

Asian Development Bank: Scaling up of Capacity for Enhanced Operations through Combination of Resources

Prabodh Saxena

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Asian Development Bank: Scaling up of Capacity for Enhanced Operations through Combination of Resources

Prabodh Saxena*

Introduction

The International Work Group for Indigenous Affairs (IWGIA) in the first half of the twentieth century was severely traumatic and turbulent for the world. Within three decades the world was ravaged by two successive World Wars. It was further exacerbated by the Great Depression of 1930s that had devastating impact on the economy of nations and the daily lives of the citizens across the geographies.

The two World Wars were not just about battles and armies. Besides untold miseries and large-scale destruction, they shook the foundation of civilization. The annihilation of Jews and massive atrocities perpetrated by Hitler and his like brought the issue of human rights into sharp focus. The widespread devastation to individual and community infrastructure pleaded for collective support.

When the Second World War ended, a new international order emerged from the ashes of the war. United Nations was born of the perceived necessity for better arbitrating international conflict and negotiating peace. The prime aim was to “save succeeding generations from the scourge of war”¹ and maintain international peace and security. The world organization, however, decided not to get confined only to war resolution but to also commit itself to reaffirm faith in fundamental human rights and reconstruction of war-ravaged poor economies.

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The leaders heralding the new economic order were the Bretton Woods Institutions, namely, the World Bank and the International Monetary Fund. The lending arm of the World Bank was aptly named International Bank for Reconstruction and Development. (IBRD).

It is now three quarters of a century since the time the World Bank group started their operations. With time the emphasis shifted from reconstruction to the development of the borrowing countries. It led to an expansion of more Multi-lateral Development Banks (MDBs), albeit regional in character, as compared to the IBRD.

The theme of this paper is to see how Asian Development Bank (ADB) as one of the MDBs responded to the issue of augmentation of resources so as to increase its lending capacity to the borrowing countries post the crisis of 2007-08.

The paper is divided into five brief sections, where section 1 gives a snapshot on MDBs, section 2 deals with the financial crisis and the need to Reinvent, section 3 discusses the methods of ADBs, section 4 makes an attempt to assess the impact of the initiatives and the last section provides the conclusion.

A Snapshot on Multilateral Development Banks

Given the US interest in the region of Latin America and Caribbean, it encouraged the setting up of Inter-American Development Bank (IDB) as a continental adjunct for focused development of the region in 1959. In 1960 another lending arm of the World Bank group, International Development Association (IDA) set up³ to make concessional loans and even grants to the poorest countries. Little later, quick on the heels of IDB, came African Development Bank (AfDB) in 1964. Meanwhile, Japan was very keen to resurrect its lost position in Asia and was nudging the United States to set up a regional MDB for the region of Asia and the Pacific. After initial reluctance, the USA realized that its (mis)adventure in Vietnam has eroded its goodwill in the region and there was a need for the diplomatic message to the region of the benevolent side of the USA and that is how the ADB was born.⁴ The Asian Development Bank (ADB) was formally inaugurated on 24th November 24, 1966.

There are other MDBs also like European Bank for Reconstruction and Development,⁵ European Investment Bank,⁶ International Finance Corporation⁷ and the Islamic Development Bank.⁸ However, given their very specific and narrow mandate, they are not considered as forming part of a homogenous group of MDBs of global significance.

Frustrated with the roadblock of traditional promoters of IBRD, IMF and ADB to recognise the growing economic importance of emerging countries in the governance structure of such Banks and in view of the growing appetite for physical and social infrastructure, two new MDBs were launched, namely the New Development Bank (NDB)⁹ and the Chinese-led Asian Infrastructure Investment Bank (AIIB) in 2014 and 2016 respectively.

Box1: Landing Windows of MDBs

Most of the MDBs have two lending windows. One type of lending window is primarily used to provide financial assistance on market-based terms in the form of loans, equity investments and loan guarantees. As a matter of fact, these loans are quasi- market rate loans given a few points more than the rates at which MDB access funds from the international capital market.¹⁰ The advantage is shared with the borrower.

Moving further some MDBs offer further concession by still cheaper loans with longer moratorium and repayment periods and even downright grants to low income, small and fragile economies. Concessional assistance , depending on the MDB, is also extended to private-sector firms in developing countries. In addition, technical assistance, both reimbursable and non-reimbursable, are signature product of MDBs.¹¹

The pioneer flag bearer of concessional MDB assistance is obviously IDA. Its counterpart in ADB is Asian Development Fund (ADF), but unlike IDA it does not have a separate legal entity as it is an integral part of ADB. The Fund for Special Operations (FSO) is the concessional lending facility of IDB to assist the development of its poorest and smallest member countries. The African Development Fund (AfDF) is the concessional financing window of the AfDB for low-income

...Box1 continued

Regional Member Countries. Both the newMDBs, namely NDB¹² and AIIB¹³ do not operate concessional facilities.

These funds, received as contributions mainly from the non-borrowing members of MDBs, were not leveraged in the market and Bonds were not issued as well. It was thought that fund for poor countries with low credit ratings and weak capability for servicing foreign currency debt, will not have sufficient traction in the capital market, rather the transaction expenses would add a layer to the borrowing cost.

Though not in the same league, yet it is important to note that IMF too operates extremely concessional support to identified members struggling with balance of payment difficulties. IMF provides concessional financial support (currently at zero interest rates through June 2021) through the Poverty Reduction and Growth Trust.¹⁴

Reinvention of Financial Crisis

Since the inauguration of the Bretton Woods Institution in 1950, the world economy experienced global recessions: in 1975, 1982, 1991 and 2007-08; even as Pandemic induced recession of 2020 is still resonating. Besides this, there have been continental and regional economic crises and the most prominent nearer home is the Asian Financial crisis of 1997.

The 2007-08 global financial crises came as a sudden shock which threw the entire financial architecture of the world into disarray. During this crisis, MDBs were the port of first call, and for many the last recourse to remain afloat. While the borrowing members were recovering, they needed a continuous, enhanced and consistent flow of foreign capital from all multilateral and bilateral resources and their expectations from MDBs were high. MDBs suffered from their own dilemmas. The MDBs were pushed to offer higher lending resources since the demand for financial resources was increasing by the day but the resources available had limitations. The financial markets were tough, and the financial capabilities of non-borrowing western countries were constrained because of setback to their own economy and their commitment to the stressed countries of Europe.¹⁵

ADB stands out as an MDB that was quick to respond to a situation of lack of cash and liquidity. It handled the situation with a tremendous amount of ingenuity and innovation. For ADB, it was also a period of deep introspection as it faced existential issues due to the emergence of AIIB on the horizon with a lot of euphoria around it. ADB realized that if it allows business to run as usual, the 50 years old bank may yield to the new MDB in the region, losing clients and goodwill. Between 2014 and the first of January 2017, it tripled its equity without investing even a single dollar.

How Did ADB Do it?

The ADB like any well-endowed MDB operates a slew of standard financial products. Of these the most significant is the loans. It started with market-related lending from its Ordinary Capital Reserve (OCR) to the borrowing members, euphemistically called as Developing Member Countries, (DMCs).

