastructure design to reduce the drudgery and time poverty women experience while fetching household water supplies from the river.⁶⁴ Another ADB project, the Hubei Yichang Rural Green Development Project in the PRC, aims to reduce the climate and environmental impacts of agricultural activities in the region, which will significantly benefit women. The project will advance women's skills development and skilled employment by introducing smart green agricultural and farming practices and providing training, capacity-building, and employment opportunities, thereby narrowing gender disparities.⁶⁵

80. Additionally, ADB continues to support the expansion of knowledge and capacity in the areas of unpaid care work, gender-based violence, women's leadership, and access to resources across sectors. This has included assistance to help DMCs better understand the gender impacts of heat stress and identify gender-responsive solutions to extreme heat.⁶⁶ A notable example was ADB's collaboration with the International Labour Organization, the United Nations Development Programme, and the United Nations Research Institute for Social Development to develop a knowledge product to advocate for investment in childcare, and to demonstrate the powerful part it can play in achieving greater gender equality and sustainable development.⁶⁷

3. Enhanced Focus on Social Sectors

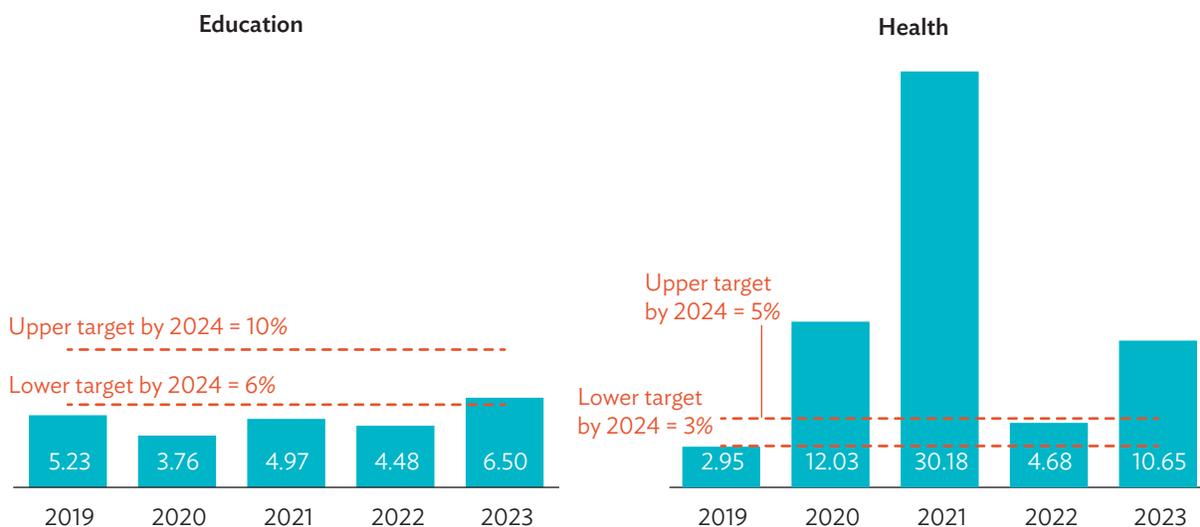
81. Strategy 2030 identifies education, health, and social protection as key pathways to address remaining poverty in Asia and the Pacific and to reduce inequality. In 2023, ADB significantly scaled up financing to help DMCs strengthen their health, education, and social infrastructure (Figure 2.5).

82. Health financing above the target range. ADB recorded a nearly threefold increase in its health sector finance commitments with a steep rise from \$816.0 million in 2022 to \$2.3 billion in 2023. This elevated the sector's share of overall financing to 10.65%—a significant increase from 4.68% in 2022, and twice the upper bound of the 3%–5% target range in Strategy 2030. This sharp increase owed

largely to health projects in Southeast Asia and one commitment under the Asia Pacific Vaccine Access Facility (APVAX).⁶⁸ Excluding the APVAX, the ratio of health financing to total operations was 9.21%.

83. Projects supporting health care system resilience and strengthening took center stage in 2023. They included the \$336.5 million Vaccines, Therapeutics, and Diagnostics Manufacturing and Regulatory Strengthening Project in Bangladesh,⁶⁹ the \$450 million Build Universal Health Care Program (Subprogram 2) in the Philippines;⁷⁰ and the \$650 million Primary Healthcare and Public Health Laboratories Upgrading and Strengthening Project in Indonesia.⁷¹ ADB also supported Indonesia's health sector transformation

Figure 2.5: Share of Health and Education Financing in ADB Commitments, 2019–2023 (%)



ADB = Asian Development Bank.
Source: ADB (Sectors Group).

agenda through a \$361.6 million results-based loan to expand access to high-quality gender- and climate-responsive primary care services.⁷²

84. Health part of multisector projects. Growing collaboration in cross-sectoral interventions was another notable feature of ADB health sector operations in 2023. In a project in Indonesia that involved public sector management (PSM), education, and health teams, ADB is strengthening productivity and human capital development by raising SDG financing, improving education outcomes, and enhancing public social protection and health systems.⁷³ ADB launched the Climate and Health Initiative at COP 28 to strengthen climate and health policies and practices and deliver climate-resilient and low-carbon health care systems across Asia and the Pacific.

85. Education financing on track for the first time. Recognizing the need to boost investment to address learning and training losses during the pandemic and make education systems more shock-resilient, ADB scaled up its education financing significantly in 2023. Education's share of overall ADB financing rose from

4.48% in 2022 to 6.50%, reaching the Strategy 2030 target range of 6%–10% for the first time since 2018. Education financing for the 12 operation commitments totaled \$1.4 billion, up almost 77% from \$781.0 million in 2022. The increase came primarily from six large education operations in Bangladesh, Cambodia, Indonesia, Pakistan, and the Philippines.

86. Focus on marketable skills, green jobs, and school reform. Guided by the Education Sector Directional Guide,⁷⁴ new education commitments in 2023 helped DMCs develop skills and jobs in green and other emerging sectors of the labor market and stimulate greater economic competitiveness. These will support innovation and reform in DMC schools and post-pandemic employment recovery. At 48%, nearly half of the financing was for technical and vocational education and training to ensure future-relevant skills for all, notably for jobs that will drive green and inclusive economic growth. Another 21% went to secondary school education, and 13% to strengthen tertiary education. A \$500 million program loan was extended to the Philippines to create sustainable employment opportunities,⁷⁵ and another program

aims to strengthen human capital in Cambodia and help transform it into a knowledge-based, technology-driven industrial economy.⁷⁶ ADB support for school education improved science, technology, mathematics, and engineering; provided digital solutions; and supported climate-adaptive and climate-resilient human capital. ADB provided emergency assistance to restore access for at least 100,000 students to flood-damaged primary and secondary schools in Pakistan.

87. Broad mix of social protection interventions.

Diversity in the year's social protection operations reflected the sector's broad scope, which includes social assistance, social insurance, labor market programs, and the integration of social protection elements in other sector interventions to enhance overall development outcomes. Projects in 2023 addressed food security, skills development, climate resilience, and care for older people. ADB committed to social protection operations in Kiribati and Tonga for the first time since 2010. The Tonga Integrated Aged Care Project aims to integrate health and social care for older people through community-based elder care centers and train caregivers to improve the quality of care and facilitate pathways to their formal employment.⁷⁷ The \$30 million Bhutan Pathways for Emerging Skills and Jobs Project aims to enhance the accessibility and quality of training and thus the employability and labor force participation of people with disabilities, women and girls, and graduates from poor families.⁷⁸ In the Philippines, through \$500 million in PBL, ADB supports government efforts to make agriculture more competitive and inclusive by implementing agricultural trade policy and regulatory reform and enhancing public services. The program includes provisions for social protection for rural families who may be adversely affected by reform.⁷⁹

88. Social protection operations shrink but pipeline robust. After years of annual increases, the number of social protection commitments slipped from 14 in 2022 to 8 in 2023. This raised total commitments to 32 projects, or 8% of ADB operations, in the 3-year rolling reporting period 2021–2023. Although down from the previous year, commitments in 2023 remained above the pre-pandemic level. ADB

announced in 2022 its intention to provide \$14 billion in 2022–2025 to address food security in the region.⁸⁰ By 2023, the second year, ADB had committed \$7.7 billion to interventions to enhance productivity and resilience in food systems and food and agricultural value chains. Based on the latest projections, ADB is likely to meet its \$14 billion ambition by the end of 2025.⁸¹

89. New social protection lending and the technical assistance pipeline are being developed in Armenia, Bangladesh, and Sri Lanka, where ADB has never before financed social protection operations. Regional technical assistance for Developing Inclusive and Resilient Social Protection Systems in Asia and the Pacific was approved in June 2023 and is expected to support the development of ADB's pipeline of social protection projects through capacity-building, knowledge generation, and project preparation, in line with ADB's social protection directional guide.⁸² ADB committed to about \$30 million in social protection technical assistance projects in 2023.

90. Disability-inclusive operations decline. Of the 137 operations committed in 2023, 17 are rated *significantly disability-inclusive* or having *some disability inclusion elements*. This 12% share of disability-inclusive operations in 2023 is a decline over the previous year, when 18% of committed operations were disability-inclusive.⁸³ The Davao Public Transport Modernization Project in the Philippines is engaging with people with disabilities to develop a public transport system with accessible buses, bus stops, and other infrastructure,⁸⁴ and the Bhutan Pathways for Emerging Skills and Jobs Project is expanding access to vocational training and education for people with disabilities.⁸⁵ While the number and percentage of disability-inclusive projects declined in 2023, the number of project commitments categorized *no disability inclusion* continued to fall, from 61% in 2022 to 55%. About one-third of project commitments in 2023 incorporated *enabling conditions for disability inclusion*, up from 22% in 2022.

4. Private Sector Resource Mobilization for Development

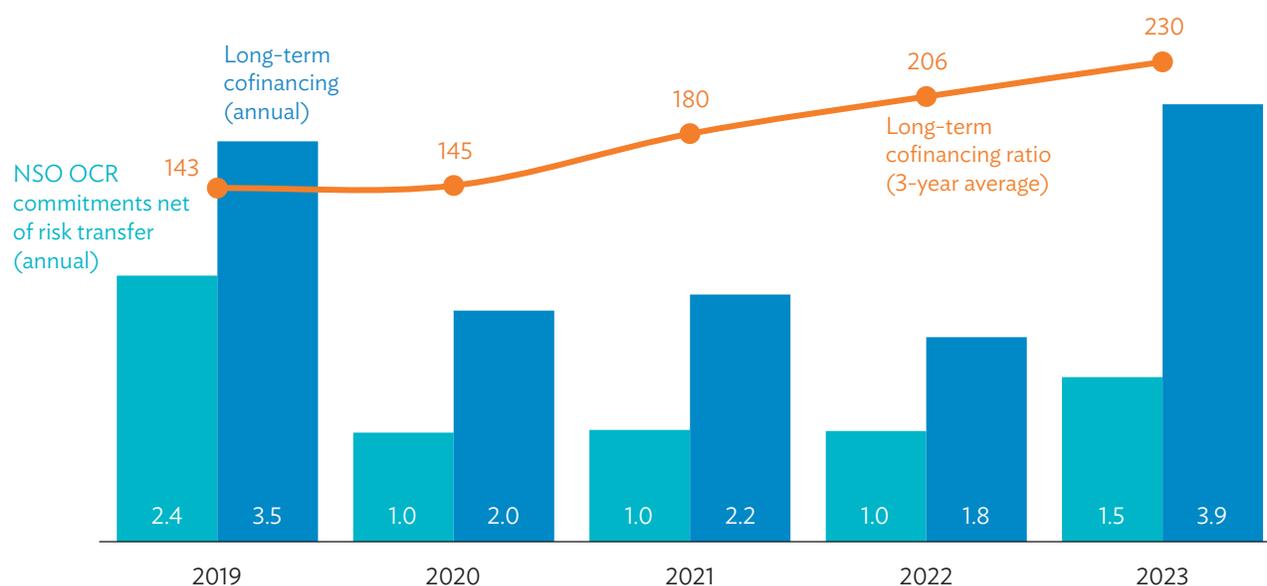
91. Record-high nonsovereign cofinancing ratio.

The ADB nonsovereign cofinancing ratio reached new heights in 2023, reflecting ADB's recognition of the private sector's key role in SDG achievement and moving closer to the Strategy 2030 target of matching every \$1.00 in ADB financing for private sector operations with \$2.50 in long-term cofinancing. The ratio rose from 206% in reporting period 2020–2022 to 230% in 2021–2023. Long-term cofinancing mobilized reached \$7.9 billion, against \$3.4 billion in net ordinary capital resources less risk transfers. Cofinancing for NSOs was \$3.9 billion, more than double the \$1.8 billion mobilized in 2022 (Figure 2.6). Long-term cofinancing for ADB nonsovereign projects increased from \$1.7 billion to \$3.4 billion, and that for transaction advisory services saw a tenfold increase from \$60 million in 2022 to \$630 million (or

\$443 million after adjustments) in 2023. This pushed the year's cofinancing ratio to 266%, surpassing the Strategy 2030 target for the first time.

92. Cofinancing for climate NSOs more than tripled from \$713 million in 2022 to \$2.3 billion in 2023. ADB was the sole lead arranger for the Monsoon Wind Power Project, mobilizing \$583 million in debt. It also arranged, structured, and syndicated the entire financing package, which was the largest ever syndicated financing transaction for a renewable project in Southeast Asia. ADB's concessional financing package of \$60 million consisted of \$20 million in loans from the Leading Asia's Private Infrastructure (LEAP) fund, \$30 million from the Canadian Climate Fund for the Private Sector in Asia (CFPS) and CFPS II, and a \$10 million grant from the ADF Private Sector Window.

Figure 2.6: Long-Term Cofinancing for Nonsovereign Operations, 2019–2023
(\$ billion)



ADB = Asian Development Bank, NSO = nonsovereign operations, OCR = ordinary capital resources.

Notes:

1. The CRF excludes ADB financing and short-term cofinancing for private sector programs.
2. In 2023, an additional \$268.3 million in long-term cofinancing was generated through ADB's Trade and Supply Chain Finance Program.

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

ADB's use of concessional finance reduced project risk by lowering the overall interest rate, providing back-ended repayment, and creating a reserve account to ensure fund availability for debt service in case of output curtailment.

93. Third-party funds played a crucial role in ADB cofinancing. In 2023, ADB and the Japan International Cooperation Agency (JICA) formalized an agreement to launch LEAP 2 with up to \$1.5 billion in funding from the latter.⁸⁶ The aim is to cofinance high-quality, resilient, and sustainable infrastructure projects. The C loan product⁸⁷ was revived in 2023 with a commitment of about \$70 million for Maxwealth Financial Leasing. This was the first C loan since 2000 and, combined with ADB's own financing, is to enable Maxwealth to extend lease finance to more micro, small, and medium-sized enterprises (MSMEs), mainly in less developed central and western regions of the PRC.

94. **Scaling up support for policy advocacy and capacity-building.** In 2023, ADB supported 14 DMCs through 35 ongoing transaction advisory mandates and the Asia Pacific Project Preparation Facility, mostly for green energy, water, and other urban infrastructure development. Climate action is incorporated into 70% of these projects, and 90% support gender equality. During the year, ADB commercially closed one public-private partnership (PPP) project, a \$250 million solar energy investment in Uzbekistan, and achieved financial closure for two PPP projects with a combined capital investment of \$630 million. This marks the highest capital investment amount attained by ADB in a single fiscal year, underscoring its commitment

Box 2.2: Creating Investable Cities

ADB is helping three pilot cities across Asia and the Pacific build their financial management capacity and become creditworthy enough to attract the private sector and climate finance they need to meet their country's NDCs and the SDGs. The CIC program is currently advising city officials in Makassar in Indonesia, Ulaanbaatar in Mongolia, and Penang in Malaysia. Discussions are underway for cities in India to participate as well. The CIC's upstream advisory focus is helping these cities coordinate their key functions of planning, funding, and financing in ways that will lower the current barriers to the finance they need to develop resilient, sustainable infrastructure. The program has created standard frameworks and tools that can be scaled to the needs and capacities of other cities in these three countries. Makassar, Ulaanbaatar, and Penang have been chosen to demonstrate the CIC's utility. The program is closely tied to ADB's Strategy 2030 Operational Priority on Making Cities More Livable and to the G20 framework for capacity-building for financing cities of tomorrow.

Source: ADB.

to advancing sustainable development initiatives and fostering impactful partnerships with the private sector. ADB is scaling up its policy advocacy and capacity-building efforts under the new operating model to help DMCs create an enabling environment to mobilize private sector support for sustainable development. Further, it is helping public and private sector clients in DMCs structure and procure viable projects through PPP and thus develop this market. In 2023, ADB trained government and academic stakeholders from 11 countries in PPP development and implementation.



All aboard. Conductor Dauletkul Sholpankulov checks a passenger's ticket at a train station in Astana, Kazakhstan (photo by Igor Burgandinov).

CHAPTER 3

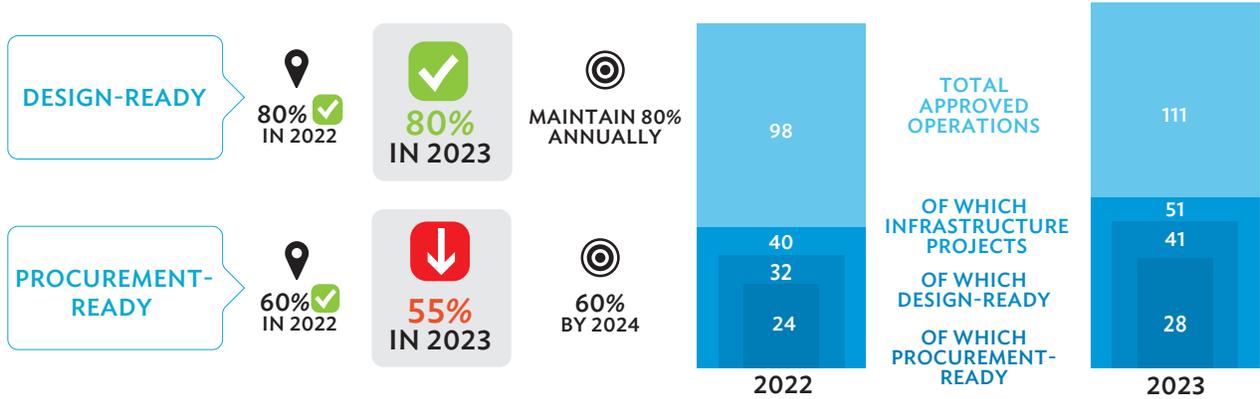
SOVEREIGN OPERATIONS

ADB sovereign operations are assessed for design quality, implementation progress, and performance at completion. In 2023, design readiness continued to achieve the annual target of 80% but the share of sovereign infrastructure projects that were procurement-ready decreased as the preparation of procurement documents was delayed by cost escalation for materials. Project implementation performance fell marginally. The aggregate success rate for completed operations improved slightly but remained below target. Projects closing on time continued to increase.

PROJECTS APPROVED IN 2023

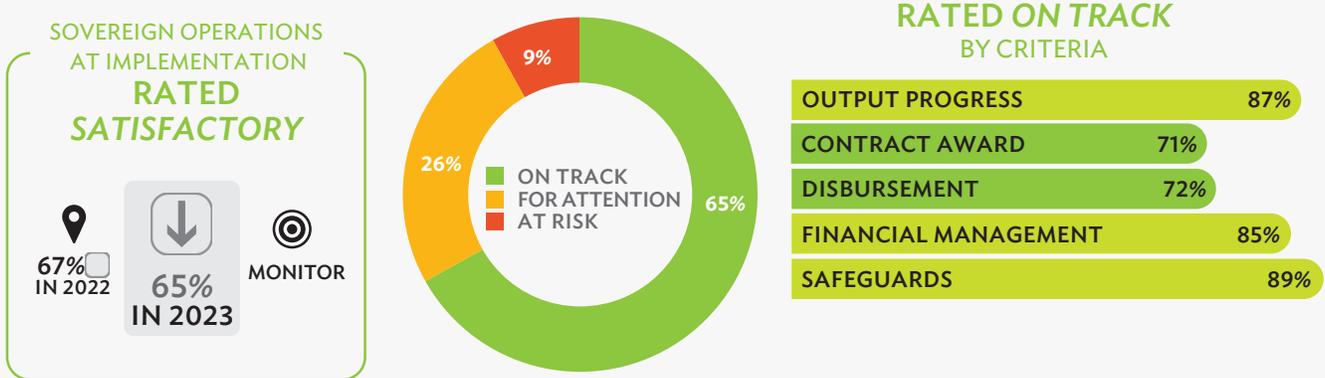
DESIGN QUALITY OPERATIONS THAT ARE IMPLEMENTATION-READY

INFRASTRUCTURE PROJECTS APPROVED ANNUALLY



PROJECTS UNDER IMPLEMENTATION IN 2023

ENSURE SATISFACTORY IMPLEMENTATION OF PROJECTS



COMPLETED OPERATIONS VALIDATED 2021-2023

DEVELOPMENT RESULTS DELIVERED TO CLIENTS AND BENEFICIARIES



BY TYPE: PBOs = 74% PROJECTS = 66% BY LOCATION: SIDS = 43% FCAS = 40%

A. READINESS AT DESIGN STAGE

95. **Mixed results on project readiness.** Sovereign infrastructure operations maintained their *on track* rating for design readiness at 80% and achieved the annual target.⁸⁸ Of the 41 projects that were design-ready at approval, 29, or 71%, had detailed engineering designs before approval and all 41 had completed preliminary design and specifications. While the design readiness indicator was *on track*, the share of sovereign infrastructure projects that were procurement-ready decreased from 60% to 55% after reaching the

2024 target for the first time in 2022.⁸⁹ Procurement readiness for concessional assistance countries decreased as well, from 64% in 2022 to 54%. Cost escalation of materials owing to inflation caused delays in the preparation of procurement documents and contributed to the decreased procurement readiness of projects in 2023. In addition, regulatory constraints in some countries that do not allow advance procurement contributed to lower procurement readiness.

B. IMPLEMENTATION PROGRESS

96. **Marginal decline in implementation quality of active operations.** The share of ongoing sovereign operations with satisfactory *on track* implementation dropped by 2 percentage points in 2023 to 65%. Performance in the concessional assistance subset showed a much steeper decline of 6 percentage points, from 71% in 2022 to 65% in 2023. The major causes for the lower implementation rating were delayed additional financing in some countries, necessitated by high inflation, and delayed contract award for a

few projects, necessitated by low project readiness. Declines of 1 or 2 percentage points were noted for three of the five implementation criteria: *output*, *contract award*, and *financial management*. Meanwhile, *safeguards* showed strong improvement, up 4 percentage points overall and 6 percentage points for concessional assistance. *Disbursement* performance across the sovereign portfolio remained unchanged from the previous year.

C. PERFORMANCE AT COMPLETION

97. **Overall success rate slightly improved but still below target.** The share of completed sovereign operations rated *successful* was 68% in reporting period 2021–2023, an increase of 1 percentage point over the previous reporting period. Despite marginal improvement this year, the success rate remained 12 percentage points short of the 2024 target.

98. **Mixed results on success criteria.** Of the four criteria weighted equally to determine project or program success, sovereign operation *efficiency*, *effectiveness*, and *relevance* improved over the previous year, and *sustainability* declined. In reporting period 2021–2023, *efficiency* improved by 1 percentage point to 67%, ending a downward trend that began in 2017–2019; *effectiveness* improved by 3 percentage points to 70%; *relevance* gained marginally to 85%, still the best criterion performance; and *sustainability* dropped by

3 percentage points from 67% in 2020–2022 to 64%. This decline in *sustainability* was across the board but most pronounced in infrastructure sectors. The main concerns for project *sustainability* continued to be inadequate financial analysis, a lack of adequate financial resources, and limited institutional capacity in executing agencies. Uncertainty over the O&M of assets after completion also contributed to poor *sustainability* ratings for several projects. COVID-19 pandemic effects continued to weigh on efficiency and sustainability ratings for operations, by hindering procurement and consultant recruitment and reducing estimated economic benefits.

99. **Delayed project completion.** Only 33% of the projects completed in 2021–2023 managed to close on time, which is defined as within 1 year of the targeted financial closing date. While this percentage

improved from 28% in 2020–2022, it remained some way off the 2024 target of 45%.

100. **Investment and policy-based operations.**

The success rate for investment projects, which comprised more than 80% of all completed

sovereign operations, dropped slightly to 66% in reporting period 2021–2023. However, policy-based operations improved their success rate from 72% in 2020–2022 to 74% in 2021–2023. Policy-based operations were particularly strong in 2023, with 9 of 10 rated *successful*.

D. IN FOCUS

1. Main Factors Affecting Sovereign Operation Success Rates

101. The success rate of the sovereign portfolio improved marginally in reporting period 2021–2023, rising from 67% in 2020–2022 to 68%, but did not clearly reverse a downward trend evident in the past 5 years. This number excludes 20 COVID-19 Pandemic Response Option (CPRO) operations that IED validated in 2023 but did not include in its calculation of the success rate. Inclusion of CPROs would take the success rate of sovereign portfolio for 2021–2023 to 70%.

102. **Evolving context of ADB's sovereign portfolio.**

ADB is encountering a discernible shift in the nature of its completed sovereign operations, marked by a trend of stagnating performance (Figure 3.1). Its portfolio has grown rapidly over the past few years in the face of volatile markets and rapidly evolving client demand. The number of operations subject to evaluation also doubled from reporting period 2016–2018 to reporting period 2021–2023.

