



2023



Annual Portfolio Performance Report

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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.

Abbreviations

1S1E	-	single-stage one-envelope bidding
1S2E	-	single-stage two-envelope bidding
ADB	-	Asian Development Bank
ADF	-	Asian Development Fund
APPR	-	annual portfolio performance report
APVAX	-	Asia Pacific Vaccine Access Facility
COL	-	concessional OCR lending
COVID-19	-	coronavirus disease
DEMR	-	development effectiveness monitoring report
DMC	-	developing member country
FAST	-	faster approach to small nonsovereign transactions
FCAS	-	fragile and conflict-affected situations
IRFC	-	Indian Railway Finance Corporation
Lao PDR	-	Lao People's Democratic Republic
MFI	-	microfinance institution
MFP	-	Microfinance Program
NOM	-	new operating model
OCR	-	ordinary capital resources
PBL	-	policy-based loan
PCR	-	project completion report
PDA	-	project design advance
PEFA	-	public expenditure and financial accountability
PPFD	-	Procurement, Portfolio, and Financial Management Department
PRC	-	People's Republic of China
PRF	-	project readiness financing
PSOD	-	Private Sector Operations Department
SEFF	-	small expenditure financing facility
SIDS	-	small island developing state
TA	-	technical assistance
TCR	-	technical assistance completion report
TSCFP	-	Trade and Supply Chain Finance Program
XARR	-	extended annual review report

NOTES

- (i) In this report, "\$" refers to United States dollars.
- (ii) Totals may not sum precisely because of rounding

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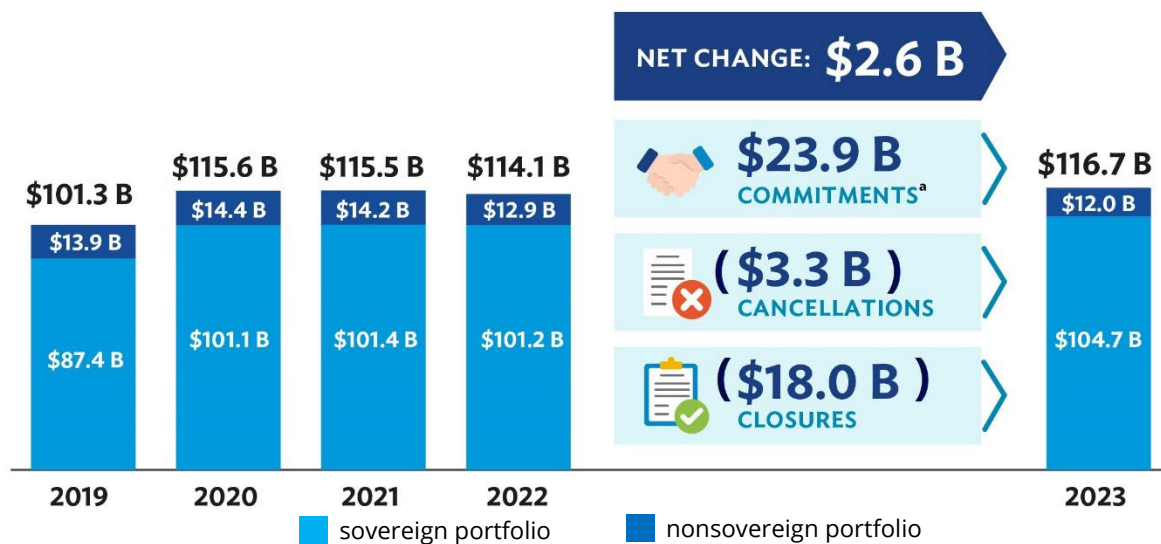
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SECTION I

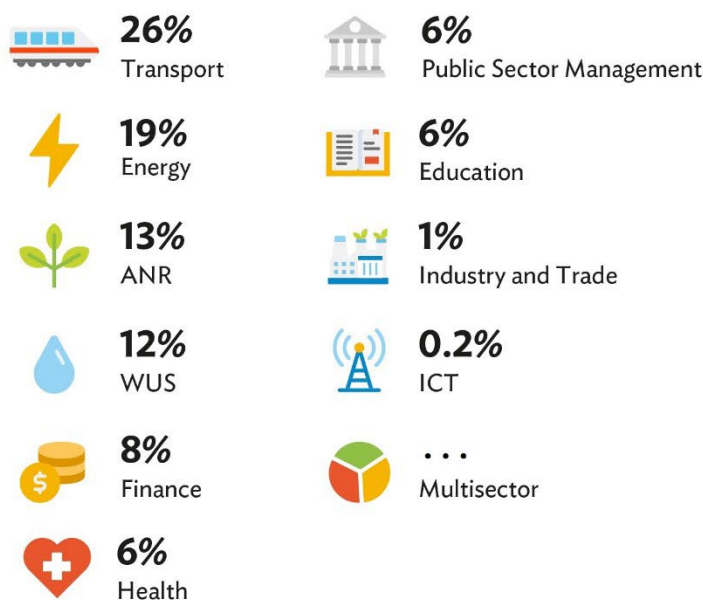
Executive Summary

Figure 1: 2023 Overall Portfolio

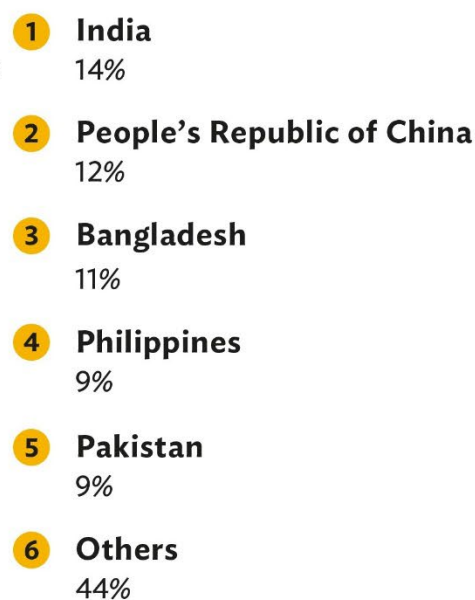
SOVEREIGN AND NONSOVEREIGN OPERATIONS IN \$ BILLION



BY SECTOR



BY DEVELOPING MEMBER COUNTRY



... = nil; () = negative; ANR = agriculture, natural resources, and rural development; B = billion; ICT = information and communication technology; WUS = water and other urban infrastructure and services.

Notes:

1. Figures may not sum precisely because of rounding.
2. Nonsovereign closures include prepayments, repayment, valuations, disposal of equity investments, and expired guarantees.

^a Based on the 31 December 2023 revalued amount and includes fully administered cofinancing.

Source: Asian Development Bank data.

Executive Summary

Introduction

The annual portfolio performance report (APPR) provides the Asian Development Bank (ADB) Board of Directors and Management with a strategic overview of the portfolio trends, size, composition, and quality. The report identifies key portfolio issues and makes recommendations, building on ADB's project implementation reports and project information databases. The APPR also includes lessons for future ADB project-related interventions.

The 2023 APPR covers the sovereign and nonsovereign portfolios. The active sovereign portfolio comprises loans, grants, technical assistance, guarantees, and equity based on commitments. The portfolio covers operations funded by regular ordinary capital resources (OCR), concessional OCR lending, Asian Development Fund, and other special funds, as well as cofinancing fully administered by ADB. The nonsovereign operations portfolio analysis is based on the committed loans, other debt securities, guarantees, and equity investments funded by regular OCR and Asian Development Fund's private sector window, and active technical assistance. In addition to an overview of portfolio performance, it covers the regional and sector structure, new transaction processing efficiency, commitments, disbursements, financial performance, and development effectiveness. The nonsovereign section excludes risk analysis to avoid duplication of regular risk management reporting to the Board's Audit and Risk Committee.

2023 Overall Portfolio

Portfolio performance remained robust despite challenging global environment. ADB's performance across sovereign and nonsovereign portfolios was not significantly affected by the slow post-pandemic economic recovery, increasing geopolitical tensions, and tighter financial conditions. Project restructuring during the pandemic began to bear fruit, and implementation teams proactively took necessary measures to counter the lingering effects of the COVID-19 pandemic. While project commitments across both the sovereign and nonsovereign portfolio increased, there was a slowdown in Trade and Supply Chain Financing and Microfinance programs.

Sovereign Portfolio

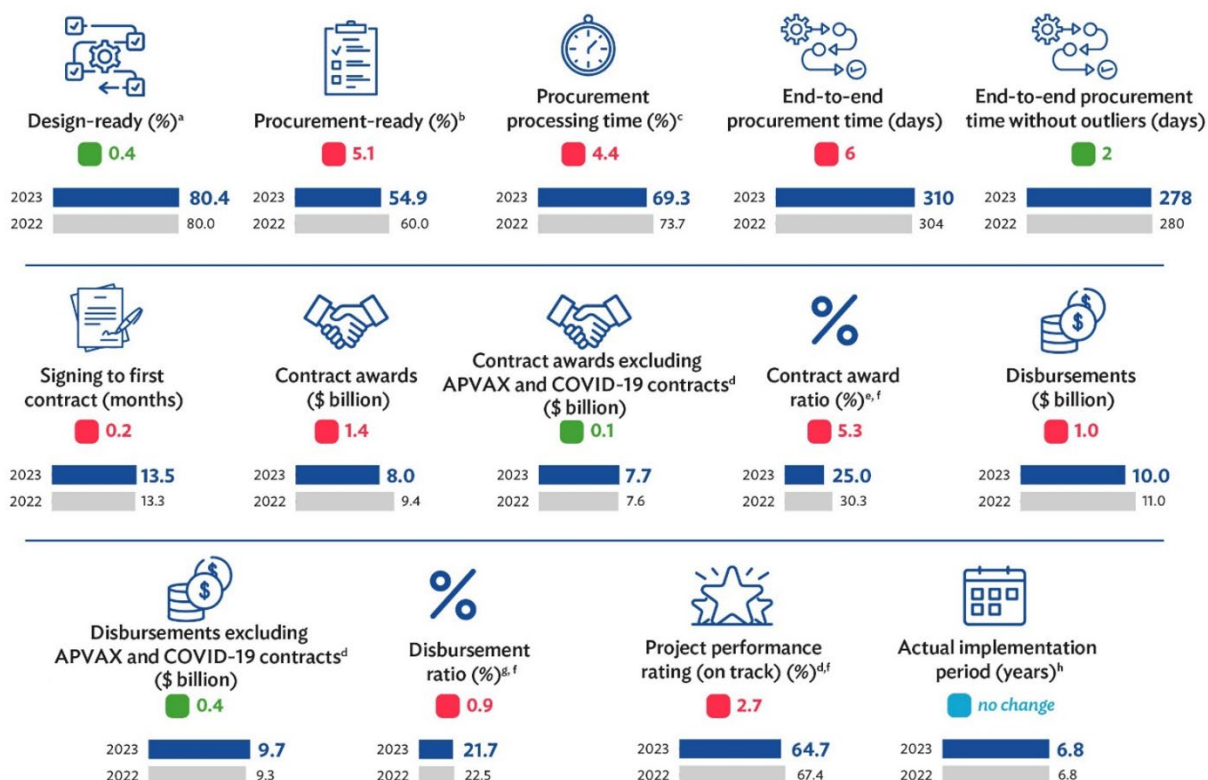
The new operating model. Under ADB's new operating model (NOM), which became effective on 30 June 2023, regional departments monitor overall portfolio activity to maintain a holistic view of ADB operations in each developing member country. Under the new structure, regional departments and resident missions coordinate ADB-wide engagement with DMCs and the Sectors Group deliver client solutions. Country directors and country operations heads in resident missions guide project teams on country-specific portfolio management issues and monitor country portfolio performance. The new Sectors Group brings the depth and the expertise to the respective sectors and is critical to promoting innovative and integrated solutions. Portfolio management remains a collaborative process, and each of the seven sectors support individual project teams on day-to-day project matters. ADB's Portfolio Management Division (PFPM) of the Procurement, Portfolio, and Financial Management Department leads the centralized sovereign portfolio management functions and bridges sectors and regions. PFPM chairs the portfolio network meetings, which serves as the forum for discussing business process reforms and project performance.

Transition to the new operating model did not impact portfolio performance. ADB's commitment volume rose to \$20.2 billion in 2023 from \$17.0 billion in 2022. The year ended with contract awards of \$8.0 billion, as well as project disbursement of \$10.0 billion and program disbursement of \$6.6 billion. Post-pandemic effects did not create implementation bottlenecks. Procurement time increased by 6 days and completion reports program fell short by 10.6% for project completion reports and 17.3% for technical assistance completion reports. ADB's average *on track* project performance rating was 64.7%, a marginal decline of 2.7% from the previous year.

Outlier contracts affected procurement times. The average end-to-end procurement time increased by 6 days from 304 days in 2022 to 310 days in 2023. Of the 65 contracts reviewed, two contracts under the South Commuter Line Railways Project in the Philippines averaged 841 days end-to-end. Removing 10% of the slowest contracts improves the end-to-end time to 259 days in 2023 compared with 260 days in 2022. The recommendation in the 2021 APPR to shift to single-stage single-envelope procurement is gaining traction amongst borrowers while the number of contracts using e-procurement needs to be ramped up as 2023 saw a decline in the number of contracts using it.

Project readiness plays a vital role in improving project implementation. A special study was conducted to assess the benefits of project readiness and the effectiveness of project readiness financing (PRF) modality and the small expenditure financing facility (SEFF). The study shows that (i) project readiness contributed to reducing the overall project implementation period and (ii) PRF and SEFF usage should be scaled up with appropriate incentives and more dialogue with DMC governments.

PERFORMANCE OF KEY SOVEREIGN PORTFOLIO INDICATORS



■ = improvement from 2022, ■ = decline from 2022, ■ = no change from 2022. APVAX = Asia Pacific Vaccine Access Facility, COVID-19 = coronavirus disease.

Note: Figures may not sum precisely because of rounding.

^a The number of infrastructure projects approved in 2023 that were design-ready before project approval as a percentage of total infrastructure projects approved in the same year.

^b The number of infrastructure projects approved in 2023 for which bidding documents for procurement of major works or goods contracts were launched before project approval as a percentage of the total number of approved infrastructure projects in the same year.

^c The number of procurement contract transactions of \$10 million and above for sovereign operations received and approved in the procurement review system (PRS) in 2023 that were approved in 40 days or less as a percentage of total procurement contract transactions of \$10 million and above for sovereign operations recorded in the PRS in the same year.

^d Amounts were less than 2022 but regarded as green since projections were achieved. The lower amount in 2023 is largely attributed to a significant reduction of APVAX.

^e The ratio of total contracts awarded during 2023 to the total value for contract awards available at the beginning of the year, including newly committed projects (loans and grants) during the year.

^f Data exclude Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. In 2023, ADB committed a special financing arrangement of \$26 million to provide humanitarian support to the people of Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021, but since 2022 has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

^g The ratio of total disbursements during 2023 (including disbursement from newly committed operations during the year) to the undisbursed balance at the beginning of the year.

^h The time from product commitment (signing) to actual financial closing.

Source: Asian Development Bank data.

Nonsovereign Portfolio

Committed portfolio continued to decline. The total committed nonsovereign portfolio continued to fall in 2023. The decline was driven by the cancellation of large loans and lower commitments from private sector programs affected by macroeconomic challenges in key Trade and Supply Chain Finance Program markets, such as Pakistan and Sri Lanka, and the slowdown of global trade.

Project commitments 54% higher in 2023. The \$1.7 billion of project commitments in 2023 was the highest since 2020. ADB approved 45 projects and signed 40. As signings and disbursements pick up in 2024, the negative trends of 2023 are expected to reverse.

Expanding operations in fragile and conflict-affected situations and small island developing states. In June 2022, ADB signed its first transaction financed by the Asian Development Fund's private sector window as economies reopened and investment appetite grew. ADB signed four more loans with grant and/or guarantee components funded by the private sector window in 2023. These included a contingent grant to boost micro, small, and medium-sized enterprises, targeting those owned or led by women in the Kyrgyz Republic after an 8-year lapse.

Collaboration continued to strengthen. Regional departments, Sector Groups, and the Private Sector Operations Department (PSOD) continued to strengthen collaboration in 2023. PSOD is now firmly embedded in country partnership strategies and is a member of country and regional management teams under the NOM. A pilot was also started with integrated teams (comprising PSOD and Sectors Group staff) for transactions in the finance, agribusiness, and social sectors.

Business process reform initiative. ADB implemented the revised credit process for nonsovereign operations in September 2023. The update included alignment of instructions for credit and other nonsovereign operations with the NOM, as well as restructuring of the Investment Committee to reflect the level of risk and approval authority for a given transaction. Continual reforms also involved implementation of process efficiencies, such as the simplification of transaction processing documentation and the removal of the preparation of an interdepartmental comments matrix.

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

SECTION II

Special Study: Project Readiness

Special Study: Project Readiness

A. Purpose of the Study

1. The Asian Development Bank (ADB) started measuring project readiness in 2014 as a corporate performance indicator, which was reported in the *2013 Development Effectiveness Review Report*¹ as a quality-at-entry indicator for infrastructure projects.² Project readiness is essential in reducing start-up and implementation time and improving project quality. Shortened implementation periods will lead to higher economic benefits and more efficient use of available lending resources. Low project readiness increases the risk of changes in the project scope and design during implementation, and longer project implementation periods expose the project to external risks such as economic crises, natural disasters, and government policy changes.