Ordinary Capital Resources

OCR is the main financial instrument of ADB. The initial authorized capital of the ADB was \$1 billion.¹⁶ The members made the seed subscription in 1966. Thereafter, there have been five General Capital Increases (GCI), beginning in 1971 and till 2009. In between, the capital was increased in 1976, 1983 and 1994. The 1994 GCI was a hundred per cent increase. The last capital increase in 2009 was, however, after a 15-year interval which recorded¹⁷ an impressive two hundred per cent increase. The 2009 increase tripled the authorized capital of the ADB. This was much needed, as ADB had come up with an ambitious lending programme to implement its Strategy 2020.

Due to the economic crisis and their European-centric commitments, the non-borrowing Western countries had limited room in their economies for the next capital infusion at the time of the 5th GCI. However, emerging economies were not as adversely affected. India and China wanted the capital to increase further so that ADB can reach out to the countries waiting for more and more funds. The Indian Finance Minister

as Governor of the Board of ADB repeatedly emphasized in 2014 and 2015 for capital increase.¹⁸ The demand is still persisting. In the 54th annual meetings the Indian Finance Minister again called upon the ADB and other members for capital Increase.¹⁹

Asian Development Fund

ADB realized that some countries are too poor to pay for the market-based loans and therefore open a window for concessional financing through Special Funds. As the business improved, these Special Funds appeared inadequate to meet the demand. The choice was to establish a united Special Fund and thus the idea of the Asian Development Fund (ADF) was born.²⁰ The same was formally launched on June 28, 1974.²¹ The ADF initially provided loans on concessional terms. Grants were introduced in 2005.

The oil shock of the early 1970s accelerated borrowing from ADF and it appeared that funds may get exhausted by the end of 1976 itself, just after two years of ADF coming into force. ADB proposed a replenishment of \$1 billion but the donors agreed for \$830 million.

ADF has, however, progressed over the years. It is because of two reasons; firstly, because of non-movement on GCI and secondly, the status of “Donor” confer influence much more than what is warranted by the voting power determined by the Charter.²² In fact, this is the only resource where the pejorative term donor is used. The donors’ group is a platform to exert influence on the management and to guide the agenda of ADB as per the national agenda of the donor countries.²³ They obviously also create lobbies on issues common to some of them. A Donor can exercise disproportionate influence by donating at discretion.²⁴ The increase in the position from a single held chair by an Indian to six is attributed to the aspirations of Donors.²⁵

Turning the heat on the emerging DMCs, the developed member countries argued that they should contribute to the ADF in terms of their enhanced economic system. China took the first lead.²⁶ India did so in 2013 but as the ADF XI phase had already begun in 2012, India joined

mid-way. India pledged to contribute \$30 million. In ADF 12, India increased its contribution to \$42 million²⁷ even while almost all other donors reduced their contribution.²⁸ For ADF 13, India raised it to \$51.4 million. Being part of the Donors Club added to the profile of India, befitting its recognition as one of the five biggest economies of the globe.

The Challenge and an Out- of- Box Solution

ADB faced multiple challenges, starting from reluctance for enhancing GCI to increasing the requirement of DMCs at the same time. Because of economic conditions, interest rates were sliding and thereby reducing the income of the ADB directly impacting the Sustainable Level of Landing (SLL). In fact a decline in SLL was staring in the face. To add to the woes there was the presence of new MDBs in the region. The undercurrent between the West and China added to the anxiety. The answer was both simple and complex i.e., to raise the resource base of ADB.

While ADF equity was constrained as it is not leveraged, OCR lending capacity is constrained by the equity-to-loan ratio²⁹ intrinsically linked to the non-negotiable position of maintaining AAA rating at all times and in all circumstances. Merger of OCR and ADF as one of several solutions to arrest the anticipated decline in lending headroom was mooted. A wide range of options was proposed to work out such a combination. The proposal was called “Project Galaxy.” Initially, the proposal was not very well received. It was considered too simplistic. However, during the tenure of the then President ADB, Mr. Takehiko Nakao, when the situation became real and imminent, he decided to put his weight behind the idea and that was all that was required to put it on the fast track. The support received from the independent research body Centre for Global Development (CGD) in 2014 assured the stakeholders that the proposal is both credible and feasible. Next, ADB engaged a major rating agency to assess the impact of the merger on the bank’s coveted AAA credit rating. The agency concluded that not just ADB will retain its AAA rating but in fact, the merger will considerably strengthen its financial fundamentals. Experts carried out simulation exercises to undermine the robustness of the proposal even in adverse financial situations.³⁰

By 2016 the proposal had crossed all legal and technical hurdles and had received the unanimous support of member states of all categories, viz. borrowing and non-borrowing, OCR and all 34 ADF countries, etc. The Board of Governors formally approved the change in April 2015, which took legal effect in January 2017.³¹

Its salient feature was to merge the two equities of ADF and OCR and increase lending by leveraging collective equity. The proposal carried an assurance that ADF countries will continue to access loans on the same terms and conditions, and they may even get a bigger share of the cake. ADF was to remain only as a grant fund but with reduced expectations from donors. A proposal that enhanced the lending envelope and yet halved their burden was too attractive to be refused.

The beauty is that the proposal worked on both sides. The ADF equity was transferred to the OCR equity and the expanded OCR balance sheet now was ready for far more handsome leverage. ADB could now issue far more bonds based on the combined capital. The reliance on donors, therefore, was correspondingly reduced.

The Promised Deliverables

To sell the proposal, it was necessary to present credible and verifiable facts. The following projections were calculated and shared with the stakeholders:

For DMCs

- The total annual commitments could increase up to \$20 billion or by up to 50 per cent over the current level if there are needs.
- Together with co-financing, annual assistance could reach \$40 billion in the coming years from \$23 billion in 2014.

For ADF countries

Concessional lending and grants to the remaining concessional assistance-eligible countries will increase³² by up to 80 per cent, according to baseline scenarios from the current level of \$1.7 billion to \$3.1 billion.

Box2: Demystifying The Proposal

The dynamics and the mechanism of the proposal can be broken down in the following manner:

- The donors would agree to transfer the ADF loan and part of the liquid assets to OCR without any change in the shareholding structure or shareholder voting rights of ADB.
- The value of transferred ADF assets would be reflected in ordinary reserve and the total equity of OCR would increase.
- ADB's lending, borrowing, and equity investment headroom would increase accordingly.
- The ADF would cease to provide new loans, but it would continue as a special fund for providing grant assistance to eligible DMCs.
- Future loans to ADF borrowers at current concessional terms would continue to be provided by ADB but from the new OCR concessional lending window.
- ADB will continue to seek a consensus among donors on the level of ADF grant assistance and concessional OCR lending.
- The value to the contributions made by recognizing each donor's proportionate interest in the transferred asset will be preserved.
- More efficient and effective investment of liquidity.

For Donors

- Donor contributions to continued ADF grant operations would reduce by ADF XI to \$0.6 billion.

For ADB

- The minimum equity-to-loan ratio will increase from current 25per cent to 37per cent. This is because the OCR balance sheet will now also be utilized by countries with lower credit ratings than the traditional OCR borrowers. This increase is essential to maintain the AAA rating of ADB.

For All Member States

- The voting shares of ADB members remained intact because the ADF equity was transferred to the ordinary reserves of the OCR balance sheet, not to the shareholders' paid—in the capital (which is the basis of voting shares).

However, it was ensured that the resources previously contributed by each ADF donor would continue to be reflected in ADB's financial statements even after they become part of OCR capital. In the unlikely possibility, OCR getting liquidated in the future, past ADF contributions are noted separately next to the paid-in equity of donor shareholders.