103. This portfolio growth has been mirrored by an increased share of complex and intricate multisector projects. The *2024 Annual Evaluation Review* noted the share of completed projects categorized as complex or high-risk rising from 41% in reporting period 2016–2018 to 48% in 2021–2023.⁹⁰ Transport is notable as an increasingly complex sector, with a growing share of urban transport projects such as metro rail and other mass transit. Another is energy, which is seeing a departure from conventional transmission and distribution projects toward initiatives that incorporate innovative technologies in renewable energy and energy efficiency. These projects are inherently complex, with additional implementation challenges

arising from planning and design complexities, regulatory processes, safeguard issues, stakeholder management, and longer time frames.

104. A rapidly expanding portfolio of increasingly complex projects places greater demands on ADB resources and generates competing priorities, increasing the risk of delays, budget overruns, and quality issues that significantly affect project success. Considering these dynamics, addressing the trend of stagnating performance requires a strategic approach to make ADB's operations more adaptable and efficient, and to bridge a skills gap by bolstering capacity in ADB staff and executing agencies. As part of the new operating model, new ways of working are geared to enable ADB to respond to these increasing complexities posed by volatile markets, evolving client demands, and changing operational landscapes. The creation of the ADB-wide Sectors Group and the consolidation of themes under the Climate Change and Sustainable Development Department are expected to improve the quality and success of ADB operations by enabling greater specialization and collaboration, reducing expertise fragmentation, and bringing integrated solutions to the increasingly complex sovereign portfolio.

105. **Legacy operations weighing on success rate.**

Analysis of projects completed in reporting period 2021–2023 compared their success rate and vintage. The result highlighted that the overall success rate of the sovereign portfolio is weighed down by older operations. Sovereign operations approved before 2013 had a success rate of only 61%, whereas those approved since 2013 had a much higher success

rate of 78%. This stark difference is evident across sectors, and it points to improved project design and management in recent years. Infrastructure sectors in particular enjoyed significantly better success rates for projects approved in the past 10 years over those approved earlier. The energy sector achieved a success rate of 83% for projects designed and approved since 2013, much better than the 67% for projects approved earlier. Success in the transport sector similarly improved somewhat, from 62% to 68%, and in the water and other urban infrastructure and services (WUS) sector by more than double, from 38% to 86%.

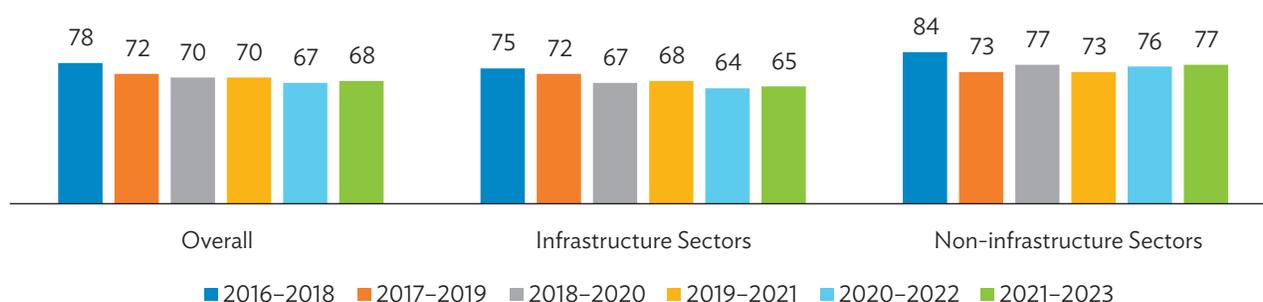
106. This differential in success rates for projects approved before and since 2013 is also evident from a regional perspective. In Central and West Asia, a success rate of 45% for projects approved before 2013 improved to 88% for projects approved since 2013. In the Pacific, the improvement was even greater, with only 9% of operations approved before 2013 being *successful*, compared with 69% of those designed and approved since 2013.

107. **Relatively weak performance in infrastructure sectors.** The five infrastructure sectors accounted for 73% of the projects completed in reporting period 2021–2023,⁹¹ and the five non-infrastructure sectors for the remaining 27%.⁹² The two groups have significantly different success rates: 65% for infrastructure

projects and 77% for non-infrastructure projects (Figure 3.2). Comparing the performance of completed infrastructure and non-infrastructure sector projects shows non-infrastructure projects rated higher across all four criteria: *relevance*, *effectiveness*, *efficiency*, and *sustainability*. While *relevance* and *effectiveness* rates were roughly the same across both, the difference in performance was largely from *efficiency*, with a spread of 11 percentage points, and *sustainability*, differing by 19 points.

108. Among infrastructure sectors, energy managed to improve its success rates over the previous reporting period by 4 percentage points to 72%. The performance of the energy sector, which accounted for 21% of all *successful* projects in reporting period 2021–2023, benefited from a high percentage of energy transmission and distribution projects, an area in which ADB has significant experience and expertise and has historically performed well. Of 41 completed energy sector projects that were rated *successful*, 26 aimed to improve energy transmission. Additionally, almost half of *successful* energy sector projects were in India and the PRC, both of which have long histories of energy sector programming and execution and implementing agencies with strong capacity—both features contributing to portfolio success. Energy projects in Central and West Asia continued to suffer from relatively weak institutional capacity

Figure 3.1: ADB Sovereign Operations Rated Successful by Sector Grouping, 2016–2023 (%)

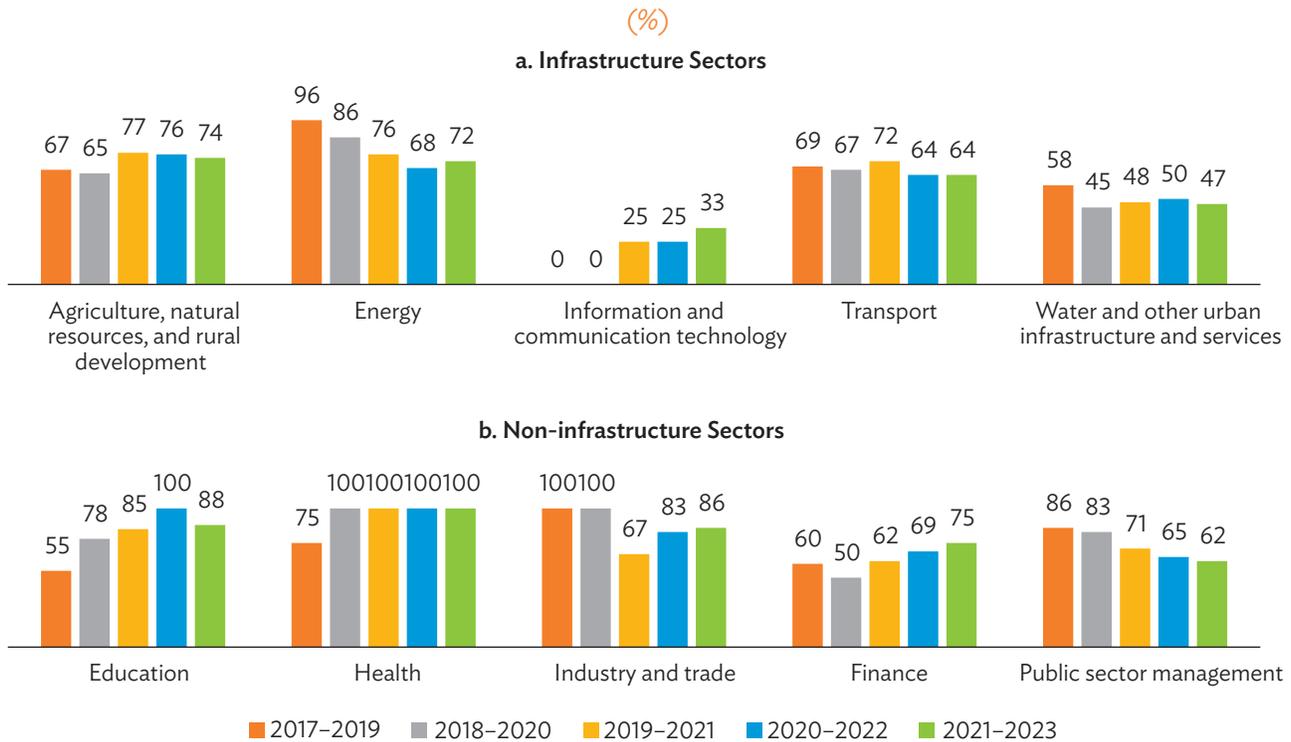


ADB = Asian Development Bank.

Note: An operation's inclusion in a reporting year is based on its completion report circulation date. The 3-year reporting period 2021–2023 is 1 July 2020–30 June 2023.

Source: Asian Development Bank (Independent Evaluation Department).

Figure 3.2: ADB Operations Rated Successful by Sector, 2017–2023



ADB = Asian Development Bank,

Note: An operation's inclusion in a reporting year is based on its completion report circulation date. The 3-year reporting period 2021–2023 is 1 July 2020–30 June 2023.

Source: ADB (IED).

and ambitious project scope. Most energy projects continued to face O&M issues and financial losses in energy distribution companies.

109. The agriculture, natural resources, and rural development sector's success rate declined from 76% to 74%, but it remained the best performing in infrastructure. The WUS sector's success rate also declined from 50% to 47%, making it the poorest performing infrastructure sector. To some extent, the sector's weak performance reflected the relative complexity of WUS projects technically, financially, and institutionally. The sector faces particularly strong sustainability challenges in South Asia, with most unsuccessful WUS projects in this reporting period in this region. Across DMCs, WUS sector projects face issues of inadequate tariffs and O&M funding and weak capacity in urban local bodies. Closer monitoring

and supervision and more hands-on support to improve project readiness, procurement, and financial management of WUS sector projects would benefit sector performance.

110. The transport sector's success rate remained stable at 64%. The sector managed to improve its performance on complex urban transport projects: only 2 of 18 such projects were rated *unsuccessful*. However, sector performance continued to be constrained by many long-standing issues related to executing agency capacity and design deficiency stemming from inadequate due diligence. The sector's performance in the Pacific region particularly suffered because of the capacity issues, and delays in counterpart funding and procurement. However, in recent years, the Pacific has used project readiness financing more and more across sectors, including transport, to improve project

quality at entry and to capacitate executing agencies.⁹³ These investments are expected to improve sector performance in the future.

111. **Social sector projects still the best performing.**

The higher success rate in non-infrastructure sectors was down to three sectors that enjoy success rates above 80%: education, health, and industry and trade. The education and health sectors, which together accounted for one-third of non-infrastructure projects and 9% of overall operations, remained those with the highest success rates: 88% for education and 100% for health. The finance sector continued to improve its success rate for a fourth consecutive reporting period, up by 6 percentage points to 75% in 2021–2023.

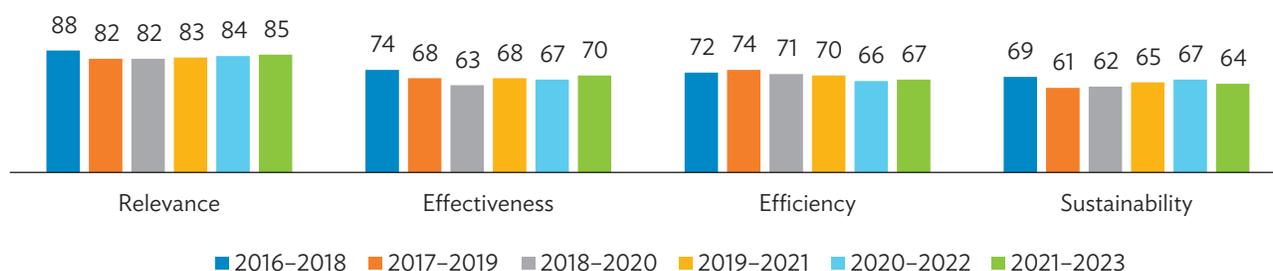
112. Health and education sector operations have continued to earn high *efficiency* and *sustainability* ratings across projects. Projects in these sectors have benefited from a strong system-strengthening approach and the enhanced use of results-focused modalities such as RBL, PBL, sector development programs, and multitranche financing, which are geared toward reforms and policy actions with varying time frames. Most health and education projects were found to have effective implementation arrangements under capable agencies and strategic collaboration with other development partners, which contributed to the success of operations. In recent years, most DMCs have prioritized investment in health and education systems, including for technical and vocational education and training, as key pathways to address poverty, inequality, and economic development. This means that ADB projects in these sectors have received strong government commitment and supervision, ensuring project targets are met and their outcomes sustained.

113. **Continued challenges for PSM.** PSM was the non-infrastructure sector with both the largest share of operations and the lowest success rate in the group. Its success rate fell for a fifth consecutive reporting period, from 91% in 2016–2018 to 65% in 2020–2022 and most recently 62%. It should be noted that the success rate for 2021–2023 does not include CPROs that were validated by the IED but have not

been included in the sector success rate calculation. Including the CPROs, the PSM sector's success rate for 2021–2023 is 78%. Excluding the CPROs, only 18 of the 29 PSM operations completed in reporting period 2021–2023 were rated *successful*. This dragged the sector success rate down by 3 percentage points from 2020–2022 to 62%. Decline in the overall PSM sector success rate reflected drops in ratings for *sustainability*, down by 5 percentage points to 66%; *efficiency*, down by 3 points to 62%; and *relevance*, down by 3 points to 79%. Changes in government and development priorities during implementation often undercut government ownership of policy actions and commitment to programs, the eventual consequences of which included loan cancellation, approval and start-up delay, non-compliance with covenants, and waived policy action. The success rate of PSM operations was found to have been affected by implementation delays that hindered outcome delivery, as well as by DMC fiscal space limitations and a lack of follow-through on policy reform. Of 29 PSM operations completed in 2021–2023, 22 were policy-based loans, 15 of which were rated *successful*. The PSM policy-based loan success rate was thus 68%, much higher than the 38% success rate of PSM investment projects.

114. **Financial and capacity issues beleaguering sustainability.** In reporting period 2021–2023, the overall ADB portfolio recorded a decline in *sustainability* ratings (Figure 3.3). With non-infrastructure sectors such as education, health, and finance demonstrating high sustainability, the decline in sustainability came largely from infrastructure sectors. Across infrastructure sectors, challenges commonly reflected poor financial sustainability and weak technical and financial capacity in executing agencies to manage assets established under ADB projects. Three sectors that together constituted 52% of operations completed in the reporting period—transport; agriculture, natural resources, and rural development; and WUS—continued to be challenged by inadequate tariffs; failure to achieve expected financial internal rates of return and difficulty in accurately estimating them; and inadequate O&M arrangements that relied excessively on government subsidies despite uncertain budget availability and

Figure 3.3: Success Rate of ADB Operations by Criterion (%)



ADB = Asian Development Bank.

Note: An operation's inclusion in a reporting year is based on its completion report circulation date. The 3-year reporting period 2021–2023 is 1 July 2020–30 June 2023.

Source: ADB (IED).

lacking institutional arrangements for O&M. Across ADB's project portfolio, there is recognition of the sustainability challenges facing infrastructure sectors. Recent years have seen an enhanced focus on building executing agencies' operational, financial, and institutional capacity in asset management and O&M to improve the sustainability of operations.

115. **Implementation delays hampering efficiency.**

Despite an overall *efficiency* rating up by 1 percentage point to 67% in reporting period 2021–2023 (Figure 3.3), *efficiency* remains a drag on the performance of infrastructure projects, rated at only 64%, well below the 75% for non-infrastructure projects. Implementation delays caused by slow procurement and consultant recruitment—especially during the COVID-19 pandemic—weighed down efficiency ratings for many

infrastructure operations, as did cost overruns. Only 33% of the projects completed in 2021–2023 managed to be completed *on time*, with the rest delayed by an average of 3 years. Common reasons for delayed project completion were safeguard and procurement issues, problematic contractor and consultant performance, long liquidation and slow provision of counterpart funds, and changes in project scope.

116. **Effectiveness improving in most sectors.**

While effectiveness ratings have fluctuated since a low point in reporting period 2018–2020, the overall trend is upward. *Effectiveness* improved from 67% in 2020–2022 to 70% in 2021–2023 as it strengthened in eight sectors, despite declines for energy, from 70% to 67%, and for transport, from 69% to 68%.

2. Performance of Completed Concessional Assistance Operations

117. The success rate for completed concessional assistance operations was up by 1 percentage point over the previous reporting period to 59% in 2021–2023. However, significant challenges persist as DMCs eligible for concessional assistance encounter more pronounced capacity constraints and operational issues, particularly in infrastructure projects. The rating for *relevance* in concessional assistance operations improved by 2 percentage points and that for *efficiency* was steady at 60%. The

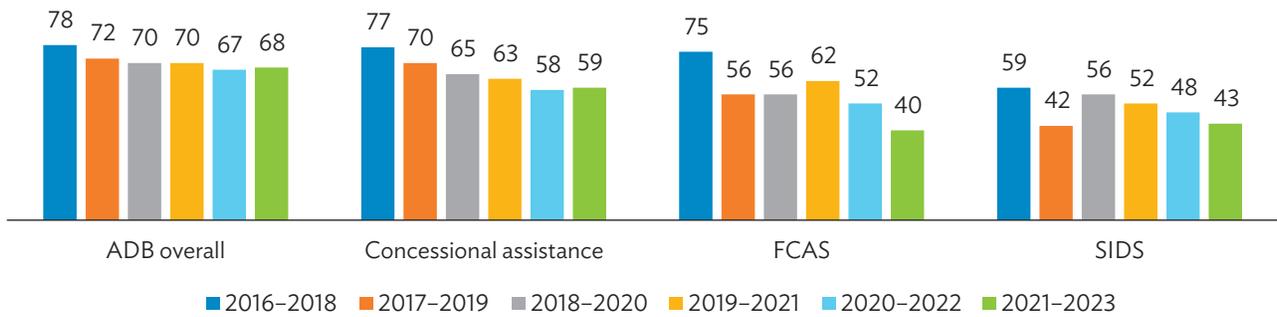
effectiveness of concessional assistance operations recorded significant improvement from 58% in 2020–2022 to 64% in 2021–2023. The *sustainability* of concessional lending operations, on the other hand, declined by 4 percentage points to 60%. Further, only 26% of concessional assistance operations closed *on time* in 2021–2023.

118. The performance of operations in FCAS and SIDS continued to decline, as the FCAS success

rate plunged from 52% in 2020–2022 to 40% in 2021–2023 and the SIDS success rate fell from 48% to 43% (Figure 3.4). Low FCAS and SIDS success rates lowered the overall success rate. Weak performance in these countries is mirrored by significantly lower

success rates in the Pacific than in other regions. Operations in the Pacific were significantly affected by the COVID-19 pandemic, with many projects put on hold and needing closing dates extended for up to 2 years.

Figure 3.4: Success Rates of Concessional Assistance and Operations in FCAS and SIDS (%)



ADB = Asian Development Bank, FCAS = fragile and conflict-affected situations, SIDS = small island developing states
Source: ADB (IED).

A photograph of a woman, Mingkamol Srikhamhaeng, driving a red electric tuk-tuk. She is wearing a light blue shirt, glasses, and a black shoulder bag. The tuk-tuk is parked in a lot with other vehicles visible in the background. The photo is framed with a white border and set against a green background with a white wavy line.

Modernizing tuktuks. Mingkamol Srikhamhaeng, 54, found a job driving an electric tuktuk in Bangkok, Thailand following the COVID-19 pandemic (photo by Gerhard Jochen).

CHAPTER 4

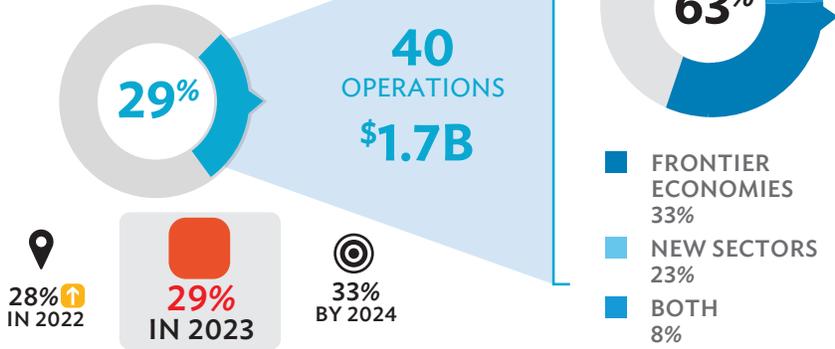
NONSOVEREIGN OPERATIONS

ADB nonsovereign operations are assessed for strategic fit and scale, implementation progress, and success rate at completion. In 2023, ADB nonsovereign operations achieved a significant increase in lending volume, while attracting record amounts of long-term cofinancing and expanding their reach in frontier economies and nontraditional sectors. Nonsovereign operations continued to contribute to ADB's objectives of mainstreaming gender across its investments, scaling up its climate action, and addressing developing member countries' food security concerns. Meanwhile, success rates for completed nonsovereign operations showed little improvement and remained below target.

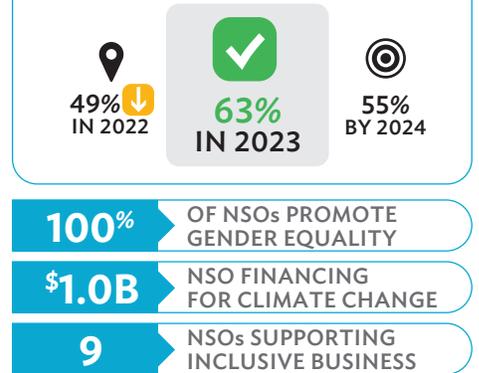
NONSOVEREIGN OPERATION COMMITMENTS IN 2023

SCALE UP NONSOVEREIGN OPERATIONS AND ENSURE THEIR STRATEGIC RELEVANCE

OPERATION COMMITMENTS THAT ARE NSOs



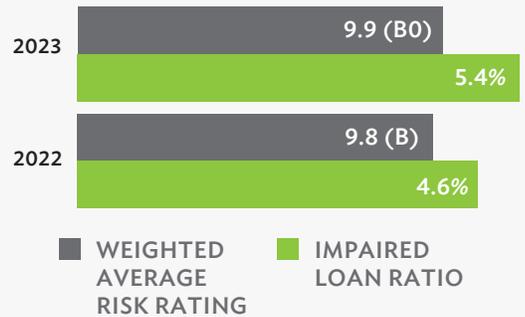
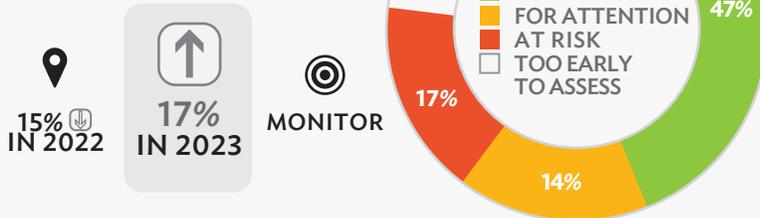
NSOs IN FRONTIER ECONOMIES OR NEW SECTORS



OPERATIONS UNDER IMPLEMENTATION IN 2023

ENSURE PORTFOLIO IS HEALTHY AND DELIVERING RESULTS

NSOs AT RISK OF NOT ACHIEVING DEVELOPMENT RESULTS



COMPLETED OPERATIONS VALIDATED IN 2021-2023

DEVELOPMENT RESULTS DELIVERED TO CLIENTS AND BENEFICIARIES

NSOs AT COMPLETION RATED SUCCESSFUL



SUCCESS RATING BY CRITERION



ADB = Asian Development Bank, B = billion, NSO = nonsovereign operation.

A. SCALING UP AND STRATEGIC FIT

119. The number of ADB NSO commitments in 2023 reached 40, up from 37 in 2022. While this improved the share of NSOs in all ADB commitments from 28% in 2022 to 29% in 2023, it was *off track* to achieve the 33% share targeted by 2024. In terms of funding commitment, financing for NSOs as a share of all ADB finance using ordinary capital resources also increased, from 8.4% to 10.6%.

120. Among nonsovereign project commitments in 2023, 63% were in frontier economies and/or new sectors, bringing their share above the 2024 target of 55%. NSOs continued to support gender equality in 2023, with 100% of the 40 NSO commitments in 2023 categorized either *GEN*, *EGM*, or *SGE*. As a member of the global 2X Challenge, ADB has in recent years increasingly applied gender lens investing criteria in its nonsovereign investments.⁹⁴ In 2023, 58% of ADB NSO commitments aligned

with gender lens investment criteria that promotes women's participation in entrepreneurship, leadership, employment, and consumption. In line with ADB's new operating model and its climate shift, NSO financing for climate change mitigation and adaptation rose to \$1.0 billion for the first time, more than doubling from \$451 million in 2022.

121. Long-term cofinancing for NSOs totaled \$3.9 billion in 2023, and the 3-year average of the NSO long-term cofinancing ratio rose to 230%, surpassing the 2024 target of 200% for the second year in a row. This was helped by a sharp increase in the cofinancing ratio from 180% in 2022 to 266% in 2023, meaning that every \$1.00 in financing committed by ADB in 2023 was matched by \$2.66 in long-term cofinancing from partners. Of the 40 NSOs ADB committed to in 2023, 28 benefited from cofinancing. [Chapter 2](#) includes more details on nonsovereign cofinancing.

B. PERFORMANCE AT IMPLEMENTATION

122. Despite ADB's efforts to ensure timely submission of monitoring reports, to fill data gaps, and to facilitate the graduation of legacy clients out of the portfolio, the portion of the active nonsovereign portfolio *at risk of not achieving development results* increased slightly in 2023. Of the 200 active NSOs,⁹⁵ 34 were *at risk of not achieving development results*, bringing their share to 17%, or 2 percentage points higher than in 2022. About one-third of these projects were flagged *at risk* for failing to submit development effectiveness monitoring reports; the remaining projects underperformed due to a range of issues—external, such as residual impact from the COVID-19 pandemic, the global trade slowdown, or other macroeconomic challenges; and internal, such as implementation delays. In 2023, ADB also saw a

substantial increase in the share of NSOs rated *on track to meet development results*, from 42% in 2022 to 47%. The share of operations rated *for attention* fell sharply from 20% in 2022 to 14% in 2023. These positive trends provide a promising indication of improved development results upon the completion of these NSOs.