2. This study aims to (i) assess project readiness achievements, (ii) determine if there is significant relationship between project readiness and its perceived benefits,³ (iii) assess the usage and benefits of project readiness financing (PRF) and the small expenditure financing facility (SEFF), (iv) understand why PRF and SEFF are not more widely used, (v) explore how to improve ADB's project readiness criteria, and (vi) recommend improvements in project readiness of infrastructure projects. To address qualitative questions, PPF held 17 interview sessions with front offices of regional departments, resident missions, and project team leaders using a focused questionnaire. The study also gathered information from project implementation seminars hosted by ADB with the participation of government counterparts.

B. Project Readiness Achievements

3. ADB uses two indicators of project readiness: design-ready and procurement-ready.⁴ Prior to approval, ADB assesses whether infrastructure projects meet the criteria of the two indicators. Because detailed engineering design is essential to launch the procurement process, procurement-ready projects are generally always design-ready. The targets in ADB's corporate results framework

¹ ADB. 2014. *2013 Development Effectiveness Review*. Manila.

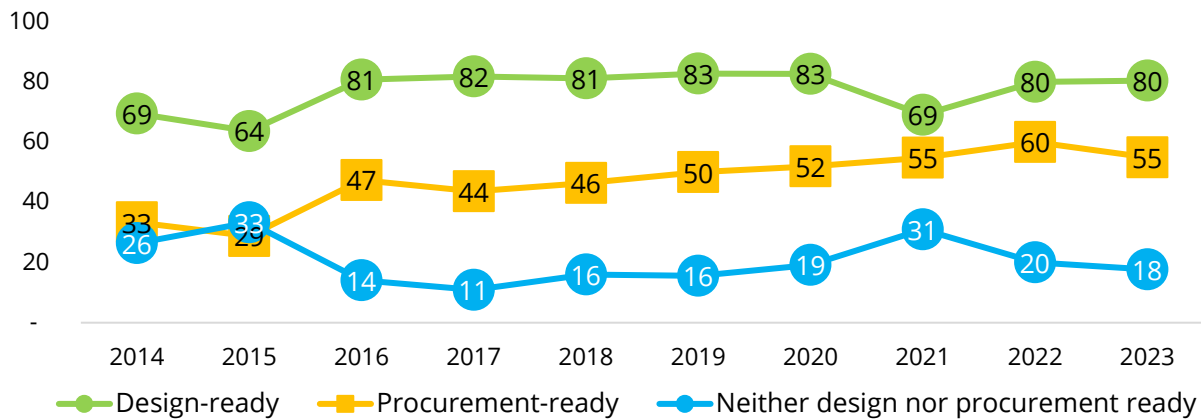
² Infrastructure projects include infrastructure sector projects and non-infrastructure projects with major civil works component.

³ The study used project readiness data from 562 infrastructure projects (in 38 developing member countries) approved from 2014 to 2023, as assessed by regional departments.

⁴ Projects with preliminary design and specifications or detailed engineering designs completed before approval are considered design-ready. Projects that have issued bid documents for major contracts before approval are considered procurement-ready. Major contracts refer to works or goods contracts that represent 20% or more of a project's inputs or whose cost estimates are \$10 million or higher.

are 80% for design-ready (annual target) and 60% for procurement-ready (target for 2024). From 2014 to 2023, the share of design-ready projects increased from 69% to 80% and the share of procurement-ready projects rose from 33% to 55%. Both targets were achieved in 2022, but the share of procurement-ready projects decreased from 60% to 55% in 2023 due to delays in government approvals.

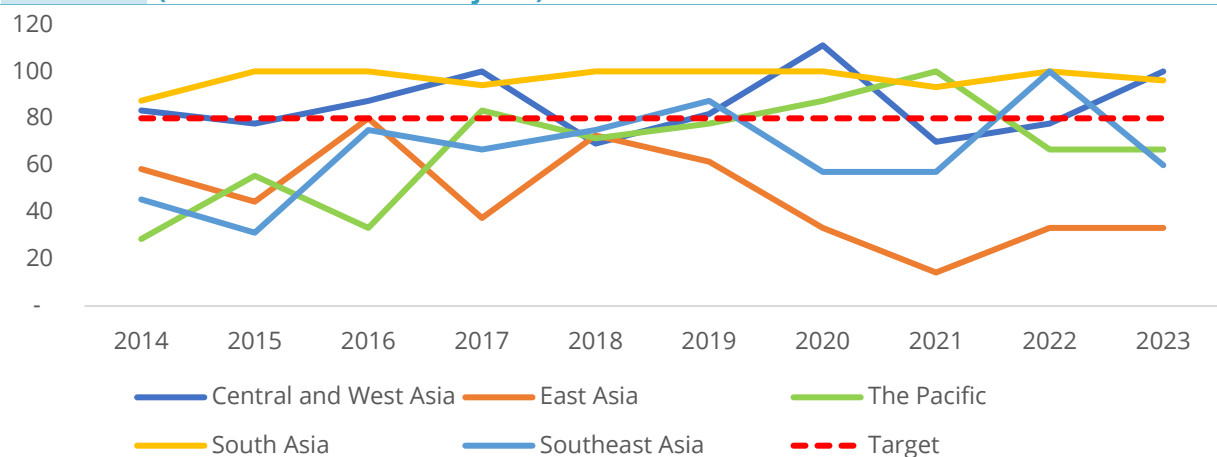
Figure 2: Project Readiness, 2014–2023 (%)



Source: Asian Development Bank data.

4. **Overall procurement readiness has improved since 2014.** By region, South Asia has led project readiness, mainly because of more advanced project readiness, and strict implementation of the project readiness checklist by countries such as India.⁵ Project readiness is lower in Southeast Asia and East Asia mainly due to government regulations that disallow advance procurement actions.

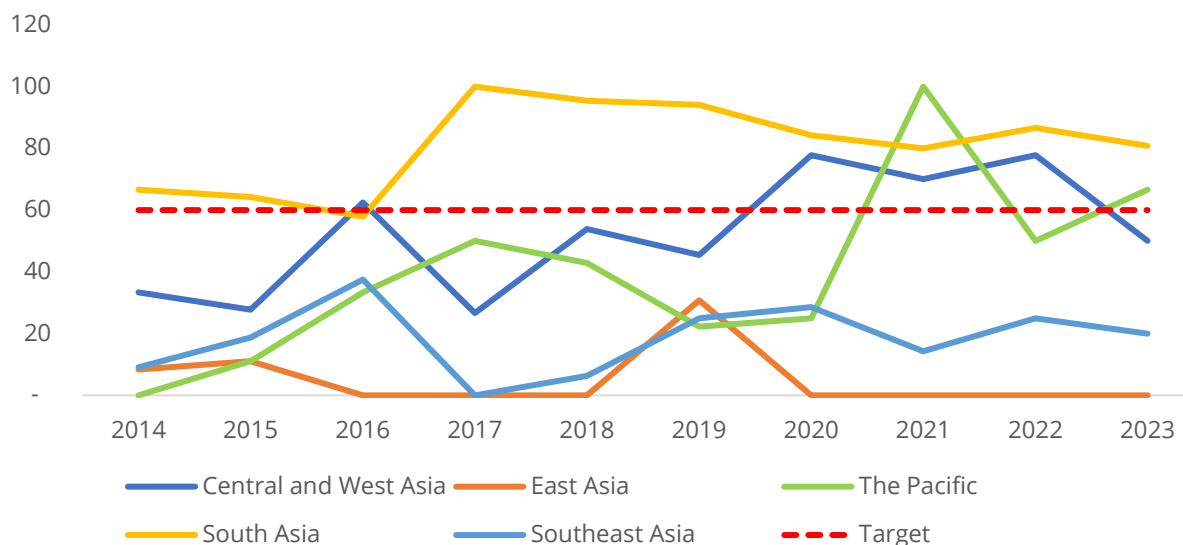
Figure 3: Share of Design-Ready Projects by Region per Year (% of Infrastructure Projects)



Source: Asian Development Bank data.

⁵ Government's project readiness checklist provides the set of activities to be completed during processing of a project (commensurate with timelines for major milestones such as fact finding, negotiations, approval, and signing) with clearly defined roles and responsibilities among stakeholders.

Figure 4: Share of Procurement-Ready Projects by Region per Year (% of Infrastructure Projects)



Source: Asian Development Bank data.

C. Correlation Study of Project Readiness Benefits

5. The study assessed the benefits of project readiness for sovereign infrastructure projects approved from 2014 to 2023 by identifying the correlation between project readiness and (i) project implementation periods and extensions, (ii) start-up time, (iii) project performance, and (iv) completion ratings.

1. Implementation Periods and Extensions

6. The project readiness criteria were introduced to reduce start-up delays from slow procurement. Fewer start-up delays result in shorter implementation periods with minimal extensions, which contribute to higher economic benefits. The implementation periods of 143 closed projects were assessed against their project readiness.⁶

7. Procurement-ready projects had shorter average project implementation and extension periods as compared with neither-ready projects. Design-ready projects also had shorter average project implementation and extension periods than non-ready projects, but the difference was minimal (Tables 1 and 2). While the exact underlying reason is uncertain, interviewees noted that this may be because the criterion for design readiness assessment is more subjective than procurement readiness, which requires advertisement of the bidding documents.

⁶ Of 562 infrastructure projects, 143 were financially closed from 2019 to 2023.

Table 1: Average Implementation Period (Years) by Financial Closing Year

Project Readiness	Financial Closing Year					5-Year Average
	2019	2020	2021	2022	2023	
Neither design nor procurement ready	5.4	5.9	6.9	8.7	8.6	7.1
Design-ready	5.3	5.8	6.2	6.4	7.3	6.2
Procurement-ready	4.6	4.7	5.5	5.8	6.0	5.3
ADB-wide	5.4	5.9	6.5	6.8	7.7	6.5

ADB = Asian Development Bank.

Source: Asian Development Bank data.

Table 2: Average Extension Period (Years) by Financial Closing Year

Project Readiness	Financial Closing Year					5-Year Average
	2019	2020	2021	2022	2023	
Neither design nor procurement ready	1.1	2.0	1.8	3.2	3.2	2.3
Design-ready	1.1	1.6	1.8	1.6	1.8	1.6
Procurement-ready	0.9	1.1	1.1	1.7	1.9	1.3
ADB-wide	1.1	1.8	1.9	1.8	2.6	1.8

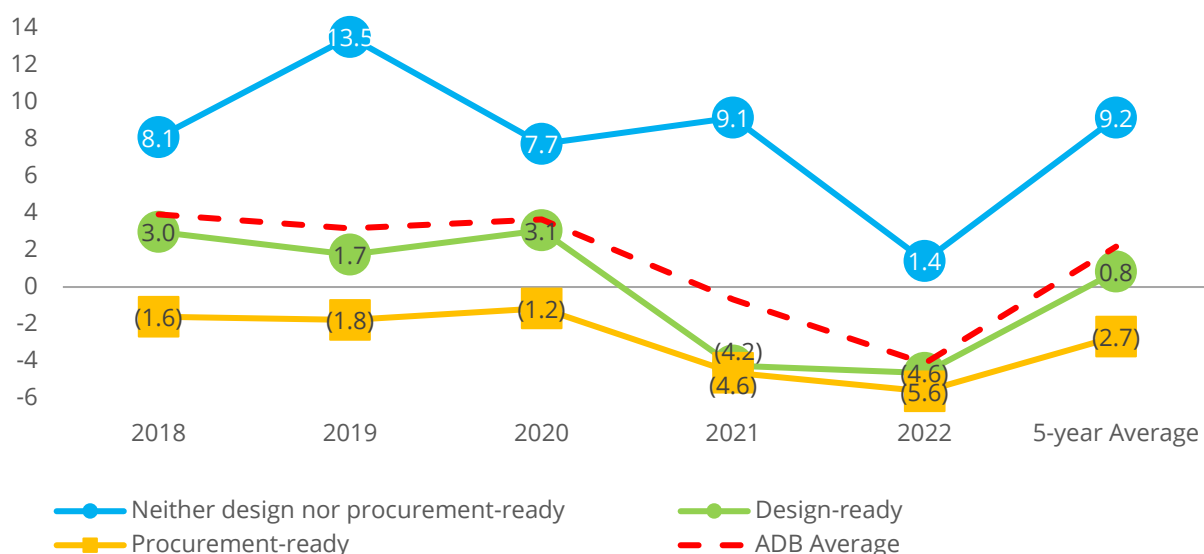
ADB = Asian Development Bank.

Source: Asian Development Bank data.

2. Start-Up Time

8. Start-up delays can extend the project implementation period because a DMC's policy and economic environment may change during the long start-up periods that may in turn lead to changes in scope and further delays. This analysis assesses whether project readiness reduces the average time from loan or grant signing to the first contract award.

9. Procurement readiness shortened the average time between signing and the award of the first contract (Figure 5), reducing delays in procurement. Both design readiness and procurement readiness help to shorten the time from approval to first disbursement and improve overall implementation times, but procurement-ready projects were able to award contracts even before signing the loan or grant agreement. The results of this analysis are aligned with the implementation and extension periods. Procurement readiness reduces start-up delays, but the average actual implementation period is affected by other factors such as natural disasters, weak implementation capacity, quality of the contractors, or safeguards implementation.

Figure 5: Average Number of Months from Signing to First Contract Award^a

() = negative, ADB = Asian Development Bank.

^a Negative numbers indicate contract award before signing of the loan or grant agreement.

Source: Asian Development Bank data.

3. Project Performance During Implementation and Completion Success Ratings

10. A study of the correlation between project performance ratings during implementation and project readiness was undertaken. Correlations between project readiness and overall completion success ratings and efficiency ratings—the most relevant to project implementation periods among the four completion criteria (relevance, effectiveness, efficiency, and sustainability)—were also assessed. However, significant correlations between these ratings and project readiness were inconclusive because of the limited number of closed projects. It is reasonable to assume that project readiness contributes to successful ratings, but other factors such as safeguards, financial management, contract management, drastic changes in the economic or political environment, or natural disasters during implementation can affect project performance and completion ratings.

D. Project Preparation Financing

11. ADB established the project design advance (PDA) facility in 2011 to support project preparation, particularly detailed engineering designs. However, PDAs were limited to \$10 million or 4% of the value of the ensuing loan, whichever was larger.⁷ Following streamlining of ADB's financial products and modalities in 2018, ADB replaced the PDA with PRF. SEFF was established to quickly respond and finance multiple small activities, such as consulting services, rehabilitation, and pilot testing. PRF and SEFF are available to developing member countries (DMCs) to support the successful design and implementation of projects.⁸ DMC governments choose PRF or SEFF based on their needs.

⁷ ADB. *Proposal for ADB's New Products and Modalities*. Manila.

⁸ ADB introduced PRF and SEFF as project preparation financing modalities in 2018.

From 2018 to 2023, 33 PRFs and 1 SEFF were committed in 18 DMCs (Tables 3 and 4).⁹ The list of PRFs and SEFFs is in Appendix A3.2.

Table 3: Committed Project Readiness Financing and Small Expenditure Financing Facilities by Year (Number of Projects)

Approval Year	PRF	SEFF ^a	Total
2019	9	1	10
2020	7		7
2021	8		8
2022	7		7
2023	2		2
Total	33	1	34

PRF = project readiness financing, SEFF = small expenditure financing facility.

^a Number of committed facilities.

Source: Asian Development Bank data.

Table 4: Committed Project Readiness Financing and Small Expenditure Financing Facilities per Region (Number of Projects)

Region	PRF	SEFF ^a	Total
Central and West Asia	10	1	11
South Asia	10		10
Southeast Asia	1		1
The Pacific	12		12
Total	33	1	34

PRF = project readiness financing, SEFF = small expenditure financing facility.

^a Number of committed facilities.

Source: Asian Development Bank data.

12. **Projects supported by project readiness financing and small expenditure financing facilities.** As of 31 December 2023, ADB had approved 11 projects supported by PRF facilities or SEFFs (Table 5).¹⁰ Of these, seven were procurement-ready and four were design-ready only.¹¹ Of the four design-ready projects, three could not launch bidding documents before approval because of the coronavirus disease (COVID-19) pandemic. For the seven procurement-ready projects, the earliest first contract award was 30.9 months before signing, while the longest was 20.5 months after signing (Appendix A3.3). In 2023, the ADB average duration from signing to first contract award was 13.5

⁹ One SEFF (ADB. [Mongolia: Ulaanbaatar Traffic Management Improvement.](#)) has been approved and is scheduled for signing in 2024.

¹⁰ Two PRFs are supporting the preparation of more than one project.

¹¹ At the end of 2023, 12 projects prepared using PRF or SEFF had been approved, but only 11 are infrastructure projects. One is a results-based loan. Procurement-ready projects are always design-ready.

months. Two projects took more than 13.5 months to award the first contract as the bidding process was affected by inflationary price escalations and travel restrictions during the COVID-19 pandemic.

Table 5: Readiness of Projects Supported by Project Readiness Financing and Small Expenditure Financing Facility^a

Region	Design-Ready Only	Procurement-Ready ^b	Total
Central and West Asia		4	4
South Asia		3	3
The Pacific	4		4
Total	4	7	11

^a Regional departments conducted the readiness assessments.

^b Procurement-ready projects are always design-ready.

Source: Asian Development Bank data.