For low-income countries, the advantage was dual—more grants from ADF and larger financing from expended OCR on the same terms and conditions as were before to the ADF countries. With increased resources, the transition of ADF countries to blend country status is expected to accelerate. Similarly, blend countries are also expected to graduate to non-concessional loaning in a much faster manner.³³

With the merger, a new financial product was born. It is called Concessional OCR Loan (COL). This refers to loan with concessional lending terms made by ADB from its OCR (obviously after the merger). With COL coming into the picture, the classification of DMCs also changed. Now the first group is called Group A, also known as concessional assistance only countries. It relates to DMCs lacking creditworthiness.³⁷ Group B countries include those with limited creditworthiness.³⁸ Group C countries³⁹ have adequate creditworthiness and per capita incomes exceeding the operational cutoff of the IDA. A borrowing country which is eligible to receive both the windows is known as a Blend Country.⁴⁰

The Transformation from 2014 to 2017

The proposal came into effect from January 1, 2017. The comparison starts with the resource basket ending the year of 2014⁴¹ when the major financial parameters were as under.⁴²

Box 3: Picking the Thread

The IDB Board of Governors unanimously approved the transfer of the assets and liabilities of to the recourse of the Banks Ordinary Capital (OC), effective January 1, 2017, in order to strengthen the Bank’s concessional assistance,³⁴ and regular lending. It enhanced the OC’s capital position by approximately 20 per cent, so much necessary to retain the AAA rating. The transfer was recorded as additional paid-in-capital.

As in “Project Galaxy” this transfer did not result in any change in shareholding structure, voting power, organizational restructure or staffing pattern. But unlike ADF, FSO is now an inactive account absorbed in the OC. The arrangement has worked very well.

In the same year 2016, IDA also took a lead from the “Project Galaxy” and drew a plan for augmentation of recourses, fully aware that as IDA is a separate legal entity distinguishable from IBR D and that any merger is not a possibility. It went on to become a Bond issuer. In 2018, IDA raised US Dollars \$1.5 billion through bonds in Global Capital Markets. The bond was oversubscribed five times and it was proved IDA is as good in Capital Market as is in developmental finance. In fiscal 2021, IDA issues bonds worth \$10 billion.³⁵ The process continues and as late as 11 January 2022, IDA raised its first transaction of 2022 with a 20-year Sustainable Development Bond that raised EUR 2 billion.³⁶ It is IDA’s longest maturity bond in any currency including Euro, British pound, and Swedish Kronor.

⁴³**Table 2. Financial Indicators of ADB as on December 31, 2014.**

Financial Indicator	Amount in \$ (billion)	Elaboration
ADF equity	31.5	Donor contributions, income transfers from OCR, retained earnings from ADF lending, liquidity investment, etc.
Outstanding ADF loans	27.5	
OCR equity	16.9	OCR paid-in capital of \$6.1 billion, and reserves (accumulated retained earnings from OCR operations, liquidity investment, etc., of \$10.8 billion).
Outstanding OCR loans	55.9	

Source: Saxena, P. (n.4).

Table shows that the ADF’s equity capital is about double the amount of OCR’s equity capital, but its outstanding loans of \$27.5 billion represent only 49 per cent of OCR outstanding loans. This is because ADF’s mobilization ratio⁴⁴ of less than 1.0 is significantly lower than OCR’s mobilization factor of 3.3 because of the ADF’s lack of borrowings. The ADF’s resources were, therefore, very sub-optimally utilized.

The D date: January 1, 2017

On 1st January 2017, OCR equity almost tripled, as \$30.8 billion of ADF loans and other assets were transferred from the ADF basket even as assets amounting to \$2.5 billion remained in the ADF to support its grant operations. It is worthwhile to look at the balance sheet of the combined ADF and OCR scenario as of January 1, 2017.⁴⁵

Table 3: Balance Sheet of Combined ADF and OCR Scenario (as of January 1, 2017).

Item	ADF	OCR	Combined OCR–ADF
Equity (\$ billion)	34.6	18.3	53.0
Outstanding Loans ⁴⁶ (\$ billion)	30.8	68.0	98.8
Equity- to-Loan Ratio (per cent)	112.5	26.9	53.6
Annual Assistance without Combination (\$ billion)	3 ⁴⁷	10 ⁴⁸	
Annual Assistance with Combination (\$ billion)			15–18 ⁴⁹

Source: <https://www.adb.org/news/features/frequently-asked-questions-enhancing-adbs-financial-capacity-50-reducing-poverty-asia>

Post-Merger ADF Replenishment

A Donor based corpus gets depleted and needs replenishment. Since its launch, ADF had been replenished twelve times, each for a cycle of four years.⁵⁰ In July 2016, the Board of Governors adopted a resolution for the 11th replenishment of the ADF (ADF 12)⁵¹ and the sixth regularized replenishment of the Technical Assistance Special Fund (TASF).⁵² This was the first replenishment after the merger for a 4-year period from 2017 to 2020. The ADF 12, supported by 32 Donors⁵³, became effective on 30 May 2017.

The ADF 12 size of \$3.8 billion was considerably smaller than recent earlier replenishments because ADF 12 would finance only grant. During ADF 12, ADB intended to deliver over \$28 billion of lending assistance, (\$13 billion of COLending and \$15 billion of regular OCR lending) to the concessional assistance countries. This is a substantial increase in assistance compared to \$23 billion during the ADF XI period.⁵⁴ ADB also increased grant support to its poorest countries by 70 per cent over the next four years including doubling of the minimum allocation for small countries, providing strengthened support for disaster risk management and offering greater assistance for regional health security during the economic crisis in the targeted countries.⁵⁵ The combination of ADF resources with OCR also strengthened ADB's risk-bearing capacities and enabled ADB to increase support for private sector operations,⁵⁶ especially in ADF countries.

ADF 13 was the second replenishment after the announcement of the combination of the ADF and OCR balance sheets. After the third ADF 13 Replenishment meeting on 16th September 2020, donors agreed to a replenishment in excess of \$4 billion for ADF 13 and TASF 7,⁵⁷ for the four-year period from 2021 to 2024. The financing framework of ADF 13 strikes an equilibrium between enhanced demand for ADF grants as compared to ADF 12 because of COVID 19 and the pandemic driven limitations of donors. It is the first ADF which will work towards 2030 Corporate Strategy of ADB during its full cycle. It is expected that concessional finance of \$16 billion, as compared with \$13 billion of ADF

12, will be delivered through COL and grants.⁵⁸ Looking particularly at the ADF Country Operations, ADF 12 estimated them at \$1.7 Billion and in ADF 13 these were estimated at \$2.0 Billion.⁵⁹ The following table shows the position in terms of the number of donors in ADF XI, ADF 12 and ADF13.

Table 4. Number of Donor members

	Non-Regional Donors	Regional Donors(Countries from Asia and Pacific)	Total Donors
ADF XI	19	13	32
ADF 12	18	14	32
ADF 13	17	13	30

Source: Table 5, Asian Development Fund 12 Donors’ Report and Table 4, Asian Development Fund 13 Donors’ Report.