123. The quality of the nonsovereign credit portfolio remained largely stable, although the impaired loan ratio increased from 4.6% in 2022 to 5.4% in 2023, primarily because of a reduction in total portfolio size and its composition. The overall volume of impaired exposures increased by \$23 million year on year, from \$409 million to \$432 million. The weighted average risk rating in 2023 remained stable at 9.9 (B).

C. PERFORMANCE AT COMPLETION

124. The share of completed NSOs rated *successful* in reporting period 2021–2023 remained unchanged at 55%, meaning ADB remains *off track* to meet the 2024 target of 70%. A drop in the success rate for infrastructure investments from 69% to 64% and a low success rate for private equity fund investments weighed down the NSO portfolio success rate. In terms of finance volume, 64% of financing went to projects

rated *successful*. Completed NSOs continued their steady but slow progress toward better development results ratings, which improved by 1 percentage point again. ADB *additionality* recorded an increase by 5 percentage points to 66%, the highest since 2018. The *work quality* rating slipped by 4 percentage points after rising for four consecutive reporting periods.

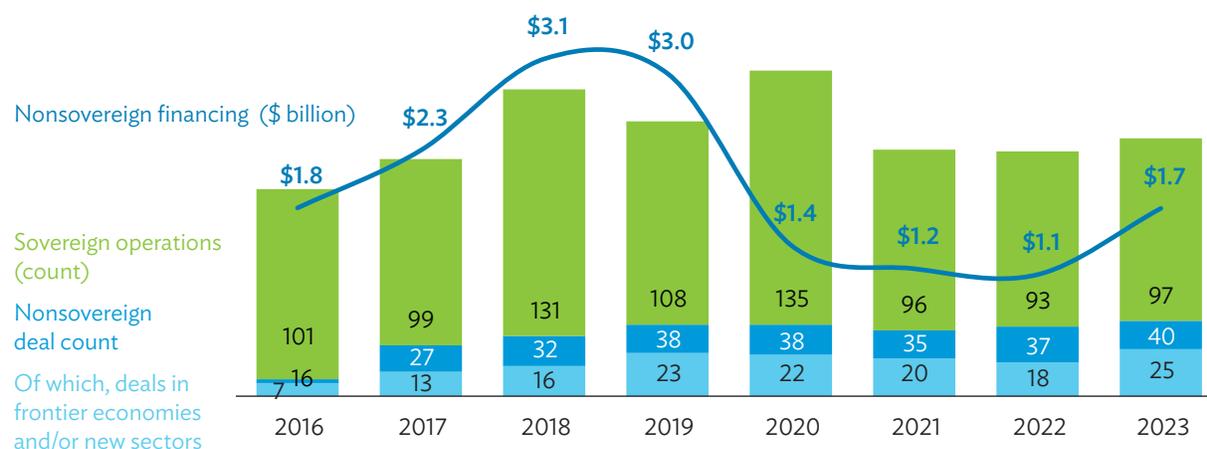
D. IN FOCUS

1. Strategic Alignment of Nonsovereign Operations

125. **New high in operation commitments.** In 2023, ADB committed to a record high of 40 NSOs, bringing the number of active NSOs to 200. In terms of finance volume, ADB NSO funding in 2023 increased by 54%, or \$615.4 million, to reach almost \$1.7 billion (Figure 4.1).⁹⁶ The average value of new NSO commitments bucked a 4-year declining trend with a 43% increase from \$30.6 million in 2022 to \$43.7 million in 2023. Increasing both finance volume and project count is important for ADB's objectives of scaling up private sector development,

reaching its climate financing ambition, and mobilizing private capital for development. ADB continues to enhance its systems and processes to identify and prioritize key clients and to better position itself to achieve its strategic and operational priorities. For NSO commitments with first disbursement in 2023, ADB managed to shorten operationalization time from 16.8 months to 14.9 months. This was achieved primarily by streamlining post-approval processes, as the pre-approval process—the time it takes for an operation to progress from Investment Committee

Figure 4.1: Sovereign and Nonsovereign Operation Commitments, 2016–2023



Note: The number of sovereign operations excludes project preparation and design. In 2023, the number of sovereign operations excluded two project readiness financing facilities and a grant to the United Nations Office for Project Services for the verification of claims and expenditures under past ADB-financed projects in Afghanistan. NSO financing excludes commitment through revolving programs, which was \$2 billion in 2023.

Source: ADB (SPD and PSOD).

clearance of the concept note to ADB approval—remains high at an average of 7.7 months. However, as part of its new operating model, ADB is making a concerted push for enhanced, faster, and more efficient private sector operations by simplifying transaction processing documentation; streamlining the Investment Committee structure, and, where risk allows, shifting approval authority to lower management to improve efficiency; developing risk appetite frameworks for proposed private sector transactions in specific sectors; and improving collaboration with sovereign lending teams through sector alignment and pilot programs, to enhance resourcing and support client development goals.

126. Enhanced focus on investing in frontier markets. ADB's Operational Plan for Private Sector Operations aims to redirect a larger share of NSOs into frontier economies that receive ADB concessional assistance and into new and nontraditional sectors. In 2023, 25 of the 40 NSO commitments, or 63%, were considered diversified in these terms. This marked a significant jump from 18 operations, or 49%, in 2022 and exceeded the 2024 target of 55%. Even as the number of new NSO commitments in new sectors dropped from 14 in 2022 to 12 in 2023, the number in frontier economies doubled from 8 to 16 in 2023. This significant increase in the number of new operations in frontier economies (group A and B countries (excluding India), FCAS, and SIDS) indicates a degree of economic rebound, even though some challenges persist, notably slowing global growth, the lagged effects of monetary policy tightening, property market weakness in the PRC, and softer demand from advanced economies.⁹⁷ ADB continued its efforts to create an enabling environment for private sector-led growth in underserved markets across Asia and the Pacific by leveraging concessional finance from, for example, the ADF Private Sector Window and through new strategic initiatives such as the ADB Frontier Facility (Box 4.1).

127. Investments in inclusive businesses to strengthen financial inclusion and agricultural value chains. ADB is supporting market-led approaches and businesses that integrate people at the bottom of the income pyramid into the market

Box 4.1: ADB Frontier Facility

In 2023, ADB launched the ADB Frontier Facility to address a market gap for risk capital in frontier markets in Asia and the Pacific. The Frontier Facility seeks to provide catalytic funding to fast-growing small and medium-sized enterprises with strong potential to generate growth, employment, and climate action, and to empower women and girls in frontier markets in the region. It will allow ADB to take on more risk in pursuit of greater developmental impact by making smaller investments in frontier markets that struggle to attract commercial financing.

Source: ADB.

economy. In 2023, ADB committed to nine NSOs that support inclusive businesses. In terms of finance volume, the inclusive business portfolio grew by 79%, from \$189.1 million in 2022 to \$329.6 million in 2023. Five of the nine inclusive business-focused NSO commitments were in the finance sector and aimed to expand access to finance for women-owned and low-income MSMEs (Box 4.2). Agriculture was the second-largest recipient of new inclusive business

Box 4.2: Supporting Financial Inclusion for Women in Azerbaijan

ADB provided a \$20 million loan to Bank Respublika Open Joint Stock Company to improve access to credit for women borrowers and MSMEs engaged in agricultural production, processing, and trade in Azerbaijan. While women are a sizable portion of Azerbaijan's farmers and entrepreneurs, they are underrepresented in finance and receive on average smaller loans than men, illustrating how financial services are not tailored to women's needs. ADB is working with Bank Respublika to enable women's financial inclusion by improving the bank's responsiveness to women entrepreneurs and MSMEs engaged in the agriculture sector, and to develop products and services tailored to their needs. ADB funding support will contribute to (i) improved access to finance for women; (ii) promotion of domestic food production and import substitution; (iii) alleviation of rural-urban income inequalities; and (iv) improvements in availability of agricultural credit in Azerbaijan.

Source: ADB.

commitments in 2023, with 21% of the \$329.6 million going to the sector. The four operations committed to agricultural development aim to build climate resilience, promote food security through increased production, and support the livelihoods of stakeholders across agricultural value chains.

128. ADB trade financing down in tandem with global trade. In 2023, ADB’s Trade Finance and Supply Chain Program took part in more than

21,000 transactions, more than doubling its 10,000+ transactions in 2022. However, the volume of loans and guarantees under the program shrank from \$7.7 billion in 2022 to \$4.7 billion in 2023. This figure included \$1.8 billion in ADB commitment, down by \$779.7 million, or 30%, from 2022. Nonsovereign commitment was lower primarily in response to macroeconomic challenges in key markets in the program such as Pakistan and Sri Lanka, and a slowdown in global trade.

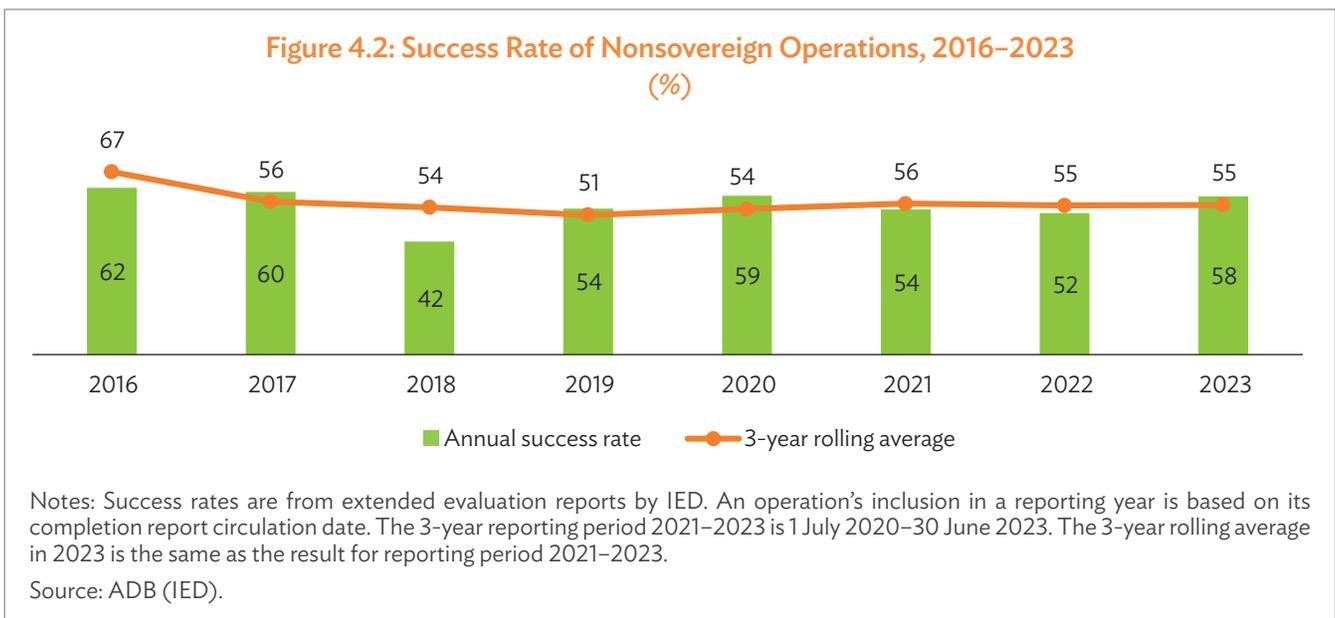
2. Main Factors Affecting Success Rates

129. Among 87 NSOs completed in reporting period 2021–2023, 48 were rated *successful*, sustaining the success rate at 55% but still *off track* to meet the 2024 target of 70% (Figure 4.2).

130. Trends from more recent projects point to improved success in the medium term. While the success rate for projects completed in reporting period 2021–2023 remains below the 70% target, analysis of the completed NSOs by approval year shows that the low success rate was driven largely by operations designed and approved before 2016. There has been a marked improvement in the success rate of projects approved in recent years. The 43 NSOs designed and

approved before 2016 had an average success rate of 44%, while the success rate of the 44 NSOs approved since 2016 is much better, at 66%. NSOs approved since 2018 have an even higher success rate of 79%. This shows that, over the past few years, there has been a strong focus on improved screening, design, and management of NSOs. These numbers also indicate likely improvement in the success rate of NSOs in the medium term.

131. Investments in renewable energy infrastructure sustain NSO success rate. A bigger share of the portfolio being in stronger-performing infrastructure projects helped maintain the overall



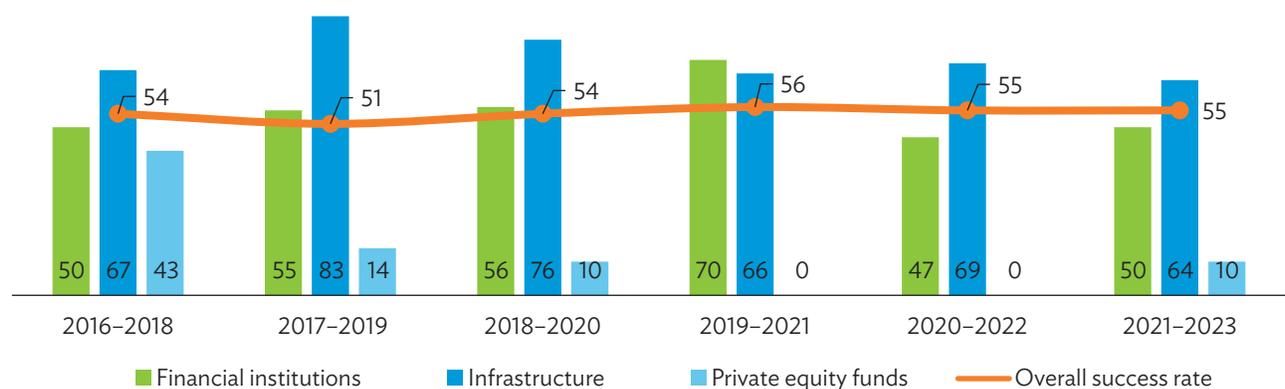
NSO average success rate at 55% (Figure 4.3). Even though infrastructure investments suffered a moderate decline in success rate, from 69% to 64%, they continued to contribute the largest number of successful operations in reporting period 2021–2023. Of the 48 operations rated *successful* in this period, 38, or 79%, were infrastructure investments, mostly in renewable energy generation.

132. Low success of legacy private equity funds persists. Investments in private equity funds continued to have low success rates in reporting period 2021–2023. Just 1 of the 10 completed operations was rated *successful*. Even though private equity fund operations represent a small portion of completed NSOs in the reporting period—11% by operations and just 3% by ADB-financed dollar value—these investments allow ADB to deploy and mobilize capital for companies that can support development objectives, especially in sectors and countries with shallow capital markets. ADB investments in these operations have long suffered from weak fund management, often by first-time fund managers; frequent changes in the management of funds; and weak ADB capacity to monitor these investments. In many cases, the design and monitoring frameworks (DMFs) for these investments included output and outcome targets that were too optimistic or that

have not been revised since approval to factor in the effects of extraneous developments such as the COVID-19 pandemic. In recent years, the Private Sector Operations Department (PSOD) has taken concrete steps to overcome some of these issues by initiating corrective action plans wherever needed and by initiating change-in-scope memos to counter direct or indirect consequences of the pandemic and macroeconomic challenges. In 2023, 10 projects underwent DMF revision through approved change-in-scope memos. PSOD has also established processes to enable ongoing comprehensive feedback from departmental review and assessment of development effectiveness monitoring reports to enable deal teams to implement appropriate action to resolve problematic accounts.

133. Additionality and development results improved. *Satisfactory* ratings rose for two of the four criteria used to assess NSO performance: *development results* and *additionality*. Additionality posted the biggest improvement, rising from 61% to 66%, the highest rating since reporting period 2016–2018. These improvements continue a trend over the past 5 years in which ADB has enhanced its focus on ensuring development results and scalability through a proactive and unbroken cycle of feedback and engagement. Among other initiatives, ADB has

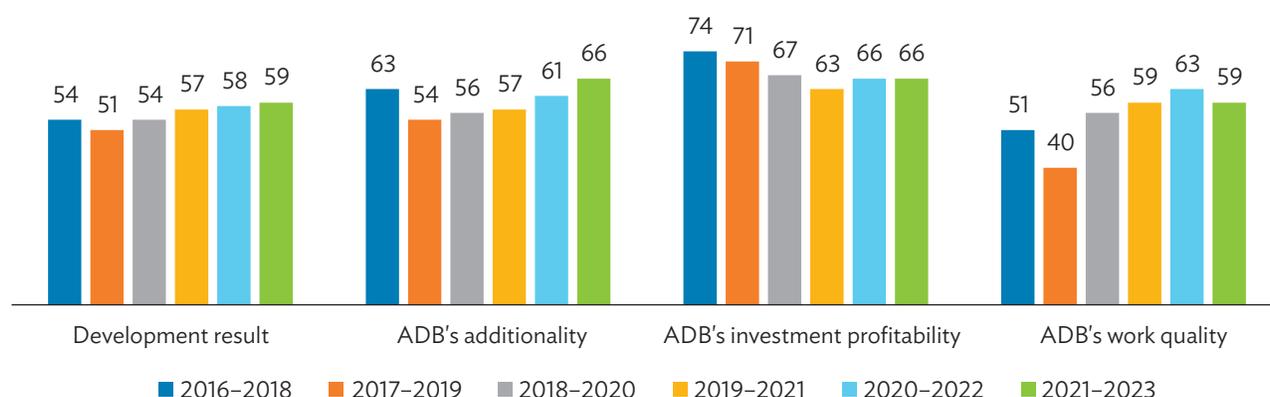
Figure 4.3: Success Rates of Nonsovereign Operations by Investment Type, 2016–2023 (%)



Note: Success rates are from extended evaluation reports by IED. An operation’s inclusion in a reporting year is based on its completion report circulation date. The 3-year reporting period 2021–2023 is 1 July 2020–30 June 2023.

Source: ADB (IED).

Figure 4.4: Satisfactory Ratings of Nonsovereign Operations by Criterion, 2016–2023 (%)

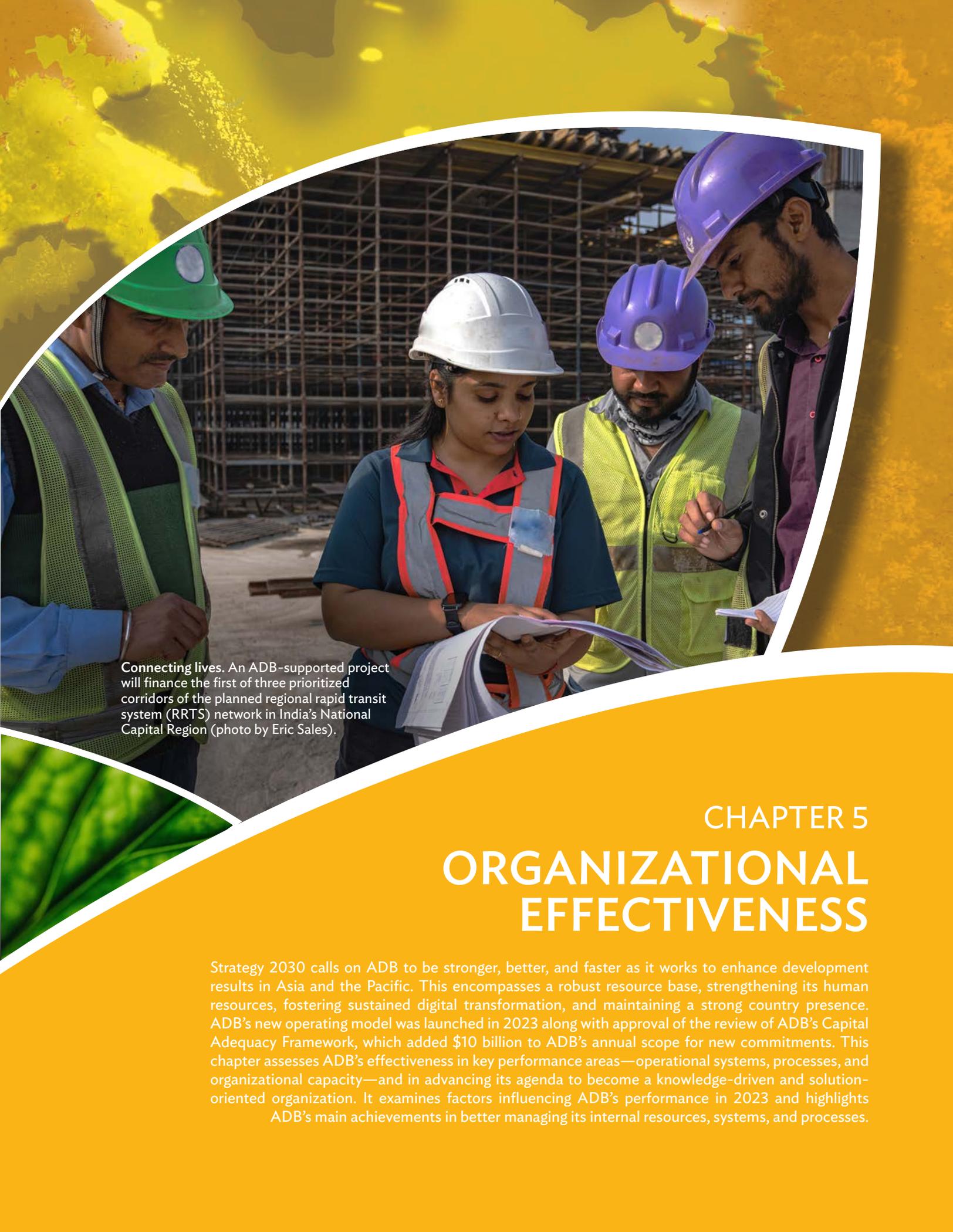


ADB = Asian Development Bank.
Source: ADB (IED).

expanded staff training and is using a new ex ante development impact framework to screen for and strengthen additionality at project concept stage. *Satisfactory development results* continued to post slow but steady improvement, edging up from 58% in 2020–2022 to 59% in 2021–2023. The biggest reason for this slow progress remains the data gaps that leave insufficient evidence to judge development results and, in some instances, cause projects to be rated *less than successful*. While recent years have seen actions to improve indicators and the overall quality of DMFs, much remains to be done to ensure the availability of robust and credible data to consistently evaluate the development results of ADB operations.

134. **Decline in work quality.** The work quality criteria review ADB's performance in (i) screening, appraisal, and structuring; and (ii) monitoring and supervision. For the first time since reporting period 2017–2019, there has been a drop in the *satisfactory work quality* rating of completed NSOs, from 63% in 2020–2022 to 59% in 2021–2023. The most noted issue holding down NSO ratings for work quality

relates to the DMF quality. Issues of DMFs having unmeasurable or disproportionately ambitious targets and unclear measurement methodology were common. As noted in para. 132, PSOD has taken steps to improve DMF quality for ongoing investments, such that they reflect changes made to project scope, the impact from the COVID-19 pandemic, and other macroeconomic factors in recent years. Some of the other issues that affected *work quality* of NSOs include weaknesses in project design at entry, including insufficient consideration of regulatory risks and market competition; inadequate risk assessment; and miscalculation of financial internal rates of return at appraisal, etc. The *work quality* rating was also affected by the legacy private equity fund investments; in some cases, the fund managers were inexperienced; in others, the focus was on relatively nascent areas of clean energy development, high technology, and education that involved higher commercial risks and therefore required enhanced screening, appraisal, and structuring from ADB. Remedial actions that ADB has taken to improve the success of NSOs are outlined in the section *Actions to Address Challenges*.



Connecting lives. An ADB-supported project will finance the first of three prioritized corridors of the planned regional rapid transit system (RRTS) network in India's National Capital Region (photo by Eric Sales).

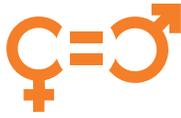
CHAPTER 5

ORGANIZATIONAL EFFECTIVENESS

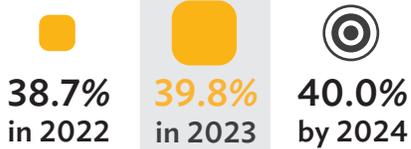
Strategy 2030 calls on ADB to be stronger, better, and faster as it works to enhance development results in Asia and the Pacific. This encompasses a robust resource base, strengthening its human resources, fostering sustained digital transformation, and maintaining a strong country presence. ADB's new operating model was launched in 2023 along with approval of the review of ADB's Capital Adequacy Framework, which added \$10 billion to ADB's annual scope for new commitments. This chapter assesses ADB's effectiveness in key performance areas—operational systems, processes, and organizational capacity—and in advancing its agenda to become a knowledge-driven and solution-oriented organization. It examines factors influencing ADB's performance in 2023 and highlights ADB's main achievements in better managing its internal resources, systems, and processes.

