



SWITZERLAND AND THE ASIAN DEVELOPMENT BANK (ADB) AND ASIAN DEVELOPMENT FUND (ADF)

FACTS AND FIGURES

Mandate

The mission of the Asian Development Bank (ADB) is to help its developing member countries to reduce poverty and improve the quality of life of their people through inclusive and environmentally sustainable growth and regional integration. The ADB Group comprises the ADB and the Asian Development Fund (ADF), the concessional window which provides support to the poorest regional member countries.

Type of organisation

International financial institution / multilateral development bank

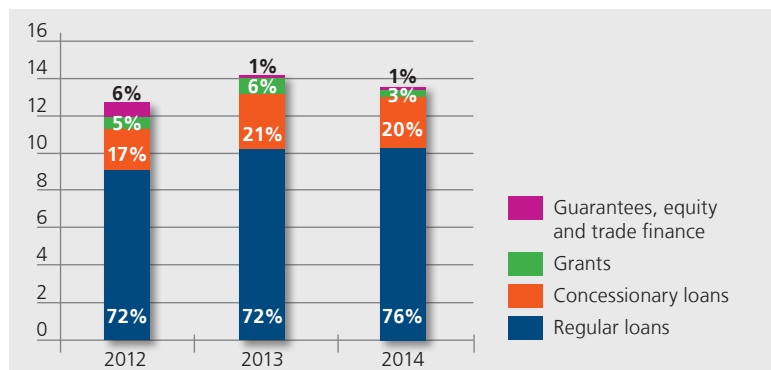
Institution (ADB)

- **Head of organisation:** President Takehiko Nakao (Japan)
- **Headquarters:** Manila, Philippines
- **Number of country offices:** 29
- **Number of staff (as of 31 December 2014):** 2,990 from 61 of its 67 members
- **Established in:** 1966 (ADF in 1973)
- **Board:** The Board of Governors is the highest governing body, representing all member states and shareholders. Switzerland is represented by the State Secretariat for Economic Affairs SECO (governor) and the Swiss Agency for Development and Cooperation SDC (alternate governor). In the Board of Directors, Switzerland belongs to a constituency composed of France, Italy, Belgium, Spain and Portugal. It shares an alternate executive director position and an advisor position with Belgium, Portugal and Spain, and another advisor position with France and Italy.

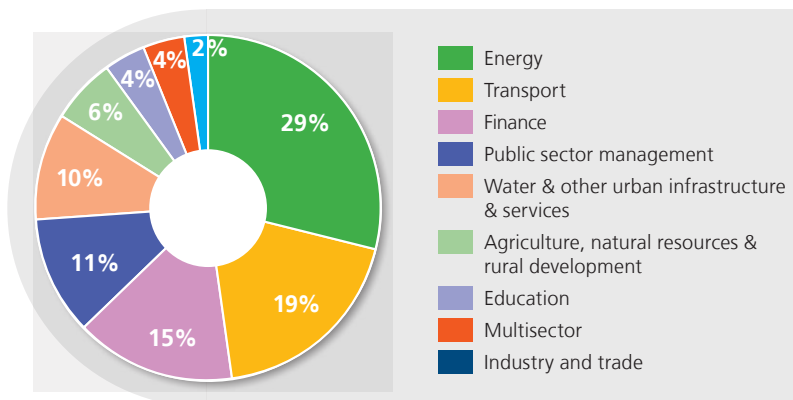
Switzerland

- **Financial contribution**
 - **Asian Development Bank General Capital Increase 5 (2011–2020):** CHF 19.9 million (Switzerland holds 0.59% of the ADB's capital)
 - **Asian Development Fund (ADF) Replenishment 11 (2013–2016):** CHF 48 million (Swiss share of the replenishment: 0.91%)

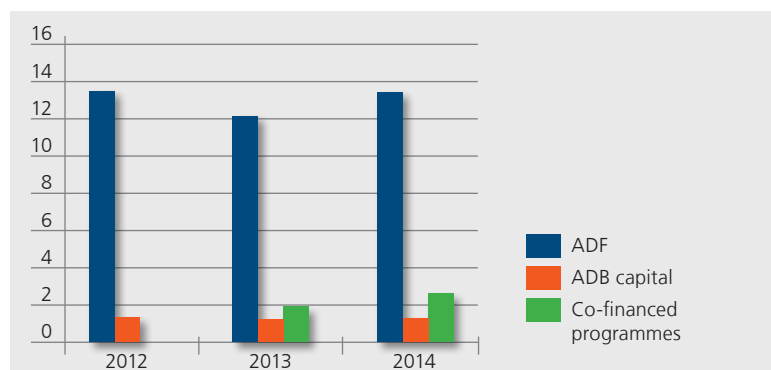
ADB expenditures (in USD billion)



ADB expenditure by focus area (2014)



Switzerland's contributions (in CHF million)



- **Number of Swiss staff (2014):** 6
- **Mandates to Swiss firms (2010–2014):** 10 for USD 42 million