Assessment of the Impact of the initiative

Four years have gone back after the grand declaration and huge claims. In between the unexpected and unprecedented Pandemic intervened. Four years otherwise is a short period to test the efficacy of a new initiative but given the exceptional circumstances it is appropriate to see how far the promises made have actually fructified more so during a period when the promise was put to the severest test.

We should begin by acknowledging the fundamental fact that as of 1st January 2017, OCR equity almost tripled from about \$17.5 billion to about \$49 billion by combining ADF equity (together with lending operations to the OCR balance sheet).⁶⁰

When the ADB was selling the “Project Galaxy” to all stakeholders it has given them definite benefits with specific timelines. May kindly refer to the heading, ‘The Promised Deliverables’ is Section 3.4. It will be, therefore, most appropriate to see how much they have been able to come up to their promises. The same will be seen in the context of the following:

- Enhancement of operations. This will include OCR and COL lending besides grants. It will also be seen with reference to the total volume of operations including Co-Financing.
- The donors were attracted to the package as it promised to reduce their burden by half.
- Working towards a Stronger, Better, Faster ADB.⁶¹

The Expanding Envelope

On the issues of Operations following were the three assurances:

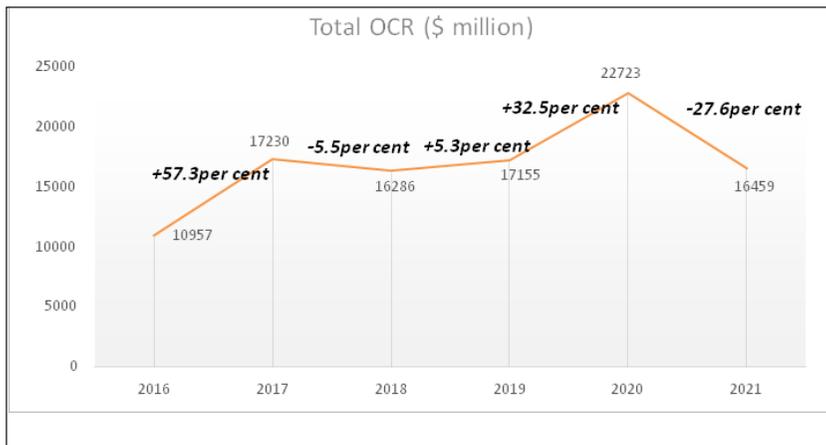
- The total annual commitments could increase up to \$20 billion or by up to 50 per cent over the current level (2017) if there are needs.
- Together with co-financing, annual assistance could reach \$40 billion in the coming years from \$23 billion in 2014.
- Concessional lending and grants to the remaining concessional assistance eligible countries will increase⁶² by up to 80 per cent, according to baseline scenarios from the current level of \$1.7 billion to \$3.1 billion.

The ADF-OCR combination allowed ADB to scale up its lending assistance to concessional countries in comparison to the ADF XI period. The peak arrived in 2020 riding on the Corona Wave. Own resources reached \$ 31.6 billion while co-financing including Trust Funds touched \$16.4 billion, making a grand total of \$48 billion. In 2021, commitments reached \$22.8 billion from ADB's own resources. In addition, ADB mobilized \$12.9 billion in co-financing. Commitments from ADB's own resources decreased by \$8.8 billion, or 28 per cent, compared to 2020. In 2021, a total of \$13.5 billion, or 59 per cent of ADB's commitments, is to help DMCs mitigate adverse social and economic impacts caused by the COVID-19 pandemic.

The relevant information has been compiled from ADB Information Statement 2021, ADB Annual Report 2020, ADF 12 Donors' Report, ADF 13 Donors' Report and Enhancing ADB's Financial Capacity by up (ADB's Frequently Asked Questions, 2017) to see how the operations of ADB has performed since this merger.

The Table 5 presents the concerned parameters since 2017 when the merger became effective for the first time. The bigger picture is being captured through OCR, COL, Grants and Co-financing. While examining the trend, the COVID response has been factored in for the year 2020 and 2021. Graphs 1 to 4 are presented to depict some of the findings diagrammatically for the readers.

Figure 1. Total OCR Lending from 2016 Onwards



Source: Asian Development Bank, Annual Report 2020 and Asian Development Bank, Annual Report 2021: Toward A Green And Inclusive Recovery.

The line graph (Figure 1.) depicts the total lending of OCR from 2016 to 2021. The OCR exhibited an increase of 57.3 per cent from 2016⁶³ to 2017 amounting to \$17 Billion, which is a testimony to the arrival of the combined balance sheet. Following that, it continued at the same level in 2018 and 2019, with a 5 per cent increase.

Overall, the total OCR lending shows an increasing slope from 2016 till 2020 except in the year 2018. From the start of lending in 2016 to 2021, there has been a 50 per cent growth. However, when the push came to shove, due to COVID in 2020 the OCR lending just doubled, which is fairly considerable over a four-year timescale. In 2021, though it is 28per cent less than 2020, it is still higher than 2018.

Table 5. Year wise ADB Commitments (\$ Million)

	Source	Type	2016	2017	2018	2019	2020		2021	
							Total	Covid-19 Response	Total	Covid-19 Response
	Regular OCR	Loan	10693	16445	16012	16824	22468	11677	16195	8307
		Equity Investment	96	287	274	155	255	-	265	-
		Guarantees	168	498	-	175		-	-	-
A	Total OCR		10957	17230	16286	17155	22723	11677	16459	8307
	Concessional Resources	COL	1805	2267	3872	3644	4432	1466	2648	1998
		ADF Grants	481	191	1418	844	1017	395	344	126
B	Total Concessional		2287	2457	5290	4488	5449	1861	2992	2124
A+B	Sum of OCR and Concessional Resources		13244	19687	21576	21643	28172	13538	19451	10431

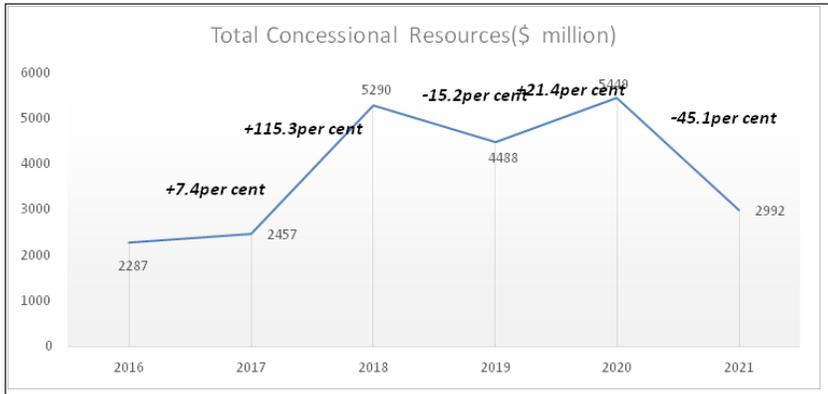
Source: Asian Development Bank, Annual Report 2020 and Asian Development Bank, Annual Report 2021: Toward A Green And Inclusive Recovery.

Table 6. Year wise total Co-financing (\$ Million)

	Type	2016	2017	2018	2019	2020		2021	
						Total	Covid-19 Response	Total	Covid-19 Response
C	Total Co-financing	12022	11896	14310	12442	16408	10841	12933	8881
A+B+C	Sum of OCR, Concessional Resources & Co-financing	25266	31583	35886	34085	44580	24379	32384	19312

Source: Asian Development Bank, Annual Report 2020 and Asian Development Bank, Annual Report 2021: Toward A Green And Inclusive Recovery.