MORE PROGRESS TOWARD A GENDER-BALANCED WORKFORCE

IN THE INTERNATIONAL STAFF CATEGORY (%)



REPRESENTATION OF WOMEN IN THE INTERNATIONAL STAFF CATEGORY (%)



PROCUREMENT PROCESS SLOWED BY LONG TURNAROUNDS

Procurement Contract Transactions of \$10m or More Processed Within 40 Days or Less (% Sovereign)

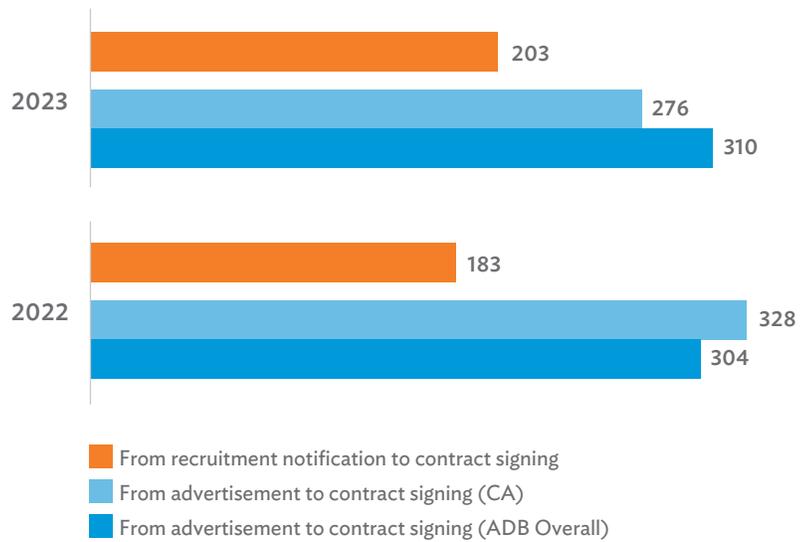
ADB OVERALL



CONCESSIONAL ASSISTANCE



Procurement Time (days, sovereign)

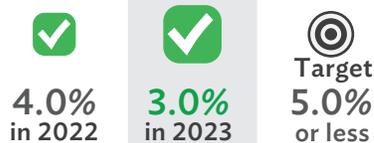


CA = concessional assistance.

Note: CA-funded operations are financed by concessional ordinary capital resources and Asian Development Fund.

BUDGET UTILIZATION REMAINS ON TARGET

QUALITY OF BUDGET MANAGEMENT (%)



UNUTILIZED BUDGET RATE (%)



A. ORGANIZATIONAL SYSTEMS AND PROCESSES

135. **Rolling out the new operating model.** In 2022, ADB adopted a new operating model to reposition itself and deliver on Strategy 2030 in the much-changed development landscape.⁹⁸ Launched as planned in the second quarter of 2023, the new operating model will advance ADB's priorities to serve as the region's climate bank, develop and mobilize private investments, and provide high-quality development solutions for DMCs. By modernizing the ways ADB works, the new operating model will make it more responsive, agile, and closer to clients. The first implementation phase was rolled out in 2023 to establish a strong base for the next two phases. Changes have focused on aligning processes and systems with the new structure. They included enhancing business processes and information technology systems to improve collaboration with and responsiveness to clients. Potential disruptions to ADB's operations and services were minimized by, for example, retaining incumbent project team leaders of projects already being designed or implemented, and making transitional arrangements as business processes were reorganized.

136. **Organizational reforms for better solutions.** ADB's regional departments have been reformed under the new operating model. This has widened their scope and ability to provide broad innovative solutions through both nonsovereign and sovereign products to the complex problems now confronting DMCs. It will improve ADB's engagement with clients on its operational priorities. Regional departments will be supported by solutions departments that will consolidate and sharpen ADB's expertise on sectors, themes, private sector operations, market development, and PPPs. Safeguards, procurement, and financial management staff were consolidated into ADB-wide offices to ensure consistency and high quality in project processing and implementation across the organization. These reforms have been accompanied by changes in the business process for delegating authority and mainstreaming the use of One ADB project team approaches.⁹⁹ ADB will roll out phase 2 of the new operating model in

2024, accelerating the delivery of the model's four shifts: address climate change, drive private sector development, provide client-centric solutions and work in new ways. This will include key reforms to human resources, the rollout of the new structure for resident missions, new key performance indicators, new operations planning processes, and a priority batch of staff field placements under a decentralization plan. Efforts will focus on addressing issues that arose in the first phase and fine-tuning business processes.

137. **Progress toward a gender-balanced workforce.** Female representation in ADB's international staff increased from 38.7% in 2022 to 39.8% in 2023—or 0.2 percentage points short of the 40.0% target for 2024. This gain can be attributed to an increase in international appointments of women. Women filled almost half of all new international staff appointments, rising from 44.9% in the previous year to 49.0% in 2023.

138. ADB also continued to undertake corporate gender initiatives in 2023 by establishing the Gender Equality Working Group. Composed of department and employee group leaders, the group consulted with heads of departments and the Diversity, Inclusion, and Belonging Advisory Board to help ADB develop its Gender Action Plan, 2024–2030, approved in 2023. The new plan aims to raise female representation in international staff to 45.0% by 2030. It prioritizes 10 actions in 4 areas: talent attraction, recruitment practices, leadership development to support career progression and retention, and the development of organization-wide accountability and ownership.

139. **Long turnarounds slow procurement process.** The efficiency of ADB's procurement process for sovereign operations is monitored by determining the percentage of procurement transactions valued at \$10 million or more that were processed within the target time frame of 40 days or less through the procurement review system.¹⁰⁰ Performance on this indicator dropped by 5 percentage points in 2023 to 69% overall, with an even steeper decline, by

7 percentage points, to 64% for concessional assistance operations. This primarily reflected DMC counterpart agencies taking longer to address ADB comments and a need for multiple rounds of review. Capacity-building efforts in 2023 delivered procurement training to 260 staff members of executing agencies from 31 DMCs, including 12 DMCs classified as FCAS and/or SIDS. However, results on this indicator highlight that many DMC executing and implementing agencies continue to require more capacity-building to improve their preparation of bids and evaluation reports. The new operating model introduced organizational changes to reorganize ADB's procurement divisions, now to be by sector, and physically located procurement staff closer to project teams. This has improved collaboration and

communication and will shorten turnaround and procurement processing times.

140. Budget utilization remained on target. Only 3% of ADB's internal administrative budget was unused in 2023, well within the target of 5% or less.¹⁰¹ Despite the challenges posed since the pandemic by high inflation and growing ADB operational travel volume, the budget was successfully managed by reallocating resources and using general contingency to meet emerging needs. Administrative costs were tracked closely throughout the year, and flexible budget management ensured rollout of the new operating model did not disrupt operations. Resources were redirected as needed to align with the movement of people and changing work plans.

B. ORGANIZATIONAL CAPACITY

141. Expanded lending capacity. In September 2023, the ADB Board of Directors approved the review of ADB's capital adequacy framework, which increased ADB's lending capacity to more than \$36 billion, for an annual increase of about \$10 billion.¹⁰² ADB has thus been able to expand funding to DMCs through optimal prudential level of capitalization, risk measurements, and financial planning, all while maintaining a healthy and efficient appetite for risk. The 2023 reforms also created the countercyclical lending buffer to support DMCs when they face unexpected crises. The measures are designed to ensure ADB maintains its AAA credit rating and ability to provide DMCs with funding at low cost and with long maturities. These reforms effectively reduced ADB's capital utilization ratio from 83.9% in 2022 to 70.0% in 2023.

142. More field staff for country engagement. ADB increased the number of international and national staff positions in its field offices from 596 in 2022 to 628 in 2023. This 5.4% increase was achieved by creating new positions in field offices and by outposting more international staff to field offices as part of the Workforce Rebalancing Framework. This framework aims to strengthen country engagement by posting more international staff from ADB headquarters to DMCs. The new operating model categorized

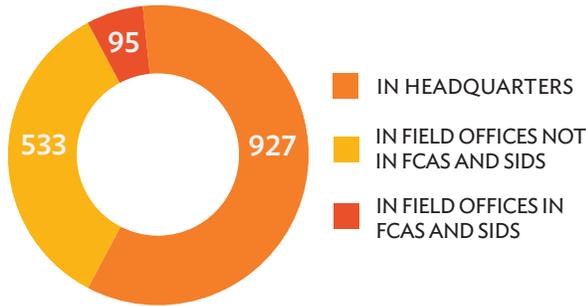
more ADB departments as operations in 2023. This increased the number of staff positions considered operations by 20.4% and thus reduced the percentage of them in field offices from 46.0% in 2022 to 40.0% in 2023 (Figure 5.1). The number of international and national staff positions in DMCs classified as FCAS and/or SIDS remained almost the same. This is expected to increase as new positions are created in financial management in these country groups under the Workforce Rebalancing Framework in 2024. As part of the implementation of decentralization under the new operating model, 70 staff are expected to be outposted from headquarters to field offices, including in FCAS and SIDS, starting in July 2024. Decentralization puts more expertise in the field to improve ADB's responsiveness to clients' needs aligned with their emerging development priorities. In 2023, 373 of 630 active operations were administered in field offices, or 59%, an increase of 4 percentage points from 2022.

143. Benefits from ongoing digital transformation. ADB rolled out 30 new digital products in 2023, bringing the cumulative number of digital products delivered to 261 since 2019. As ADB pursued its digital transformation, it realized \$60 million in expected benefits by the end of 2023. Of the 47 projects

Figure 5.1: Strengthening Country Engagement

BUDGETED INTERNATIONAL AND NATIONAL STAFF POSITIONS

STAFF POSITIONS IN OPERATIONS DEPARTMENTS



BUDGETED STAFF POSITIONS IN FIELD OFFICES
(as a share of total staff positions in operations)

↑ 46% IN 2022 ↓ 40% IN 2023 🎯 MONITOR

BUDGETED STAFF POSITIONS IN FCAS AND SIDS FIELD OFFICES

96 IN 2022 95 IN 2023

FCAS = fragile and conflict-affected situations, SIDS = small island developing states.
Source: ADB (Budget, People, and Management Systems Department).

Figure 5.2: Digital Transformation Achievements in 2023

ACCELERATING DIGITAL TRANSFORMATION

- 30 new digital products (total of 261 new digital products delivered since 2019)
- Modernized and automated business processes
- Around \$60 million in benefits and efficiency gains
- New operating model enabled
- Digital literacy growing

LEVERAGING AI AND ADVANCED DATA ANALYTICS

- Powerful content consumption through Copilot
- Faster reporting and insight-driven decision-making
- New ways of working
- Real-time dashboards

STRENGTHENING CYBERSECURITY

- ISO/IEC 27001:2022 certification of information management
- 97.8% ADB Go implementation

ADB = Asian Development Bank, AI = artificial intelligence, IEC = International Electrotechnical Commission, ISO = International Organization for Standardization.
Source: ADB (Information Technology Department).

approved under the Digital Agenda Stage 1 program, 21 are already completed. Results so far include costs saved by minimizing information technology staff support and time saved by modernizing the videoconference rooms, which reduced meeting delays. Cost-effective internet services have been installed at field offices, and at least 50% of the day-to-day services previously provided manually have been automated. Important achievements include the development of a modern digital platform as a single accessible source of high-quality data for enhancing sovereign and nonsovereign operations. Digital business process systems will be overhauled. This will include modernization and expansion of the SovOps system, which will integrate several existing systems, making it a single source of data for more efficient and effective operation monitoring and reporting. System changes needed for the new operating model have been seamlessly delivered.

C. ADB AS A KNOWLEDGE ORGANIZATION

145. **Strengthening knowledge, innovation, and solutions to enhance impact.** Knowledge management has a central place in ADB's new operational model. Knowledge and learning will elevate ADB's overall performance in executing the four shifts of the new operating model. In 2023, ADB became the first MDB to undergo an ISO 30401 audit of its knowledge management system.¹⁰³ This was complemented by the midterm assessment of its Knowledge Management Action Plan, 2021–2025 (KMAP) in 2023. The results will guide an update to the KMAP and the midterm assessment of Strategy 2030 in 2024. ADB approved a \$2.3 million digital knowledge management project in 2023 that will deploy AI to strengthen knowledge management, which remains a priority. This project will consolidate and improve internal knowledge services by efficiently providing access to insights from operations and research, lessons from past projects, case studies, and datasets. The improved availability of ADB's institutional knowledge will allow ADB staff to offer more refined, effective, and closely targeted services and development solutions to DMCs. The physical space of the ADB's Innovation Hub, opened in 2023,

144. **Artificial intelligence and security initiatives.** ADB has moved toward generative Artificial intelligence augmentation to boost productivity, efficiency, and collaboration. It established the AI Governance Working Group in 2023 and launched ADB's Copilot Generative AI Beta Testing Program. Staff received guidance on the use of Copilot for Web Enterprise to explore the responsible use of AI. ADB considers a risk-based approach to cybersecurity to be crucial and recognizes that it requires dedication and continuous improvement. It further strengthened its security systems in 2023, obtaining the International Organization for Standardization (ISO)/International Electrotechnical Commission (IEC) 27001:2022 certification for information security management. The accomplishments of digital transformation in 2023 are depicted in [Figure 5.2](#). As its next step in creating greater value for clients and partners, ADB will complete its digital transformation action plan.

aims to strengthen staff ability to design and deliver projects through learning programs, innovation tools, repositories of best practices, study tours, and peer-to-peer knowledge exchange. ADB's Technology Innovation Challenge, first set up in 2019 to attract proposals for proof-of-concept projects employing technology solutions, saw ADB funding numerous pilots in 2023. These will test innovations in off-grid micro sanitation solutions, urban transit safety dashboards, and waste management schemes. All pilots center on green and sustainable development.

146. **Supporting long-term development planning by ADB members.** ADB's foresight and futures program has been creating knowledge solutions and enhancing ADB's operations and development impact through applied innovation since 2018.¹⁰⁴ Futures thinking and foresight in planning can help DMCs fully understand and meet their economic, political, social, environmental, and climate change challenges. The program facilitates the formulation of more robust policy solutions that account for and integrate the perspectives of a variety of stakeholders. In 2023, it provided future-proofing scenarios for

Indonesia’s national plan, guidance for setting the vision of the Tashkent International Commercial Court in Uzbekistan, and strategic insights for Viet Nam’s reform agenda through the Ho Chi Minh Academy.

147. Working toward maturity as a knowledge organization. ADB underwent a broad knowledge capacity survey in 2023 using the Knowledge Management Capability Assessment Tool of APQC. Results indicated a slight increase in ADB’s knowledge management maturity since 2021, based on the indicator *staff rating ADB as an effective knowledge and learning organization*. Its score rose from a 2021 baseline of 51.6% (2.58 on a 5-point scale) to 58.8% (2.94) (Figure 5.3).¹⁰⁵ This puts ADB very nearly at the “standardize” Level 3 of the five-level APQC knowledge management maturity scale.¹⁰⁶ While Level 2 indicates that an organization has localized and repeatable knowledge management practices, Level 3 shows that these localized knowledge management practices should become more common in its processes and approaches.

148. Helping to target high-return areas. The APQC assessment measures maturity using 12 categories.¹⁰⁷ This provides ADB with opportunities to focus its knowledge management actions and prioritize those most effective in raising its overall knowledge management capability. In terms of percentage points, the 2023 results showed marked positive shifts in 3 of

the 12 categories—setting knowledge management objectives at +16.4, communications about knowledge management at +49.2, and knowledge management-related technology capabilities at +21. ADB scored more modest improvement on change management, at +2.6, and knowledge management approaches and tools, at +3.6 (Figure 5.4). Higher scores on these components were the product of ADB knowledge management focals helping staff understand how knowledge can be managed, knowledge management training improving knowledge distillation, events showcasing the value of knowledge management, and the Information Technology Department and others working to break down knowledge silos across ADB. Despite these initiatives, ADB is still *off track* to meet its 2024 target of 70% knowledge management maturity, or 3.5 on a 5-point scale .

149. Continuing work to improve knowledge management results. The 2023 midterm assessment of the KMAP 2021–2025 looked at its relevance and contribution to improving the flow of knowledge to DMCs and ADB’s own knowledge management practices, as well as whether changes were needed to make ADB more likely to achieve its 2025 knowledge management targets. Initial assessment indicates room to improve the KMAP and better enable ADB to deliver tailored knowledge solutions to DMCs. In the meantime, ADB continues to work to achieve knowledge management maturity

Figure 5.3: ADB’s Maturity as a Knowledge Organization

STAFF RATING ADB AS AN EFFECTIVE KNOWLEDGE AND LEARNING ORGANIZATION (%)

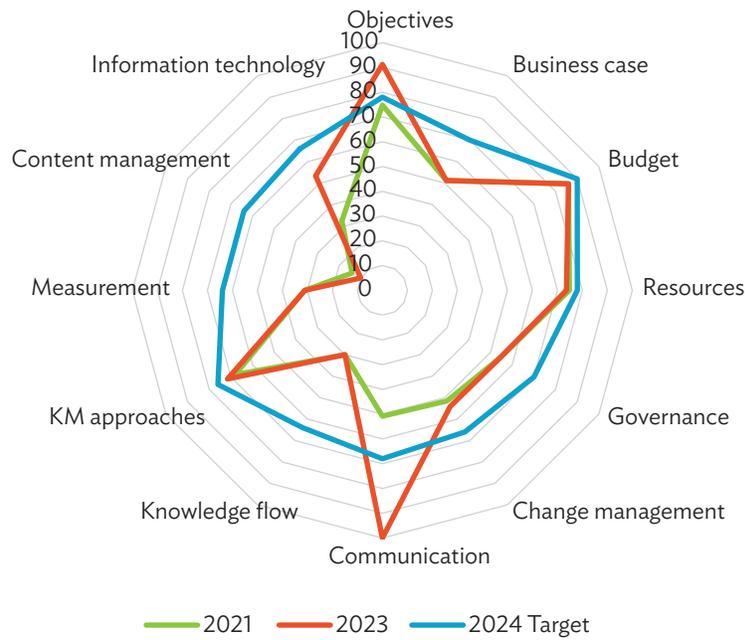


ADB = Asian Development Bank
 Source: ADB (Department of Communications and Knowledge Management).

and become a better knowledge organization, as targeted by Strategy 2030. It continues to explore the importance of an organizational mandate that will define roles and accountabilities for knowledge management. It is also examining ways to develop a digital knowledge management system to store,

share, and provide better managed and more easily locate knowledge whenever it is needed. The final midterm assessment report, to be completed in 2024, will identify improvements or revisions to the KMAP to strengthen ADB’s role as a knowledge provider.

Figure 5.4: Progress of ADB’s Knowledge Management Maturity



ADB = Asian Development Bank, KM = Knowledge Management.
 Source: American Productivity & Quality Center. 2023. Knowledge Management Capability Assessment Tool Benchmarking Report.



Tackling the road ahead. An ADB-supported section of a bypass road in Kobuleti, Georgia (photo by Gia Chkhatarashvili).

ACTIONS TO ADDRESS CHALLENGES

This section describes the systems and processes by which the Asian Development Bank (ADB) identifies and monitors actions to improve its performance. It summarizes the actions ADB took in 2023 in response to the challenges highlighted in the 2022 Development Effectiveness Review (2022 DEfR) that pose barriers to implementing Strategy 2030, as well as challenges identified in the 2023 DEfR process that ADB needs to address in 2024 and beyond.

A. ACTIONS TO ADDRESS 2022 CHALLENGES

150. The 2022 DEfR scorecard rated four main performance areas *off track* to achieve their 2024 targets: sovereign and nonsovereign success rates, including the share of sovereign projects completed *on time*, and financing for the Strategy 2030 priority areas of education and climate change mitigation and adaptation. Sustainability in sovereign operations

was also flagged as needing improvement through continued proactive engagement. Further, persistent global challenges arising in recent years continued to impede progress toward the SDGs. This section outlines the primary actions ADB implemented in 2023 to address these challenges.

1. Actions to Improve Sovereign Project Success Rates

151. **The challenge.** The success rate for completed operations remained *off track* in reporting period 2021–2023, at 68%, or 12 percentage points below the 2024 target of 80%. Considering the four evaluation criteria—*relevance, efficiency, effectiveness, and sustainability*—modest improvement was observed in sovereign operation scores for the first three. However, *sustainability* remained the weakest criterion. Further, only one-third of the projects completed in the reporting period managed to close on time.

152. **Leveraging ADB’s new operating model for in-depth analysis.** As the new operating model unfolds, ADB’s revamped structure has started to showcase how effectively the Sectors Group systematically assesses challenging sectors and formulates road maps for them. The process features ongoing dedicated analysis of two sectors—PSM and WUS—and explores the challenges encountered in inter-sector collaboration. Additionally, teams in the seven sector offices meticulously examine the challenges posed in individual DMCs to inform a nuanced understanding of the unique circumstances in each. This effort will help delineate the most effective menu of interventions, both lending and nonlending, and their most advantageous sequence. Country management teams have been established in each DMC to lead in-depth diagnostics, reinforce sector and thematic strategic directions during country engagements, facilitate multisector coordination, and find integrated solutions that combine sovereign and nonsovereign efforts and expertise.

153. **Sustainability working group advanced actions.** In 2023, ADB’s dedicated working group on sustainability deliberated and acted to advance sustainability under the new operating model. Actions pursued several objectives: (i) improving country diagnostics under regional departments, and development impact analysis under the Economic Research and Development Impact Department, as pivotal entry points for sustainability analysis; (ii) leveraging sector road maps to comprehensively address sustainability issues at the project, sector, and country level; and (iii) enhancing collaborative efforts with the One ADB team to incorporate sustainability concerns into technical aspects of project design, assess country-specific institutional capacity, and address financial sustainability and sustainable procurement. Looking ahead, ADB’s accelerated decentralization in 2024 is expected to be a catalyst for bringing in more specialists and thus enhancing field expertise and fostering better client engagement, in particular to address sustainability issues.

154. **Strategic deployment of technical assistance.** ADB implemented a strategic approach to technical assistance as a vital step to propel continuity of sector reform and to reinforce institutional capacity. It examined the strategic use of technical assistance to ensure the attainment of targeted outcomes and the viability of infrastructure projects after completion. Technical assistance guides the identification and design of policy actions and their well-sequenced implementation. This concerted effort promises to ensure government commitment to programs

and thus directly make PSM operations more successful.

155. Policy dialogue with countries receiving concessional assistance. ADB prioritized policy dialogue with FCAS DMCs, SIDS, and other DMCs that receive concessional assistance. This proactive strategy aims to cultivate in executing agencies understanding of the correlation between policy reform and project performance. Active engagement with DMCs enhances ADB's ability to anticipate and comprehend impending institutional changes. It enables the formulation of realistic arrangements for project implementation and robust measures to mitigate risk. Further, high-quality policy dialogue informs a more comprehensive understanding of the constraints and challenges that face governments, as well as their strategic priorities. This plays a crucial role in refining DMFs and their target indicators; appropriately scaling activities; and setting budgets, timelines, and implementation arrangements.

156. Enhanced engagement with civil society. ADB prioritizes deepening its engagement with civil society, starting with the development of country partnership strategies and continuing throughout the project cycle. The enhanced involvement of civil society organizations (CSOs) yields numerous benefits, notably toward overcoming design and safeguard challenges that often impede the successful and timely completion of ADB-financed operations. In 2023, ADB engaged in discussions with CSOs concerning its CCAP 2023–2030. A review of ADB's Safeguard Policy Statement featured consultations with CSOs and various other stakeholders. Additional discussions with multiple stakeholders including CSOs were conducted on the Energy Transition Mechanism. A significant milestone was reached in 2023 when ADB inaugurated its first-ever Civil Society Partnerships Day in Bhutan to share development project ideas for that DMC. In adherence to the new operating model, ADB revised its staff guidance on engaging with CSOs to ensure alignment with best practices and standards.

2. Actions to Improve Nonsovereign Operation Success Rates

157. The challenge. The share of completed NSOs rated *successful* remained constant but *off track* to meet the ambitious 2024 target of 70%. ADB *additionality* improved but performance on the criteria of ADB *work quality* and *development results* continued to pull down overall success rates.

158. Early attention to development impact and vigilant project monitoring. The PSOD continued to apply its *ex ante* development impact framework during preliminary concept review to screen all projects for alignment with corporate priorities, *additionality*, and anticipated development impact. Ongoing efforts to monitor projects more proactively, and to adjust their design and monitoring frameworks as warranted in a timely way, helped improve the health of the active portfolio. In 2023, 17% of current projects were flagged *at risk* of not achieving development results. This was within the target threshold of 20% and an indication of the future development results that NSOs promise to achieve upon completion.

159. Efficiency and collaboration enhanced to improve the quality of investments. As part of the new operating model implementation plan, ADB took steps in 2023 to improve the speed and efficiency of its business processes for NSOs. Notable completed initiatives included simplified project approval documentation, streamlined review processes, and the delegation of decision-making authority. Additionally, a series of pilot initiatives and staff training programs heightened collaboration between staff with sovereign and private sector expertise. These initiatives aim to direct ADB human resource talent more efficiently toward supporting clients' achievement of their development goals by, for example, engaging in policy dialogue in pursuit of reform that enables private sector development, and by building capacity in ADB operations staff to identify where and when private sector investments offer the most suitable solutions to development challenges. PSOD designed and piloted a new client management framework to identify and prioritize key clients and better position itself

to achieve ADB's strategic and operational priorities as its portfolio grows, and as the business context and client needs evolve ever more rapidly. Under this framework, staff assign clients to tiers, select dedicated

engagement teams, and prepare annual account plans for top-tier clients. PSOD will mainstream the use of the framework in 2024.

3. Actions to Increase Financing for Education and Climate Change

160. **The challenge.** From 2019 to 2023, ADB did not make the progress required to achieve its financing target for two Strategy 2030 priority areas: education, and climate change mitigation and adaptation. ADB's dedicated efforts, as described below, helped bring financing back *on track* for both areas in 2023.

161. **Concerted efforts to build an education pipeline.** ADB hired additional staff with education expertise and established new partnerships to close gaps in knowledge and concessional financing. This successfully pushed financing for education up to within the targeted 6%–10% share of all ADB financing in 2023. ADB will sustain its concerted efforts to bolster DMC investment in education and broader human capital development. The latest projections for 2024 indicate that financing for education will be 8.66% of the ADB financing total.