Website: www.adb.org

ADB/ADF

Concessional and non-concessional lending

The Asian Development Fund is the Asian Development Bank's main concessional window for supporting poverty reduction in its poorer member countries in Asia and the Pacific. Founded in 1973, it offers loans at very low interest rates as well as grants. Economically more developed member states on the other hand can apply for repayable loans that bear higher interest and are covered by the ADB's ordinary capital resources. A further group of countries receive blended funding from both sources. The eligibility of countries for the three categories fundamentally depends on gross national income per capita and on sovereign creditworthiness. ADF resources are then mainly allocated according to country performance as measured in annual assessments. The ADB mainly finances public sector projects but in a limited way also supports private investments that have a clear development impact. In addition to mobilising financial resources, the ADF provides technical assistance to its developing member states, thereby helping to bridge the development gap in Asia and the Pacific – home to both some of the world's fastest-rising and most vulnerable economies.

Medium-term objectives

The ADB and the ADF are guided by their Strategy 2020, a vision of an Asia-Pacific free of poverty and with thriving modern economies that are well integrated with each other and the world. Under this vision, they follow three complementary strategic agendas:

- **Inclusive economic growth**
To promote more inclusive growth, the ADB and the ADF support investments that create economic opportunities from which all members of society benefit. Projects supported aim at, for example, improving infrastructure (e.g. roads, water and sanitation or energy), raising productivity, creating jobs, extending market access, improving education and promoting trade.
- **Environmentally sustainable growth**
ADB and ADF assistance supports the sustainable use of natural resources and promotes environmentally sound infrastructure investments. This includes energy efficient and low emission transportation as well as climate-resilient and liveable cities.

- **Regional cooperation and integration**

The ADB facilitates regional economic integration by fostering cross-border infrastructure, reducing barriers to trade and investment and by advancing the integration of financial markets. In addition, coordinated responses to issues as diverse as climate change, corruption or drug trafficking are expected to bring benefits to the whole region.

Overarching themes of the ADB are the development of the private sector, the promotion of good governance and of gender equity as well as the improvement of access to knowledge.

Results

In recent decades, the Asia-Pacific region has enjoyed a fast economic expansion that has brought about a steady decline in poverty. The poverty reduction target of the Millennium Development Goals (MDG) was achieved in ADB member states, on average. Between 1990 and 2011, approximately 950 million people were lifted out of extreme poverty, which refers to the number of poor people living on less than USD 1.25 a day. However, with around 730 million people living in extreme poverty, the region is still home to about 60% of the world's poor people. Almost two thirds of the world's hungry people live in Asia. The region will not meet some MDGs, such as those related to child health, maternal mortality, sanitation and environmental targets. Furthermore, 1.6 billion people, 45% of Asia's population, are still living on less than USD 2 a day and remain vulnerable to external shocks. Furthermore, the region is highly vulnerable to environmental and natural hazards. The ADB and the ADF played a vital role in achieving this progress in poverty reduction. They provided the means to make public infrastructure more effective and reliable, to extend access to public services, and they responded to the particular needs of fragile and conflict-affected states. Furthermore, they helped member states to improve institutional capacities and implement reforms, which is of particular importance for the sustainability and inclusiveness of development.

The ADF achieved results in a broad range of fields. The outcomes of the ADF's assistance during 2011-2014 include:

Education: The ADF provided access to better quality education for more than 17 million students and trained more than 1.6 million teachers.

Energy sector: ADF projects connected 505'000 households to electricity.

Transport sector: The ADF built or upgraded 25,000 km of roads. This provided beneficiaries faster travel times, new economic opportunities, and improved access to basic services.

Water sector: The ADF installed or renovated more than 15,000 km of water supply pipes giving more

than 1 million house-holds access to clean drinking water. Regarding agriculture, it improved more than 2 million hectares of land by scaling up irrigation, drainage and flood management. This reduced the flood risk for 2.7 million people.

Financial sector: The ADF provided 2 million households access to microfinance.



Photo: ADB.

Case examples

Better banking practices boost business and create jobs in Azerbaijan

Forty-year-old Elham Musayev has enjoyed great success cultivating cabbages. His enterprise has had knock-on benefits for the town of Ismayilli where he lives with his wife and three children. Elham pays rent in the form of a tonne of wheat per hectare each year to the five villagers who own the land he farms and also sells his produce to wholesalers and the village market. He has also created jobs. In 2014, Elham employed about 40 people for 4 months to help harvest his crops. He now aims to expand production and increase the variety of vegetables he produces. A key to Elham's success - and to that of thousands of other start-ups and micro and small and me-

dium enterprises (MSMEs) - was lending support from Azerbaijan's AccessBank. In Elham's case, the credit financed the purchase of a mini tractor which he needed for efficient weeding. Much of the lending has been supported by a 2006 ADB loan aimed at helping private banks and leasing companies support MSMEs and thereby making economic growth in the country more inclusive.