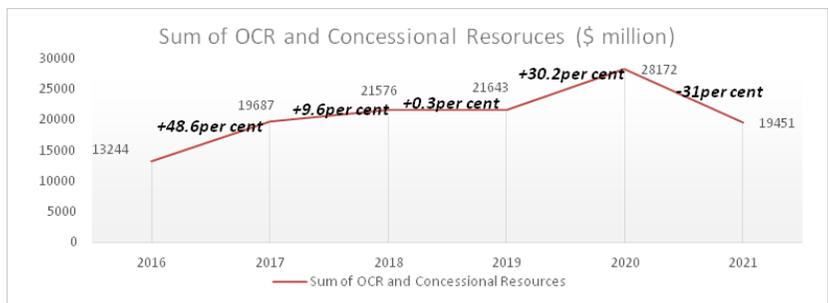
Figure 2. Total Concessional Lending from 2016 onwards



Source: Asian Development Bank, Annual Report 2020 and Asian Development Bank, Annual Report 2021: Toward A Green And Inclusive Recovery.

A similar pattern can be observed in terms of COL and grants. The most significant increase in total concessional lending from 2016 onwards, as illustrated in the line graph above (Figure 2.), may be seen in the year 2018, when it is 115 per cent high than 2017. The lending increased by 21 per cent during COVID 2020 amounting to \$5.4 Billion in 2020. In the year 2019, there is a sharp fall, yet lending is still higher than it was from 2016 to 2018. The most notable observation occurs in 2021, when Concessional Resources plummeted to \$2.9 billion, representing a 45 per cent decrease.

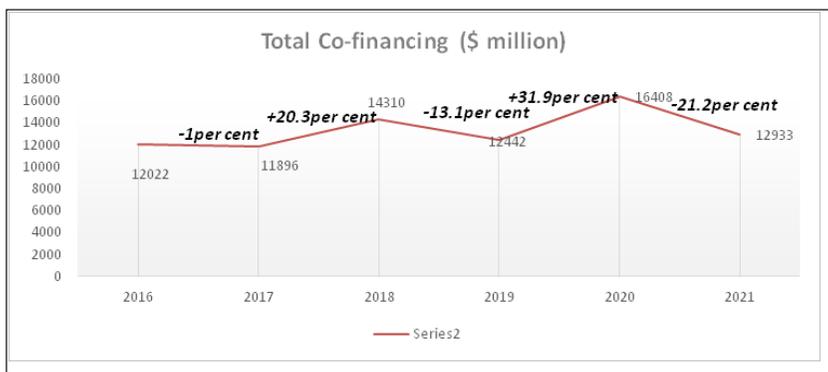
Figure 3. Graph Combining OCR, COL, and Grants



Source: Asian Development Bank, Annual Report 2020 and Asian Development Bank, Annual Report 2021: Toward A Green And Inclusive Recovery.

When OCR and Concessional Resources are combined, total yearly commitments in 2016 were \$13 billion, escalating to \$19.6 billion in 2017. The analysis of the line graph (Figure 3.) indicates a significant 48 per cent increase from 2016 to 2017. It continued to grow from 2016 to 2020 by 113 per cent amounting to \$28 billion.⁶⁴ It is obvious that total annual obligations have continued to rise from 2016 through 2020. Later in 2020, there has been a 31 per cent decline in total annual commitments equivalent to \$19 billion.

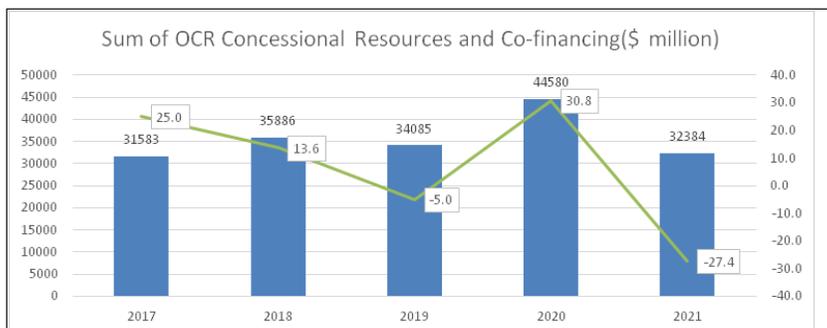
Figure 4. Co-financing Since 2016 onwards



Source: Asian Development Bank, Annual Report 2020 and Asian Development Bank, Annual Report 2021: Toward A Green And Inclusive Recovery.

The total co-financing from 2016 onwards illustrated in the line graph above (Figure 4.), shows that ADB had also been able to sufficiently enhance its co-financing during the period under analysis and as expected, it is highest during COVID 2020. It grew by 20 per cent amounting to \$14 billion from the year 2017 to 2018. Looking at total ADB operations, it is obvious that there was a significant growth in 2018 and in 2020 where it witnessed a 31 per cent increase amounting to \$16 billion and dropped by 21 per cent in 2021 to \$12 billion.

Figure 5: Sum of OCR Concessional Resources and Co-financing(\$ million).



Source: Asian Development Bank, Annual Report 2020 and Asian Development Bank, Annual Report 2021: Toward A Green And Inclusive Recovery.

Figure 5 depicts the overall OCR Concessional Resources including co-financing(\$ million) from 2017 to 2021. As indicated above, it peaked during the COVID 19 crisis in 2020, when it reached \$44.58 million, a 30 per cent increase, but then dropped by 37 per cent in 2021, amounting to \$32.38 million.

The Burden of Donor

The impact of the merger on the donors' share can be depicted in Table 7 below which compares the individual contribution of donors in ADF 13 to the preceding ADF 12 and XI. Except PRC and India, all donors paid only about half between ADF XI and ADF 12.⁶⁵

Table 7. Financing of the Total Replenishment comparison (\$ millions)

	ADF XI	ADF12	ADF 13
New donor contribution	2971 (37.48per cent)	2546(67.64 per cent)	2341.0 (57.65 percent)
OCR net income transfers	307 (3.87per cent)	1038 (27.58 per cent)	1169.7 (28.80 percent)

Table 7 continue.....

....Table 7 continue

Internal Resources	4649 (58.65per cent)	-	-
liquidity investments	-	180 (4.78per cent)	213.0 (5.25 per cent)
ADF 12 set-asides for the disaster risk facility (DRF)	-	-	116.6 (2.87 per cent)
Reserves for changes in debt distress	-	-	220.6 (5.43 per cent)
Total	7927	3764	4060.9

Source: Derived from Table No. 5, ADF 12 Donor's Report (n. 27).and Table 4, Asian Development Fund 13 Donors' Report

The details of individual Donors for the three replenishments are presented in the Table 8.

The replenishment is a testimony to the rising economic strength of regional players; regional Members contributed \$1581 million as compared to \$ 750 million of Non-Regional Members, slightly more than double. Indonesia reentered as an ADF donor after a gap since ADF 8 by pledging \$14 million. Readers may note that in ADF 1, the Regional Members (read Japan) contributed 40 per cent, By ADF 13, it is 56 per cent and the basket is much more diverse though Japan is still the lead Donor.

