

ADB in Southeast Asia

Mission

Reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional cooperation and integration (RCI).

Key Challenges

- Rising inequality
- Huge infrastructure investment needs: \$200B/year¹
- Lack of skilled labor to drive growth
- Prolonged COVID-19 pandemic

Operational Priorities

- Infrastructure: transport, energy, water and urban services
- Finance, public sector management
- Health and education
- Water management and agriculture
- Climate change and disaster risk management
- RCI²

Sovereign Operations

Current portfolio stands at \$17.4B with 152 loan and grant projects. In 2019, total disbursements amounted to \$3.5B. Disbursements in 2020 (as of date) has reached \$5.8B, of which \$3.3B came from Countercyclical Support Facility -COVID-19 Pandemic Response Option (CSF-CPROs), \$1.2B from policy-based loans (PBLs)³ and \$1.3B from ongoing projects.

Lending commitments in 2019 reached \$5.3B. In 2020, ADB expects the lending program to double to \$11.4B, largely due to ADB's COVID-19 response amounting to \$5.4B. The package consists of COVID-19 Active Response and Expenditure Support (CARES) Programs under CSF-CPRO, health security and social protection projects and technical assistance (TA). ADB is mobilizing an additional \$4-5B cofinancing to support the 2020 program.

Over the past 5 years, ADB's financing partnerships have leveraged over \$12B loan and grant resources, mainly from the AIIB, ASEAN Infrastructure Fund, Australia, France, Germany, Japan and the World Bank.

Nonsovereign Operations

ADB also supports private sector projects in renewable energy, financial inclusion, telecommunications and transport.

The "One ADB" approach is adopted to bring in PPP, private sector and sovereign operations together to promote viable investments in these sectors as well.⁴

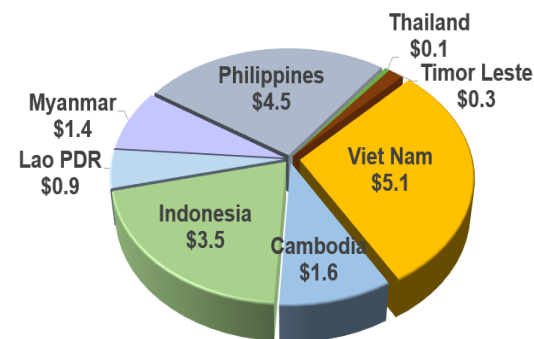
Future Program

From 2021, sovereign operations in the region are projected at \$6-7B per year, leveraging an additional \$1-2B per year from key development partners.

PORTFOLIO: \$17.4 billion

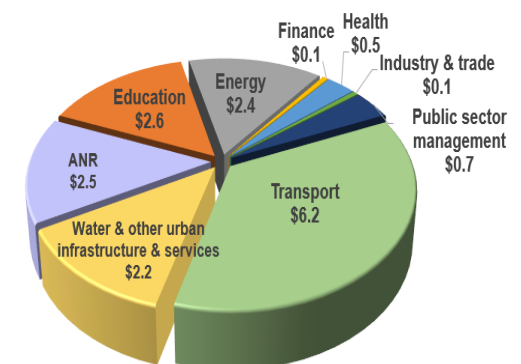
By country (amounts in \$ billion)

Viet Nam accounts for about 30% of ADB's portfolio in Southeast Asia. The Philippines (26%) and Indonesia (20%) are ADB's next biggest clients.



By sector (amounts in \$ billion)

Transport constitutes one-third of ADB's current business in Southeast Asia, followed by education and agriculture, natural resources & rural development (ANR).



¹ This represents 5.7% of Southeast Asia GDP from 2016 to 2030. Japan Spotlight. Dec 2017. Academic Overview of Asia's Infrastructure Needs – ADB Expert Discusses 2017 Report. Japan.

² Includes support for ASEAN and subregional programs through the Greater Mekong Subregion (GMS) Economic Cooperation Program; Brunei Darussalam Indonesia- Malaysia- Philippines East ASEAN Growth Area (BIMP-EAGA), and Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT).

³ Over the past 5 years, PBLs have been supporting reforms in education, energy, health, finance and public sector management in Southeast Asia DMCs.

⁴ Recent examples include Solar Power Projects in Cambodia and Viet Nam, Wind Power and Battery Storage Project in Thailand.