1. Features of the Project Preparation Financing Modalities

13. **Project readiness financing.** PRF does not have a ceiling amount but is subject to country allocation limits. PRF is used to fund activities such as detailed engineering design, capacity building, project start-up support, and project design pilot testing.¹² Under PRF, the same consultant may be engaged to prepare the feasibility study and detailed engineering design, which reduces (i) design changes during implementation and (ii) the time needed to recruit the detailed engineering design consultant. Pacific countries are using PRF facilities to finance project preparatory activities for more than one project in the same sector.

14. **Small expenditure financing facility.** SEFF finances up to \$15 million per activity¹³ but provides flexibility by financing project preparation activities as well as implementation, pilot testing, and some post-completion activities. As this flexibility is more attractive to DMCs, their interest in using SEFF is expanding and this should help to increase its usage.



2. Some Developing Member Countries Still Do Not Use Project Readiness Financing or Small Expenditure Financing Facility

15. All projects achieved high project readiness if PRF or SEFF is used. Two hundred forty-two projects achieved high project readiness using government's resources or ADB's other financing. Among 60 projects which had low project readiness, 45 were in nine countries where PRF or SEFF have never been used.

¹² The size of the PRF is limited by the eligible expenditures and is subject to approval limits. The vice-president may approve small-scale PRFs with a value not exceeding \$15 million, subject to a total annual commitment of \$100 million. The Board approves large-scale PRFs exceeding \$15 million.

¹³ The facility size and structure of SEFF vary per DMC. The ceilings depend on the fund source of the facility, i.e., ordinary capital resources (OCR) or concessional OCR lending. For small DMCs with limited resource allocations, a SEFF of up to \$10 million can be established.

Figure 6: Use of Project Readiness Financing and Small Expenditure Financing Facility at Project Level^a

	USED PRF OR SEFF	HAVE NOT USED PRF OR SEFF
 HIGH READINESS^b	<p>11 projects prepared using PRF and/or SEFF:</p> <ol style="list-style-type: none"> 7 were procurement-ready 4 were design-ready 	<p>242 projects were design-ready (among these, 154 were procurement-ready)</p> <ol style="list-style-type: none"> government resources; previous tranches in a multitranche financing facility; large-scale TA loan (e.g., Infrastructure Preparation and Innovation Facility in the Philippines);^d and Transaction TA (except detailed design)
 LOW READINESS^c	<p>None (all projects achieved high readiness if PRF or SEFF was used)</p>	<p>60 projects were neither design- nor procurement-ready</p> <p>(45 projects were in 9 countries where PRF or SEFF were not used)</p>

PRF = project readiness financing, SEFF = small expenditure financing facility.

^a Data taken from 313 infrastructure projects approved from 2018 to 2023 which were assessed for project readiness.

^b High readiness projects are either design-ready and/or procurement-ready before approval.

^c Low readiness projects are neither design-ready nor procurement-ready before approval.

^d ADB. [Philippines: Infrastructure Preparation and Innovation Facility](#). Manila.

Source: Asian Development Bank data.

16. Some executing agencies with strong capacity can prepare detailed designs using in-house resources. However, if in-house resources are not sufficient, substantial external funding is needed to prepare detailed designs and conduct due diligence by consultants. Technical assistance (TA) is a conventional method to support project preparation, but it is not allowed to finance detailed engineering designs.¹⁴ Thus, some project preparation activities were financed by previous tranches of multitranche financing facilities or related projects. In the Philippines, a \$300 million TA loan was used to prepare a series of infrastructure projects, including some not financed by ADB.¹⁵ However, these are not always available for all projects in all countries. Thus, PRF and SEFF are effective funding modalities to systematically finance detailed designs.

¹⁴ TA with external financing can fund detailed engineering designs if the funding source allows.

¹⁵ The TA loan modality has been replaced by the PRF.

17. A larger share of low-readiness projects is in countries where PRF or SEFF has not been used. Some DMC governments opt out of PRF or SEFF mainly because (i) the government lacks awareness of project-readiness benefits, (ii) government regulatory restrictions, (iii) lack of incentive for governments to use project preparation financing, and (iv) government reluctance to seek loan financing for PRF or SEFF when grant-financed project preparatory TA is available (limited recognition that TA cannot fund detailed design). All these issues need to be addressed by ADB and other development partners through early and consistent dialogue with governments.

18. **Government regulatory restrictions.** One common issue for some countries is that government regulations limit advanced detailed design and procurement or the use of PRF or SEFF. Some central government agencies do not allow executing agencies to start preparatory activities (i.e., detailed engineering design, advance contracting, or establishment of a project implementation unit) without their approval or ADB approval of financing. A new approval procedure for project preparatory activities by central government agencies should be introduced prior to the project's formal approval.

19. **Enhancing incentives.** Some governments welcome incentives to process PRF or SEFF, including (i) offering PRF or SEFF as a concessional loan or grant including extending to those countries that do not have access to concessional funding; and (ii) enhancing the flexibility of PRF by (a) not requiring ensuing projects to be financed by ADB, (b) allowing PRF to finance a multisector approach,¹⁶ and (c) allowing unutilized funds to be used for other related government projects, such as the SEFF which has a maturity of 5 years from the commitment date.¹⁷ For countries that are only eligible for OCR funding, SEFF is not attractive because other financing, such as multitranches financing facility or an investment loan, is available at more acceptable financing terms.¹⁸

20. Although PRF or SEFF is available in the country, some executing agencies and/or implementing agencies are reluctant to use them for two reasons: (i) executing agencies and/or implementing agencies are not familiar with these financing modalities; or (ii) some government policies apply the same multilayer approval for all external financing, even for smaller amounts such as PRF and SEFF. More flexible government approval procedures would make PRF or SEFF more attractive to executing agencies. ADB continues to address the benefits of using PRF or SEFF through high-level dialogue with governments and suggests to them to introduce more flexible procedures to facilitate their use.

E. Improvement of Project Readiness Criteria and Checklists

21. **ADB's project readiness criteria.** Even though procurement-readiness was achieved in 257 projects (footnote 2), 11 (4%) still faced start-up delays related to (i) land acquisition and resettlement, (ii) procurement or recruitment of construction supervision consultants, and (iii) disbursement because of delays in setting up institutional arrangements for disbursements. While the two indicators

¹⁶ Following revision of the staff instructions on 11 January 2024, PRFs may fund ensuing projects in more than one sector.

¹⁷ ADB. 2019. Small Expenditure Financing Facility. *Operations Manual*. OM D17. Manila.

¹⁸ Of the 13 OCR-only countries and 11 OCR-blend countries, 2 OCR-only countries and 5 OCR-blend countries have used PRF or SEFF.

(procurement-ready and design-ready) reduce start-up delays, other project implementation issues may still arise. There may be a need to further improve the current criteria.

22. **Government readiness checklists.** Government checklists for project readiness help increase the ownership of executing agencies and implementing agencies to meet the criteria. Governments of most countries in Central and West Asia region have endorsed country readiness checklists, which has already improved project readiness. Thus, establishing readiness checklists—at least to meet ADB's project readiness criteria—is recommended. The checklist applied to government agencies with higher capacities can be enhanced.

23. **Good practices on enhanced checklist.** Of the 70 ADB-financed infrastructure projects in India that were assessed for project readiness, 62 (89%) were both design- and procurement-ready. The Government of India has developed and is implementing a robust project readiness checklist that goes beyond design- and procurement-readiness; it also covers institutional and safeguards readiness. Established in 2011, the filter has gone through several revisions to better capture the evolving needs of the executing and implementing agencies. This demonstrates the need to improve the project readiness checklists of DMC governments, depending on their capacity.

F. Summary of Key Findings

24. Procurement readiness is strongly correlated with project start-up time and/or project implementation periods. Interviews with project teams across ADB confirmed that PRF and SEFF were found to be particularly useful for government agencies with limited in-house detailed design capacities and external funding needs. However, some governments suggested making PRF and SEFF more flexible, including through incentives to governments such as concessional loans or grants.

25. Despite meeting the project readiness criteria, some projects still encountered start-up delays because safeguards requirements were not met or institutional arrangements (i.e., disbursement arrangements, setting up the project management and implementation units, etc.) were not in place. This suggests that project readiness criteria could be further enhanced.

G. Recommendations

26. The report recommends maximizing the use of ADB's financing modalities for project preparation, particularly PRF and SEFF by



highlighting, in dialogues with the DMC governments, the benefits of project readiness, government project readiness checklists, and the usefulness of PRF and SEFF;



mainstreaming the PRF or SEFF in the operational planning exercise with governments;



introducing more flexibility to PRF and SEFF modalities to meet client needs; and



discussing further with relevant ADB departments on how to introduce incentives, such as improved financing terms, for the PRF and the SEFF.

SECTION III

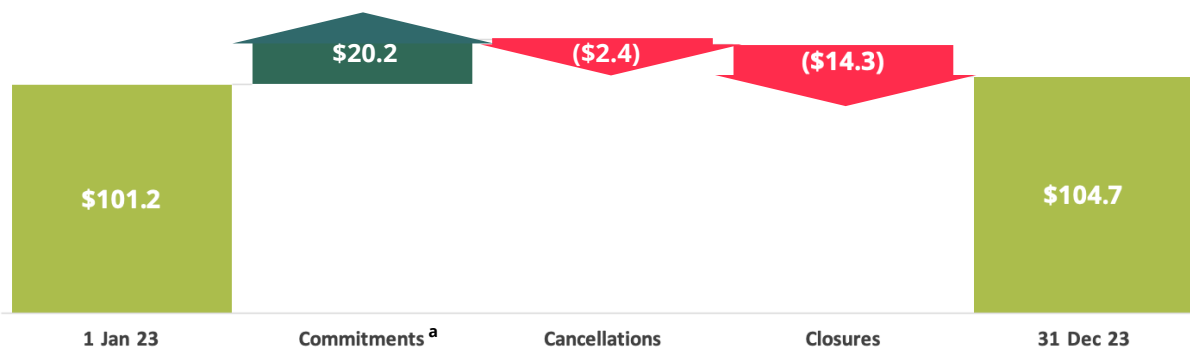
Sovereign Portfolio

Sovereign Portfolio

A. Portfolio Movement

27. Sovereign portfolio grew by 3.5% (Figure 7).

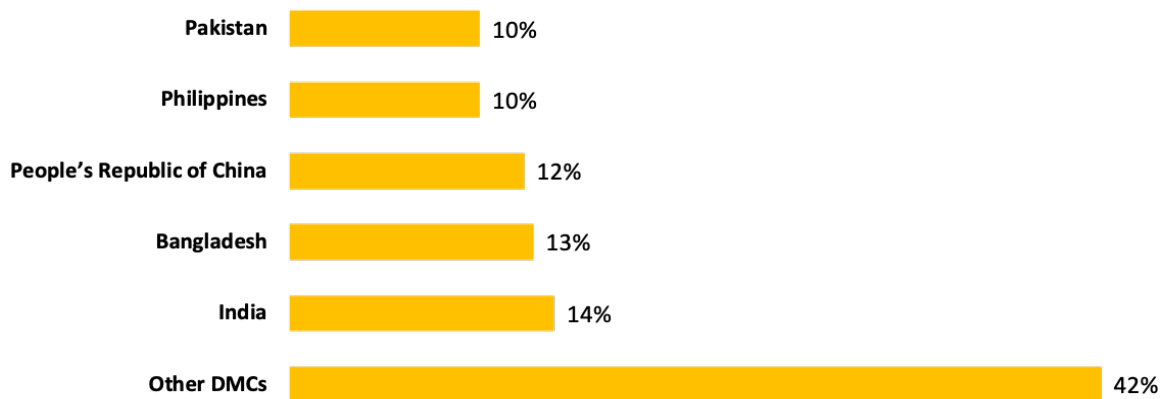
Figure 7: Sovereign Portfolio at a Glance (\$ billion)



() = negative.

^a Based on the 31 December 2023 revalued amount and includes fully administered cofinancing.

Source: Asian Development Bank data.

Figure 8: Portfolio Distribution by Developing Member Country Concentration, 2023

DMC = developing member country.

Note: Totals may not sum precisely because of rounding.

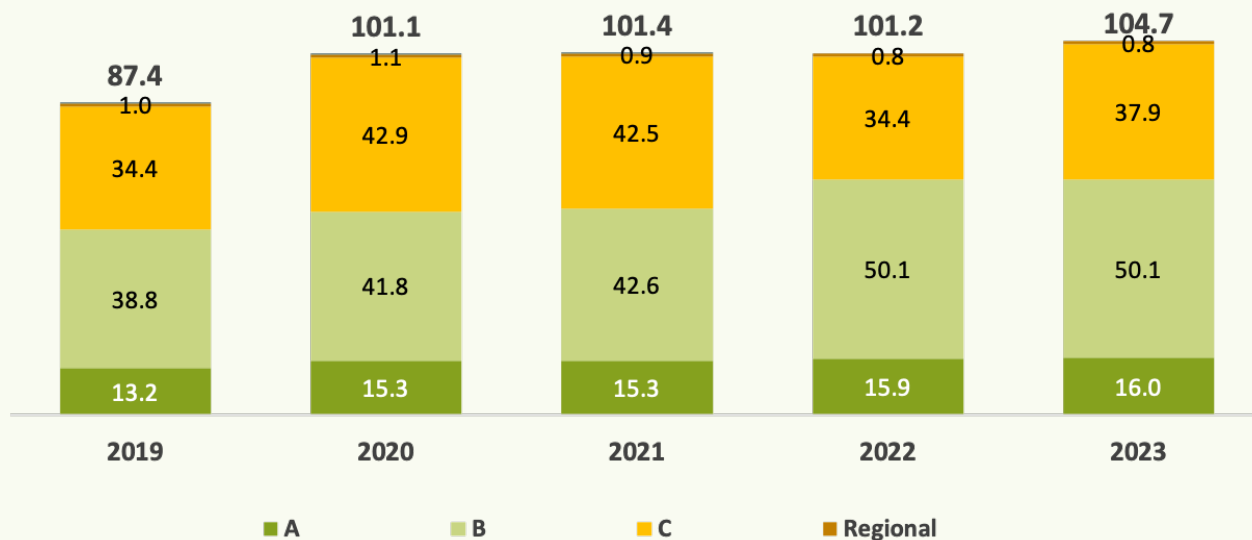
Source: Asian Development Bank data.

28. **Share of the agriculture, natural resources, and rural development sector grew by 16%.** However, portfolio distribution by country (Figure 8) and that of the fragile and conflict-affected situations (FCAS) and small island developing states (SIDS) combined portfolio (Figure 9) remained unchanged.¹⁹ Growth in the agriculture, natural resources, and rural development sector was driven by the \$500.0 million policy-based lending (PBL) in the Philippines to address food security (Figure 10). Two projects to address flood protection management in Indonesia were approved for a combined \$358.7 million. ADB had committed \$7.7 billion for food security assistance by the end of 2023 against a target of \$14 billion for 2022–2025.

¹⁹ Additional information on FCAS and SIDS is provided in the 2023 FCAS and SIDS Approach Annual Report. ADB. 2024. Forthcoming. Fragile and Conflict-Affected Situations and Small Island Developing States Approach. Manila.

FIGURE 9: ADB Sovereign Portfolio Distribution (\$ billion)

ADB Portfolio by Developing Member Country Group,^a 2019–2023



ADB Portfolio: Fragile and Conflict-Affected Situations and Small Island Developing States



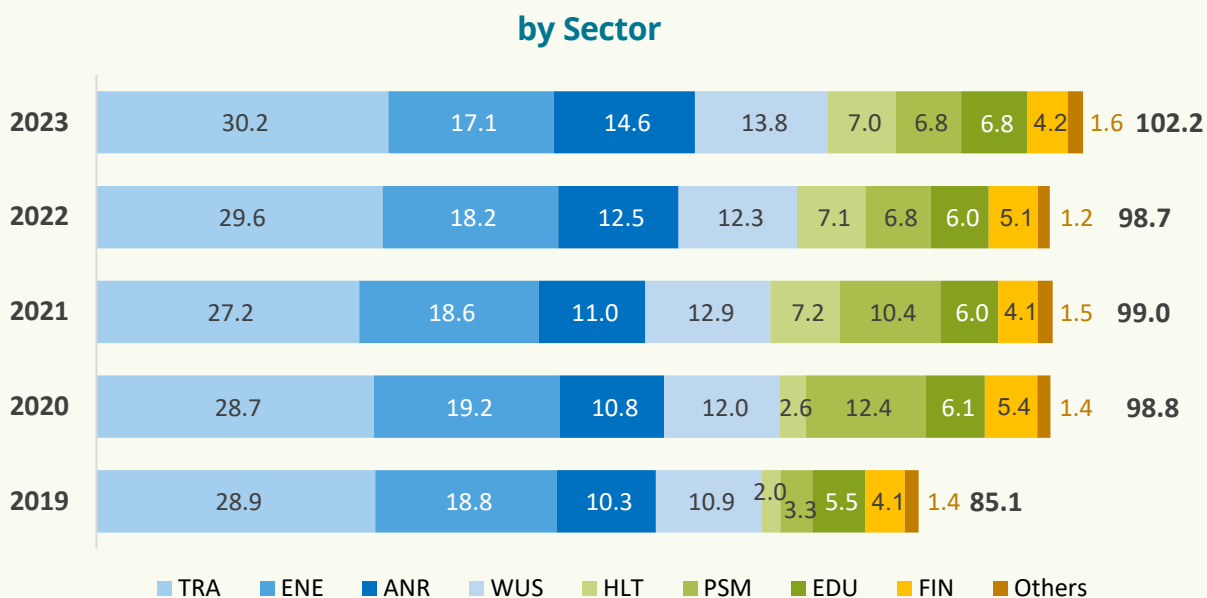
ADB = Asian Development Bank, FCAS = fragile and conflict-affected situations, SIDS = small island developing states. Note: The unclassified refers to Niue, which was categorized as a group B developing member country effective 2022.