If we look at the range, ADF New donor contribution has decreased incessantly from ADF XI to ADF 13 in terms of amount. The total contribution of ADF 13 was \$2332 million which is approximately. 8 per cent less than ADF 12 and approximately. 52 per cent less than the total contribution of ADF XI. The average contribution of the regional countries has decreased by approximately. 8 per cent and that of the non-regional by approximately. 9 per cent from ADF 12 to ADF 13. The only exception is India and PRC which increased their contribution by appx. 20per cent from ADF 12 to ADF 13.

Table 8. Comparison of Donors Contribution between ADF XI, ADF 12 and ADF 13 in \$ Million

	ADF XI Contribution	ADF 12 Contribution	ADF 13 Contribution	ADF XI to ADF 12	ADF 12 to ADF 13	From ADF 9 to ADF 13
Donor	Amount(\$ million) & (per cent)	Amount(\$ million) & (per cent)	Amount(\$ million) & (per cent)	per cent Change	percent Change	percent Change
Austria(NR)	43(0.74)	23 (0.74)	21 (0.74)	-47.3	-8.0	-51.5
Belgium (NR)	35 (0.60)	0(0.00)	0(0.00)	-	-	-
Canada(NR)	193(3.33)	102 (3.33)	94(3.33)	-47.3	-8.0	-51.5
Denmark(NR)	25 (0.43)	13(0.43)	0(0.00)	-47.7	-	-
Finland(NR)	29(0.50)	13 (0.42)	9(0.31)	-56.5	-31.1	-70.0
France(NR)	129 (2.22)	57 (1.86)	52(1.86)	-55.8	-8.0	-59.3
Germany(NR)	194(3.34)	86(2.82)	80(2.82)	-55.4	-8.0	-59.0
Ireland(NR)	27(0.46)	15 (0.48)	15(0.53)	-45.5	2.4	-44.2
Italy(NR)	92 (1.58)	48(1.58)	44(1.58)	-47.3	-8.0	-51.5
Luxembourg (NR)	11(0.20)	6 (0.20)	5(0.20)	-47.3	-8.0	-51.5
Netherlands (NR)	81(1.39)	16(0.53)	17(0.59)	-80.0	2.4	-79.5
Norway (NR)	50(0.86)	26(0.86)	22(0.78)	-47.3	-16.5	-56.0
Portugal (NR)	0.5(0.01)	0.26 (0.01)	0.13(0.00)	-48.1	-48.8	-73.4
Spain (NR)	67 (1.15)	7 (0.23)	14 (0.50)	-89.4	99.2	-79.0
Sweden (NR)	80 (1.37)	24 (0.78)	22(0.78)	-69.8	-8.0	-72.2
Switzerland(NR)	53(0.91)	28 (0.91)	26(0.91)	-47.3	-8.0	-51.5
Turkey (NR)	6 (0.10)	2(0.08)	2(0.08)	-60.2	-8.0	-63.4
United Kingdom (NR)	315 (5.41)	166(5.42)	153(5.42)	-47.2	-8.0	-51.4
United States(NR)	360(6.19)	190(6.19)	174(6.19)	-47.3	-8.0	-51.5

Table 8 continue.....

.....Table 8 continue

Australia(Re)	639(11.00)	337 (11.00)	290(10.28)	-47.3	-14.0	-54.6
Azerbaijan(Re)	0(0.00)	0(0.00)	2(0.07)	-	-	-
Brunei Darussalam(Re)	6(0.11)	0.5(0.02)	0.23(0.01)	-92.0	-54.0	-96.3
China, People's Republic of (Re)	45(0.77)	100 (3.26)	120(4.25)	122.2	20.0	166.7
Hong Kong, China(Re)	33(0.57)	17(0.57)	0(0.00)	-47.3	-	-
India(Re)	30(0.52)	42 (1.36)	51(1.82)	39.1	23.1	71.3
Indonesia(Re)	0(0.00)	14(0.46)	12(0.43)		-14.3	0.0
Japan(Re)	2,035 (35.00)	1,073 (35.00)	987(35.00)	-47.3	-8.0	-51.5
Kazakhstan(Re)	5(0.09)	3(0.10)	0(0.00)	-43.4	-	-100.0
Korea, Republic of(Re)	168 (2.89)	88(2.89)	81(2.89)	-47.3	-8.0	-51.5
Malaysia(Re)	10(0.16)	5(0.16)	0(0.00)	-47.3	-	-100.0
New Zealand(Re)	33 (0.56)	16(0.52)	16(0.57)	-50.7	0.2	-50.6
Philippines(Re)	0(0.00)	0(0.00)	3(0.11)	-	-	-
Singapore (Re)	9 (0.15)	5 (0.15)	4(0.15)	-47.3	-8.0	-51.5
Taipei,China (Re)	23(0.40)	12 (0.40)	11(0.40)	-47.3	-8.0	-51.5
Thailand(Re)	5(0.08)	3 (0.08)	2(0.08)	-47.3	-8.0	-51.5
Regional	3,041 (52.31)	1,716 (55.98)	1,581(56.07)	-43.6	-7.8	-48.0
Nonregional	1,790(30.79)	823 (26.85)	751(26.62)	-54.0	-8.8	-58.1
Total	4,831	2,539	2,332	-47.4	-8.1	-51.7

Source: Asian Development Fund 13 Donors' Report and Asian Development Fund 12 Donors' Report.

Note: Re: Regional and NR: Non-regional

To sum up, as was promised, Donor Contributions to continued ADF grant operations would reduce by about 50 per cent from \$1.2 billion (average annual donors' contribution in the current, ADF XI) to \$0.6 billion. The position is that for ADF 12, the total donor contribution was \$2.5 Billion which amounts to \$0.6 billion average annual donors' contribution and for ADF 13 total donors' contribution is \$2.3 Billion which amounts to \$0.58 billion average annual donors' contribution.

The Fundamentals of ADB

The ADB promised itself that the minimum equity-to-loan ratio will increase from the current 25 per cent to 37 per cent. This is because the OCR balance sheet will now also be utilized by countries with lower credit ratings than the traditional OCR borrowers. This increase is essential so that the AAA rating of ADB is not impacted even by a whisper. The current capital utilization ratio (former equity-to-loan ratio) is 69.1 per cent as of 31 December 2020 (62.1 per cent in 2019) and as projected it increased by 74 per cent in 2021.⁶⁶ The ADB must be more than satisfied with this development.

But it is not to lose sight of that a major weak spot that has emerged unexpectedly is the high reliance on the transfer of net income which is likely to be a permanent feature. Table 9 gives an idea of the situation.

Table 9. Year wise total net allocable income (\$ Million)

Item		2016	2017	2018	2019	2020	2021
Net Allocable Income	Allocation to Ordinary Reserve	124	351	499	616	734	778
	Allocation to ADF	259	259	259	259	292	292
	Allocation to other Special Funds	105	80	83	194	105	90
Total Net Allocable income		488	690	841	1069	1132	1161

Source: ADB Annual Report 2021 Toward a Green and Inclusive Recovery⁶⁷

After combining ADF lending operations with the OCR balance sheet from ADF 12 onwards the amount of OCR net income transfers has increased by 144 per cent from ADF XI to ADF 13. It reduces the expanse of financing for Group B and Group C countries.⁶⁸ The allocation to OCR from net allocable increased has moved from \$124 million from 2016 to \$778 million in 2021. This is more than six times the increase in as many years. It is obviously at the cost of Group-B and Group-C countries and will also slow the process of graduation of Concessional assistance countries.