Water and sanitation in the Lao People's Democratic Republic

Life has always been hard for women in the poor villages of northern Lao PDR. "I would get up in the morning before the children were awake and walk to the river and carry back the water," recalls Lee Chanmanee. "I'd go back to the river again and again until I had enough water for the day. I'd carry 20 litres at a time. It was very heavy." Today, clean safe water is piped into her home and the water that her family is drinking is cleaner and safer. "Our lives have improved a lot", she says. "Our family is healthier now and we've had very little sickness". Lee is one of almost 100,000 people who have benefited from the Northern and Central Regions Water Supply and Sanitation Sector Project co-financed by the ADB. More than 17,000 households installed modern toilets and 750 households received grants to help pay for the installation of these toilets. In many of the villages, all households now have modern toilets.

SWITZERLAND

Switzerland has been a member of the ADB since 1967 and has participated in the ADF since its foundation in 1973. The Bank's mission is consistent with Switzerland's objectives of reducing poverty and disaster risks while facilitating environmentally and socially sustainable economic development. Switzerland is therefore actively contributing to discussions and decisions of the Board of Governors and the Board of Directors.

Switzerland's medium-term objectives

- **Improve the ADB's corporate governance**

Corporate governance is key for the ADB to function well and successfully implement its mandate. Switzerland therefore supports efforts to decentralise staff and responsibilities to offices in the countries where projects are implemented. Further objectives are promoting merit-based human resources management as well as consolidating policies ensuring financial stability and sustainability. As a shareholder of the ADB, Switzerland attaches great importance to the financial stability of the Bank. Only an 'AAA' credit risk rating enables the ADB to borrow money from the capital markets under preferred conditions.



The Northern and Central Regions Water Supply and Sanitation Sector Project has provided a 24-hour supply of clean water to 18,173 households in 12 towns across the northern and central regions of the Lao People's Democratic Republic. Photo: ADB.

- **Increase development effectiveness**

In order to increase the development effectiveness of financed projects, Switzerland aims to raise the ADB's attention to the poorest and most vulnerable. In addition, operational actions could be further harmonised with donors. Switzerland encourages the ADB to enhance its focus on employment and creation of decent jobs and to continue to strengthen the underlying success factors for employment and private sector development.

- **Raise the ADB's contribution to good governance and anti-corruption efforts**

To ensure the sustainable development results of ADB projects, more attention to good governance is necessary. Furthermore, Switzerland is dedicated to making the Bank more sensitive to fragile political situations and to promoting gender equality in ADB operations. These objectives mirror general priorities in Switzerland's development cooperation.

- **Mainstream climate change**

Many countries in the Asia and Pacific region are highly vulnerable to the adverse effects of climate change and natural disasters. Climate change mainstreaming is a key vehicle for promoting the ADB's environmentally sustainable growth agenda. Switzerland supports the implementation of the ADB's environmental safeguards and the Bank's efforts in enhancing and improving climate change mainstreaming and disaster risk reduction.

- **Strengthening the ADB's performance in the water sector**

Water-related issues are closely connected to other key areas such as food security, energy, climate change, health, disaster risks and conflicts. Therefore, increasing the ADB's effectiveness and broadening its approach on water issues are among Switzerland's main objectives.

Results of Swiss cooperation with the ADB/ADF

Through the ADB's Board of Directors and during the Bank's annual meeting, Switzerland has been able to be actively involved in ADB reform processes. In Switzerland's focus areas, the ADB has achieved some progress:

Corporate governance of the ADB

Improvements have been made with regard to human resources management. The introduction of an ombudsperson for example should advance meritocracy. Moreover, the percentage of staff working in resident missions is rising and the ADB is further decentralising staff and responsibilities to resident missions.

The growth of the administrative budget has been significantly reduced over the last years.

Development effectiveness and focus on good governance

In terms of development effectiveness, the overall quality of completed operations has continued to improve. The 2014 midterm review of the ADB's long term strategy has contributed to improving ADB's orientation – in particular with regards to a better focus on inclusive growth. The ADB and its independent Evaluation Department have analysed the ADB's performance in the area of governance and anti-corruption as requested especially by Switzerland.

Climate change and water

The ADB's attention to climate change has risen, as a large number of projects supporting environmental sustainability shows. Finally, compared to 2011, there has been considerable progress in the performance of water projects.

ADB/ADF CHALLENGES

The ADB has implemented important reforms in the past few years. Overall, the Bank has received good marks for its effectiveness, focus on results, legitimacy and monitoring, and is considered to be one of the best performing and best managed multilateral organisations. Nevertheless, there are several challenges that need to be addressed.

The ADB's management remains concerned about the quality, inclusiveness and sustainability of its completed operations. The achievements in donor harmonisation and a critical but constructive policy dialogue with governments need to be consolidated.

In the area of good governance and anti-corruption as well as in the application of a conflict sensitive approach, progress is still slow. Political will and leadership are needed in the ADB to make effective progress in these sensitive areas.

Switzerland will closely observe how the ADB implements the measures it requests and will continue to provide feedback received from the Swiss cooperation offices in the field.

Contacts

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