^a ADB. 2023. [Classification and Graduation of Developing Member Countries. Operations Manual](#). OM A1/BP. Manila.

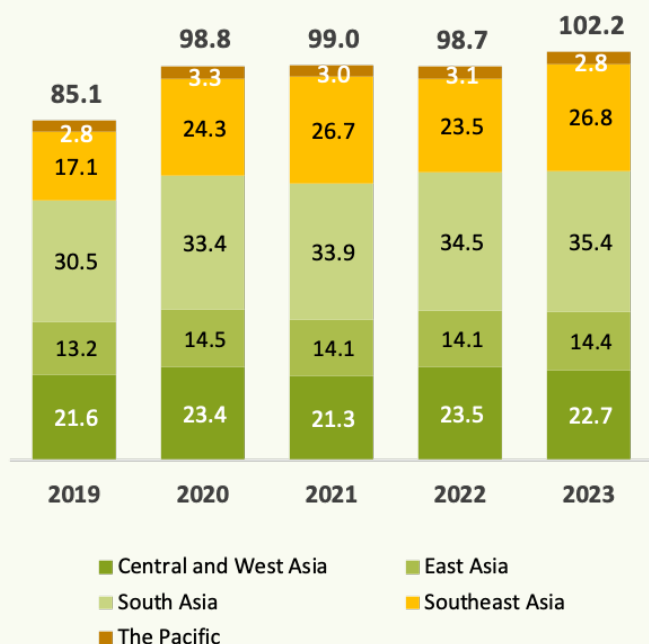
^b Developing member countries that are both FCAS and SIDS.

Source: Asian Development Bank data.

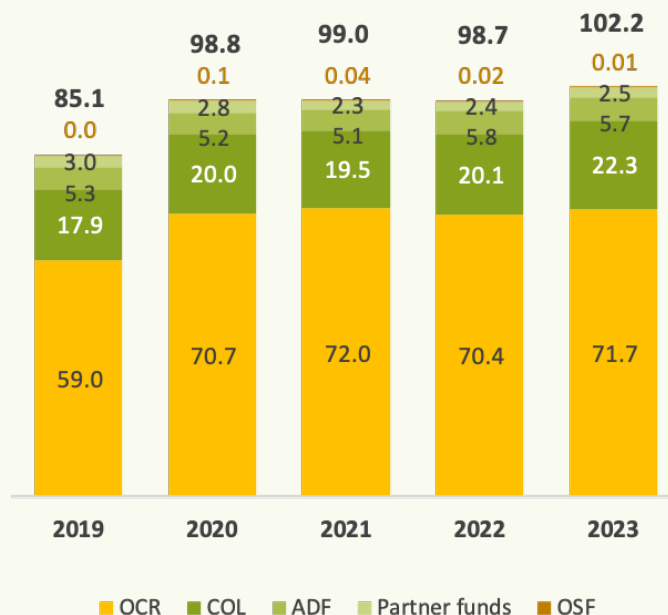
FIGURE 10: ADB Sovereign Portfolio Distribution, 2019–2023 (\$ billion)



by Region



by Financing Source

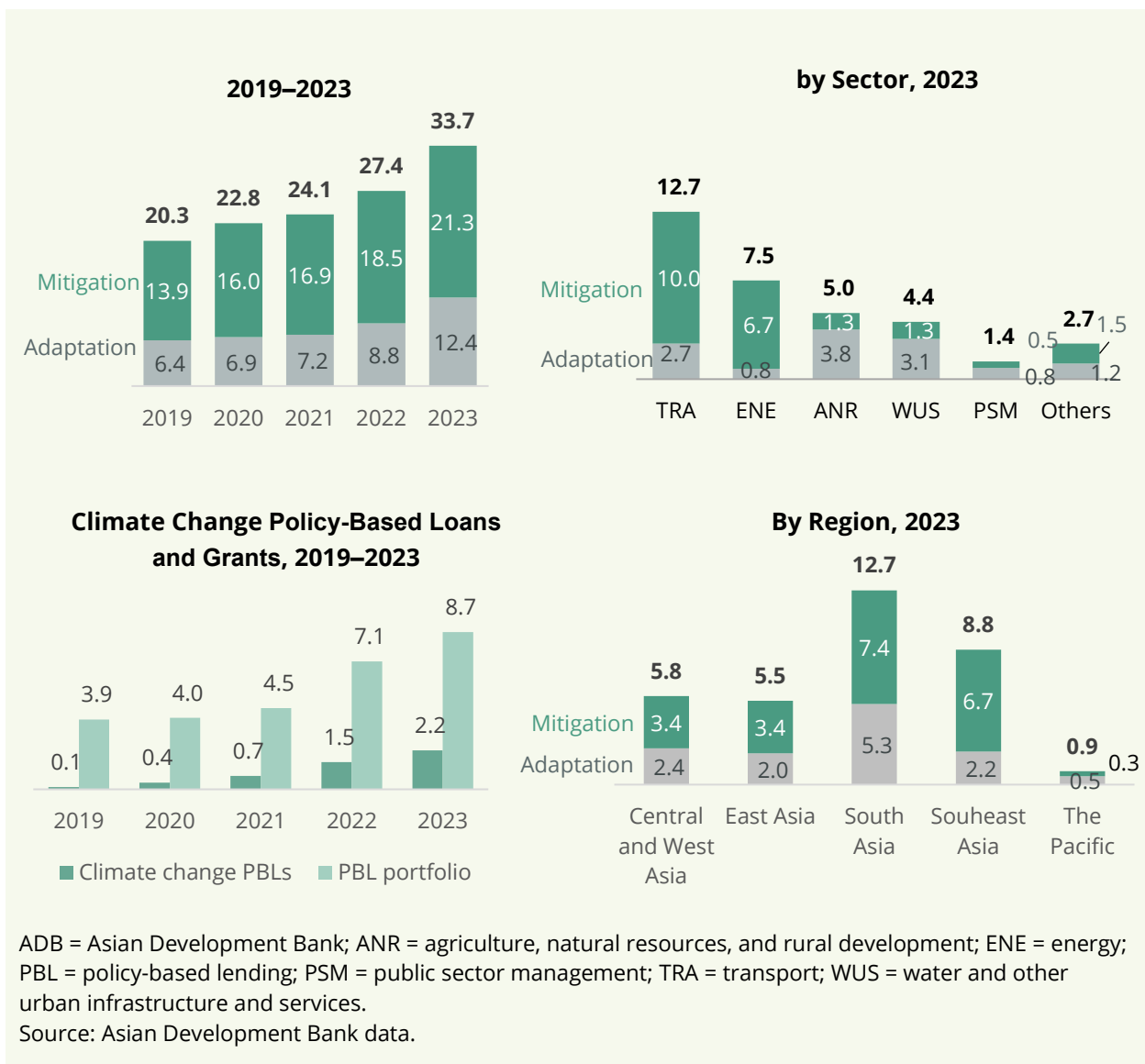


ADB = Asian Development Bank; ADF = Asian Development Fund; ANR = agriculture, natural resources, and rural development; COL = concessional OCR lending; EDU = education; ENE = energy; FIN = finance; HLT = health; OCR = ordinary capital resources; OSF = other special funds; PSM = public sector management; TRA = transport; WUS = water and other urban infrastructure and services.

Notes:

1. Includes project and policy-based loans and grants only. Excludes TAs, sovereign guarantees and equity investment.
2. By sector, Others includes information and communication technology, and industry and trade.

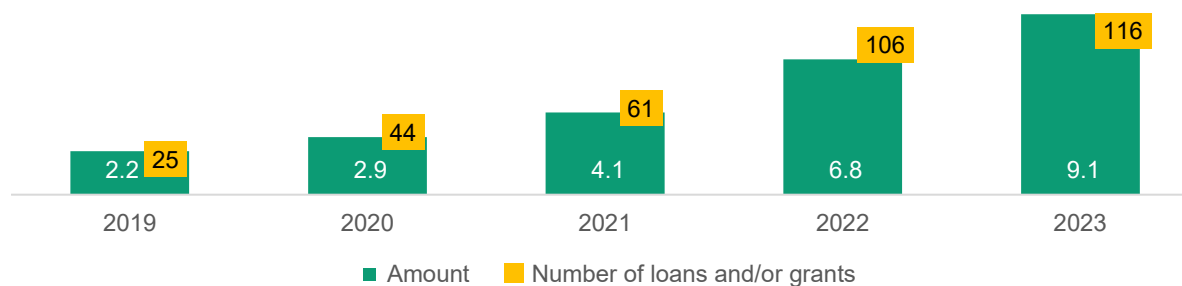
Source: Asian Development Bank data.

Figure 11: ADB Climate Change Active Portfolio (\$ billion)

29. **Climate change active portfolio continued to grow.** The number of projects addressing climate change grew in 2023 to \$33.7 billion comprising 73.7% (513 projects) of the active project portfolio. A third of these projects (170) have climate change financing amounting to 50% or more of the project amount. PBLs for climate change are gathering momentum after the commitment of ADB-financed programs in Bangladesh, Indonesia, and the Philippines. Of the total PBLs, 24.8% (\$2.2 billion) are for climate change financing. In addition, a climate change program for Mongolia is being prepared. Climate change PBLs can play a key role in facilitating a sustainable and climate-focused development pathway (Figure 11).

30. **Food security portfolio continued its upward growth trajectory.** More than 400 million people in Asia and the Pacific are undernourished, an increase of 50 million since the beginning of the COVID-19 pandemic. ADB's \$14 billion food security program (2022–2025) will boost regional food security by covering agricultural value chains, climate-smart agriculture, irrigation, water, and natural resources management. The Philippines is implementing an inclusive agriculture development program to address food security (Box 1).

Figure 12: Food Security Portfolio by Signing Year, 2019–2023 (\$ billion)



Note: Excludes cofinancing. Includes project and policy-based loans and grants.

Source: Asian Development Bank data.



Box 1: Competitive and Inclusive Agriculture Development Program (Subprogram 2)^a

The Asian Development Bank committed \$500 million to support the Government of the Philippines in its efforts to expand economic opportunities in agriculture to help drive the post-pandemic recovery and ensure the country's near- and long-term food security. Building on subprogram 1, approved in 2020, this new program supported the government's continual efforts to liberalize the Philippine rice trade and strengthening the rice industry's competitiveness. Through the reforms, the government scaled up assistance to the rice industry, using the increased rice import tariff revenue to address low sector productivity caused by lack of mechanization and poor-quality inputs. The assistance benefited more than 4 million rice farmers nationally during the program period. The program also helped improve rice buffer stock management. It delivered social protection for rural families affected by the reforms, with unconditional cash transfers to smallholder rice farmers and concessional loans to agriculture- and fishery-based micro and small enterprises and smallholder farmers and fisherfolk.

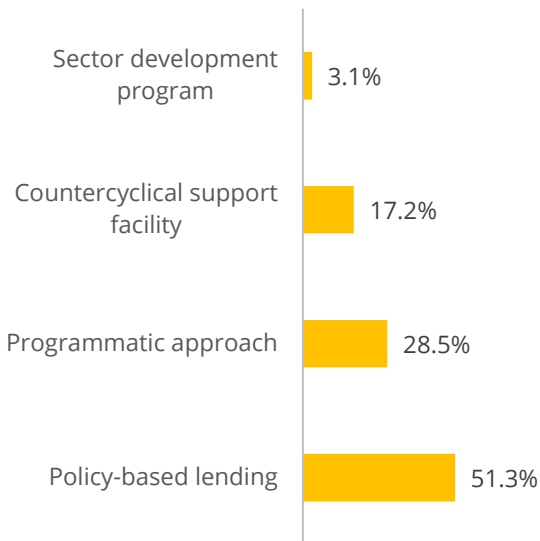
^a ADB. [Philippines: Competitive and Inclusive Agriculture Development Program \(Subprogram 2\)](#).

Source: Asian Development Bank data.

31. **Policy-based lending commitments increased and diversified.** PBL commitments focused on policy and programs related to COVID-19 during the pandemic. After the pandemic, PBL commitments diversified to climate change, food security, health, and education. Public sector management commitments tied to countercyclical support were fully disbursed in 2022; there were no commitments for countercyclical support in 2023.

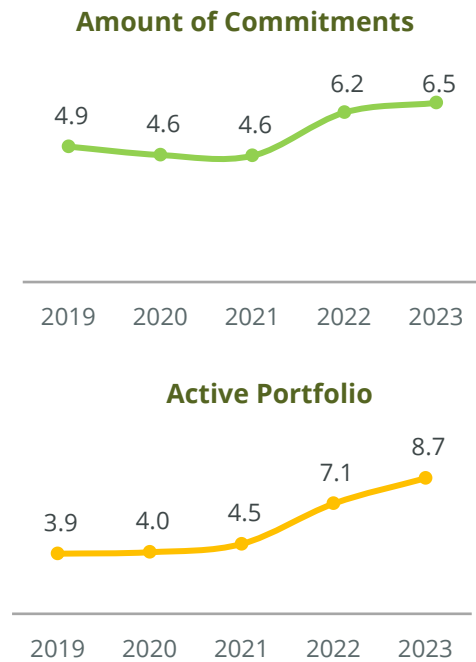
32. **Increase of ADB partially administered cofinancing.** ADB partially administers a \$5.7 billion portfolio of loans and grants. Under partial administration, funds provided by the financing partner are not transferred to ADB and disbursements on such projects are credited to the cofinancier. Disbursements on partially administered projects do not count as ADB achievements, but ADB’s resources spent on such project should be recognized.

Figure 13: Policy-Based Loans and Grants Portfolio by Type, 2023 (%)



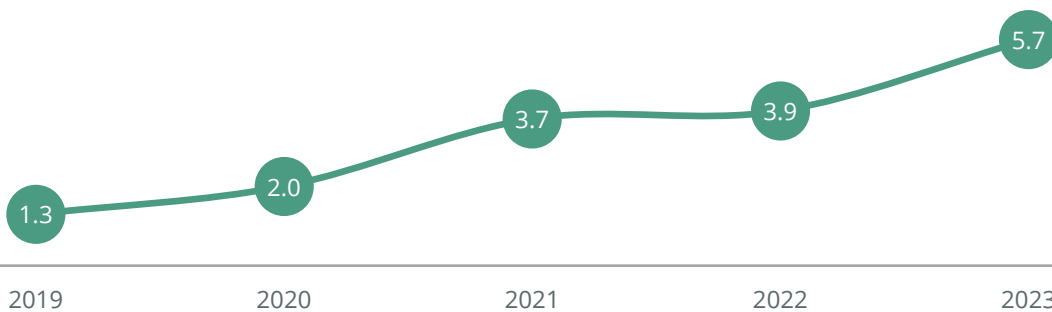
COVID-19 = coronavirus disease.
 Note: Excludes COVID-19 Pandemic Response Option.
 Source: Asian Development Bank data.

Figure 14: Policy-Based Loans and Grants, 2019–2023 (\$ billion)



COVID-19 = coronavirus disease.
 Note: Excludes COVID-19 Pandemic Response Option.
 Source: Asian Development Bank data.

Figure 15: Portfolio of Partially Administered Loans and Grants, 2019–2023 (\$ billion)



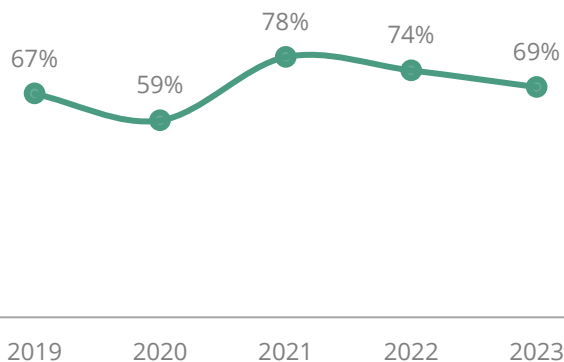
Source: Asian Development Bank data.

B. Portfolio Key Indicators²⁰

1. Project Implementation

a. Procurement

Figure 16: Share of Procurement Contract Transactions with Processing Time of 40 Days or Less, 2019–2023



Note: Includes prior review contracts with a value of \$10 million or more processed in the Procurement Review System.

Source: Asian Development Bank data.