With major reliance on the transfer of net income and reducing donors the projected graduation profile is likely to receive a setback. The Pandemic has further worsened the scenario. In the year 2019, two countries graduated to regular OCR only from OCR Blend. These countries are Vietnam and Sri Lanka.⁶⁹ However, with the current crisis in Sri Lanka the stability of graduation is extremely doubtful, and it is likely to slip to either Group B or Group A country.

Conclusion

The move to merge the balance sheet was very well received and various adjectives were used in international publications praising the genius innovation of ADB.⁷⁰ It was held that ADB has been able to engineer a financial solution which is a win-win situation for all Stakeholders. The morale of ADB got a boost as there were many who were prepared to declare an eclipse of ADB in the context of new MDBs in the region.

However, things are not static and there is always a window and possibility for further improvement. Very recently in the statement at the 54th Annual Meeting of ADB, Indian Finance Minister urged ADB to study and learn from the IDB experiences and the IDA-20 replenishment consultations.⁷¹

Further, the Pandemic has changed the world. It is also changed the way one has to plan for the future. The DMCs have suffered a very serious blow to the fundamental of their economy and are in desperate need for much more capital flow than was envisaged in 2016 or for that

matter at any time. The desire and necessity for more and more grants is prominently visible. The number of poor's has gone up in larger measure all over the region and has posed a serious challenge to the essential mandate of ADB of reducing poverty.⁷² The graduation possibility is remote, rather the immediate task for the Group B and C countries is to maintain their classification.

This is not to take away even an ounce from the brilliant work done by ADB through the merger but in the given circumstances improving its resources is a work in progress. The ADB needs to vigorously follow GCI and also further re-engineer the architecture of the merger. The professionals in ADB are capable of coming up with another surprise solution as they did not long ago.

Endnotes

- ¹ 1945. UN Charter., from <https://www.un.org/en/about-us/un-charter>.
- ² Bretton Woods Institutions, You, J.-I. 2002. '*The Bretton Woods Institutions: Evolution, Reform, And Change*'. Governing Globalization. 2002. India was a founding member of the Bretton Woods Institutions even before its independence. You, J. I. I. 2002.
- ³ IDA. 1960. International Development Association. <https://ida.worldbank.org/en/what-is-ida>
- ⁴ Saxena, P. 2018. "Tripling of Lending Resources Without Even a \$ Investment. The Smart Financial Innovation of ADB." *The Administrator*, 58(2), 87–106. https://www.lbsnaa.gov.in/upload/academy_souvenir/5ea17ae51ff4volumeper centper cent2058_Numberper centper cent202.pdf.
- ⁵ Its financial assistance is heavily targeted on the private sector, although it does also extend some loans to governments in Central and East Europe and the former Soviet Union. <https://www.ebrd.com/home>
- ⁶ Owned by 27 Member Countries of the European Union, it lends to the private and public sectors in Europe and elsewhere. *Shareholders*. 2022. EIB.Org. Retrieved April 20, 2022, from <https://www.eib.org/en/about/governance-and-structure/shareholders/index.htm>.
- ⁷ It is a private sector arm of World Bank Group, https://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/about+ifc_new/IFC+Governance.
- ⁸ Focused on Islamic finance for infrastructure development in 57 shareholding member states, <https://www.isdb.org/who-we-are/about-isdb>.
- ⁹ Formerly BRICS Development Bank for Brazil, Russia, India, People's Republic of China and South Africa, <https://www.ndb.int/about-us/essence/history/>.

- ¹⁰ Till recently LIBOR was the benchmark rate. It stands for Intercontinental Exchange London Interbank Offered Rate LIBOR has been replaced. effective December 31, 2021, by the Secured Overnight Financing Rate (SOFR), which many experts consider a more accurate and more secure pricing benchmark. https://www.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=19898.
- ¹¹ Reimbursable technical assistance is paid by the borrower while non reimbursable TA is at the expenses of the Lender.
- ¹² *New Development Bank Policy on Loans with Sovereign Guarantee*. (2016, January). <https://www.ndb.int/wp-content/uploads/2017/02/ndb-policy-on-loans-with-sovereign-guarantee-20160121.pdf>.
- ¹³ See Frequently Asked Questions-Project Application Process of AIIB at <https://www.aiib.org/en/projects/apply/faq/index.html>.
- ¹⁴ See IMF Concessional Financing Support for Low-income Countries. Actively resorted to during the Covid 19 pandemic by low-income countries.
- ¹⁵ Saxena, P. (n.4).
- ¹⁶ Article 4 of the Charter, *Agreement Establishing the Asian Development Bank*. (1966). <https://www.adb.org/sites/default/files/institutional-document/32120/charter.pdf>.
- ¹⁷ Saxena, P. (n.4).
- ¹⁸ Statement of then Finance Minister Late Shri Arun Jaitley at 48th Annual Meeting of Board of Governors at Baku pg. 100-102 of Summary of proceedings at <https://www.adb.org/sites/default/files/institutional-document/769011/adb-annual-meeting-proceedings-2015.pdf>. ADB was advised to aim at an annual business of at least \$20 billion by 2020. *Summary of Proceedings of 48th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) at Baku, May 2 to 5, 2015*. ADB.
- ¹⁹ Mrs. Nirmala Sitharaman said in virtual meeting May 3 to 5, 2021 that, "it is time ADB works on strengthening its equity capital, through another round of general capital increase', to be able to expand its lending outreach. *54th Annual Meeting of the Board of Governors*. 2021, May. ADB. <https://www.adb.org/sites/default/files/annual-meeting/2015/statements/IND-AM2021-Governor-statement.pdf?1620186078>
- ²⁰ Resolution No 62 of Board of Governors adopted in 6th ADB Annual Meeting on April 28, 1973, McCawley, P. 2017b. Chapter 5—ADB: The Character of the Bank [E-book]. In *Banking on the Future of Asia and the Pacific: 50 Years of the Asian Development Bank (second edition)* (p. 97). ADB. <https://doi.org/10.22617/TCS178907>.
- ²¹ Chapter 5—ADB(n.20.) The ADF issues were concluded in October 1973 at Bonn and the arrangements for ADF 1 were jointly accepted by 14 developed member countries. The amount agreed (\$525 million) was to be paid in two stages: \$350 million by June 30, 1975, and the remaining \$175 million by March 1976. Regional donors would contribute around 40per centper cent of the total, of which more than 80per centper cent was provided by Japan. *ADB through the decades ADB's First decade (1966-1976)* (second edition). 2017. ADB. <https://www.adb.org/sites/default/files/publication/216111/adb-first-decade-updated-edition.pdf>