162. **Record financing for sustained action to scale up climate action.** Significant strides in climate finance were achieved in 2023 through a broad range of targeted actions. Strategic enhancement of staff resources dedicated to climate change was achieved through workforce rebalancing and heightened operational support for climate objectives. Training initiatives within ADB and training obtained externally strengthened engagement with DMCs on climate

action and enhanced the capacity of ADB staff to pursue climate action within the framework of country programming and project processing. Also important were enhancements to guidance for designing projects that support climate adaptation and resilience outcomes and for estimating climate finance, as was innovative concessional finance secured for climate action.

163. **Opportunities for further scaling up of finance for meaningful climate action.** In 2023, ADB launched the IF-CAP (Box 2.1) and its CCAP 2023–2030. The CCAP outlines upstream, midstream, and downstream measures to ensure ADB achieves its climate ambitions and targets in alignment with the Paris Agreement. Under the CCAP, ADB will introduce finance products with favorable terms and innovative mechanisms to incentivize transformative climate projects and encourage sustainable procurement systems. ADB will coordinate with multiple development partners on the use of country development platforms for climate action, and thus ensure long-term programming horizons. An update to ADB's capital adequacy framework substantially enhanced its sustainable lending headroom. This allows increased financing annually for climate action without compromising other critical development financing needs (para. 172).

B. ONGOING AND NEW CHALLENGES FOR 2024 AND BEYOND

164. **SDGs challenged by lingering crises.** As described in Chapter 1, progress toward the SDGs has been hindered by compounded risks in the wake of complex global shocks, notably the COVID-19 pandemic and the ensuing cost-of-living crisis, as well as the effects of climate change. Asia and the Pacific is

challenged to help its large numbers of undernourished people and those living with moderate or extreme food insecurity. Meanwhile, many governments are hamstrung by persistently high national debt and dwindling tax revenue, hindering their response. Internally, ADB continues to strengthen measures to

embed the SDGs in its institutional strategies and its planning and reporting processes through alignment at four levels of the organization: corporate, sector, country, and project. All operations at ADB are mapped to the SDGs, and many initiatives address the interlinked nature of the Goals, driving integrated solutions. ADB provides knowledge, data, and policy dialogue on SDG progress and implementation at both the national and the subnational levels. These efforts will be reported in the second SDG Corporate Report in 2024.

165. **Off track areas in 2023.** A combination of factors—some of them within the control of ADB and its delivery partners and some entirely beyond their control—have maintained the success rates of completed operations at a relatively stable level but below target during the period 2021–2023. New projects have tended to become ever more intricate undertakings, with expansive scope and multifaceted goals to be achieved through multisector approaches or in more difficult markets. Meanwhile, the operational landscape is marked by dynamic market conditions; rapidly evolving client needs; novel implementation contexts; and the incorporation of untested technologies, processes, and methods.

166. The challenge of enhancing project sustainability requires implementers to navigate, at the project level and in country contexts, headwinds and tailwinds that either facilitate or impede the attainment of development results. To deepen holistic and systematic efforts, tangible measures are required across the short, medium, and long term at every level—corporate, sector, project, and country.

167. Despite concerted efforts by ADB with its delivery partners, there has not been marked progress on project *effectiveness* or achievement of intended *development results* over the past 5 years. As attention to sovereign project readiness remains pivotal, the use of project readiness facilities will be heightened to ensure chosen modalities align appropriately. Technical assistance continues to be imperative to guarantee sufficient capacity in executing and implementing agencies, in particular local and other subnational entities.

168. Bringing sovereign projects to completion *on time* remains a challenge, persistently holding down project *efficiency* ratings. Lingered pandemic impacts on project results have yet to be fully realized, as some affected projects still have not reached completion and evaluation. Disruption to supply chains persists, as do procurement delays, regulatory and policy changes, and challenges to communication and collaboration. These external factors are likely to offset efforts to enhance ratings, with worsening results still likely in future reporting periods.

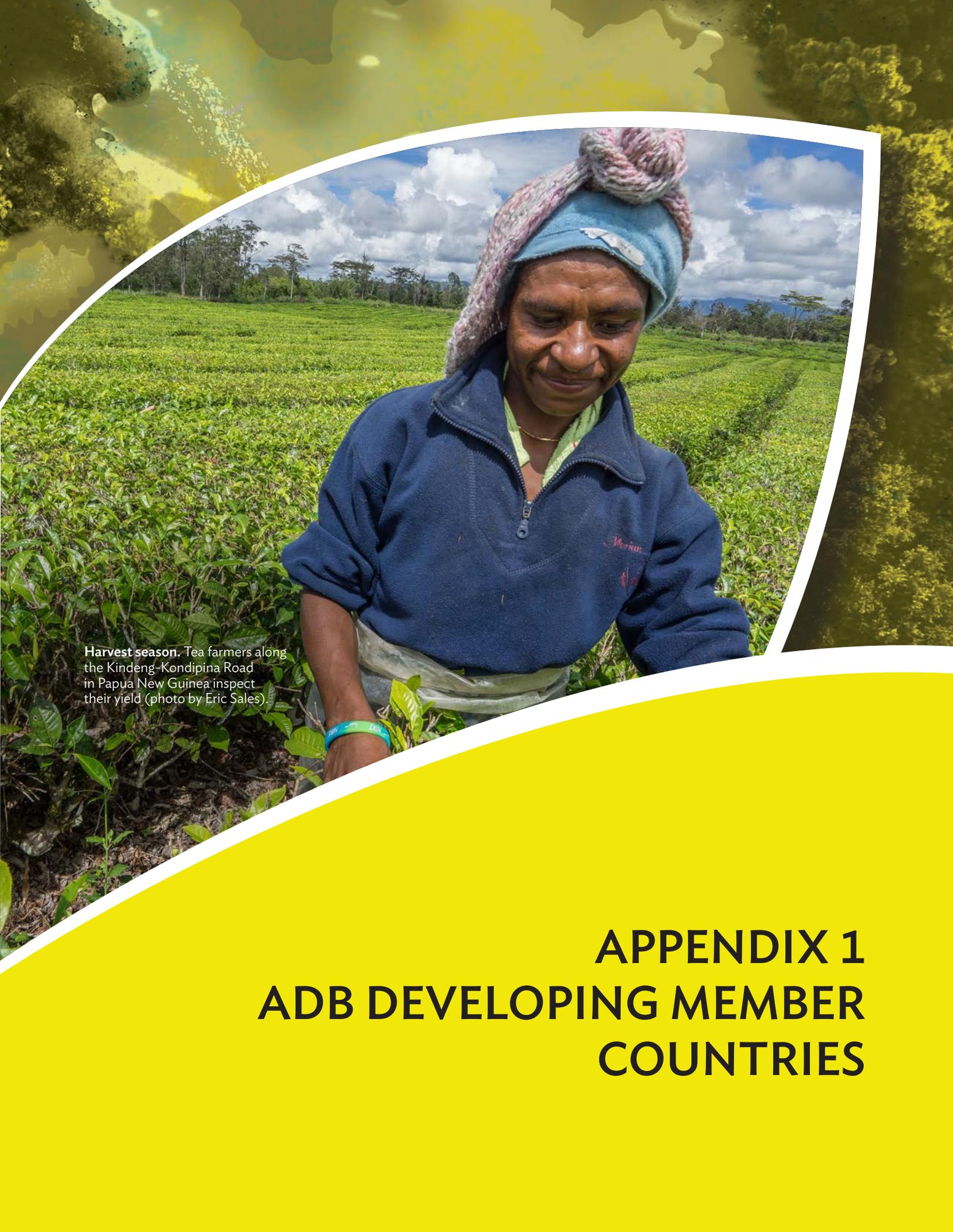
169. **Key initiatives for 2024.** Numerous ADB-wide initiatives are slated for 2024, reflecting ADB's commitment to navigating challenges across Asia and the Pacific—and the globe. A midterm review of Strategy 2030 is underway to guide ADB through these challenges, toward significant transformation and redefined roles. A new CRF for 2025–2030 is under development to define a more focused approach that emphasizes target complementarity, alignment with the SDGs, flexibility to enable responsiveness, and a culture of ownership and accountability.

170. As ADB continues its transformative journey under the new operating model, its second phase will prioritize in 2024 a stronger ADB presence in DMCs. ADB plans to fill about 70 additional staff positions primarily in country management teams, to increase the number of IS in the field by one-third. ADB will align sector and thematic national staff positions in resident missions with their counterpart departments and groups at headquarters.

171. The 14th replenishment of the ADF (ADF 14) will ensure continued support for the poorest and most vulnerable DMCs, including FCAS and SIDS. The emphasis is on taking bold climate action, deepening regional cooperation, and generating regional public goods. For ADB and other MDBs, the “MDB evolution” agenda advocates increased concessional funds and financing that does not create debt and calls for a larger share of funds channeled through MDBs to meet the SDGs and other global challenges. With appropriate resourcing and adaptive refinements, ADF 14 will be well positioned to advance these objectives.

172. The recent update of ADB's capital adequacy framework having substantially enhanced its sustainable lending headroom, as noted above, a multidepartment working group is now developing a deployment plan. With due attention to constraints, it is assessing opportunities to scale up sovereign and nonsovereign operations with transformative, sustainable, and high-

quality projects, including those that open up new and emerging areas. To augment its lending capacity and support to clients, ADB will continue to explore balance sheet optimization and innovative financing, such as through public-private hybrid capital, exposure exchanges, the rechanneling of special drawing rights between MDBs, and the use of third-party guarantees.



Harvest season. Tea farmers along the Kindeng-Kondipina Road in Papua New Guinea inspect their yield (photo by Eric Sales).

APPENDIX 1 ADB DEVELOPING MEMBER COUNTRIES

Table A.1.1: ADB Developing Member Countries

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

ADB = Asian Development Bank.

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

Source: ADB.

Table A1.2: 2023 Classification of ADB Developing Member Countries

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

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

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

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

^c ADB. 2014. *Georgia: Review of Classification under ADB's Graduation Policy*. Manila.

^d ADB. 2017. *Viet Nam: Review of Classification under ADB's Graduation Policy*. Manila.

^e ADB. 2022. *Cook Islands: Country Classification*. Manila.

^f ADB. 2021. *Fiji: Country Classification*. Manila.

^g Has no access to CA.

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

ⁱ ADB. 2021. *Niue: Country Classification*. Manila.

^j ADB. 2017. *Sri Lanka: Review of Classification under ADB's Graduation Policy*. Manila; ADB. 2023. *Sri Lanka: Country Classification*. Manila.

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

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

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

Sources: ADB. 2021. *Fragile and Conflict-Affected Situations and Small Island Development States Approach*. Manila; ADB. 2023. *Classification and Graduation of Developing Member Countries. Operations Manual. OM A1*. Manila; ADB (SPD).

The sea and the city. An aerial view of Malé, Maldives (photo by Ariel Javellana).



APPENDIX 2 PERFORMANCE SCORECARD

SIGNALS AND SCORING METHODS

- **Alignment with the Sustainable Development Goals**
- **Results Framework Indicators Level 1: Signals**
- **Results Framework Indicators Levels 2–4: Signal**
- **Results Framework Indicators Levels 2–4: Composite Signals**
- **Results Framework Indicators Levels 2–4: Scoring Methods for 2019–2023**
- **Results Framework Indicators Levels 2–4: Scoring Methods for 2024**

Alignment with the Sustainable Development Goals

	SDG Indicator	Official Sustainable Development Goal (SDG) Indicator
	SDG Derived	<i>Directly</i> related to an official SDG indicator
	SDG Aligned	<i>Closely</i> linked to an official SDG indicator or captures certain elements of it
	SDG Proxy Indicator	<i>Relates</i> to the SDGs and associated targets but not to an official SDG indicator

Results Framework Indicators Level 1: Signals

Scoring Method	Signal ^a	Change
Improved —region's performance improved relative to prior year with available data		Improved
Unchanged —region's performance unchanged relative to prior year with available data		Stayed constant
Regressed —region's performance deteriorated relative to prior year with available data		Deteriorated

^a A change of more than 2.5% constitutes improvement or deterioration.

Results Framework Indicators Levels 2–4: Signal

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

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

Results Framework Indicators Levels 2–4: Composite Signals

Signal	Explanation
 Good	Two-thirds or more of RFIs in the group achieved a green or amber signal, and half or more achieved a green signal.
 Mixed	More than half but fewer than two-thirds of RFIs in the group achieved a green or amber signal, or two-thirds or more of RFIs in the group achieved a green or amber signal but fewer than half achieved a green signal.
 Poor	Half or fewer of RFIs in the group achieved a green or amber signal.
	No signal generated because data are not yet available for three or more indicators in the group.
--	Group not scored because data are reported for fewer than three indicators that have a specific target.

RFI = results framework indicator.

Results Framework Indicators Levels 2–4: Scoring Methods for 2019–2023

Scoring Method	Target	Note	Signal	Applied to ^a
Achievement rate ^b	Annual	• At or above 80% of expected results		Level 2A: RFIs 1–22
		• Below 80% of expected results		
Point target	2024	• At or above target		Level 2B: RFIs 1–4 Level 3: RFIs 2 (ADB overall only), 6, 9–11 (ADB overall only), 13–14 Level 4: RFIs 2–3, 5–6, and 8
		• Above band from baseline to target		
		• Within band from baseline to target		
		• Below band from baseline to target		
Range	2024	• Within the target range		Level 3: RFIs 7, 8
		• Below the bottom of the target range and above the volatility band		
		• Above the target range or below the target range and within the volatility band		
		• Below the target range and the volatility band		
Performance standard	Annual	• Performance standard or better		Level 2B: RFI 5 Level 3: RFI 5 Level 4: RFI 1
		• Worse than the performance standard		
Maintain	Annual	• Baseline or better		Level 3: RFI 1 (ADB overall only)
		• Worse than the baseline		
Cumulative	2024	• Above cumulative target		Level 3: RFI 12 Level 4: RFI 4
		• Performance is expected to increase each year and add up to the cumulative target		
		• Performance is on track to reach the target but requires close monitoring		
		• Below cumulative target		

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Scoring Method	Target	Note	Signal	Applied to ^a
Monitor ^c	2024	<ul style="list-style-type: none"> Increased Remained stable Decreased 	  	Level 3: RFIs 1–2 (CA only), 3–4, 9–11 (CA only), and 15 Level 4: RFI 7

ADB = Asian Development Bank, CA = concessional assistance, RFI = results framework indicator.

^a Refers to the RFI numbers used in the ADB Corporate Results Framework, 2019–2024.

^b Achievement rate for Level 2A indicators is calculated only once the count of cumulative planned results has reached a threshold of at least 20.

^c Only arrows are shown, no impact on summary scorecard.

Results Framework Indicators Levels 2–4: Scoring Methods for 2024

Scoring Method	Target	Note	Signal	Applied to ^a
Achievement rate	Annual	<ul style="list-style-type: none"> Better than target Worse than target 	 	Level 2A: RFIs 1–22
Point target	2024	<ul style="list-style-type: none"> At or above target Below target, but within 1% buffer zone Below target 	  	Level 2B: RFIs 1–4 Level 3: RFIs 2 (ADB overall only), 6, 9–11 (ADB overall only), 13–14 Level 4: RFIs 2–3, 5–6, and 8
Range	2024	<ul style="list-style-type: none"> Within the target range Outside the target range 	 	Level 3: RFIs 7, 8
Performance standard	Annual	<ul style="list-style-type: none"> Performance standard or better Worse than the performance standard 	 	Level 2B: RFI 5 Level 3: RFI 5 Level 4: RFI 1
Maintain	Annual	<ul style="list-style-type: none"> Baseline or better Worse than the baseline 	 	Level 3: RFI 1 (ADB overall only)
Cumulative indicator	2024	<ul style="list-style-type: none"> Above cumulative target Performance is expected to increase each year and add up to the cumulative target Performance is on track to reach the target but requires close monitoring Below cumulative target 	   	Level 3: RFI 12 Level 4: RFI 4
Monitor ^b	2024	<ul style="list-style-type: none"> Increased Remained stable Decreased 	  	Level 3: RFIs 1–2 (CA only), 3–4, 9–11 (CA only), and 15 Level 4: RFI 7

ADB = Asian Development Bank, CA = concessional assistance, RFI = results framework indicator.

^a Refers to the RFI numbers used in the ADB Corporate Results Framework, 2019–2024.

^b Only arrows are shown, no impact on summary scorecard.

RESULTS FRAMEWORK INDICATORS

- **LEVEL 1: Development Progress in Asia and the Pacific**
- **LEVEL 2: Results from Completed Operations**
- **LEVEL 3: ADB's Operational Management**
- **LEVEL 4: ADB's Organizational Effectiveness**

LEVEL 1: Development Progress in Asia and the Pacific

ADB Developing Member Countries Overall

Indicator	SDG	Baseline Year(s)	Latest Year	Baseline Value(s)	Latest Value	2023 Signal
1. Population living on less than \$2.15 a day (% , number) ^a		2019	2020	5.694 226,600,000	6.902 276,800,000	
2. Growth rates of household expenditure or income per capita among the bottom 40% and the total population (percentage point difference)		2000-2020	2000-2021	0.15	0.12	
3. Annual growth rate of real GDP per capita in constant 2010 United States dollars (%)		2021	2022	6.34	4.61	
4. Unemployment rate (%)				5.59	5.53	
a. Female		2021	2022	5.31	5.3	
b. Male				5.78	5.71	
5. CO ₂ emissions per unit of GDP (kg per \$ constant 2017 PPP GDP)		2021	2022	0.39	0.37	
6. Deaths attributed to climate-related and geophysical hazards (number) ^b		2022	2023	7,216	4,606	
7. PM2.5 air pollution, mean annual exposure (micrograms per cubic meter)		2018	2019	56.96	56.52	
8. Prevalence of stunting among children under 5 years (%)		2021	2022	23.62	23.11	
9. Worldwide Governance Indicators (average score) ^c		2021	2022	(0.235)	(0.238)	
10. Regional cooperation and integration index (average score) ^d		2020	2021	0.459	0.462	

() = negative, ADB = Asian Development Bank, CO₂ = carbon dioxide, GDP = gross domestic product, kg = kilogram, PM2.5 = particulate matter measuring less than 2.5 microns, PPP = purchasing power parity, SDG = Sustainable Development Goal.

Notes:

- “Concessional assistance countries” refers to a subset of ADB developing member countries that have access to Asian Development Fund grants and concessional ordinary capital resources loans (group A and B countries except India).
- Estimates are averages of actual country values or imputed country values where data are missing for the year required, weighted by population size or by GDP.
- Gray shading in cells indicates the column heading does not apply.
- ^a The World Bank introduced the \$2.15 income per day international poverty threshold in 2022 and revised its estimates in September 2022 reflecting 2017 purchasing power parity (PPP) and new rounds of survey data for India. World Bank. 2022. September 2022 Update to the Poverty and Inequality Platform (PIP): What’s New. Global Poverty Monitoring Technical Note. No. 24. Washington, DC.
- ^b Climate-related hazards include climatological, hydrological, and meteorological hazards.
- ^c The Worldwide Governance Indicators report on six broad dimensions of governance: voice and accountability, government effectiveness, control of corruption, rule of law, regulatory quality, and political stability and absence of violence.
- ^d ADB’s Economic Research and Regional Cooperation Department adapted the Asia-Pacific Regional Cooperation and Integration Index to capture the following dimensions: trade and investment integration, regional value chains, infrastructure and connectivity, movement of people, and institutional and social integration.

LEVEL 1: Development Progress in Asia and the Pacific

ADB Concessional Assistance Countries

Indicator	SDG	Baseline Year(s)	Latest Year	Baseline Value(s)	Latest Value	2023 Signal
1. Population living on less than \$2.15 a day (% , number) ^a		2019	2020	6.934 45,900,000	6.753 45,300,000	
2. Growth rates of household expenditure or income per capita among the bottom 40% and the total population (percentage point difference)		2000–2020	2000–2021	0.14	0.13	
3. Annual growth rate of real GDP per capita in constant 2010 United States dollars (%)		2021	2022	1.34	3.96	
4. Unemployment rate (%)				5.31	5.15	
a. Female		2021	2022	7.10	6.92	
b. Male				4.62	4.47	
5. CO ₂ emissions per unit of GDP (kg per \$ constant 2017 PPP GDP)		2021	2022	0.23	0.21	
6. Deaths attributed to climate-related and geophysical hazards (number) ^b		2022	2023	3,638	2,924	
7. PM2.5 air pollution, mean annual exposure (micrograms per cubic meter)		2018	2019	49.05	49.16	
8. Prevalence of stunting among children under 5 years (%)		2021	2022	28.36	27.6	
9. Worldwide Governance Indicators (average score) ^c		2021	2022	(0.246)	(0.254)	
10. Regional cooperation and integration index (average score) ^d		2020	2021	0.445	0.456	

Notes: (continued)

Sources: Regional aggregates were prepared by ADB's Strategy, Policy, and Partnerships Department using country data from the following sources: ADB Economic Research and Regional Cooperation Department; Centre for Research on the Epidemiology of Disasters. Emergency Events Database. <https://www.emdat.be/database> (accessed 02 February 2024); Global Carbon Budget Project. <https://www.globalcarbonproject.org/carbonbudget/> (accessed 27 December 2023); World Health Organization. The Global Health Observatory. [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/gho-jme-country-children-aged-5-years-stunted-\(-height-for-age--2-sd\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/gho-jme-country-children-aged-5-years-stunted-(-height-for-age--2-sd)). (accessed 19 December 2022). World Bank. Worldwide Governance Indicators. <https://datacatalog.worldbank.org/dataset/worldwide-governance-indicators> (accessed 19 December 2023); and World Bank. World Development Indicators. <https://databank.worldbank.org/source/world-development-indicators> (accessed 13 December 2023). Population data used as weights are from the following sources: World Bank. World Development Indicators. <https://databank.worldbank.org/source/world-development-indicators> (accessed 14 December 2023).

LEVEL 2: Results from Completed Operations

ADB Operations Overall

Indicator	SDG	Number of Completion Reports PCR XARR TCR	Results Achieved	Achievement Rate (%)	Signal
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LEVEL 2A. STRATEGY 2030 OPERATIONAL PRIORITY RESULTS



Operational Priority 1: Addressing Remaining Poverty and Reducing Inequalities

1.1	People benefiting from improved health services, education services, or social protection (number)		27 1 1	116,100,000	99	
1.2	Jobs generated (number)		28 20 1	347,000	100+	
1.3	Poor and vulnerable people with improved standards of living (number)		15	93,478,000	99	

Operational Priority 2: Accelerating Progress in Gender Equality

2.1	Skilled jobs for women generated (number)		16 7	43,000	100+	
2.2	Women and girls completing secondary and tertiary education, and/or other training (number)		18	178,000	100+	
2.3	Women represented in decision-making structures and processes (number)		17 1	4,500	100+	
2.4	Women and girls with increased time savings (number)		4	2,018,000	100+	
2.5	Women and girls with increased resilience under climate change, disasters, and other external shocks (number)		12 1	13,387,000	100+	

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

3.1	Total annual greenhouse gas emissions reduction (tCO ₂ e/year)		14 13	27,233,000	93	
3.2	People with strengthened climate and disaster resilience (number)		7 2	3,713,000	96	
3.3	People benefiting from strengthened environmental sustainability (number)		13 1	14,178,000	100+	

LEVEL 2: Results from Completed Operations

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Number of Completion Reports PCR TCR	Results Achieved	Achievement Rate (%)	Signal
LEVEL 2A. STRATEGY 2030 OPERATIONAL PRIORITY RESULTS ●					
Operational Priority 1: Addressing Remaining Poverty and Reducing Inequalities					
1.1		15 1	5,777,000	100+	
1.2		15	128,000	61	
1.3		5	2,405,000	94	
Operational Priority 2: Accelerating Progress in Gender Equality					
2.1		8	11,000	100+	
2.2		10	33,000	100+	
2.3		11	1,300	99	
2.4		2	186,000	100+	
2.5		7	1,138,000	100+	
Operational Priority 3: Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability					
3.1		1	111,000	100	
3.2		4 1	787,000	100+	
3.3		2	4,859,000	100+	

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LEVEL 2: Results from Completed Operations

ADB Operations Overall

Indicator	SDG	Number of Completion Reports			Results Achieved	Achievement Rate (%)	Signal
		PCR	XARR	TCR			
 Operational Priority 4: Making Cities More Livable							
4.1	11 SUSTAINABLE CITIES AND COMMUNITIES	23			35,422,000	95	✓
4.2	11 SUSTAINABLE CITIES AND COMMUNITIES	7	1		37	100	✓
4.3	11 SUSTAINABLE CITIES AND COMMUNITIES	9			25	96	✓
 Operational Priority 5: Promoting Rural Development and Food Security							
5.1	2 ZERO HUNGER	18	1	1	106,070,000	100	✓
5.2	2 ZERO HUNGER						
5.3	2 ZERO HUNGER	4	1		213,000	100+	✓
 Operational Priority 6: Strengthening Governance and Institutional Capacity							
6.1	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	25	6	8	4,000	100+	✓
6.2	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	40	1	8	4,000	100+	✓
 Operational Priority 7: Fostering Regional Cooperation and Integration							
7.1	17 PARTNERSHIPS FOR THE GOALS	2	1		16,922,400,000	100	✓
7.2	17 PARTNERSHIPS FOR THE GOALS						
7.3	17 PARTNERSHIPS FOR THE GOALS						

ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources, PCR = project completion report, SDG = Sustainable Development Goal, tCO₂e/year = tons of carbon dioxide equivalent per year, TCR = technical assistance completion report, XARR = extended annual review report.