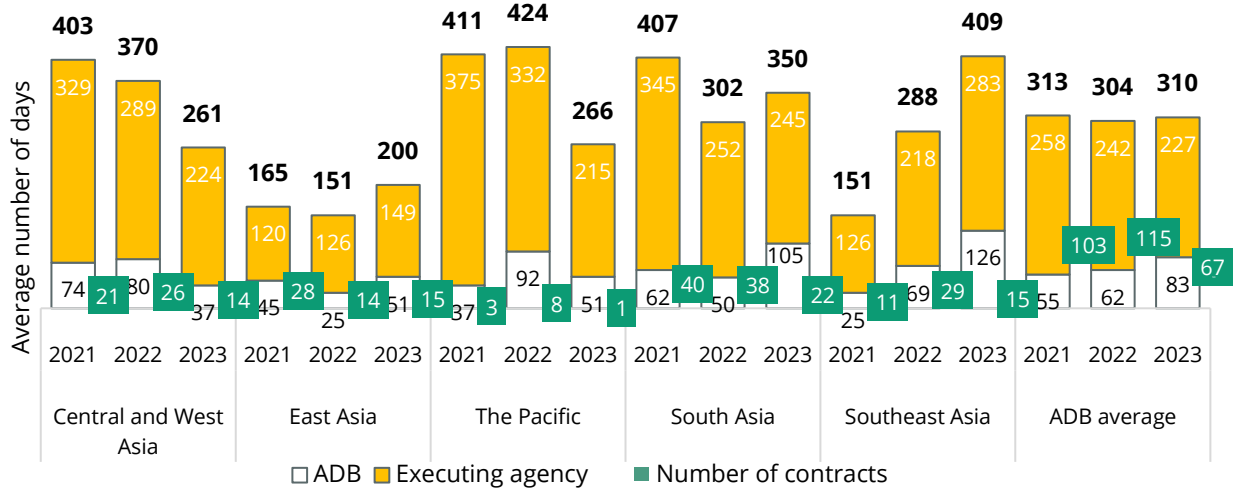
33. The share of sovereign operation procurement transactions of \$10 million or more that were processed within the target time of 40 days decreased by 4.5 percentage points to 69.3% overall, while the share of concessional assistance operations that were processed within 40 days decreased by 6.8 percentage points to 64.4%. This triggers the need for immediate action to improve this indicator. The major reason for the lower performance was the time taken for executing agencies to address ADB comments. Procurement arrangements under ADB's new operating model (NOM) encourage the conditional approval of deficient bid evaluation reports, thereby reducing the need for clarifications.

34. **Procurement time.** The average end-to-end procurement time—measured from the date of advertisement of the invitation for bids until the contract signing date—increased by 6 days to 310 days in 2023 from 304 days in 2022. The increase was mainly because of outlier contracts with long procurement times, often caused by non-procurement issues.²¹

²⁰ The section covers the performance of the project portfolio, unless specified otherwise.

²¹ For example, the two contracts with the longest procurement times in 2023 were delayed by (i) technical details were added to the bidding documents after its issuance with detailed engineering designs; and (ii) travel restrictions and evolving government procedures for health and safety precautions on infrastructure construction projects during the COVID-19 pandemic.

Figure 17: Average End-to-End Procurement Time by Region, 2021–2023 (Calendar Days)

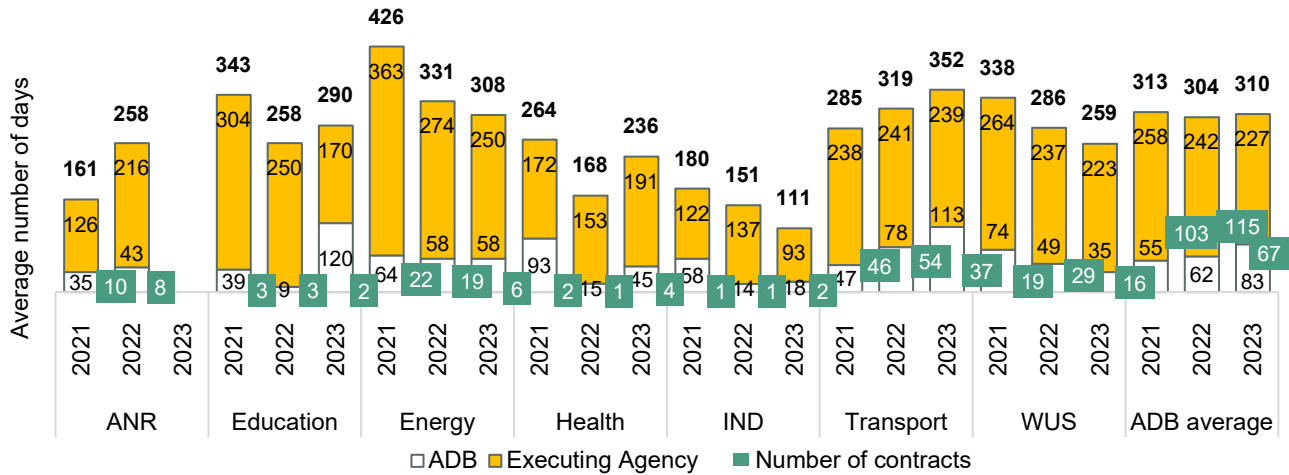


ADB = Asian Development Bank.

Note: Includes prior review contracts with a value of \$10 million or more.

Source: Asian Development Bank data.

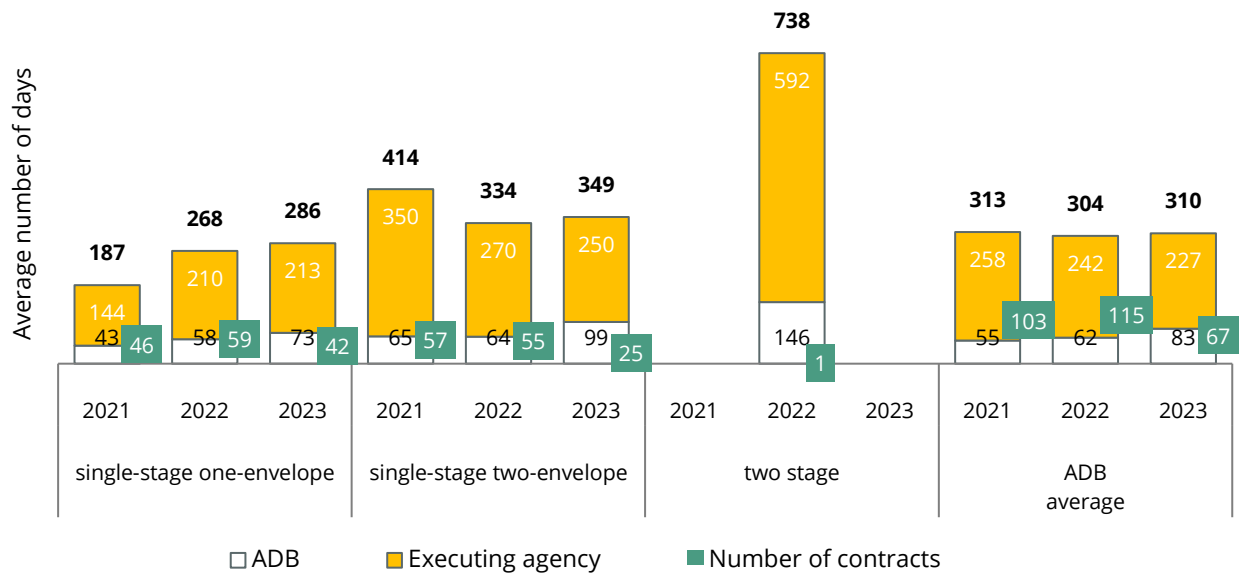
Figure 18: Average End-to-End Procurement Time by Sector, 2021–2023 (Calendar Days)



ADB = Asian Development Bank; ANR = agriculture, natural resources, and rural development; IND = industry and trade; WUS = water and other urban infrastructure and services.

Note: Includes prior review contracts with a value of \$10 million or more.

Source: Asian Development Bank data.

Figure 19: Average End-to-End Procurement Time by Procedure, 2021–2023 (Calendar Days)

ADB = Asian Development Bank.

Note: Includes prior review contracts with a value of \$10 million or more.

Source: Asian Development Bank data.

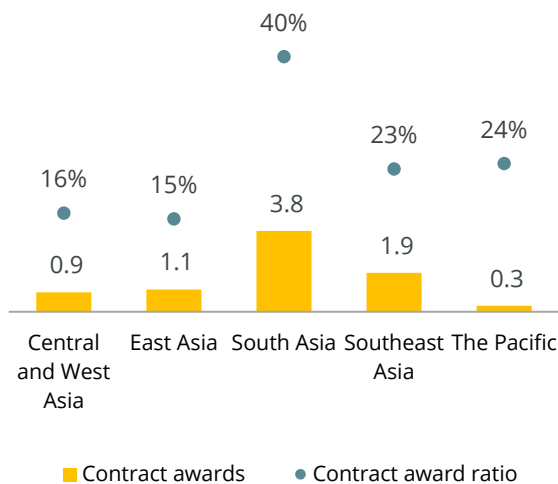
35. **Recommendations.** The following actions are recommended to improve procurement times:
- (i) maximize the use of single-stage one-envelope (1S1E) bidding procedure in new projects to the extent the strategic procurement plans indicate is feasible, since 1S1E is on average 18.0% faster in 2023 than single-stage two-envelope (1S2E) bidding; and
 - (ii) continue to assist borrowers to increase use of electronic government procurement systems e.g. software as a service (SaaS), especially e-Bidding²² which was on average 11.4% faster than paper-based procurement, to procure high value contracts.

²² "e-Bidding" means bids are submitted and opened online.

b. Project Contract Award and Disbursement²³

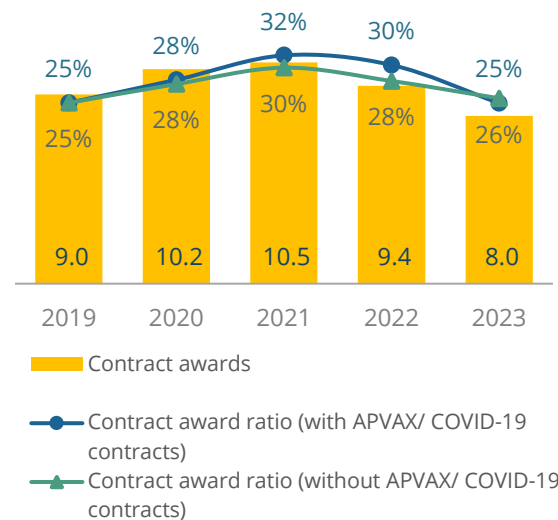
36. **Contract awards exceeded 2023 projections.** With vaccine and COVID-19 related contracts down to minimum levels in 2023, contract awards by South Asia exceeded projections by \$1.0 billion for a total of \$3.8 billion (Figure 20). The project contract award ratio²⁴ was down to 25% in 2023 (Figure 21) attributed to low vaccine and COVID-19 related contracts.

Figure 20: Contract Awards and Contract Award Ratios by Region, 2023 (\$ billion)



Source: Asian Development Bank data.

Figure 21: Contract Awards and Contract Award Ratios, 2019–2023 (\$ billion)



APVAX = Asia Pacific Vaccine Access Facility, COVID-19 = coronavirus disease.

Source: Asian Development Bank data.

37. **Two Philippine transport projects accounted for 7% of 2023 disbursements.** The first tranche of the Malolos-Clark Railway Project²⁵ disbursed \$388 million, while the first tranche of the South Commuter Railway Project²⁶ disbursed \$306 million. Regional departments either met or

²³ The 2021–2023 contract award ratio and disbursement ratio exclude Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. In 2023, ADB committed a special financing arrangement of \$26 million to provide humanitarian support to the people of Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021, but since 2022 has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

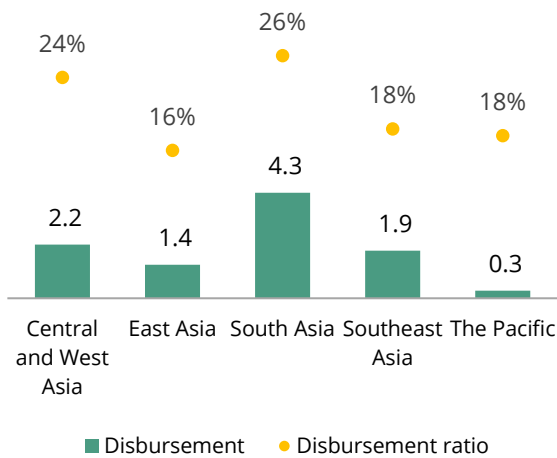
²⁴ The contract award ratio is the ratio of total contracts awarded during the year to the total value for contract awards available at the beginning of the year, including newly committed projects (loans and grants) during the year.

²⁵ ADB. [Philippines: Malolos-Clark Railway Project](#). Manila.

²⁶ ADB. [Philippines: South Commuter Railway Project - Tranche 1](#). Manila.

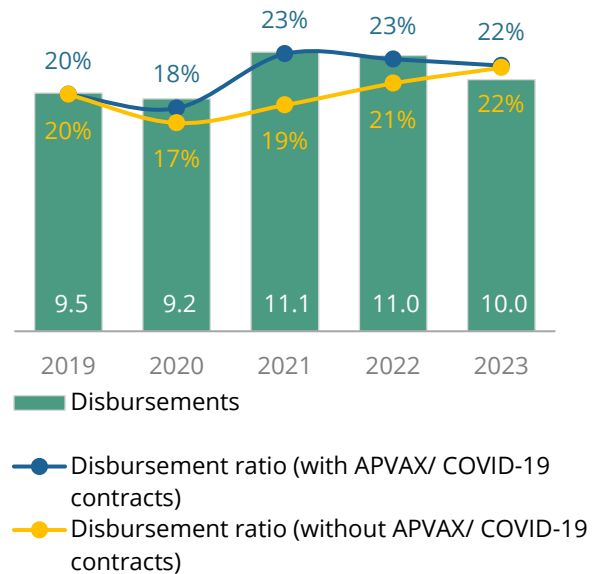
exceeded projections (Figure 22). A disbursement ratio of 22% or higher is the threshold of good performance (Figure 23).

Figure 22: Disbursement and Disbursement Ratios by Region, 2023 (\$ billion)



Source: Asian Development Bank data.

Figure 23: Disbursement and Disbursement Ratios, 2019–2023 (\$ billion)



Source: Asian Development Bank data.

38. **Number of slow-disbursing loans and grants increased.** The share of loans and grants aged 3 years or more with disbursements below 30% and those with disbursements less than 50% at 5 years or more of implementation increased. The rise is attributed to slow start-up and delayed implementation of projects during the COVID-19 pandemic. These delays were due to longer procurement time, difficulty of mobilizing consultants and contractors, and resolution of safeguard issues. These low-disbursing projects need quick measures to manage implementation constraints and put them back on track. Project teams need to prioritize discussions on these issues with project management units and contractors during portfolio review missions and other instances.

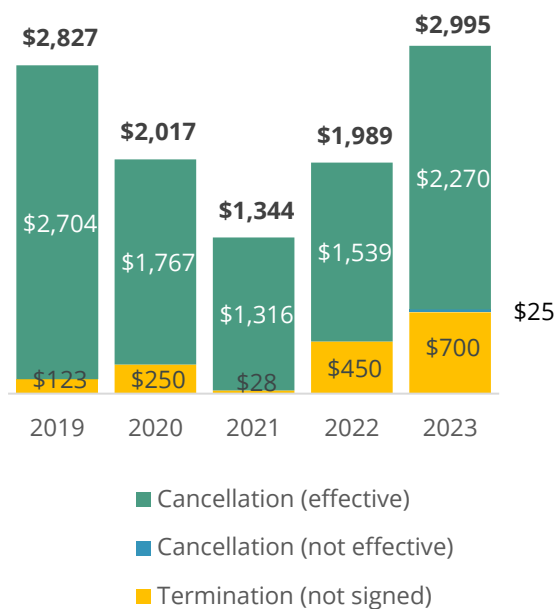
Table 6: Percentage of Number of Low Disbursement Loans and Grants

Year	Less than 30% Disbursements at Age 3 Years (%)	Less than 50% Disbursements at Age 5 Years (%)
2019	47	32
2020	42	24
2021	52	47
2022	55	33
2023	57	38

Source: Asian Development Bank data.

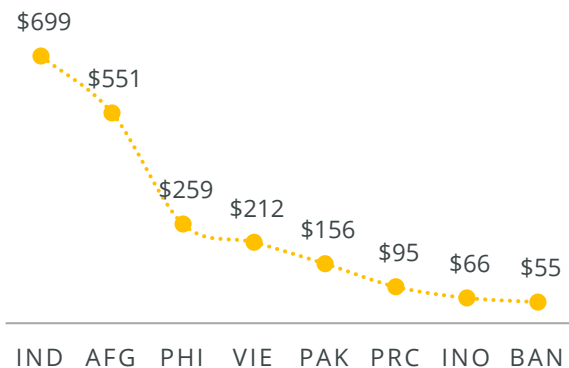
c. Cancellations and Terminations of Loans and Grants

Figure 24: Cancellations and Terminations, 2019–2023 (\$ million)



Source: Asian Development Bank data.

Figure 25: Largest Cancellations, 2023 (\$ million)



AFG = Afghanistan, BAN = Bangladesh, IND = India, INO = Indonesia, PAK = Pakistan, PHI = Philippines, PRC = People's Republic of China, VIE = Viet Nam.

Note: ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021, but since 2022 has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

Source: Asian Development Bank data.

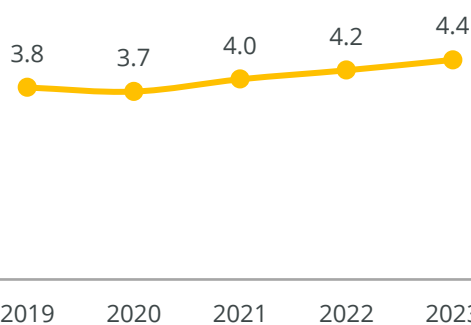
39. Higher terminations²⁷ and cancellations²⁸ (Figure 24) are attributed to the cancellation of Asia Pacific Vaccine Access Facility projects as the demand for vaccines dropped (\$762.9 million), cancellation of the uncontracted balance of Afghanistan's 17 ADF grants,²⁹ and termination of \$700 million across projects in India and Pakistan because of a lapse in the validity of loan approval.

d. Project Implementation Period

40. **Portfolio age higher.** The number of outliers with an average age of 10 years or more increased to 54 in 2023 from 29 in 2022. The number of financially closed loans and grants decreased to 316 in 2023 from 337 in 2022, while the number of extensions decreased to 155 in 2023 from 341 in 2022. Considering the extended projects from previous years are still in the active portfolio, the average portfolio age remains high.