Country Highlights¹

Cambodia: \$1.6 billion, 28 projects

- PPP advisory services provided to develop a 100 MW solar power park, and electricity distribution expanded
- Construction and rehabilitation of 660 km of national and rural roads connected and rehabilitated
- Regional water supply and sanitation services made available for 115,000 rural households
- About 534,000 students (46% female) benefitting from education and market oriented TVET skills
- Climate resiliency, agricultural commercialization and crop diversification promoted, 206,000 ha of land revitalized, and improved access to financial services provided for over 2.7 million individuals and households

Indonesia: \$3.5 billion, 21 projects

- Following earthquake and tsunami in Sulawesi, 35,000 households (benefiting 66,000 women) connected to water supply and Gumbasa irrigation reconstructed to disaster-resilient standards and safety measures, covering 7,000 ha
- More than 3.4 million new customers connected to electricity over past 5 years
- 500 km of rural road built and/or upgraded from 2012 to 2019
- 600,000 households benefitted from upgraded sanitation over past 10 years
- Ongoing revitalization of 519,000 ha of land through irrigation, drainage and flood management.

Lao PDR: \$90 million, 27 projects

- Agribusiness promoted by productive rural infrastructure development
- Sustainable natural resources managed and with improved climate resilience
- Physical connectivity improved to promote RCI and urban infrastructure developed to boost local economies
- Government capacity strengthened to efficiently design and deliver improved education and health services

Myanmar: \$1.4 billion, 15 projects

- Electrification ratio increased to ~50% and distribution losses in project areas reduced by ~14%
- Physical connectivity improved through transport sector reforms and road modernization
- Rural livelihoods improved, including via support to post-emergency recovery in Chin State
- Over 900,000 Grade 6 students supported with improved textbooks and nationwide teacher training as part of national support to secondary education and TVET reforms

Philippines: \$4.5 billion, 17 projects

- Construction of 51.3 km high-speed elevated railway using cutting-edge technology to connect Metro Manila to new Clark business district and international airport in the north, with a daily capacity of 342,000 passengers by 2025
- Budget support to help government fund its COVID-19 response program, and 17 major hospitals upgraded to address the pandemic, with laboratories and isolation facilities, medical equipment, PPEs, testing kits and chemicals
- Construction of a 6.3 km earthquake-resilient upstream water tunnel and a 15 km downstream water transmission pipeline to increase water transfer capacity to Metro Manila to 66 m³/sec by 2025, up from 50 m³/sec in 2019
- Financial inclusion reforms, focusing on the poorest 40% of the population and rural residents, to more than double the number of Filipinos holding an account at a formal financial institution by 2023
- About 10.6 million students to benefit from improved secondary-level learning outcomes and completion rates, enhanced curriculum and assessment, better teacher proficiencies, and stronger school-based management
- Reconstruction and rehabilitation of damaged infrastructure, including 25 km of roads and 1,700 m of bridges and viaducts in conflict-affected Marawi City
- Policy reforms to help local governments deliver services and improve their revenue-raising capacity

Thailand: \$90 million, 1 project

- Financial inclusion, climate change mitigation, infrastructure development, and support for RCI
- Highways upgraded to expand subregional trade and investments in the GMS
- Upstream technical and advisory support provided to government/public sector entities in thematic bond issuances
- Partnerships pursued with private sector on renewable energy projects, including wind and solar power

Timor-Leste: \$300 million, 7 projects

- Rehabilitation and upgradation of 460 km of national and municipal roads
- Improvement of water supply systems in Manatuto and Pante Makassar and support for sector policy and planning, benefitting 2600 families with enhanced access to piped water
- Quality and productivity improvement programs for 4,200 coffee producing households in Aileu, Ermera, and Liquica
- Preparation for ASEAN accession and cross-border integration with Indonesia
- COVID-19 response covering medical supplies for health centers in 13 municipalities; direct purchase of nutritious food from local farmers distributed to 5000 households in 4 municipalities; and water facilities in public schools, including water storage tanks and hand-washing stations.

Viet Nam: \$5.1 billion, 36 projects

- 231,379 households with new or improved water supply and 112,255 homes benefitted from new or improved sanitation. improved irrigation, drainage, and flood management for an area covering 1,390,827 hectares, benefitting more than 2.2 million households
- 3,042 kilometers (km) of roads, 173 km of railway, and 1,727 km of power transmission lines.
- 12.5 km and 11.3 km of quality rail metro system constructed including depots and stations in Hanoi and Ho Chi Minh City, respectively, serving about 700,000 passengers per day for each city



¹ Figures by DMC represent active portfolio amount and no. of projects; development results/activities are from both ongoing and recently closed projects/programs