Notes:

- “ADB Operations Overall” are ADB operations financed by regular and concessional OCR and/or ADF grants.
- Results delivered as reported in PCRs, XARRs, and TCRs circulated from 16 November 2021 to 15 November 2022 for regular projects, and 31 December 2022 for COVID-19 Pandemic Response Option (CPRO) projects.
- An annual achievement rate of 80% is used as a benchmark for satisfactory performance. “100+” achievement rate means that achieved results exceeded the planned results. In cases where annual results are too few in number to permit accurate achievement rate scoring (i.e., below 20), results will be cumulated over the years until the minimum value of 20 is reached and achievement rate and score will be reported starting from that year.
- Achieved results over 10,000 are rounded to the nearest 1,000. Values smaller than 10,000 are rounded to the nearest 100. Values smaller than 99 are not rounded.
- Gray shading in cells indicates the column heading does not apply.

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LEVEL 2: Results from Completed Operations

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Number of Completion Reports PCR TCR	Results Achieved	Achievement Rate (%)	Signal
 Operational Priority 4: Making Cities More Livable					
4.1	 11 SUSTAINABLE CITIES AND COMMUNITIES	9	3,617,000	59	
4.2	 11 SUSTAINABLE CITIES AND COMMUNITIES	5 1	24	92	
4.3	 11 SUSTAINABLE CITIES AND COMMUNITIES	7	16		
 Operational Priority 5: Promoting Rural Development and Food Security					
5.1	 2 ZERO HUNGER	6 1	5,322,000	96	
5.2	 2 ZERO HUNGER				
5.3	 2 ZERO HUNGER	3	147,000	100+	
 Operational Priority 6: Strengthening Governance and Institutional Capacity					
6.1	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	9 7	96	100+	
6.2	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 3	3,800	100+	
 Operational Priority 7: Fostering Regional Cooperation and Integration					
7.1	 17 PARTNERSHIPS FOR THE GOALS	1	8,700,000	100	
7.2	 17 PARTNERSHIPS FOR THE GOALS				
7.3	 17 PARTNERSHIPS FOR THE GOALS				

ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources, PCR = project completion report, SDG = Sustainable Development Goal, tCO₂e/year = tons of carbon dioxide equivalent per year, TCR = technical assistance completion report, XARR = extended annual review report.

Notes:

- “ADB Operations Overall” are ADB operations financed by regular and concessional OCR and/or ADF grants.
- Results delivered as reported in PCRs, XARRs, and TCRs circulated from 16 November 2021 to 15 November 2022 for regular projects, and 31 December 2022 for COVID-19 Pandemic Response Option (CPRO) projects.
- An annual achievement rate of 80% is used as a benchmark for satisfactory performance. “100+” achievement rate means that achieved results exceeded the planned results. In cases where annual results are too few in number to permit accurate achievement rate scoring (i.e., below 20), results will be cumulated over the years until the minimum value of 20 is reached and achievement rate and score will be reported starting from that year.
- Achieved results over 10,000 are rounded to the nearest 1,000. Values smaller than 10,000 are rounded to the nearest 100. Values smaller than 1,000 are rounded to the nearest 10. Values smaller than 99 are not rounded.
- Gray shading in cells indicates the column heading does not apply.

LEVEL 2: Results from Completed Operations

ADB Operations Overall

Indicator	SDG	Baseline Year(s)	Baseline Value	2019	2020	2021	2022	2023	2024 Target	2023 Signal
LEVEL 2B. QUALITY OF COMPLETED OPERATIONS										
1. Completed operations rated successful (%) (sovereign)		2016–2018	78	72 ↓	70	70	67 ↓	68	80	
2. Projects closed on time (%) (sovereign) ^a		2016–2018	40	37 ↓	33 ↓	27 ↓	28 ↑	33	45	
3. Completed operations rated successful (%) (nonsovereign)		2016–2018	54	51 ↓	53 ↑	56 ↑	55	55	70	
4. Completed operations delivering intended gender equality results (%) (sovereign and nonsovereign)		2016–2018	75	74	73	81	83	85	80	
5. Clients satisfied with the use of ADB knowledge products (%) ^b		2018	78		79		80		80	

⊙ = periodic performance target, ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources, SDG = Sustainable Development Goal.

Notes:

- “ADB Operations Overall” are ADB operations financed by regular and concessional OCR and/or ADF grants.
- The reporting year for success ratings and delivery of gender results (items 1, 3, and 4) is based on the date that the completion report was circulated, the year ending on 30 June. Thus, a project with a completion report circulated on 1 July 2021 is in reporting year 2022. Projects closed on time and client satisfaction survey (items 2 and 5) are reported by calendar year.
- Success rates of completed operations are ratings evaluated by the Independent Evaluation Department based on validations of project and/or program completion reports and project and/or program performance evaluations.
- Success rates in delivering intended gender equality results are ratings by the Gender Equality Thematic Group based on project and/or program completion reports.
- Gray shading in cells indicates the column heading does not apply.

^a Indicator is reported by calendar year.

^b Data are measured every 2 years.

Sources: ADB (Strategy, Policy, and Partnerships Department; and Climate Change and Sustainable Development Department).

LEVEL 2: Results from Completed Operations

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Baseline Year(s)	Baseline Value	2019	2020	2021	2022	2023	2024 Target	2023 Signal
LEVEL 2B. QUALITY OF COMPLETED OPERATIONS										
1. Completed operations rated <i>successful</i> (%) (sovereign)		2016–2018	77	70 ↓	65 ↓	63 ↓	58 ↓	59	80	●
2. Projects closed on time (%) (sovereign) ^a		2016–2018	40	33 ↓	30 ↓	27 ↓	24 ↓	26	45	↑
3. Completed operations rated <i>successful</i> (%) (nonsovereign)										
4. Completed operations delivering intended gender equality results (%) (sovereign and nonsovereign)		2016–2018	76	77 ●	78 ●	83 ✓	78 ↓	83	80	✓
5. Clients satisfied with the use of ADB knowledge products (%) ^b										

● = periodic performance target, ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources, SDG = Sustainable Development Goal.

Notes:

- “ADB Operations Overall” are ADB operations financed by regular and concessional OCR and/or ADF grants.
- The reporting year for success ratings and delivery of gender results (items 1, 3, and 4) is based on the date that the completion report was circulated, the year ending on 30 June. Thus, a project with a completion report circulated on 1 July 2021 is in reporting year 2022. Projects closed on time and client satisfaction survey (items 2 and 5) are reported by calendar year.
- Success rates of completed operations are ratings evaluated by the Independent Evaluation Department based on validations of project and/or program completion reports and project and/or program performance evaluations.
- Success rates in delivering intended gender equality results are ratings by the Gender Equality Thematic Group based on project and/or program completion reports.
- Gray shading in cells indicates the column heading does not apply.

^a Indicator is reported by calendar year.

^b Data are measured every 2 years.

Sources: ADB (Strategy, Policy, and Partnerships Department; and Climate Change and Sustainable Development Department).

LEVEL 3: ADB's Operational Management

ADB Operations Overall

Indicator	SDG	Baseline Year(s)	Baseline Value	2019	2020	2021	2022	2023	2024 Target	2023 Signal
LEVEL 3A. DESIGN AND IMPLEMENTATION QUALITY --										
1. Infrastructure projects that are design-ready (%) (sovereign)		2018	80	83 	81 	69 	80 	80	Maintain 	
2. Infrastructure projects that are procurement-ready (%) (sovereign)		2018	46	50 	51 	55 	60 	55	60	
3. Performance of operations at implementation rated <i>satisfactory</i> (%) (sovereign) ^a				52	64 	67 	67 	65	Monitor	
4. Operations at risk of not achieving development results (%) (nonsovereign) ^a					32	19 	15 	17	Monitor	
LEVEL 3B. DEVELOPMENT FINANCE 										
5. Disbursement rate (%) (sovereign) ^b		2018		93 	88 	107 	109 	110	90 	
6. Cofinancing ratio (%) (nonsovereign)		2018	120	143 	145 	180 	206 	230	200	
7. Financing for education (%) (sovereign and nonsovereign) ^c		2016–2018	5.43	5.23 	3.76 	4.97 	4.48 	6.50	6–10	
8. Financing for health (%) (sovereign and nonsovereign) ^c		2016–2018	1.75	2.95 	12.03 	30.18 	4.68 	10.65	3–5	
LEVEL 3C. STRATEGIC ALIGNMENT 										
9. Committed operations classified <i>gender equity theme or effective gender mainstreaming</i> (%) (sovereign and nonsovereign)		2016–2018	47	55 	64 	72 	80 	88	50	

LEVEL 3: ADB's Operational Management

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Baseline Year(s)	Baseline Value	2019	2020	2021	2022	2023	2024 Target	2023 Signal
LEVEL 3A. DESIGN AND IMPLEMENTATION QUALITY --										
1. Infrastructure projects that are design-ready (%) (sovereign)		2018	77	84 ↑	77 ↓	68 ↓	84 ↑	79	Monitor	↓
2. Infrastructure projects that are procurement-ready (%) (sovereign)		2018	37	38	45 ↑	56 ↑	64 ↑	54	Monitor	↓
3. Performance of operations at implementation rated <i>satisfactory</i> (%) (sovereign) ^a				53	65 ↑	73 ↑	71	65	Monitor	↓
4. Operations at risk of not achieving development results (%) (nonsovereign) ^a										
LEVEL 3B. DEVELOPMENT FINANCE ○										
5. Disbursement rate (%) (sovereign) ^b										
6. Cofinancing ratio (%) (nonsovereign)										
7. Financing for education (%) (sovereign and nonsovereign) ^c										
8. Financing for health (%) (sovereign and nonsovereign) ^c										
LEVEL 3C. STRATEGIC ALIGNMENT --										
9. Committed operations classified <i>gender equity theme or effective gender mainstreaming</i> (%) (sovereign and nonsovereign)		2016–2018	62	72 ↑	76 ↑	77	84 ↑	90	Monitor	↑

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LEVEL 3: ADB's Operational Management

ADB Operations Overall

Indicator	SDG	Baseline Year(s)	Baseline Value	2019	2020	2021	2022	2023	2024 Target	2023 Signal
10. Committed operations classified <i>gender equity theme, effective gender mainstreaming, or some gender elements</i> (%) (sovereign and nonsovereign)		2016–2018	70	80 	89 	96 	99 	99	71	
11. Committed operations that support climate change mitigation and/or adaptation (%) (sovereign and nonsovereign)		2016–2018	56	59 	58 	56 	64 	79	65	
12. Financing for climate change mitigation and/or adaptation (\$ billion, cumulative) (sovereign and nonsovereign)				6.5 	10.8 	14.3 	21.0 	30.8	35	
13. Nonsovereign operations as a share of total ADB operations (% number) (nonsovereign)		2018	20	26 	22 	27 	28 	29	33	
14. Operations in frontier economies and/or in new sectors (%) (nonsovereign)		2016–2018	48	61 	58 	57 	49 	63	55	
15. Operations supporting poverty reduction and inclusiveness (%) (sovereign and nonsovereign)		2016–2018	[70]	[74] 	[79] 	[84] 	[90] 	[94]	Monitor	

 = periodic performance target, assessed annually; ADB = Asian Development Bank; SDG = Sustainable Development Goal.

Notes:

- “ADB Operations Overall” are ADB operations financed by regular and concessional ordinary capital resources and/or Asian Development Fund grants.
- Gray shading in cells indicates the column heading does not apply.
- Values presented in square brackets ([x]) were calculated using interim methodologies that will be revised.
 - A new methodology for this indicator was introduced during the corporate results framework period. Data are reported starting from the first year that the new methodology was fully applied.
 - The figures for 2021–2023 exclude disbursements to Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021. The bank continues to closely monitor the situation in the two countries and remains committed to supporting their people.
 - A new signal scoring method for this indicator was introduced to enhance its usefulness as a performance monitoring tool. This updated methodology has been applied retroactively to 2019 and 2020. As a result, the 2020 signal for financing for health has been revised from off track to on track but watch.

Sources: ADB (Central and West Asia Department; Climate Change and Sustainable Development Department; Controller's Department; East Asia Department; Pacific Department; Private Sector Operations Department; Procurement, Portfolio, and Financial Management Department; Sectors Group; South Asia Department; Southeast Asia Department; and Strategy, Policy, and Partnerships Department).

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LEVEL 3: ADB's Operational Management

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Baseline Year(s)	Baseline Value	2019	2020	2021	2022	2023	2024 Target	2023 Signal
10. Committed operations classified <i>gender equity theme, effective gender mainstreaming, or some gender elements</i> (%) (sovereign and nonsovereign)		2016–2018	82	91 	94 	99 	99 	100	Monitor	
11. Committed operations that support climate change mitigation and/or adaptation (%) (sovereign and nonsovereign)		2016–2018	58	63 	63 	54 	62 	79	Monitor	
12. Financing for climate change mitigation and/or adaptation (\$ billion, cumulative) (sovereign and nonsovereign)										
13. Nonsovereign operations as a share of total ADB operations (% , number) (nonsovereign)										
14. Operations in frontier economies and/or in new sectors (%) (nonsovereign)										
15. Operations supporting poverty reduction and inclusiveness (%) (sovereign and nonsovereign)										

ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources, SDG = Sustainable Development Goal.

Notes:

- “ADB Operations Overall” are ADB operations financed by regular and concessional OCR and/or ADF grants.
- Gray shading in cells indicates the column heading does not apply.
- Values presented in square brackets ([x]) were calculated using interim methodologies that will be revised.
 - A new methodology for this indicator was introduced during the corporate results framework period. Data are reported starting from the first year that the new methodology was fully applied.
 - The figures for 2021–2023 exclude disbursements to Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021. The bank continues to closely monitor the situation in the two countries and remains committed to supporting their people.
 - A new signal scoring method for this indicator was introduced to enhance its usefulness as a performance monitoring tool. This updated methodology has been applied retroactively to 2019 and 2020. As a result, the 2020 signal for financing for health has been revised from off track to on track but watch.

Sources: ADB (Central and West Asia Department; Climate Change and Sustainable Development Department; Controller's Department; East Asia Department; Pacific Department; Private Sector Operations Department; Procurement, Portfolio, and Financial Management Department; Sectors Group; South Asia Department; Southeast Asia Department; and Strategy, Policy, and Partnerships Department).

LEVEL 4: ADB's Organizational Effectiveness

ADB Operations Overall

Indicator	Baseline Year(s)	Baseline Value	2019	2020	2021	2022	2023	2024 Target	2023 Signal
LEVEL 4A. ORGANIZATIONAL SYSTEMS AND PROCESSES ●									
1. Quality of budget management (%)	2018	5.5 ^a	0.0	5.0	5.0	4.0	3.0	5.0 or less	
2. Procurement contract transactions of \$10 million or more with processing time of 40 days or less (%) (sovereign)	2017–2018	67	67	59	78	74	69	80	
3. Representation of women in the international staff category (%)	2018	36.3	36.7	37.7	37.9	38.7	39.8	40.0	
4. Projects or transactions with sovereign–nonsovereign collaboration (number, cumulative) (sovereign and nonsovereign) ^a	2016–2018	2	8	22	44	66		60	
LEVEL 4B. ORGANIZATIONAL CAPACITY ○									
5. Staff rating ADB's effectiveness in digital transformation (%) ^b	2018	68		80				75	
6. Staff rating ADB as providing enabling culture for Strategy 2030 implementation (%) ^b	2018	58		66				70	
7. Budgeted international and national staff positions in field offices (% of total operations departments) ^c	2018	48	45	46	45	46	40	Monitor	
8. Staff rating ADB as an effective knowledge and learning organization (%) ^d	2021	51.6			51.6		58.8	70.0	

◎ = periodic performance target, assessed annually, ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources.

Notes:

- "ADB Operations Overall" are ADB operations financed by regular and concessional OCR and/or ADF grants.
- Concessional assistance is the subset of ADB's overall operations financed by concessional OCR loans and ADF grants.
- Gray shading in cells indicates the column heading does not apply.
- ^a The target for this indicator was initially set at 18 for 2019 and 2020. However, during the midterm update of the corporate results framework in 2021, it was revised upwards to 60. Monitoring and reporting are discontinued in 2023 as the 2024 target had been reached.
- ^b Data is not available for this indicator because the staff survey was postponed due to the post-pandemic return to office and new ways of working in 2022. The Staff Engagement Survey will be conducted in 2024.
- ^c The new operating model categorized more ADB departments as operations in 2023, increasing the total number of staff positions in operations by 20.4%. Consequently, the proportion of overall field office staff in ADB decreased despite the absolute increase in field office staff from 596 to 628.
- ^d A new methodology for this indicator was introduced during the 2021 midterm review of the corporate results framework. A new baseline and target were set. Data are measured every 2 years.

Sources: ADB (Budget, People, and Management Systems Department; Central and West Asia Department; East Asia Department; Pacific Department; Office of Public–Private Partnerships, Private Sector Operations Department; Procurement, Portfolio, and Financial Management Department; South Asia Department; Southeast Asia Department; Strategy, Policy, and Partnerships Department; Climate Change and Sustainable Development Department).

LEVEL 4: ADB's Organizational Effectiveness

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	Baseline Year(s)	Baseline Value	2019	2020	2021	2022	2023	2024 Target	2023 Signal
LEVEL 4A. ORGANIZATIONAL SYSTEMS AND PROCESSES									--
1. Quality of budget management (%)									
2. Procurement contract transactions of \$10 million or more with processing time of 40 days or less (%) (sovereign)	2017–2018	60	71	49	69	71	64	80	
3. Representation of women in the international staff category (%)									
4. Projects or transactions with sovereign–nonsovereign collaboration (number, cumulative) (sovereign and nonsovereign)									
LEVEL 4B. ORGANIZATIONAL CAPACITY									--
5. Staff rating ADB's effectiveness in digital transformation (%) ^b									
6. Staff rating ADB as providing enabling culture for Strategy 2030 implementation (%) ^b									
7. Budgeted international and national staff positions in field offices (% of total operations departments)									
8. Staff rating ADB as an effective knowledge and learning organization (%) ^c									

ADB = Asian Development Bank, ADF = Asian Development Fund, OCR = ordinary capital resources.

Notes:

- “ADB Operations Overall” are ADB operations financed by regular and concessional OCR and/or ADF grants.
- Concessional assistance is the subset of ADB's overall operations financed by concessional OCR loans and ADF grants.
- Gray shading in cells indicates the column heading does not apply.

^a Monitoring and reporting is discontinued in 2023 because the 2024 target has been reached.

^b Data is not available for this indicator because the staff survey was postponed due to the post-pandemic return to office and new ways of working in 2022. The Staff Engagement Survey will be conducted in 2024.

^c A new methodology for this indicator was introduced during the 2021 midterm review of the corporate results framework. A new baseline and target were set. Data are measured every 2 years.

Sources: ADB (Budget, People, and Management Systems Department; Central and West Asia Department; East Asia Department; Pacific Department; Office of Public-Private Partnerships, Private Sector Operations Department; Procurement, Portfolio, and Financial Management Department; South Asia Department; Southeast Asia Department; Strategy, Policy, and Partnerships Department; Climate Change and Sustainable Development).

Chalyaphum Wind Farm in Subyai District of Chalyaphum Province in Thailand contributes to the country's energy security using renewable sources (photo by Patarapol Tularak).



TRACKING INDICATORS

- **LEVEL 1: Development Progress in Asia and the Pacific**
- **LEVEL 2: Results from Completed Operations**
- **LEVEL 3: ADB's Operational Management**
- **LEVEL 4: ADB's Organizational Effectiveness**

LEVEL 1: Development Progress in Asia and the Pacific

ADB Developing Member Countries Overall

Indicator	SDG	Baseline Year	Latest Year	Baseline Value	Latest Value
1. Population living on less than \$3.65 a day (% , number) ^a					
a. Population living on less than \$3.65 a day (% of population)		2019	2020	24.670	26.175
b. Population living on less than \$3.65 a day (number)		2019	2020	981,600,000	1,049,500,000
2. Youth not in education or training (%)		2020	2021	27.42	24.25
a. Female		2020	2021	40.74	37.56
b. Male		2020	2021	14.93	12.1
3. Lower secondary education graduation rate (%)		2021	2022	95.61	89.29
a. Female		2021	2022	97.50	91.73
b. Male		2021	2022	93.79	88.02
4. Universal health-care coverage service index (%)		2019	2021	67.97	67.38
5. Proportion of adults (15 years and older) with an account at a bank, financial institution, and/or mobile money service provider (%)		2017	2021	69.20	74.42
a. Female		2017	2021	65.54	72.89
b. Male		2017	2021	72.77	75.92
6. Income inequality (average Gini coefficient)		2021	2022	35.00	32.73
7. Labor force participation rate (%)		2020	2021	62.93	64.24
a. Female		2020	2021	47.74	49.17
b. Male		2020	2021	77.6	78.79
8. Proportion of time spent on unpaid domestic and care work (%)					
a. Female		2018	2019	15.40	19.29
b. Male		2017	2018	10.06	5.9
9. Forest area as a proportion of total land area (%)		2020	2021	36.05	36.02
10. Coverage of protected areas in relation to marine areas (%)		2021	2022	6.86	6.86
11. Environmental performance index score (average number)		2020	2022	36.68	33.96
12. Deaths attributed to climate-related and geophysical hazards (number) ^b		2022	2023	7,216	4,606
a. Climate-related hazards		2022	2023	5,611	2,258
b. Geophysical hazards		2022	2023	1,605	2,348
13. Access to social protection—social assistance (%)		2018	2019	9.89	10.86

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LEVEL 1: Development Progress in Asia and the Pacific

ADB Concessional Assistance Countries

Indicator	SDG	Baseline Year	Latest Year	Baseline Value	Latest Value
1. Population living on less than \$3.65 a day (% , number)^a					
a. Population living on less than \$3.65 a day (% of population)		2019	2020	33.478	32.989
b. Population living on less than \$3.65 a day (number)		2019	2020	221,500,000	221,300,000
2. Youth not in education or training (%)		2020	2021	32.87	12.52
a. Female		2020	2021	49.11	14.01
b. Male		2020	2021	16.87	11.11
3. Lower secondary education graduation rate (%)		2021	2022	92.98	82.27
a. Female		2021	2022	96.2	84.99
b. Male		2021	2022	89.89	79.71
4. Universal health-care coverage service index (%)		2019	2021	53.27	53.32
5. Proportion of adults (15 years and older) with an account at a bank, financial institution, and/or mobile money service provider (%)		2017	2021	34.46	39.25
a. Female		2017	2021	26.23	33.01
b. Male		2017	2021	42.55	45.68
6. Income inequality (average Gini coefficient)		2016	2022	32.90	30.15
7. Labor force participation rate (%)		2020	2021	59.86	60.81
a. Female		2020	2021	41.24	42.25
b. Male		2020	2021	79.00	79.95
8. Proportion of time spent on unpaid domestic and care work (%)					
a. Female		2017	2019	13.60	19.29
b. Male		2015	2017	8.26	10.06
9. Forest area as a proportion of total land area (%)		2020	2021	38.99	38.94
10. Coverage of protected areas in relation to marine areas (%)		2021	2022	6.82	6.82
11. Environmental performance index score (average number)		2020	2022	34.28	33.74
12. Deaths attributed to climate-related and geophysical hazards (number)^b		2022	2023	3,638	2,924
a. Climate-related hazards		2022	2023	2,514	744
b. Geophysical hazards		2022	2023	1,124	2,180
13. Access to social protection—social assistance (%)		2017	2018	5.29	8.11

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LEVEL 1: Development Progress in Asia and the Pacific

ADB Developing Member Countries Overall

Indicator	SDG	Baseline Year	Latest Year	Baseline Value	Latest Value
14. Proportion of population with primary reliance on clean fuels and technology for cooking (%)		2020	2021	70.23	72.62
15. Debt sustainability					
a. Present value of debt (% of GNI)		2020	2022	6.10	4.89
b. Total debt service (% of GNI)		2021	2022	2.40	2.93
16. Tax revenue (% of GDP)		2020	2021	8.54	8.44
17. Time to start a business (days)		2018	2019	21.86	21.46
18. Regional cooperation and integration index—money and finance (average score)		2020	2021	0.442	0.440
19. Proportion of population with access to electricity (%)		2020	2021	97.30	98.68
20. Proportion of population using basic drinking water services (%)		2021	2022	94.11	94.76
a. Rural		2021	2022	91.24	92.32
b. Urban		2021	2022	97.28	97.38
21. Proportion of population using basic sanitation services (%)		2021	2022	83.09	84.95
a. Rural		2021	2022	77.03	79.45
b. Urban		2021	2022	89.81	90.87
22. Paved roads (kilometer per 10,000 people)		2020	2021	26.92	27.07
23. Proportion of population covered by a mobile network and/or information and communication technology (%)		2020	2021	98.52	98.57

ADB = Asian Development Bank, GDP = gross domestic product, GNI = gross national income, SDG = Sustainable Development Goal.

Notes:

- Estimates are averages of actual country values or imputed country values where data are missing for the year required, weighted by population size.
 - "Concessional assistance countries" refers to a subset of ADB developing member countries that have access to Asian Development Fund grants and concessional ordinary capital resources loans (group A and B countries except India).
 - Gray shading in cells indicates the column heading does not apply.
- ^a The World Bank introduced the \$3.65 income per day international poverty threshold in 2022 and revised its estimates in September 2022 reflecting 2017 purchasing power parity (PPP) and new rounds of survey data for India. World Bank. 2022. September 2022 Update to the Poverty and Inequality Platform (PIP): What's New. *Global Poverty Monitoring Technical Note*. No. 24. Washington, DC.
- ^b Climate-related hazards include climatological, hydrological, and meteorological hazards.