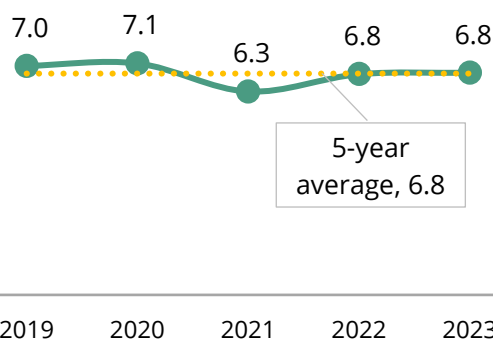
41. **Average implementation period of closed loans and grants did not improve.** The average implementation period set at approval was 5.1 years.³⁰ Delays are not always within control of the project team due to external factors such as government policy change, natural disasters or security conditions. Infrastructure sectors, such as water and other urban infrastructure and services, have implementation periods of 8 years or more due to being more complex, multiple components, and stakeholder buy-in challenges. Higher project readiness is essential to pre-empt some of these delays. Considering the average portfolio age is increasing, the implementation period will probably not improve anytime soon (Figures 26 and 27).

Figure 26: Average Age of Active Portfolio, 2019–2023 (Years)



Source: Asian Development Bank data.

Figure 27: Actual Implementation Period, 2019–2023 (Years)



Source: Asian Development Bank data.

²⁷ Termination refers to sovereign operations approved by the Board that did not get signed. Loan and grant terminations totaled \$700.0 million in 2023 (compared with \$450.0 million in 2022). These are value dated 2022 but only taken up in 2023.

²⁸ Cancellation refers to the undisbursed, committed balance of an equity investment, loan, or guarantee canceled by the mutual consent of ADB and an investee company. Cancellations totaled \$2.3 billion in 2023 (compared with \$1.5 billion in 2022).

²⁹ ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021, but since 2022 has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

³⁰ The implementation period starts at signing until the loan closing date, but the implementation period for closed projects is until the financial closing date. To ensure a fair comparison, the 5.1-year period was calculated by adding the period from loan closing to financial closing, which averaged 0.6 years.

42. **Timely financial closure is essential.** Delays in financial closure prolong the implementation period. Project teams sometimes face difficulties with final liquidations and payments. Therefore, final payment and refund arrangements should be discussed in detail with the government at project inception stage.

**Table 7: Project Loans and Grants Past Closing Date
(Number of Active Project Loans and Grants)**

Year	6 months to <1 year after project closing	≥1 year after project closing	Total
2019	37	20	57
2020	31	25	56
2021	37	27	64
2022	28	26	54
2023	32	31	63

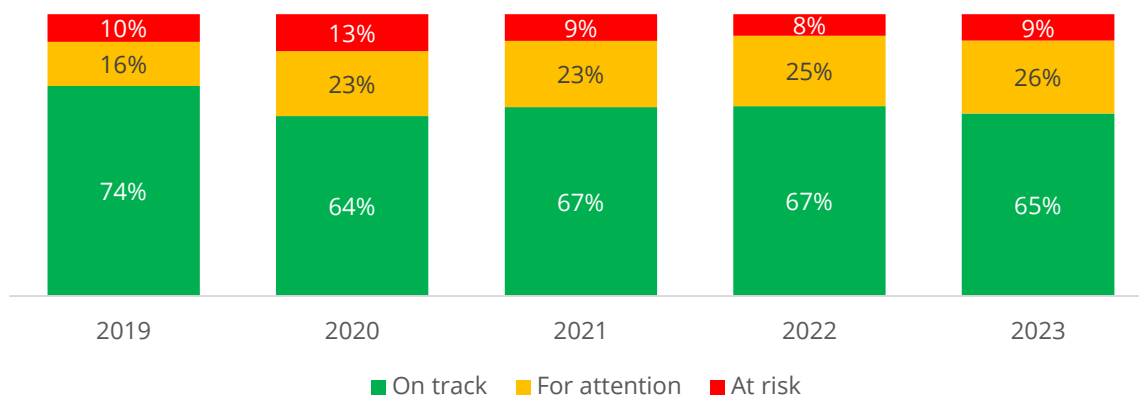
Note: Data exclude Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. In 2023, ADB committed a special financing arrangement of \$26 million to provide humanitarian support to the people of Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021, but since 2022 has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

Source: Asian Development Bank data.

2. Project Quality and Management

a. Project Performance Rating³¹

Figure 28: Project Performance Ratings, 2019– 2023

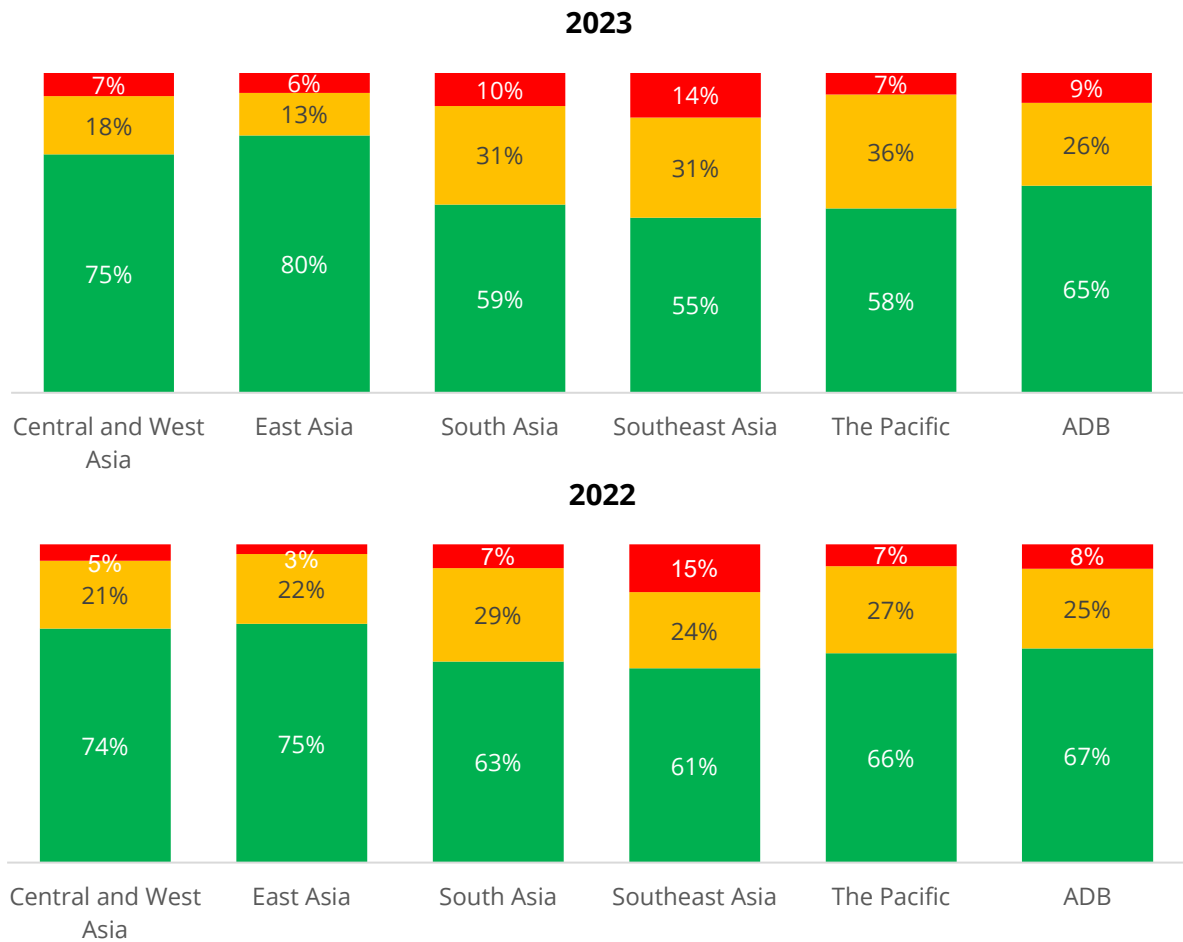


Note: The methodology was revised in 2020 to strengthen safeguards and financial management and to capture the progress of projects.

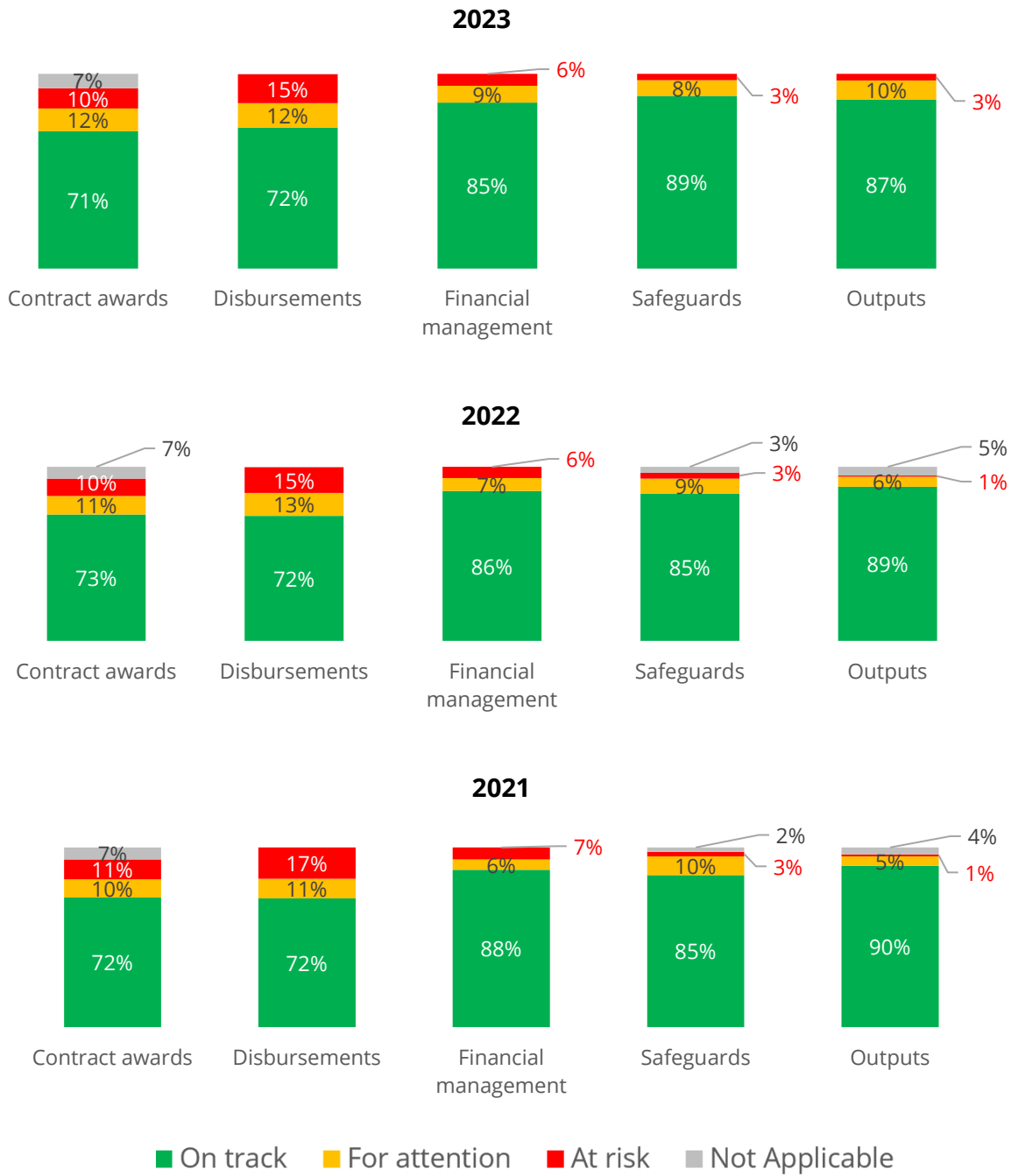
Source: Asian Development Bank data.

43. **Project performance.** The project performance rating system identifies risks and issues early in project implementation for correction. The main reasons for the 9.4% *at risk* projects (Figure 28) are (i) faster inflation requiring additional financing, which delayed implementation in the Pacific; (ii) systemic issues in Southeast Asia, such as low project readiness, government regulations restricting advance detailed design and procurement, and complex multilayered counterpart approvals; and (iii) the continued impact of the economic crisis on project implementation in Sri Lanka, as well as interagency coordination and contract management issues in Nepal. The percentage of projects rated *on track* for the financial management indicator declined from 88% in 2021 to 85% in 2023) (Figure 30) due largely to delays in ADB receiving audited project financial statements, as well as challenges by executing agencies and/or implementing agencies in meeting full compliance with financial covenants.

³¹ The following are excluded from the project performance rating system: (i) Asia Pacific Disaster Response Fund projects; (ii) guarantees; (iii) PBLs, including contingent disaster financing and countercyclical support facility; (iv) COVID-19 Pandemic Response Option; (v) PRFs; and (vi) SEFFs. Projects in Afghanistan and Myanmar are also excluded. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. In 2023, ADB committed a special financing arrangement of \$26 million to provide humanitarian support to the people of Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021. Since 2022, however, ADB has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

Figure 29: Project Performance Ratings by Region, 2022–2023

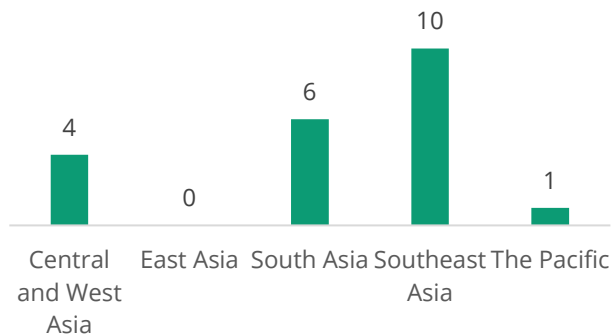
ADB = Asian Development Bank.
 Source: Asian Development Bank data.

Figure 30: Project Performance Ratings by Indicator, 2021–2023

Note: Not applicable refers to projects not categorized and/or rated for specific project performance rating indicator.

Source: Asian Development Bank data.

Figure 31: Project Performance Ratings, Four Quarters At Risk by Region, 2023 (Number)



Source: Asian Development Bank data.

44. **The quality indicator remained below the 6% threshold.**³² The proportion of projects flagged by the quality indicator remained at 3.8% from 2022 to 2023. Twenty-one projects at risk for 4 quarters or more in 2023 were across 11 countries, including 4 projects in both Uzbekistan and the Philippines. The reasons in Uzbekistan were (i) delays in procurement and (ii) challenging contract awards and disbursement projections in the early stages of the project. The reasons in the Philippines were (i) delays in procurement due to executing agency's low capacity, (ii) contracts awarded without meeting safeguards requirements, and (iii) auditor's adverse opinion on financial statements.

b. Financial Management

45. Financial management performance for period 2021–2023 marginally dropped from overall 88% of the projects *on track* in 2021, to 86% in 2022 and 85% in 2023. The decline is attributed mainly to the Central West (Uzbekistan and Pakistan), Pacific (North Pacific—Palau, Federated States of Micronesia, and Marshall Islands) and East Asia (People's Republic of China) developing member countries. The key issues included a decline in the timely submission of audited project financial statements and audited entity financial statements, and non-compliance with financial covenants in the energy; transport; water and other urban infrastructure and services; agriculture, natural resources, and rural development; finance and health sectors.

46. Ongoing efforts in 2023 to improve financial management performance include performing dedicated financial management supervision and portfolio review missions and enhancing training for executing and implementing agencies' personnel in impacted regions. Additionally, the financial management function was strengthened in 2023 by: (i) realigning financial management business processes and eOperations with NOM; (ii) developing eLearning materials for enhanced capacity development and knowledge sharing; (iii) increasing support for country-level public financial management diagnostics; and (iv) continued collaboration with multilateral development banks to harmonize practices.

c. Technology

47. In 2023, ADB achieved significant milestones in its transition to the NOM, a strategic initiative to align ADB with the evolving needs of its DMCs and ADB's corporate development goals. Under the NOM, new business processes and rules were introduced, which triggered changes in ADB's information technology systems such as eOperations and the integrated disbursement system. Those changes, together with many other enhancements, improved ADB's operational efficiency and

³² The 6% threshold was introduced for the first time in the 2021 Planning Directions.

effectiveness by streamlining and simplifying business processes and/or workflows and strengthening data governance. Further, the technology enhancements improved data quality and system usability and elevated the overall user experience. In 2023, the Procurement, Portfolio, and Financial Management Department (PPFD) also spearheaded the Portfolio Alert and Warning System and has been continually improving ProcDash and PPFD's chatbot, PIA, to promote easier data access and facilitate data analytics.