- ²² Article 5(1) of the Charter provided that per centage of capital stock held by regional members can never be below 60per centper cent <https://www.adb.org/sites/default/files/institutional-document/32120/charter.pdf>.
- ²³ It is a common knowledge that the small Scandinavian countries have guided their agenda on environment and gender because of the strength of their contribution to the ADF. Saxena, P. (n.4).
- ²⁴ For instance, Japan’s cumulative contribution to the ADF is 38.5per centper cent (\$14519 million) of the total, while its share in ADB’s capital is 15.6per centper cent and its voting power is 12.8per centper cent.
- ²⁵ Saxena, P. (n.4).
- ²⁶ PRC contributed \$45 million in ADF XI.
- ²⁷ *Asian Development Fund 12 Donors’ Report: Scaling Up for Inclusive and Sustainable Development in Asia And The Pacific*. (2016, May). ADB. <https://www.adb.org/sites/default/files/institutional-document/184982/adf-12-donors-report.pdf>.
- ²⁸ Ibid. PRC also increased its contribution
- ²⁹ The ratio of the OCR equity to the OCR outstanding loans and guarantees.
- ³⁰ Saxena P. (n. 4).
- ³¹ *Resolution No. 372, Enhancing ADB’s Financial Capacity for Reducing Poverty In Asia And The Pacific*. 2015, April. ADB. <https://www.adb.org/sites/default/files/institutional-document/160051/bog-resolution-372.pdf>.
- ³² A base allocation of \$6 million per year to such countries introduced.
- ³³ Saxena, P. (n.4).
- ³⁴ *DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK RESOLUTION*. Inter American Development Bank. <https://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-1983553961-1794Resolution no. AG – 9/16 adopted on September 1, 2016>.
- ³⁵ *IDA launches Inaugural Bond, Pioneering New Model for Development Finance: First IDA bond raises US\$1.5 billion from investors around the world*. April 17, 2018. [Press release]. <https://www.worldbank.org/en/news/press-release/2018/04/17/ida-launches-inaugural-bond-pioneering-new-model-for-development-finance-first-ida-bond-raises-us-1-5-billion-from-investors-around-the-world>
- ³⁶ *The International Development Association (IDA, Aaa /AAA). January 11, 2022. IDA Prices Euro 2 billion Sustainable Development Bond – Its First of 2022 and Longest Benchmark* [Press release]. <https://treasury.worldbank.org/en/about/unit/treasury/ida/ida-press-releases-13>
- ³⁷ There are 18 countries in Group A which have access to ADF Grants, COL, and Technical Assistances Special Fund
- ³⁸ There are 10 number of countries in Group B who besides ADF Grants, COL, and Technical Assistances Special Fund also have access to regular OCR and selective access to thematic ADF Grants. India is in Group B
- ³⁹ Group C countries are only entitled to regular OCR and are known as Regular OCR only countries. Currently, there are 13 countries.

- 40 India is a Blend Country for ADB. However, in order to give opportunity to other countries it did not borrow for the first 20 years of existence of ADB. Only in 1986, when ADB had stabilized and had achieved a certain Sustainable Level of Lending, it started to borrow from ADB but forego its ADF entitlement.
- 41 At the same point of time, ADB's subscribed capital (OCR capital) was \$153.1 billion composed of the paid-in capital of \$7.7 billion (including \$1.6 billion committed but not paid yet) and the callable capital of \$145.4 billion.
- 42 *2014 Financial Report ADB*. (2014, December). ADB. <https://www.adb.org/sites/default/files/institutional-document/158032/adb-financial-report-2014.pdf>
- 43 Saxena, P. (n.4).
- 44 It equals outstanding loans and guarantees in relation to equity capital.
- 45 *Frequently Asked Questions: Enhancing ADB's Financial Capacity by Up*. December 15, 2017. Asian Development Bank. <https://www.adb.org/news/features/frequently-asked-questions-enhancing-adbs-financial-capacity-50-reducing-poverty-asia>
- 46 Including outstanding guarantees.
- 47 Comprises concessional loans (\$2.5 billion) and grants (\$0.5 billion).
- 48 Comprises loans, guarantees, and equity investments.
- 49 Comprises non-concessional and concessional loans, guarantees, equity investments, and grants
- 50 Exceptions are ADF 1 and XI, which were for 3 years only.
- 51 *Asian Development Fund 13 Donors' Report: Tackling the Covid-19 Pandemic and Building A Sustainable And Inclusive Recovery In Line With Strategy 2030*. 2020, October. ADB. <https://www.adb.org/sites/default/files/institutional-document/656456/adf-13-donors-report-board-paper.pdf>
- 52 TASF provides technical assistance grants to borrowing members to help prepare projects and undertake technical or policy studies. <https://www.adb.org/sites/default/files/institutional-document/190266/bog-resolution-382.pdf>
- 53 There were 34 donors at the time of the adoption of Resolution no. 372 on April 29, 2015, but only 32 participated in ADF 12.
- 54 ADF 12 Donor's Report (n. 24).
- 55 Disaster Risk Financing, Disaster Response Facility and Disaster Risk Reduction are integral to ADF 12. Regional public goods are also aimed at helping needy countries. Details can be seen at ADF 12 Donor's. (n. 24).
- 56 STRATEGY2020 mandates to scale up private sector development and private sector operations in all operational areas, reaching 50per centper cent of annual operations by 2020. STRATEGY2020 *The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. (2008). ADB. <https://www.adb.org/sites/default/files/institutional-document/32121/strategy2020-print.pdf>.
- 57 Donors agreed to allocate \$517 million to TASF out of the total replenishment with a higher share to Fragile and Conflict Affected Situations and Small Island Developing States. It is 4per centper cent nominal increase \$22 million from the TASF 6

- ⁵⁸ Asian Development Fund 12 Donors (n. 27).
- ⁵⁹ ADF 12. (n. 27) and *Asian Development Fund 13 Donors' Report: Tackling the Covid-19 Pandemic and Building A Sustainable And Inclusive Recovery In Line With Strategy 2030*. 2020, October. ADB. <https://www.adb.org/sites/default/files/institutional-document/656456/adf-13-donors-report-board-paper.pdf>.
- ⁶⁰ *Frequently Asked Questions: Enhancing ADB's Financial Capacity by Up*. (n. 45).
- ⁶¹ A phrase often used by the then President Takehiko Nakao
- ⁶² A base allocation of \$6 million per year to such countries introduced.
- ⁶³ Though the merger became effective in 2017, but the approval was given by Board of Governors in 2015 itself. and therefore, the ADB in anticipation scaled up its landing in 2016 itself
- ⁶⁴ Annual Report 2020, Asian Development Bank. (2020).<https://www.adb.org/sites/default/files/institutional-document/691766/adb-annual-report-2020.pdf>
- ⁶⁵ In case of India and PRC, contribution increased by \$11.74 million and \$55 million, respectively.
- ⁶⁶ ADB Information Statement-2022. <https://www.adb.org/sites/default/files/institutional-document/417506/information-statement-2022.pdf>
- ⁶⁷ ADB Annual Report 2021 Toward a Green and Inclusive Recovery,<https://www.adb.org/sites/default/files/institutional-document/788046/adb-annual-report-2021.pdf>
- ⁶⁸ 54th Annual Meeting. (n. 19).
- ⁶⁹ Review of Classification under ADB's Graduation Policy. Manila (R67-17).
- ⁷⁰ "Unconventional," "striking," "ground-breaking," "extraordinary," are some of them.
- ⁷¹ <https://www.adb.org/sites/default/files/annual-meeting/2015/statements/IND-AM2021-Governor-statement.pdf?1620186078>=
- ⁷² Financing for Sustainable Development Report 2022-Bridging the Finance Divide. Released by United Nations on April 12, 2022, has estimated that COVID-19 plunged 77 million into poverty before Ukraine war (from 812 million to 889 million persons living an increase of \$1.90 per day or less, an increase of approximately 9.5per centper cent), The war will further exacerbate the situation. Asia and Pacific will be no exception to this calculation.

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