Sources: Regional aggregates were prepared by ADB's Strategy, Policy, and Partnerships Department using country data from the following sources: ADB Economic Research and Regional Cooperation Department; Centre for Research on the Epidemiology of Disasters. Emergency Events Database. <https://www.emdat.be/database> (accessed 02 February 2024); Global Carbon Budget Project. <https://www.globalcarbonproject.org/carbonbudget/> (accessed 27 December 2023); World Health Organization. The Global Health Observatory. [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/gho-jme-country-children-aged-5-years-stunted-\(-height-for-age--2-sd\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/gho-jme-country-children-aged-5-years-stunted-(-height-for-age--2-sd)). (accessed 19 December 2022). World Bank. Worldwide Governance Indicators. <https://datacatalog.worldbank.org/dataset/worldwide-governance-indicators> (accessed 19 December 2023); and World Bank. World Development Indicators. <https://databank.worldbank.org/source/world-development-indicators> (accessed 13 December 2023). Population data used as weights are from the following sources: World Bank. World Development Indicators. <https://databank.worldbank.org/source/world-development-indicators> (accessed 14 December 2023).

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LEVEL 1: Development Progress in Asia and the Pacific

ADB Concessional Assistance Countries

Indicator	SDG	Baseline Year	Latest Year	Baseline Value	Latest Value
14. Proportion of population with primary reliance on clean fuels and technology for cooking (%)		2020	2021	48.18	49.87
15. Debt sustainability					
a. Present value of debt (% of GNI)		2020	2022	22.76	17.30
b. Total debt service (% of GNI)		2021	2022	4.08	4.63
16. Tax revenue (% of GDP)		2020	2021	9.32	9.09
17. Time to start a business (days)		2018	2019	25.32	24.96
18. Regional cooperation and integration index—money and finance (average score)		2020	2021	0.501	0.485
19. Proportion of population with access to electricity (%)		2020	2021	93.25	94.14
20. Proportion of population using basic drinking water services (%)		2021	2022	91.14	91.51
a. Rural		2021	2022	88.59	89.05
b. Urban		2021	2022	95.78	95.81
21. Proportion of population using basic sanitation services (%)		2021	2022	71.62	72.92
a. Rural		2021	2022	68.16	69.71
b. Urban		2021	2022	77.87	78.51
22. Paved roads (kilometer per 10,000 people)		2020	2021	9.26	8.89
23. Proportion of population covered by a mobile network and/or information and communication technology (%)		2020	2021	94.88	94.94

ADB = Asian Development Bank, GDP = gross domestic product, GNI = gross national income, SDG = Sustainable Development Goal.

Notes:

- Estimates are averages of actual country values or imputed country values where data are missing for the year required, weighted by population size.
 - “Concessional assistance countries” refers to a subset of ADB developing member countries that have access to Asian Development Fund grants and concessional ordinary capital resources loans (group A and B countries except India).
 - Gray shading in cells indicates the column heading does not apply.
- ^a The World Bank introduced the \$3.65 income per day international poverty threshold in 2022 and revised its estimates in September 2022 reflecting 2017 purchasing power parity (PPP) and new rounds of survey data for India. World Bank. 2022. September 2022 Update to the Poverty and Inequality Platform (PIP): What’s New. Global Poverty Monitoring Technical Note. No. 24. Washington, DC.
- ^b Climate-related hazards include climatological, hydrological, and meteorological hazards.

Sources: Regional aggregates were prepared by ADB’s Strategy, Policy, and Partnerships Department using country data from the following sources: ADB Economic Research and Regional Cooperation Department; Centre for Research on the Epidemiology of Disasters. Emergency Events Database. <https://www.emdat.be/database> (accessed 02 February 2024); Global Carbon Budget Project. <https://www.globalcarbonproject.org/carbonbudget/> (accessed 27 December 2023); World Health Organization. The Global Health Observatory. [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/gho-jme-country-children-aged-5-years-stunted-\(height-for-age--2-sd\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/gho-jme-country-children-aged-5-years-stunted-(height-for-age--2-sd)). (accessed 19 December 2022). World Bank. Worldwide Governance Indicators. <https://datacatalog.worldbank.org/dataset/worldwide-governance-indicators> (accessed 19 December 2023); and World Bank. World Development Indicators. <https://databank.worldbank.org/source/world-development-indicators> (accessed 13 December 2023). Population data used as weights are from the following sources: World Bank. World Development Indicators. <https://databank.worldbank.org/source/world-development-indicators> (accessed 14 December 2023).

LEVEL 2: Results from Completed Operation

ADB Operations Overall

Indicator	SDG	Results Achieved 2023
LEVEL 2A. STRATEGY 2030 OPERATIONAL PRIORITY RESULTS		
Operational Priority 1: Addressing Remaining Poverty and Reducing Inequalities		
1.1.1	People enrolled in improved education and/or training (number)	 789,000
1.1.2	Health services established or improved (number)	 32
1.1.3	Social protection schemes established or improved (number)	 49
1.2.1	Business development and financial sector measures supported in implementation (number)	 8
1.2.2	Models for business development and financing established or improved (number)	 6
1.2.3	Enhanced labor policies or standards implemented (number)	 5
1.3.1	Infrastructure assets established or improved (number)	 900
1.3.2	New financial products and services made available to poor and vulnerable people (number)	 25
1.3.3	Measures for increased inclusiveness supported in implementation (number)	 10
Operational Priority 2: Accelerating Progress in Gender Equality		
2.1.1	Women enrolled in TVET and other job trainings (number)	 930,000
2.1.2	Women opening new accounts (number)	 2,900,000
2.1.3	Women-owned or -led SME loan accounts opened or women-owned or -led SME end borrowers reached (number)	 1,583,000
2.1.4	Women and girls benefiting from new or improved infrastructure (number)	 459,000
2.2.1	Women and girls enrolled in STEM or nontraditional TVET (number)	 73,000
2.2.2	Health services for women and girls established or improved (number)	 6
2.2.3	Solutions to prevent or address gender-based violence implemented (number)	 22
2.3.1	Women with strengthened leadership capacities (number)	 27
2.3.2	Measures on gender equality supported in implementation (number)	 27
2.4.1	Time-saving or gender-responsive infrastructure assets and/or services established or improved (number)	 280

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LEVEL 2: Results from Completed Operations

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Results Achieved 2023
LEVEL 2A. STRATEGY 2030 OPERATIONAL PRIORITY RESULTS		
Operational Priority 1: Addressing Remaining Poverty and Reducing Inequalities		
1.1.1	4 QUALITY EDUCATION	775,000
1.1.2	3 GOOD HEALTH AND WELL-BEING	17
1.1.3	1 NO POVERTY	19
1.2.1	8 DECENT WORK AND ECONOMIC GROWTH	4
1.2.2	8 DECENT WORK AND ECONOMIC GROWTH	4
1.2.3	8 DECENT WORK AND ECONOMIC GROWTH	1
1.3.1	9 INDUSTRIALIZATION AND INFRASTRUCTURE	840
1.3.2	8 DECENT WORK AND ECONOMIC GROWTH	1
1.3.3	10 REDUCED INEQUALITIES	3
Operational Priority 2: Accelerating Progress in Gender Equality		
2.1.1	4 QUALITY EDUCATION	34,000
2.1.2	8 DECENT WORK AND ECONOMIC GROWTH	16
2.1.3	5 GENDER EQUALITY	80,000
2.1.4	5 GENDER EQUALITY	1,200
2.2.1	4 QUALITY EDUCATION	73,000
2.2.2	3 GOOD HEALTH AND WELL-BEING	5
2.2.3	5 GENDER EQUALITY	12
2.3.1	5 GENDER EQUALITY	
2.3.2	5 GENDER EQUALITY	20
2.4.1	5 GENDER EQUALITY	250

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LEVEL 2: Results from Completed Operation

ADB Operations Overall		
Indicator	SDG	Results Achieved 2023
2.4.2 Child and elderly care services established or improved (number)		2
2.5.1 Community-based initiatives to build resilience of women and girls under external shocks implemented (number)		6
2.5.2 Climate- and disaster-resilient infrastructure assets and/or services for women and girls established or improved (number)		9
2.5.3 Savings and insurance schemes for women implemented or established (number)		2
2.5.4 Dedicated crisis-responding social assistance schemes for women and girls implemented or established (number)		8
 Operational Priority 3: Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability		
3.1.1 Additional climate finance mobilized (\$)		3,622,320,000
3.1.2 People with increased capacity in implementing mitigation and low-carbon development actions (number)		260
3.1.3 Low-carbon infrastructure assets established or improved (number)		5,500
3.1.4 Installed renewable energy capacity (megawatts)		9,200
3.1.5 Low-carbon solutions promoted and implemented (number)		12
3.2.1 Area with reduced flood risk (hectare)		88,000
3.2.2 Gender-inclusive climate and disaster resilience capacity development initiatives implemented (number)		7
3.2.3 Financial preparedness instruments provided (number)		5
3.2.4 National and subnational disaster risk reduction and/or management plans supported in implementation (number)		120
3.2.5 New and existing infrastructure assets made climate and disaster resilient (number)		210
3.3.1 Pollution control-enhancing infrastructure assets established or improved (number)		99
3.3.2 Solutions to enhance pollution control and resource efficiency implemented (number)		24
3.3.3 Terrestrial, coastal, and marine areas conserved, restored, and/or enhanced (hectare)		100,000
3.3.4 Solutions to conserve, restore, and/or enhance terrestrial, coastal, and marine areas implemented (number)		19

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LEVEL 2: Results from Completed Operations

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Results Achieved 2023
2.4.2 Child and elderly care services established or improved (number)		2
2.5.1 Community-based initiatives to build resilience of women and girls under external shocks implemented (number)		4
2.5.2 Climate- and disaster-resilient infrastructure assets and/or services for women and girls established or improved (number)		
2.5.3 Savings and insurance schemes for women implemented or established (number)		
2.5.4 Dedicated crisis-responding social assistance schemes for women and girls implemented or established (number)		5
 Operational Priority 3: Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability		
3.1.1 Additional climate finance mobilized (\$)		600,000
3.1.2 People with increased capacity in implementing mitigation and low-carbon development actions (number)		
3.1.3 Low-carbon infrastructure assets established or improved (number)		2
3.1.4 Installed renewable energy capacity (megawatts)		10
3.1.5 Low-carbon solutions promoted and implemented (number)		3
3.2.1 Area with reduced flood risk (hectare)		16,000
3.2.2 Gender-inclusive climate and disaster resilience capacity development initiatives implemented (number)		4
3.2.3 Financial preparedness instruments provided (number)		1
3.2.4 National and subnational disaster risk reduction and/or management plans supported in implementation (number)		110
3.2.5 New and existing infrastructure assets made climate and disaster resilient (number)		130
3.3.1 Pollution control-enhancing infrastructure assets established or improved (number)		50
3.3.2 Solutions to enhance pollution control and resource efficiency implemented (number)		9
3.3.3 Terrestrial, coastal, and marine areas conserved, restored, and/or enhanced (hectare)		230
3.3.4 Solutions to conserve, restore, and/or enhance terrestrial, coastal, and marine areas implemented (number)		6

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LEVEL 2: Results from Completed Operation

ADB Operations Overall

Indicator	SDG	Results Achieved 2023
3.3.5 Sustainable water–food–energy security nexus solutions implemented (number)		7
 Operational Priority 4: Making Cities More Livable		
4.1.1 Service providers with improved performance (number)		15
4.1.2 Urban infrastructure assets established or improved (number)		210
4.2.1 Measures to improve regulatory, legal, and institutional environment for better planning supported in implementation (number)		9
4.2.2 Measures to improve financial sustainability supported in implementation (number)		10
4.3.1 Solutions to enhance urban environment implemented (number)		24
4.3.2 Urban climate and disaster resilience capacity development initiatives implemented (number)		2
 Operational Priority 5: Promoting Rural Development and Food Security		
5.1.1 Rural infrastructure assets established or improved (number)		960
5.1.2 Companies providing new or improved nonagricultural goods and services (number)		290
5.1.3 Health care, education, and financial services established or improved (number)		9
5.1.4 Rural economic hubs supported (number)		94
5.2.1 Wholesale markets established or improved (number)		
5.2.2 Storages, agri-logistics, and modern retail assets established or improved (number)		290
5.2.3 Agribusinesses integrating farmers in efficient value chains (number)		2,100
5.2.4 Food safety and traceability standards improved (number)		1
5.3.1 Land improved through climate-resilient irrigation infrastructure and water delivery services (hectare)		32,000
5.3.2 Farmers using quality farm inputs and sustainable mechanization (number)		39,000
5.3.3 Commercial farming land supported (hectare)		
5.3.4 Modern knowledge-intensive corporate farming models introduced (number)		1

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LEVEL 2: Results from Completed Operations

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Results Achieved 2023
3.3.5 Sustainable water–food–energy security nexus solutions implemented (number)		2
 Operational Priority 4: Making Cities More Livable		
4.1.1 Service providers with improved performance (number)		2
4.1.2 Urban infrastructure assets established or improved (number)		53
4.2.1 Measures to improve regulatory, legal, and institutional environment for better planning supported in implementation (number)		5
4.2.2 Measures to improve financial sustainability supported in implementation (number)		4
4.3.1 Solutions to enhance urban environment implemented (number)		10
4.3.2 Urban climate and disaster resilience capacity development initiatives implemented (number)		
 Operational Priority 5: Promoting Rural Development and Food Security		
5.1.1 Rural infrastructure assets established or improved (number)		900
5.1.2 Companies providing new or improved nonagricultural goods and services (number)		
5.1.3 Health care, education, and financial services established or improved (number)		9
5.1.4 Rural economic hubs supported (number)		94
5.2.1 Wholesale markets established or improved (number)		
5.2.2 Storages, agri-logistics, and modern retail assets established or improved (number)		
5.2.3 Agribusinesses integrating farmers in efficient value chains (number)		
5.2.4 Food safety and traceability standards improved (number)		1
5.3.1 Land improved through climate-resilient irrigation infrastructure and water delivery services (hectare)		12,000
5.3.2 Farmers using quality farm inputs and sustainable mechanization (number)		
5.3.3 Commercial farming land supported (hectare)		
5.3.4 Modern knowledge-intensive corporate farming models introduced (number)		

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LEVEL 2: Results from Completed Operation

ADB Operations Overall

Indicator	SDG	Results Achieved 2023
 Operational Priority 6: Strengthening Governance and Institutional Capacity		
6.1.1	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	51,000
6.1.2	 17 PARTNERSHIPS FOR THE GOALS	33
6.1.3	 1 NO POVERTY	39
6.1.4	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	15
6.2.1	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	120
6.2.2	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	27
6.2.3	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	26
6.2.4	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	8
 Operational Priority 7: Fostering Regional Cooperation and Integration		
7.1.1	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11
7.1.2	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	1
7.1.3	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	190
7.1.4	 17 PARTNERSHIPS FOR THE GOALS	
7.2.1	 17 PARTNERSHIPS FOR THE GOALS	60
7.2.2	 17 PARTNERSHIPS FOR THE GOALS	4
7.2.3	 17 PARTNERSHIPS FOR THE GOALS	2
7.2.4	 17 PARTNERSHIPS FOR THE GOALS	9
7.3.1	 13 CLIMATE ACTION	3
7.3.2	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	

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LEVEL 2: Results from Completed Operations

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Results Achieved 2023
 Operational Priority 6: Strengthening Governance and Institutional Capacity		
6.1.1		23,000
6.1.2		24
6.1.3		19
6.1.4		13
6.2.1		96
6.2.2		10
6.2.3		11
6.2.4		3
 Operational Priority 7: Fostering Regional Cooperation and Integration		
7.1.1		11
7.1.2		1
7.1.3		
7.1.4		
7.2.1		56
7.2.2		4
7.2.3		1
7.2.4		9
7.3.1		3
7.3.2		

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LEVEL 2: Results from Completed Operation

ADB Operations Overall

Indicator	SDG	Results Achieved 2023
7.3.3 Measures to improve regional public health and education services supported in implementation (number)	 1 NO POVERTY	13
7.3.4 Regional or subregional mechanisms created or operationalized to enhance coordination and cooperation among DMCs on regional public goods (number)	 17 PARTNERSHIPS FOR THE GOALS	

ADB = Asian Development Bank, ADF = Asian Development Fund, DMC = developing member country, ICT = information and communication technology, OCR = ordinary capital resources, SDG = Sustainable Development Goal, SME = small and medium-sized enterprises, SOE = state-owned enterprise, STEM = science, technology, engineering, and math, TVET = technical and vocational education and training.

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LEVEL 2: Results from Completed Operations

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Results Achieved 2023
7.3.3 Measures to improve regional public health and education services supported in implementation (number)		13
7.3.4 Regional or subregional mechanisms created or operationalized to enhance coordination and cooperation among DMCs on regional public goods (number)		

Notes:

1. "ADB Operations Overall" are ADB operations financed by regular and concessional OCR and/or ADF grants.
2. Results delivered as reported in project completion reports, extended annual review reports, and technical assistance completion reports circulated from 16 November 2021 to 15 November 2022 for regular projects, and 31 December 2022 for COVID-19 Pandemic Response Option (CPRO) projects.
3. Achieved results over 10,000 are rounded to the nearest 1,000. Values smaller than 10,000 are rounded to the nearest 100. Values smaller than 1,000 are rounded to the nearest 10. Values smaller than 99 are not rounded.
4. Gray shading in cells indicates the column heading does not apply.

LEVEL 2: Results from Completed Operations

ADB Operations Overall

Indicator	Period	2018	2019	2020	2021	2022	2023
LEVEL 2B. QUALITY OF COMPLETED OPERATIONS							
1. Completed operations rated <i>successful</i> (%) (sovereign)							
a. Investment projects	3-year	76	70	68	70	67	66
b. Policy-based operations	3-year	89	82	84	71	72	74
c. Fragile and conflict-affected situations DMCs	3-year	75	56	56	62	52	40
d. Small island developing states	3-year	59	42	56	52	48	43
2. Completed operations rated <i>successful</i> (%) (sovereign)							
a. Relevance	3-year	88	82	82	83	84	85
b. Efficiency	3-year	72	74	71	70	66	67
c. Effectiveness	3-year	74	68	63	68	67	70
d. Sustainability	3-year	69	61	62	65	67	64
3. Completed operations rated <i>successful</i> (%) (nonsovereign)							
a. Development results	3-year	54	51	54	57	58	59
b. ADB's additionality	3-year	63	54	56	57	61	66
c. ADB's investment profitability	3-year	74	71	67	63	66	66
d. ADB's work quality	3-year	51	40	56	59	63	59
4. Web-distributed knowledge solutions (number of downloads)	Annual	725,000	834,900	978,229	1,368,368	1,467,445	1,255,969
5. Engagement on social media (number)							
a. Subscribers and followers	Annual	653,788	774,792	921,414	1,028,562	1,094,654	1,170,572
b. Active engagement	Annual	2,809,867	1,764,273	2,499,784	1,022,332	2,191,073	1,468,649
6. Event participants reporting increased knowledge and/or skills (number)^a	Annual					9,443	2,546
7. Clients satisfied with ADB's development effectiveness (%)	Every 2 years			75		78	
8. Completed technical assistance projects rated <i>successful</i> (%) (sovereign and nonsovereign)	3-year	88	86	83	82	83	87
9. Completed country strategies and assistance programs rated <i>successful</i> (%) (sovereign and nonsovereign)	3-year	80	87	88	79	63	100
10. Impact evaluations completed (number)	Annual	2	2	2	2	8	4
11. Operations with meaningful civil society organization engagement (%)	Annual			79	76	85	84

ADB = Asian Development Bank, ADF = Asian Development Fund, DMC = developing member country, OCR = ordinary capital resources.

Notes:

- "ADB Operations Overall" are ADB operations financed by regular and concessional OCR and/or ADF grants.
- Success rates of completed operations and country strategies and assistance programs are ratings evaluated by the Independent Evaluation Department based on validations of project and/or program completion reports, project and/or program performance evaluations, country assistance program evaluations, and validations of country partnership final reviews.
- Technical assistance success ratings are from technical assistance project completion reports, which are not reviewed by the Independent Evaluation Department.

LEVEL 2: Results from Completed Operations

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	Period	2018	2019	2020	2021	2022	2023
LEVEL 2B. QUALITY OF COMPLETED OPERATIONS							
1. Completed operations rated <i>successful</i> (%) (sovereign)							
a. Investment projects	3-year	73	66	64	65	60	59
b. Policy-based operations	3-year	92	83	75	56	52	58
c. Fragile and conflict-affected situations DMCs	3-year	75	56	53	58	48	39
d. Small island developing states	3-year	62	47	53	48	42	36
2. Completed operations rated <i>successful</i> (%) (sovereign)							
a. Relevance	3-year	89	83	80	81	81	83
b. Efficiency	3-year	73	75	71	68	60	60
c. Effectiveness	3-year	73	64	56	60	58	64
d. Sustainability	3-year	66	59	59	61	64	60
3. Completed operations rated <i>successful</i> (%) (nonsovereign)							
a. Development results							
b. ADB's additionality							
c. ADB's investment profitability							
d. ADB's work quality							
4. Web-distributed knowledge solutions (number of downloads)							
5. Engagement on social media (number)							
a. Subscribers and followers							
b. Active engagement							
6. Event participants reporting increased knowledge and/or skills (number)^a							
7. Clients satisfied with ADB's development effectiveness (%)							
8. Completed technical assistance projects rated <i>successful</i> (%) (sovereign and nonsovereign)	3-year	88	86	87	86	88	89
9. Completed country strategies and assistance programs rated <i>successful</i> (%) (sovereign and nonsovereign)	3-year	67	71	71	67	50	57
10. Impact evaluations completed (number)	Annual	2	1	1	0	2	3
11. Operations with meaningful civil society organization engagement (%)							

Notes: (continued)

4. Indicators 1–3 and 8–9 are reported by reporting year, which is based on the year completion reports are circulated, ending on 30 June. An operation with a completion report circulated on 1 July 2022 is in reporting year 2023. Indicators 4–6 and 10–11 are reported by calendar year.

5. Gray shading in cells indicates the column heading does not apply.

^a The 2022 DEFAR reported 3,455,188 active engagement but figure is updated in 2023.

^b Since 2022, a revised indicator definition is being used to measure event participants to flagship and signature events that are open to DMC and external participants. The data for 2023 is based on 40 flagship and signature events conducted.

^c Data are measured every 2 years.

Sources: ADB (Strategy, Policy, and Partnerships Department; Department of Communications and Knowledge Management; Independent Evaluation Department; and Climate Change and Sustainable Development Department).

LEVEL 3: ADB's Operational Management

ADB Operations Overall

Indicator	SDG	Period	2018	2019	2020	2021	2022	2023
LEVEL 3A. DESIGN AND IMPLEMENTATION QUALITY								
1. Performance of operations at implementation rated <i>satisfactory</i> (%) (sovereign) ^a		Annual		52	64	67	67	65
a. Output		Annual		84	86	90	89	87
b. Contract award		Annual		75	68	72	73	71
c. Disbursement		Annual		75	67	72	72	72
d. Financial management		Annual		65	88	88	86	85
e. Safeguards		Annual		73	81	85	85	89
LEVEL 3B. DEVELOPMENT FINANCE								
2. Time from concept approval to first disbursement (months) (sovereign)		Annual	31.8	30.5	28.3	28.2	30.5	37.6
a. From concept approval to loan fact-finding		Annual	14.3	10.8	10.9	10.5	11.2	11.9
b. From loan fact-finding to approval		Annual	8.3	7.2	7.5	6.6	7.4	14.1
c. From approval to commitment		Annual	3.5	3.3	2.1	2.8	1.9	1.3
d. From commitment to first disbursement		Annual	5.7	9.2	8.9	10.3	10.1	10.3
3. Time from concept approval to first disbursement (months) (nonsovereign)		Annual	16.4	16.3	14.7	14.0	16.8	14.9
a. From concept clearance to project approval		Annual	7.2	8.4	7.3	5.9	7.1	7.7
b. From approval to signing		Annual	5.6	3.8	2.6	3.2	4.3	2.3
c. From signing to first disbursement		Annual	3.7	4.1	4.7	4.9	5.4	4.9
4. Overall disbursement (\$ billion) (sovereign)		Annual	9.2	9.5	9.2	11.1	11.0	10.0
5. Disbursement ratio (%) (sovereign) ^b		Annual	21.1	19.6	18.5	23.0	22.5	21.7
6. Approvals (\$ billion) (sovereign and nonsovereign)		Annual	19.3	19.4	27.9	20.3	17.8	23.7
7. Commitments (\$ billion) (sovereign and nonsovereign)		Annual	21.6	21.6	28.2	19.5	17.5	21.3
8. Commitments in concessional assistance countries (group A + group B) (%) (sovereign and nonsovereign)								
9. Commitments in FCAS DMCs and SIDS (%) (sovereign and nonsovereign)		Annual	8	8	10	6	9	4
10. Private direct mobilization (\$ billion) (sovereign and nonsovereign) ^c		Annual	0.8	1.7	1.3	1.3		
11. Sovereign cofinancing (\$ billion) (sovereign)		Annual		4.8	11.1	5.0	4.3	9.5

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LEVEL 3: ADB's Operational Management

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Period	2018	2019	2020	2021	2022	2023
LEVEL 3A. DESIGN AND IMPLEMENTATION QUALITY								
1. Performance of operations at implementation rated <i>satisfactory</i> (%) (sovereign) ^a		Annual		53	65	73	71	65
a. Output		Annual		84	85	89	88	86
b. Contract award		Annual		75	71	76	76	71
c. Disbursement		Annual		72	67	76	74	74
d. Financial management		Annual		67	90	91	90	85
e. Safeguards		Annual		75	81	84	85	91
LEVEL 3B. DEVELOPMENT FINANCE								
2. Time from concept approval to first disbursement (months) (sovereign)		Annual	33.2	29.6	28.2	25.8	26.9	36.5
a. From concept approval to loan fact-finding		Annual	15.7	10.6	12.1	11.9	11.5	10.7
b. From loan fact-finding to approval		Annual	8.7	7.0	7.1	6.1	6.7	14.7
c. From approval to commitment		Annual	2.9	2.9	2.0	2.3	1.7	1.1
d. From commitment to first disbursement		Annual	5.8	9.0	8.8	8.2	7.9	10.0
3. Time from concept approval to first disbursement (months) (nonsovereign)								
a. From concept clearance to project approval								
b. From approval to signing								
c. From signing to first disbursement								
4. Overall disbursement (\$ billion) (sovereign)		Annual	1.9	1.9	1.9	2.7	2.0	2.4
5. Disbursement ratio (%) (sovereign) ^b		Annual	19.8	15.7	14.6	24.8	19.8	21.8
6. Approvals (\$ billion) (sovereign and nonsovereign)		Annual	5.2	3.5	5.5	3.1	4.0	5.2
7. Commitments (\$ billion) (sovereign and nonsovereign)		Annual	5.3	4.5	5.4	3.0	4.1	4.9
8. Commitments in concessional assistance countries (group A + group B) (%) (sovereign and nonsovereign)		Annual	45	40	36	37	47	41
9. Commitments in FCAS DMCs and SIDS (%) (sovereign and nonsovereign)		Annual	28	20	36	13	19	16
10. Private direct mobilization (\$ billion) (sovereign and nonsovereign) ^c								
11. Sovereign cofinancing (\$ billion) (sovereign)								

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LEVEL 3: ADB's Operational Management

ADB Operations Overall

Indicator	SDG	Period	2018	2019	2020	2021	2022	2023
LEVEL 3C. STRATEGIC ALIGNMENT								
12. Committed operations that promote gender equality (%) (sovereign and nonsovereign)								
a1. GEN—sovereign operations		3-year	8	8	9	9	10	13
a2. GEN—nonsovereign operations		3-year	11	13	10	11	9	13
b1. EGM—sovereign operations		3-year	44	54	63	69	74	76
b2. EGM—nonsovereign operations		3-year	12	16	27	43	60	75
c1. SGE—sovereign operations		3-year	23	21	20	20	15	10
c2. SGE—nonsovereign operations		3-year	28	35	45	38	29	13
d1. NGE—sovereign operations		3-year	25	16	9	2	1	1
d2. NGE—nonsovereign operations		3-year	49	35	18	8	2	0
e. Nonsovereign operations rated GEN, EGM, or SGE that meet gender lens investing criteria ^d		3-year					57	58
13. Financing for gender equality (%) (sovereign and nonsovereign)		3-year	41	51	65	77	86	92
14. Committed operations supporting climate change (%) (sovereign and nonsovereign)								
a. Only mitigation		3-year	17	16	14	13	14	17
b. Only adaptation		3-year	28	26	22	16	14	16
c. Both mitigation and adaptation		3-year	12	17	22	27	36	46
15. Financing for climate change (\$ billion, cumulative) (sovereign and nonsovereign)								
a. Mitigation		Annual		5.1	8.6	10.9	14.9	20.4
b. Adaptation		Annual		1.4	2.2	3.4	6.1	10.4
16. Committed operations and financing aligned with Paris Agreement (%) (sovereign and nonsovereign)^e								100
a1. Sovereign operations - % of operations		Annual						100
a2. Sovereign operations - % of financing								100
b1. Nonsovereign operations - % of operations								100
b2. Nonsovereign operations - % of financing								100
17. Nonsovereign operations as a share of total ADB operations (%,\$) (nonsovereign)		Annual	19.3	17.5	6.2	7.2	8.4	10.6
18. Operations or transactions supporting inclusive business (number) (nonsovereign)		Annual	6	8	6	10	7	9
19. Operations that are green, sustainable, inclusive, and resilient (%) (sovereign and nonsovereign)^f		Annual		100	100	100		

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LEVEL 3: ADB's Operational Management

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Period	2018	2019	2020	2021	2022	2023
LEVEL 3C. STRATEGIC ALIGNMENT								
12. Committed operations that promote gender equality (%) (sovereign and nonsovereign)								
a1. GEN—sovereign operations		3-year	12	13	10	10	12	19
a2. GEN—nonsovereign operations								
b1. EGM—sovereign operations		3-year	50	60	66	66	73	70
b2. EGM—nonsovereign operations								
c1. SGE—sovereign operations		3-year	20	19	18	22	15	11
c2. SGE—nonsovereign operations								
d1. NGE—sovereign operations		3-year	18	9	6	1	1	0
d2. NGE—nonsovereign operations								
e. Nonsovereign operations rated GEN, EGM, or SGE that meet gender lens investing criteria ^d								
13. Financing for gender equality (%) (sovereign and nonsovereign)		3-year	67	71	67	68	79	94
14. Committed operations supporting climate change (%) (sovereign and nonsovereign)								
a. Only mitigation		3-year	10	8	7	7	7	6
b. Only adaptation		3-year	35	36	33	23	18	21
c. Both mitigation and adaptation		3-year	14	19	23	25	36	51
15. Financing for climate change (\$ billion, cumulative) (sovereign and nonsovereign)								
a. Mitigation		Annual		0.3	0.7	0.9	1.1	1.5
b. Adaptation		Annual		0.4	0.6	0.7	1.6	3.2
16. Committed operations and financing aligned with Paris Agreement (%) (sovereign and nonsovereign) ^e								
a1. Sovereign operations - % of operations								
a2. Sovereign operations - % of financing								
b1. Nonsovereign operations - % of operations								
b2. Nonsovereign operations - % of financing								
17. Nonsovereign operations as a share of total ADB operations (%,\$) (nonsovereign)								
18. Operations or transactions supporting inclusive business (number) (nonsovereign)								
19. Operations that are green, sustainable, inclusive, and resilient (%) (sovereign and nonsovereign) ^f								

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LEVEL 3: ADB's Operational Management

ADB Operations Overall

Indicator	SDG	Period	2018	2019	2020	2021	2022	2023
20. Operations contributing to each of the seven operational priorities (%) (sovereign and nonsovereign)								
 Priority 1: Addressing remaining poverty and reducing inequalities		Annual		[75]	[86]	[85]	78	79
 Priority 2: Accelerating progress in gender equality		Annual		[92]	[98]	[100]	97	98
 Priority 3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		Annual		[59]	[56]	[63]	81	92
 Priority 4: Making cities more livable		Annual		[23]	[23]	[25]	27	24
 Priority 5: Promoting rural development and food security		Annual		[27]	[23]	[25]	32	35
 Priority 6: Strengthening governance and institutional capacity		Annual		[68]	[73]	[56]	62	66
 Priority 7: Fostering regional cooperation and integration		Annual		[22]	[30]	[36]	24	18
21. Operations contributing to social protection (%) (sovereign and nonsovereign)		3-year	5	5	10	12	14	8
22. Disability-inclusive operations (%) (sovereign and nonsovereign)		Annual		5	8	15	18	12
23. Operations aligned with SDGs (sovereign and nonsovereign) (%)								
 SDG 1: No Poverty		Annual		34	56	59	68	52
 SDG 2: Zero Hunger		Annual		8	16	17	20	21
 SDG 3: Good Health and Well-being		Annual		12	27	24	16	13
 SDG 4: Quality Education		Annual		9	5	10	8	10
 SDG 5: Gender Equality		Annual		52	69	81	92	81
 SDG 6: Clean Water and Sanitation		Annual		13	14	12	13	16
 SDG 7: Affordable and Clean Energy		Annual		19	20	15	14	20
 SDG 8: Decent Work and Economic Growth		Annual		17	37	26	28	32
 SDG 9: Industry, Innovation and Infrastructure		Annual		30	31	35	35	34
 SDG 10: Reduced Inequalities		Annual		33	46	42	47	24

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LEVEL 3: ADB's Operational Management

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Period	2018	2019	2020	2021	2022	2023
<p>20. Operations contributing to each of the seven operational priorities (%) (sovereign and nonsovereign)</p> <p> Priority 1: Addressing remaining poverty and reducing inequalities</p> <p> Priority 2: Accelerating progress in gender equality</p> <p> Priority 3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability</p> <p> Priority 4: Making cities more livable</p> <p> Priority 5: Promoting rural development and food security</p> <p> Priority 6: Strengthening governance and institutional capacity</p> <p> Priority 7: Fostering regional cooperation and integration</p>								
21. Operations contributing to social protection (%) (sovereign and nonsovereign)		3-year	5	5	11	14	18	13
22. Disability-inclusive operations (%) (sovereign and nonsovereign)		Annual		3	5	17	23	16
<p>23. Operations aligned with SDGs (sovereign and nonsovereign) (%)</p> <p> SDG 1: No Poverty</p> <p> SDG 2: Zero Hunger</p> <p> SDG 3: Good Health and Well-being</p> <p> SDG 4: Quality Education</p> <p> SDG 5: Gender Equality</p> <p> SDG 6: Clean Water and Sanitation</p> <p> SDG 7: Affordable and Clean Energy</p> <p> SDG 8: Decent Work and Economic Growth</p> <p> SDG 9: Industry, Innovation and Infrastructure</p> <p> SDG 10: Reduced Inequalities</p>								

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LEVEL 3: ADB's Operational Management

ADB Operations Overall

Indicator	SDG	Period	2018	2019	2020	2021	2022	2023
 SDG 11: Sustainable Cities and Communities		Annual		15	20	17	16	20
 SDG 12: Responsible Consumption and Production		Annual		14	18	18	19	22
 SDG 13: Climate Action		Annual		66	53	61	82	81
 SDG 14: Life Below Water		Annual		1	1	0	2	5
 SDG 15: Life on Land		Annual		1	2	2	4	4
 SDG 16: Peace, Justice, and Strong Institutions		Annual		5	12	10	10	14
 SDG 17: Partnerships for the Goals		Annual		6	15	12	11	11
24. Operations using country procurement systems (%) (sovereign)		Annual	54	60	76	57	62	64
25. Contracts using government e-procurement systems (\$ billion) (sovereign)		Annual		4.5	4.6	3.6	4.1	3.5
26. Innovative operations and technical assistance projects (%) (sovereign and nonsovereign)^g								

ADB = Asian Development Bank, DMC = developing member country, EGM = effective gender mainstreaming, FCAS = fragile and conflict-affected situations, GEN = gender equity theme, NGE = no gender elements, SDG = Sustainable Development Goal, SGE = some gender elements, SIDS = small island developing states.

Notes:

- “ADB Operations Overall” are ADB operations financed by regular and concessional ordinary capital resources (OCR) and/or Asian Development Fund (ADF) grants.
- “Concessional assistance countries” refers to a subset of ADB DMCs that have access to concessional OCR loans, and ADF grants.
- Gray shading in cells indicates the column heading does not apply.
- Values presented in square brackets ([x]) were calculated using interim methodologies that will be revised.
 - A new methodology for this indicator was introduced during the corporate results framework period. Data are reported starting from the first year that the new methodology was fully applied. In addition, in 2021 the methodology was enhanced and retroactively updated 2019 and 2020 scores.
 - The figures for 2021–2023 exclude disbursements to Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021. The bank continues to closely monitor the situation in the two countries and remains committed to supporting their people.
 - Data were collected with a 2-year time lag.
 - Values reported represent annual performance only.
 - Indicator was introduced in 2021, and data are reported starting from 2023. ADB committed to full Paris alignment of its sovereign operations and 85% alignment of its nonsovereign operations by 1 July 2023. In line with this, 100% of both sovereign and nonsovereign projects that ADB approved between 1 July and 31 December 2023 were assessed and confirmed as aligned with the Paris Agreement following the MDB methodological framework for the assessment of operations. Given the mid-year starting time and the time lag between approval and commitment, in terms of percentage of number and volume of operations committed during the full year, this translates to 61% and 68%, respectively.
 - Measuring and reporting of this indicator was discontinued in 2022.
 - In 2021, ADB approved a Knowledge Management Action Plan for 2021–2025 that recommended the development and implementation of an innovation framework. Indicator methodology is currently under development.

Sources: ADB (Central and West Asia Department; Climate Change and Sustainable Development Department; Controller's Department; Department of Communications and Knowledge Management; East Asia Department; Pacific Department; Private Sector Operations Department; Procurement, Portfolio, and Financial Management Department; Sectors Group; South Asia Department; Southeast Asia Department; and Strategy, Policy, and Partnerships Department).

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LEVEL 3: ADB's Operational Management

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	SDG	Period	2018	2019	2020	2021	2022	2023
 SDG 11: Sustainable Cities and Communities								
 SDG 12: Responsible Consumption and Production								
 SDG 13: Climate Action								
 SDG 14: Life Below Water								
 SDG 15: Life on Land								
 SDG 16: Peace, Justice, and Strong Institutions								
 SDG 17: Partnerships for the Goals								
24. Operations using country procurement systems (%) (sovereign)		Annual	35	58	76	14	67	56
25. Contracts using government e-procurement systems (\$ billion) (sovereign)								
26. Innovative operations and technical assistance projects (%) (sovereign and nonsovereign)^g								

ADB = Asian Development Bank, ADF = Asian Development Fund, DMC = developing member country, EGM = effective gender mainstreaming, FCAS = fragile and conflict-affected situations, GEN = gender equity theme, NGE = no gender elements, OCR = ordinary capital resources, SDG = Sustainable Development Goal, SGE = some gender elements, SIDS = small island developing states.

Notes:

1. "ADB Operations Overall" are ADB operations financed by regular and concessional OCR and/or ADF grants.
2. "Concessional assistance countries" refers to a subset of ADB DMCs that have access to regular OCR loans, concessional OCR loans, and ADF grants.
3. Gray shading in cells indicates the column heading does not apply.
4. Values presented in square brackets ([x]) were calculated using interim methodologies that will be revised.
 - a. A new methodology for this indicator was introduced during the corporate results framework period. Data are reported starting from the first year that the new methodology was fully applied. In addition, in 2021 the methodology was enhanced and retroactively updated 2019 and 2020 scores.
 - b. The figures for 2021–2023 exclude disbursements to Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021. The bank continues to closely monitor the situation in the two countries and remains committed to supporting their people.
 - c. Data were collected with a 2-year time lag.
 - d. Values reported represent annual performance only.
 - e. Indicator was introduced in 2021, and data are reported starting from 2023. ADB committed to full Paris alignment of its sovereign operations and 85% alignment of its nonsovereign operations by 1 July 2023. In line with this, 100% of both sovereign and nonsovereign projects that ADB approved between 1 July and 31 December 2023 were assessed and confirmed as aligned with the Paris Agreement following the MDB methodological framework for the assessment of operations. Given the mid-year starting time and the time lag between approval and commitment, in terms of percentage of number and volume of operations committed during the full year, this translates to 61% and 68%, respectively.
 - f. Measuring and reporting of this indicator was discontinued in 2022.
 - g. In 2021, ADB approved a Knowledge Management Action Plan for 2021–2025 that recommended the development and implementation of an innovation framework. Indicator methodology is currently under development.

Sources: ADB (Central and West Asia Department; Controller's Department; East Asia Department; Pacific Department; Private Sector Operations Department; Procurement, Portfolio, and Financial Management Department; South Asia Department; Southeast Asia Department; Strategy, Policy, and Partnerships Department; Climate Change and Sustainable Development Department).

LEVEL 4: ADB's Organizational Effectiveness

ADB Operations Overall

Indicator	Period	2018	2019	2020	2021	2022	
LEVEL 4A. ORGANIZATIONAL SYSTEMS AND PROCESSES							
1. Capital utilization ratio (%) (sovereign and nonsovereign)	Annual	54.6	62.1	69.1	74.0	83.9	70
2. Impaired loan ratio (%) (nonsovereign) ^a	Annual	4.7	4.8	4.2	4.8	4.6	5.4
3. Weighted average risk rating of the nonsovereign portfolio (nonsovereign) ^b	Annual	9.8 (B)	9.9 (B)				
4. Internal administrative expenses per \$1 million disbursement ('000)	Annual	49.6	49.0	37.8	37.6	36.6	43.8
5. Internal administrative expenses per project under administration (\$ '000)	Annual	751	794	771	804	798	846
6. Internal administrative expenses per project approved (\$ '000) ^c	Annual	4,559	4,877	4,225	4,665	4,858	5,614
7. Procurement time from advertisement to contract signing, \$10 million or more (days) (sovereign)	Annual	269	265	285	313	304	310
8. Consulting services recruitment time for ADB-administered contracts, from consulting services recruitment notice to consultant contract signing (days) (sovereign)	Annual	178	163	185	167	183	203
9. Audited financial statements reviewed on time (%) (sovereign)	Annual		55	76	79	84	83
10. Representation of women in the international staff category (%)	Annual	36.3	36.7	37.7	37.9	38.7	39.8
a. Levels 1-3		55.1	55.9	58.3	55.2	53.0	52.1
b. Levels 4-6		35.4	36.7	36.8	37.3	38.6	39.9
c. Levels 7-8		26.1	24.1	29.3	30.2	31.9	30.9
d. Levels 9-10		27.5	29.4	35.6	38.6	36.0	37.7
11. Clients satisfied with ADB's responsiveness (%)	Every 2 years			63		75	
12. Stakeholders satisfied with ADB's collaboration with development partners (%)	Every 2 years			63		76	
LEVEL 4B. ORGANIZATIONAL CAPACITY							
13. Digital products completed (number, cumulative)	Annual		27	77	172	231	261
14. Staff training budget (average \$ per staff)	Annual		887	621	506	694	1,435
15. Departments with documented and tested business continuity plans in place (number)	Annual		7	4	7	7	7
16. Budgeted international and national staff positions in FCAS DMCs and SIDS field offices (number)	Annual	82	84	86	97	96	95
17. Operations administered in field offices (%) (sovereign)	Annual		53	57	53	55	59
18. Share of operational expenses for operations departments and direct operations support departments (%)	Annual	83.7	83.8	82.9	83.0	83.2	82.4

ADB = Asian Development Bank, ADF = Asian Development Fund, DMC = developing member country, FCAS = fragile and conflict-affected situations, OCR = ordinary capital resources, SIDS = small island developing states.

Notes:

- "ADB Operations Overall" are ADB operations financed by regular and concessional OCR and/or ADF grants.
- Concessional assistance is the subset of ADB's overall operations financed by concessional OCR loans and ADF grants.
- Gray shading in cells indicates the column heading does not apply.

LEVEL 4: ADB's Organizational Effectiveness

Operations Financed by Concessional OCR Loans and ADF Grants

Indicator	Period	2018	2019	2020	2021	2022	2023
LEVEL 4A. ORGANIZATIONAL SYSTEMS AND PROCESSES							
1. Capital utilization ratio (%) (sovereign and nonsovereign)							
2. Impaired loan ratio (%) (nonsovereign) ^a							
3. Weighted average risk rating of the nonsovereign portfolio (nonsovereign) ^b							
4. Internal administrative expenses per \$1 million disbursement ('000)							
5. Internal administrative expenses per project under administration (\$ '000)							
6. Internal administrative expenses per project approved (\$ '000) ^c							
7. Procurement time from advertisement to contract signing, \$10 million or more (days) (sovereign)	Annual	378	322	332	377	328	276
8. Consulting services recruitment time for ADB-administered contracts, from consulting services recruitment notice to consultant contract signing (days) (sovereign)							
9. Audited financial statements reviewed on time (%) (sovereign)	Annual		55	76	83	90	84
10. Representation of women in the international staff category (%)							
a. Levels 1-3							
b. Levels 4-6							
c. Levels 7-8							
d. Levels 9-10							
11. Clients satisfied with ADB's responsiveness (%)							
12. Stakeholders satisfied with ADB's collaboration with development partners (%)							
LEVEL 4B. ORGANIZATIONAL CAPACITY							
13. Digital products completed (number, cumulative)							
14. Staff training budget (average \$ per staff)							
15. Departments with documented and tested business continuity plans in place (number)							
16. Budgeted international and national staff positions in FCAS DMCs and SIDS field offices (number)							
17. Operations administered in field offices (%) (sovereign)	Annual		55	47	53	50	51
18. Share of operational expenses for operations departments and direct operations support departments (%)							

ADB = Asian Development Bank, ADF = Asian Development Fund, DMC = developing member country, FCAS = fragile and conflict-affected situations, OCR = ordinary capital resources, SIDS = small island developing states.

Notes:

1. "ADB Operations Overall" are ADB operations financed by regular and concessional OCR and/or ADF grants.
2. Concessional assistance is the subset of ADB's overall operations financed by concessional OCR loans and ADF grants.
3. Gray shading in cells indicates the column heading does not apply.

ENDNOTES

- 1 ADB. 2023. *Asian Development Outlook, December 2023*. Manila.
- 2 Extreme poverty is defined as living on less than \$2.15 a day, based on 2017 prices and adjusted for purchasing power and inflation.
- 3 ADB. 2023. *Key Indicators for Asia and the Pacific 2023*. Manila.
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- 54 Of 140 ADB operation commitments in 2023, 100 were sovereign, including 2 project-readiness financing facilities and a grant to the United Nations Office for Project Services for the verification of claims and expenditures under past ADB-financed projects in Afghanistan, and 40 were nonsovereign deals.

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- 87 C loans are a complementary financing scheme to partner with commercial banks and other eligible financiers in transactions where the project or company cashflows are predominately in local currency. The mechanics of C loans are similar to the B loan program: commercial lenders participate in the transaction using an onshore entity via a Participation Agreement and ADB acts as a lender of record for both the A loan and the complementary loan.
- 88 A design-ready infrastructure project will have completed the following before project approval: (i) detailed engineering design or equivalent design suitable for preparing and launching bidding documents for a major construction or goods contract; for sector projects, detailed engineering design for those subprojects for which construction is scheduled to start in the first 2 years should be available; and/or (ii) preliminary design and specifications suitable for preparing and launching bidding documents for (a) construction contracts that include detailed design; and/or (b) turnkey or engineering, procurement, and construction contracts.
- 89 Procurement readiness refers to infrastructure projects for which bidding documents for procurement of major works or goods contracts were launched before project approval as a percentage of total number of approved infrastructure projects in the same year. Launch of bidding documents means the notification and advertisement of the availability of bidding documents.
- 90 ADB. 2024. 2024 Annual Evaluation Review (draft). Manila.
- 91 Infrastructure sectors are agriculture, natural resources, and rural development; energy; information and communication technology; transport; and water and other urban infrastructure and services.
- 92 Non-infrastructure sectors are education, health, finance, industry and trade, and public sector management.
- 93 ADB. 2024. 2023 Annual Portfolio Performance Report. Manila.

- 94 Gender-lens investment criteria favor investing in equities with (i) at least 51% female ownership, (ii) at least 30% female leadership or 30% women on the board, (iii) at least 30%–50% female workforces for different enterprise categories, and/or (iv) products or services that specifically or disproportionately benefit women.
- 95 These operations included 10 ADB Ventures investments.
- 96 The \$1.7 billion in NSO funding is inclusive of commitments funded from the ADF Private Sector Window.
- 97 ADB. 2023. *Asian Development Outlook, December 2023*. Manila.
- 98 ADB. 2022. *Organizational Review: A New Operating Model to Accelerate ADB's Transformation toward Strategy 2030 and Beyond*. Manila.
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- 100 Procurement processing time is the period from ADB's receipt of a bid evaluation report to its approval in the procurement review system.
- 101 ADB. 2023. *Budget of the Asian Development Bank for 2023*. Manila.
- 102 ADB. *Capital Management Reforms*.
- 103 The purpose of this ISO standard for knowledge management is to help organizations develop management systems that effectively promote and enable value creation through knowledge. ISO. *ISO 30401:2018(en) Knowledge Management Systems—Requirements..*
- 104 Futures thinking (the theory and methods) and foresight (the practical application) are a set of approaches and tools designed to help their users identify emerging issues, negotiate uncertainties, articulate scenarios, develop a common vision of a desired future through wide participation, introduce innovation, and design robust policies and strategies. ADB. 2020. *Futures Thinking in Asia and the Pacific*. Manila.
- 105 A new methodology was introduced during the 2021 midterm review of the CRF. ADB was rated Level 2 (2.58, or 51.6%) on the APQC knowledge management maturity scale, and found to have localized and repeatable knowledge management practices. For ADB to move to Level 3, such localized knowledge management practices should become more common processes and approaches. Reaching 70% maturity would require a score of 3.5 on the 5-point maturity scale. ADB. 2021. *Midterm Review of ADB's Corporate Results Framework, 2019–2024*. Manila.
- 106 Details are available at APQC. 2011. *How Mature Is Your KM Program? Using APQC's KM Capability Assessment Tool*.
- 107 APQC. 2023. *APQC's Knowledge Management Capability Assessment Tool Benchmarking Report*.

Category	Key Performance Indicator
Objectives	Knowledge management alignment to business vision, mission, and strategy
Business case	Knowledge management is recognized as a competitive differentiator
Budget	Knowledge management is accounted for in the organization's budget
Resources	Knowledge management resources are embedded throughout the organization
Governance and leadership	Knowledge management governance is conducted at senior leadership levels
Change management	Knowledge management is an integral element of the organization
Communication	Knowledge management value is recognized as a brand
Knowledge flow process	Knowledge management is both embedded above the flow of business and embedded within the organization's business processes
Knowledge management approaches and tools	Knowledge management is considered a "core competency" of the organization
Measurement	Knowledge management on business measures
Content management process	Knowledge management capability ensures that expertise is available and accessible
Information technology	Knowledge management information technology tools ensure enterprise-wide access while protecting the organization's intellectual capital

2023 Development Effectiveness Review

The *2023 Development Effectiveness Review* is the 17th in a series of yearly reports by the Asian Development Bank on its performance in achieving the goals of Strategy 2030, the institution's long-term strategic framework. It tracks recent development progress in Asia and the Pacific, assesses ADB's development effectiveness, and identifies areas where ADB's performance needs to be strengthened.

About the Asian Development Bank

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