48. ADB is looking into leveraging artificial intelligence, including tools like Copilot, to enhance portfolio data and reporting. One initiative involves PPFD developing an artificial intelligence-powered tool specifically for reviewing audited project financial statements, with the goal of boosting the efficiency of financial management supervision for projects. PPFD will also explore ways to utilize artificial intelligence for automating data collection, validation, and integration from various sources including structured and unstructured data related to ADB's portfolio reporting and portfolio management. ADB expects the use of artificial intelligence will empower users to customize and explore portfolio data according to their specific needs, while also supporting ADB's decision-making processes with evidence-based insights.

d. Project Completion Reporting

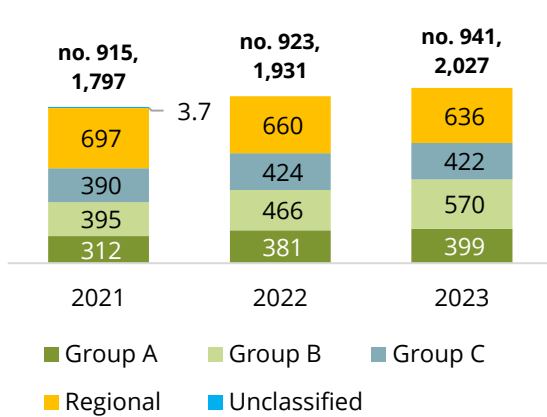
49. **Project completion report program fell short of target.** Timely circulation of a project or program completion report (PCR) is vital to draw upon lessons learned for future interventions in the sector. In 2023, 84 PCRs were circulated, short of the target of 94 (Appendix 2), because of (i) delays in financial closure caused by unliquidated balances of advance amount, (ii) limited availability of information and/or data from governments, and (iii) other urgent deliverables.

3. Technical Assistance Portfolio³³

50. **Technical assistance disbursements surged in 2023.** ADB introduced a new TA tracking system in 2022 for more stringent monitoring of TA progress by issuing alerts regarding TA projects with slow disbursement.

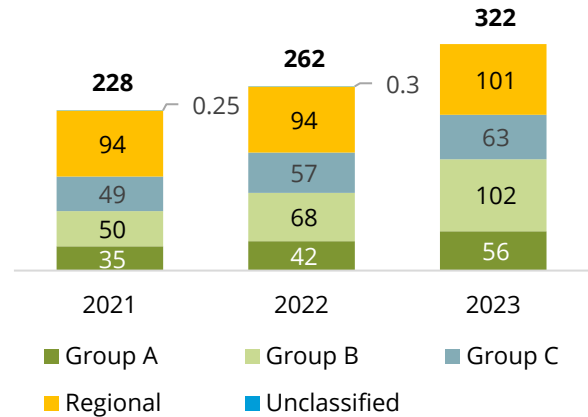
³³ Excludes nonsovereign technical assistance.

Figure 32: Technical Assistance Portfolio by Developing Member Country Group, 2021–2023 (\$ million)



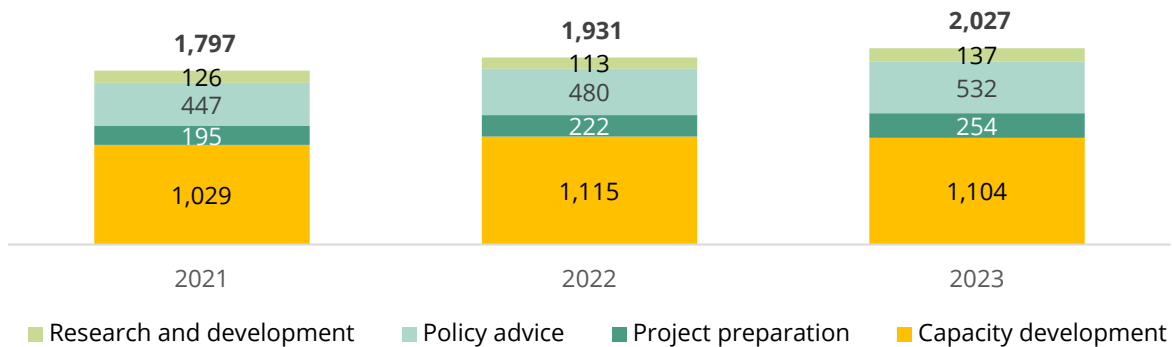
Note: Unclassified refers to Niue, which was categorized as a group B developing member country effective 2022.
Source: Asian Development Bank data.

Figure 33: Technical Assistance Disbursement by Developing Member Country Group, 2021–2023 (\$ million)



Note: Unclassified refers to Niue, which was categorized as a group B developing member country effective 2022.
Source: Asian Development Bank data.


Figure 34: Nature of Active Technical Assistance, 2021–2023 (\$ million)



Source: Asian Development Bank data.

51. **2023 technical assistance completion reporting program fell short of target.** Technical assistance completion reports (TCRs) are vital to improving future TA operations by applying lessons learned. In 2023, 129 TCRs were circulated, 17.3% below the target of 156. This was mainly because of (i) delays in financial closure, (ii) unavailability of information or data, and (iii) other urgent conflicting work (Appendix 2).

C. Findings and Recommendations

Findings	Recommendations
 <p>Average age of the portfolio is increasing</p>	<p>Project teams should rigorously monitor slow-moving projects with robust, time-bound action plans under the guidance from regional sector project administration unit heads and country operations heads.</p>
 <p>Project readiness needs to be scaled up further</p>	<p>Resident missions lead promotion of project readiness financing modalities in collaboration with Sectors Group and front office of regional departments, taking opportunities of country partnership strategy preparation and country portfolio review meetings.</p>
 <p>Financial management ratings have declined for 3 years</p>	<p>Financial management focals should enhance dialogue with the government, as well as executing and implementing agencies, to improve compliance and capacity development.</p>
 <p>Longer procurement time</p>	<p>Resident missions lead continuous capacity building of the weaker executing and/or implementing agencies in collaboration with the Sectors Group, PPF, and other relevant departments.</p>

SECTION IV

Nonsovereign Portfolio

Nonsovereign Portfolio

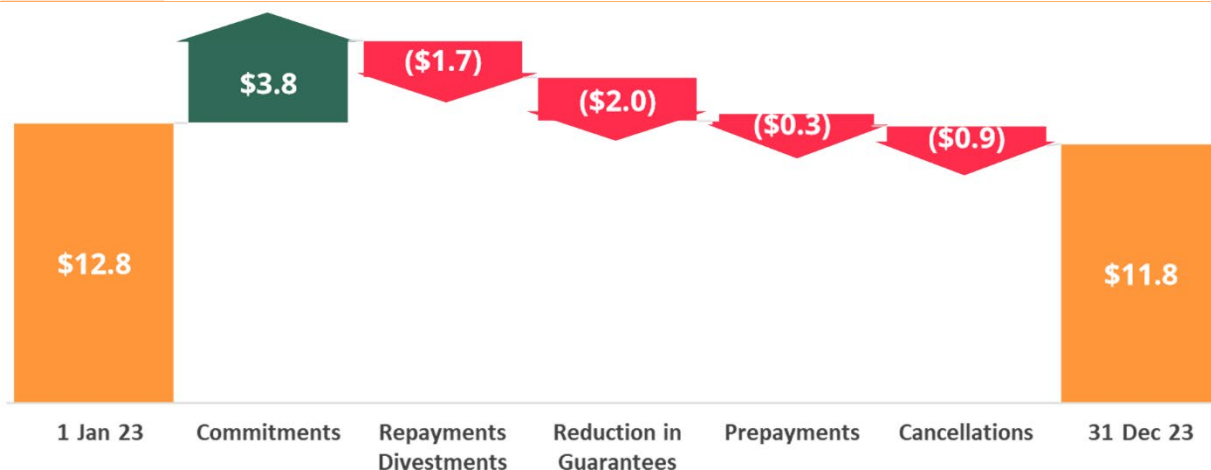
A. Portfolio Movement

52. In 2023, ADB's nonsovereign operations continued to broaden geographically and in nontraditional sectors. The nature of the business continued to evolve. The Private Sector Operations Department (PSOD) continued to focus on working with clients, enabling the department to identify and prioritize key clients and better position it to achieve ADB's strategic and operational priorities.

53. The close alignment of PSOD and sovereign teams continued at the sector level and through a series of pilot programs aimed at identifying the optimal approach to helping clients achieve their development goals. This collaboration resulted in several training programs for sector and regional teams, joint resourcing on projects, and the identification and delivery of new projects. In 2023, eight collaborative projects were identified, of which two were approved after June 2023 (post NOM implementation).

54. **[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]**

55. These initiatives will continue to build on previous successes, deepening conversations with clients and enhancing the links between policy dialogue and private sector development in DMCs.

Figure 35: Nonsovereign Portfolio at a Glance (\$ billion)

Notes:

Balance as of 31 December 2023 includes fair value and translation adjustments of \$0.1 billion. It excludes technical assistance and fully administered cofinancing loans.

Source: Asian Development Bank data.

1. Portfolio Trend

56. **Committed portfolio continued to decline.** The total committed portfolio³⁴ dropped by 7% in 2023 (from \$12.8 billion to \$11.8 billion) mainly because of large cancellations (\$0.9 billion). Despite a significant increase in project commitments volume (40 projects in 2023 versus 37 in 2022), total new commitments in 2023 of \$3.8 billion were overshadowed by scheduled repayments (\$1.7 billion), prepayments (\$0.3 billion), and a reduction in outstanding guarantees (\$2.0 billion). With a strong project pipeline, the volume of new commitments is expected to be maintained or rise in 2024, while overall portfolio size will remain subject to cancellations and prepayments.



Box 2: Monsoon Wind Power Project

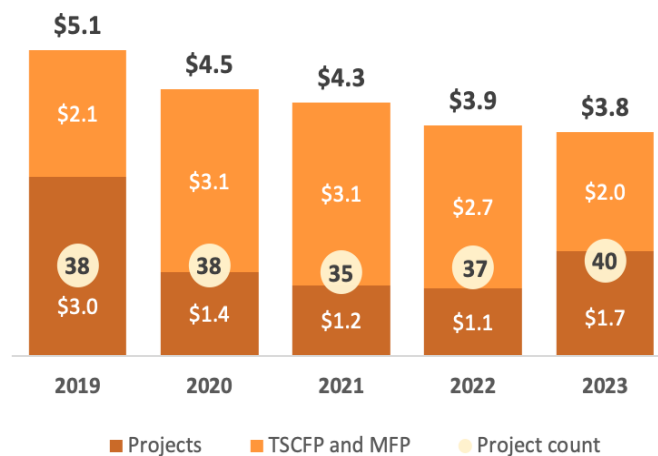
The Asian Development Bank (ADB) was the lead arranger for the Lao People's Democratic Republic's Monsoon Wind Power Project^a and mobilized \$583 million of cofinancing in debt (in addition to \$110 million of ADB funds). ADB arranged, structured, and syndicated the entire financing package—the largest ever syndicated renewable project financing transaction in the Association of Southeast Asian Nations. ADB's concessional financing package of \$60 million consisted of loans of \$20 million from the Leading Asia's Private Infrastructure Fund and \$30 million from the Canadian Climate Fund for the Private Sector in Asia (CFPS) and CFPS II, in addition to a \$10 million grant from the Asian Development Fund's private sector window. ADB used concessional finance to reduce the risk of the project by lowering overall interest rate, providing back end repayment and creating a reserve account to ensure availability of funds for debt service in case of output curtailment.

^a ADB. 2022. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Grant, and Administration of Loans to Monsoon Wind Power Company Limited for Monsoon Wind Power Project in Lao People's Democratic Republic*. Manila. Source: Asian Development Bank data.

³⁴ Refers to total committed portfolio under ordinary capital resources and the Asian Development Fund's private sector window, which consists of (i) committed loan, other debt security and equity (carrying or fair value) portfolio, comprising outstanding balances plus undisbursed balances; (ii) the committed guarantees, comprising outstanding and unissued project guarantees and guarantees under Trade and Supply Chain Finance Program and Microfinance Program; and (iii) the undisbursed balance of grants.

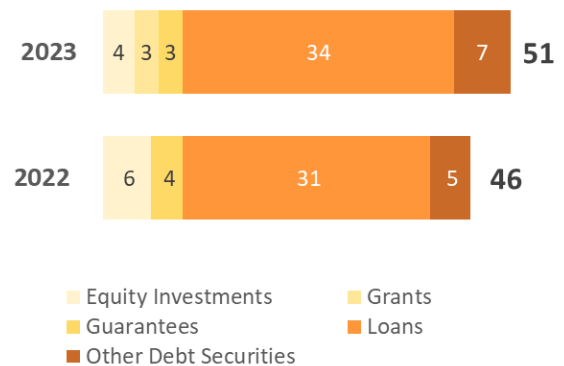
57. **Commitments.** Total new commitments from ADB resources in 2023 reached \$3.8 billion (Figure 36), a slight drop from 2022. Project commitments surged by 54% to \$1.7 billion following the signing of five high-volume transactions totaling \$690 million (40% of project commitments in 2023) and reached the highest level since 2020. Loan commitments contributed 83% by volume and 66% to the total number of project transactions in 2023. Three new grant agreements were signed in 2023, financed by the Asian Development Fund (ADF) private sector window (Figure 37).

Figure 36: Total 2023 Commitments (\$ billion)



Source: Asian Development Bank data.

Figure 37: Breakdown of project commitments by product (number)



Source: Asian Development Bank data.

58. Commitments under the Trade and Supply Chain Finance Program (TSCFP) and Microfinance Program decreased by 26% to \$2.0 billion because of macroeconomic challenges in key DMC markets, including Pakistan and Sri Lanka, and the slowdown in global trade.

59. Nonsovereign cofinancing in 2023 reached \$6.9 billion, 3% lower than 2022 (Table 8). The change was mainly driven by lower cofinancing attracted by Trade and Supply Chain Finance Program **[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]**

60. In 2023, long-term cofinancing led by PSOD doubled (from \$1.7 billion in 2022 to \$3.4 billion) and transaction advisory services cofinancing increased tenfold (from \$60 million in 2022 to \$630 million, including \$443 million attracted by the Office of Markets Development and Public-Private Partnership and \$187 million through PSOD projects). The increase was mainly because of the financial closure of two big public-private partnership projects: Sherabad Solar in Uzbekistan³⁵ and Rampura-Amulia-Demra Toll Road Project in Bangladesh.³⁶

61. Overall, ADB is on track to meet its cofinancing ratio target by 2024. The nonsovereign cofinancing ratio was 2.7 in 2023. The 3-year average from 2021 to 2023 was 2.3, compared with the corporate results framework³⁷ target of 2.0 by 2024.

³⁵ **[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]**

³⁶ **[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]**

³⁷ The corporate results framework excludes financing for nonsovereign revolving funds.

Table 8: Nonsovereign Operations Commitments in 2023 (\$ million)

Item	ADB	Cofinancing	Total
Projects	1,747	3,273	5,019
Trade and Supply Chain Finance Program ^a	1,786	2,901	4,687
Microfinance Program ^a	232	245	477
Subtotal	3,764	6,419	10,183
Resources mobilized through transaction advisory support services ^a	0	443	443
Technical assistance	14	4	18
Total	3,778	6,866	10,644

ADB = Asian Development Bank.

Note: Figures may not sum precisely because of rounding.

^a Beginning in 2020, ADB has reported on ADB-financed commitments from private sector programs and resources mobilized from transaction advisory support services.

Source: Asian Development Bank data.



Box 3: Office of Markets Development and Public-Private Partnership Contribution to Private Sector Development of Developing Member Countries

In 2023, the Asian Development Bank (ADB) supported 14 of its developing member countries (DMCs) through 35 ongoing transaction advisory service mandates and Asia Pacific Project Preparation Facility's project preparation support. This support was primarily in green energy and water and other urban infrastructure development. Seventy percent of these projects incorporated climate action, while 90% supported gender equality.

During the year, the Office of Markets Development and Public-Private Partnership (OMDP) supported the commercial closure of one public-private partnership (PPP) project, a \$250 million solar energy investment in Uzbekistan, and financial closures for two PPP projects with a combined capital investment of more than \$600 million, the highest amount achieved by the bank in a single year.

Upstream Support (Capacity Building, Policy Advocacy, and Enabling Environment) Activities:

- Strengthened the capacity of governments and private sector partners in developing and implementing PPPs. OMDP delivered two comprehensive training programs in 2023, reaching 240 government and academic stakeholders from 11 DMCs. These sessions covered topics including the fundamentals of PPPs, project financing, and screening for value-for-money.
- Supported several governments in establishing and/or strengthening the capacity of national PPP units or centers in DMCs, such as Azerbaijan, Papua New Guinea, Sri Lanka, Solomon Islands, and Uzbekistan.
- Supported the government of the Lao People's Democratic Republic in upgrading the PPP decree to a law, highlighting key issues with the current framework and recommending a suitable structure of the PPP law.

Special Initiatives:

- A gender toolkit was published offering practical guidance on how to integrate gender equality and women's empowerment into PPP policies, processes, and projects.
- The Creating Investable Cities (CIC) program is supporting cities across Asia and the Pacific to (a) mainstream resilience, inclusiveness, and sustainability; (b) increase their financial capacity and creditworthiness; and (c) leverage private and climate finance to help them meet their nationally determined contributions and Sustainable Development Goals.

Source: ADB, Office of Markets Development and Public-Private Partnership.

62. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]^{38, 39, 40}

63. **Cancellations and droppages.** Total cancellations⁴¹ in 2023 reached \$919 million⁴² compared with \$214 million in 2022. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]^{43, 44}

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

64. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

65. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]⁴⁵

³⁸ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

³⁹ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁴⁰ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁴¹ Undisbursed committed balance of an equity investment, loan, guarantee, or other debt securities canceled by the mutual consent of ADB and an investee company, borrower, or counterparty. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁴² [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁴³ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

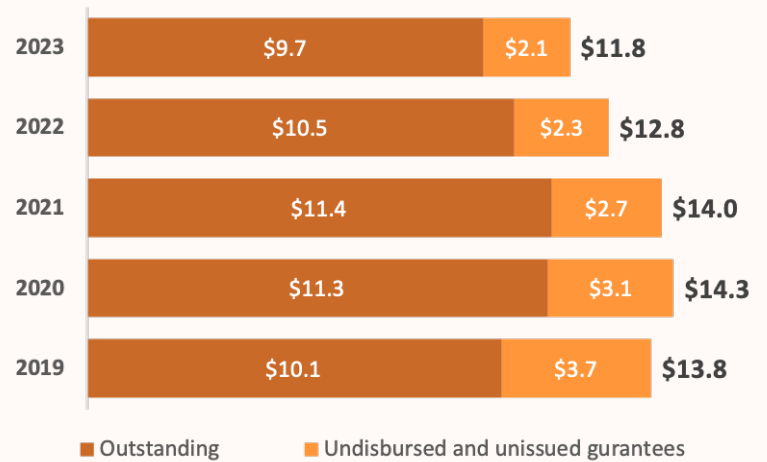
⁴⁴ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁴⁵ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)].

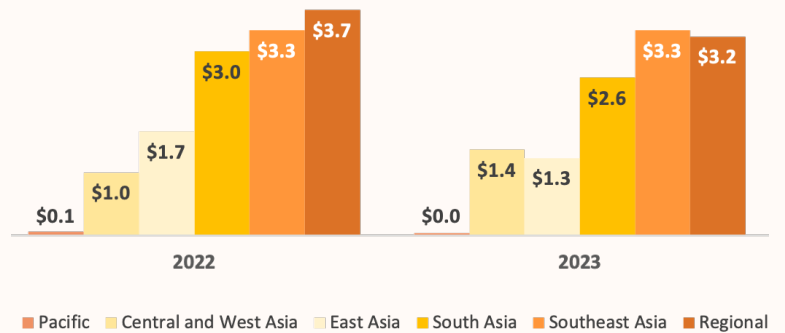
FIGURE 39:

Nonsovereign Committed Portfolio: Lowest since 2019

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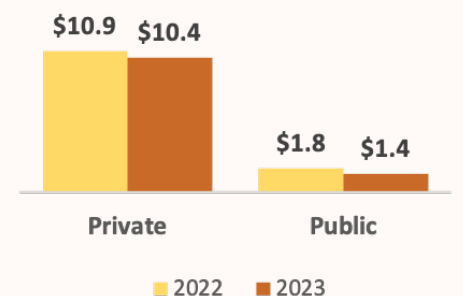
By Region



[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

Public sector at end of 2023 represents 12% of total portfolio.

The public portfolio includes six new project commitments in 2023 for \$358 million (compared with four projects for a combined \$120 million in 2022).



Source: Asian Development Bank data.

2. Committed Portfolio

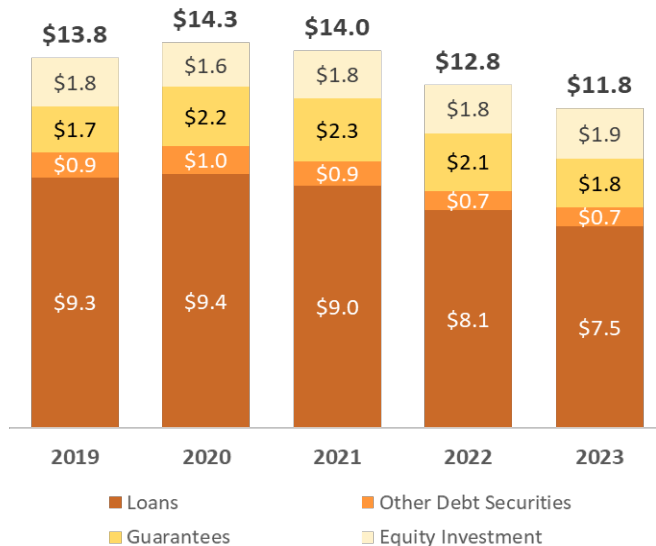
66. The nonsovereign committed portfolio (excluding technical assistance) decreased in 2023 to \$11.8 billion, comprising \$9.7 billion of outstanding balances and \$2.1 billion of undisbursed loans, other debt securities, equity investments, and unissued guarantees.

67. **By product.**⁴⁶ Loans continued to be the primary product, comprising 63% of total portfolio in 2023. This was lower than the 68% share in 2019 because of cancellations and scheduled repayments. The share of equity in the portfolio increased from 13% (2019) to 16% because of cumulative new commitments of about \$1 billion since 2019. The volume and number of nonsovereign grants (channeled through the ADF private sector window) has been increasing and reached \$11.8 million for four agreements in 2023. However, the share in overall portfolio is still insignificant compared with other products (Figure 40).

68. Loans continued to be the core financing modality for nonsovereign operations and the main instrument used to strengthen portfolio geographical and sector diversification, as well as support financing in local currencies.

69. The TSCFP and the Microfinance Program focus on the provision of guarantees (90% of the programs' operations) and comprised 14% of the committed nonsovereign portfolio as of 31 December 2023.

Figure 40: Committed Portfolio by Product (\$ billion)



Note: 2023 includes \$11.8 million of grants.
Source: Asian Development Bank data.



Box 4: ADF Private Sector Window

Launched as a pilot, the Asian Development Fund's private sector window offers additional resources and financial products to address and reduce common financing constraints that hinder many private sector transactions in group A countries. The private sector window includes three blended concessional finance approaches: (i) a local currency solution, (ii) a blended finance solution, and (iii) a loan guarantee solution. These are available to support a range of sectors including sustainable agribusiness, health and education, financial services (including small and medium-sized enterprises and microfinance), gender equality, water, sanitation and waste management, and communications technology.

Source: Asian Development Bank data.

⁴⁶ The nonsovereign financing instruments ADB offers include loans and other debt securities, equity investment, guarantees, and grants.



Box 5: Trade and Supply Chain Finance Program Mandate

The Trade and Supply Chain Finance Program's mandate is to make global trade and supply chains green, resilient, transparent, inclusive, and socially responsible. It delivers guarantees and loans to close market gaps; as well as special projects, knowledge products, services, and solutions that amplify the program's development impact.

Source: Asian Development Bank data.

70. As projected at the end of 2022, the volume of in-year commitments under the TSCFP dropped from \$7.7 billion (including cofinancing) in 2022 to \$4.7 billion in 2023 because of macroeconomic challenges in key markets. However, the overall number of TSCFP transactions in 2023 increased by 112% (from 10,115 in 2022), although with a lower dollar value per transaction. More than 6,900 transactions committed by the program in 2023 supported SMEs, more than 2,800 supported intraregional trade, and 1,300 transactions supported trade between DMCs.

71. The TSCFP operates in 23 DMCs. The top four most active countries in 2023 were Bangladesh, Viet Nam, Pakistan, and Uzbekistan. The latter was a major growth market for TSCFP in 2023. TSCFP supported 57 transactions in group A DMCs: Kyrgyz Republic, Nepal, and Tajikistan. In 2023, cofinancing from the TSCFP totaled \$2.9 billion, or 62% of the total TSCFP volume.

Table 9: Summary of Trade and Supply Chain Finance Program Support

2023 RESULTS	TSCFP
Volume of transactions supported (\$ million)	4,687
ADB commitments (\$ million)	1,786
Cofinancing (\$ million)	2,901
Number of transactions supported	21,416

ADB = Asian Development Bank, TSCFP = Trade and Supply Chain Finance Program.

Source: Asian Development Bank data.

72. In 2023, the Microfinance Program guaranteed loans totaled \$477.09 million (including cofinancing) to microfinance institutions and nonbank financial institutions. Most of this funding was in the form of micro loans disbursed in rural areas, 95% of which were for women borrowers from low-income households who have difficulty borrowing from formal lending sources. The program also continued to expand into other markets (Georgia and Uzbekistan). Its TA work continued to complement its financing activities and objectives through capacity building initiatives, targeting small and medium-sized institutions and their borrowers.



Box 6: Microfinance Program

The Microfinance Program is an unfunded credit enhancement and risk allocation tool for partner financial institutions, designed to address market gaps and promote local currency lending to microfinance institutions (MFIs) and/or nonbank financial institutions (NBFIs). The Asian Development Bank shares risk with partner financial institutions, which provide wholesale loans to MFIs and/or NBFIs to expand their access to local currency funding and address the financial needs of their micro borrower clients.

Source: Asian Development Bank data.

73. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)].

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

74. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]^{47,48,49,50}

75. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

76. Despite economic headwinds, the share of group A and B countries (excluding India), as well as that of the FCAS and SIDS countries, increased in 2023 indicating economic rebound (Figure 43). Out of total 2023 project commitments, 30% of the volume and 40% of the number were signed in frontier economies.⁵¹ Of the \$1.7 billion of new projects signed in 2023, \$0.2 billion was for Uzbekistan (7 projects, group B) and \$0.1 billion was for a Lao PDR wind power project⁵² (group A, FCAS). The Lao PDR Monsoon Wind Power Project, which has a contracted capacity of 600 megawatts, is (i) the largest renewable project financing transaction ever syndicated in the Association of Southeast Asian Nations, (ii) the first wind power project in Lao PDR, (iii) the largest in Southeast Asia, and (iv) the first cross-border project in Asia. In addition to \$110 million of ADB funds, the project attracted \$583 million of cofinancing in debt. The list of 2023 commitments also includes a transaction in Kyrgyz Republic (1 project), the first after 8 years, and in Nepal (1 project), the first one since 2019.

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

77. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)].

⁴⁷ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁴⁸ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁴⁹ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁵⁰ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁵¹ Frontier economies refers to group A or group B countries except India and DMCs classified as FCAS and SIDS.

⁵² ADB. 2022. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Grant, and Administration of Loans to Monsoon Wind Power Company Limited for Monsoon Wind Power Project in Lao People's Democratic Republic*. Manila.



Box 7: Nonsovereign Operations Priority Areas

Climate Financing. During 2023, the Private Sector Operations Department (PSOD) committed 30 climate finance projects, 75% of the total 40 commitments for the year. These climate finance commitments totaled \$1 billion, an increase of 132% from 2022. Of the committed \$1 billion climate finance volume, \$964 million was in climate mitigation and \$85 million was in climate adaptation.

Food Security. In 2023, PSOD delivered \$807 million of commitments for food security. PSOD's commitments included \$181 million of direct agrifood investments, \$5 million through private equity funds, \$49 million through financial institutions (FI) financing, \$140 million under the MFP, and \$432 million under TSCFP.

TSCFP supported more than 1,400 transactions valued at \$1 billion in 2023, part of which was supported through the Food Security Facility established in 2022.

MFP supported total financing of \$280 million in India and Bangladesh, related to strengthening agriculture-finance and food security.

Source: Asian Development Bank data.

78. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]⁵³

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

79. **Technical Assistance Portfolio.** The nonsovereign TA portfolio continued to grow in 2023. TA operations focused on developing capacity and providing advice to clients on corporate governance, environmental and social standards, risk management, and broader sector regulatory frameworks that support private sector development.

Figure 45: Technical Assistance Portfolio

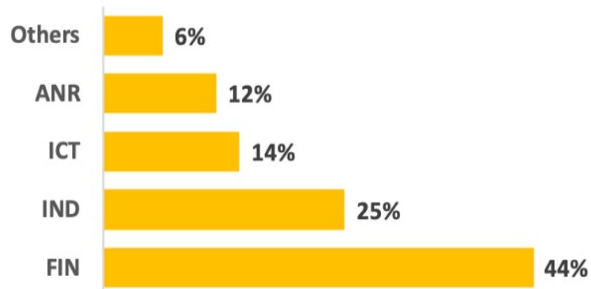


TA = technical assistance.

Source: Asian Development Bank data.

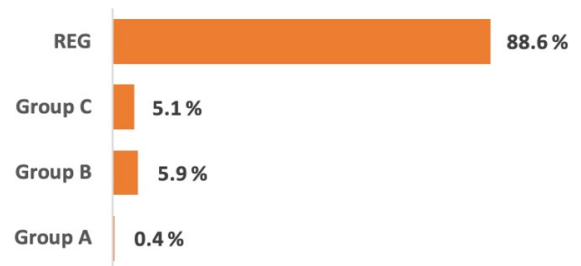
⁵³ Newer sectors refer to health, education and ANR while nontraditional infrastructure refers to water and other urban infrastructure and services, information and communication technology, and transport.

Figure 46: Technical Assistance by Sector



ANR = agriculture, natural resources, and rural development; FIN = finance; ICT = information and communication technology; IND = industry and trade.
Source: Asian Development Bank data.

Figure 47: Technical Assistance by Region



REG = regional.

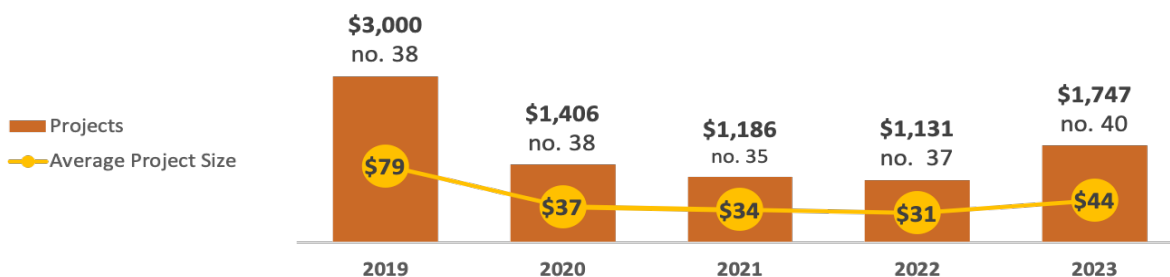
Source: Asian Development Bank data.

B. Portfolio Key Indicators

80. **Project Commitments.** In 2023, project commitments reached their highest level since 2020 in terms of the volume and number of transactions signed. The average deal size in 2023 also increased by 43% from \$31 million in 2022 to \$44 million (total OCR and ADF private sector window) in 2023.

81. In 2023, PSOD registered 25 of 40 projects in frontier economies and newer sectors, or 63% of total committed projects (compared to 18 (49%) in 2022). Further, five of six transactions financed by the ADF private sector window were signed in 2023, which contributed to geographical diversification of the nonsovereign portfolio and the expansion of ADF private sector window portfolio.

Figure 48: Project Commitments (Number, Amount, and Average Project Size)



Source: Asian Development Bank data.

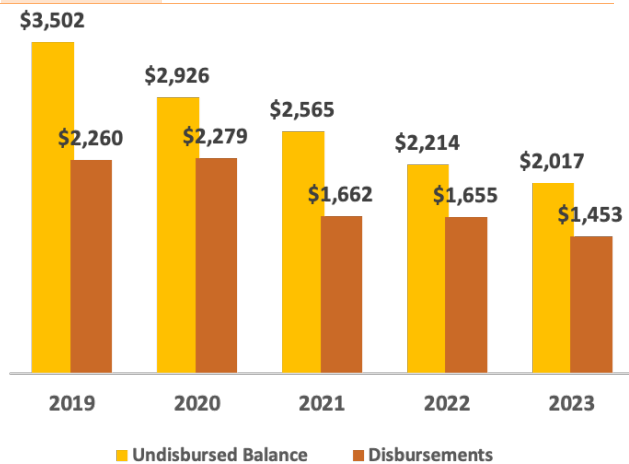
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[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

82. **Disbursements.** Total disbursements fell from \$1.7 billion in 2022 to \$1.5 billion in 2023 in line with declining undisbursed commitments (from \$2.6 billion at the start of 2022 to \$2.2 billion at the start of 2023). At the end of 2023, the total undisbursed and unissued guarantees portfolio dropped by 7.4% from \$2.3 billion in 2022, the lowest level since 2019, mainly because of new commitments not catching up with annual disbursements and cancellations (Figure 51).

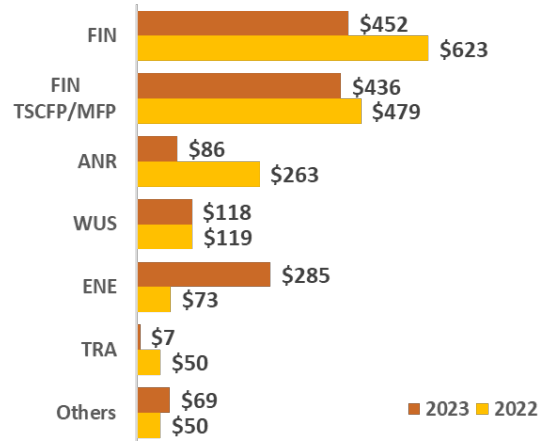
83. Of total disbursements, \$0.3 billion (23%) were from the projects signed in 2023. Of 2023 transactions, \$1.3 billion was signed in fourth quarter of 2023 with disbursements shifted to 2024. More than half of the disbursements in the energy sector (\$153 million) were for projects committed in 2023, following overall high commitments for energy in 2023 (Figure 52).

Figure 51: Disbursement and Undisbursed Balance (\$ million)



Source: Asian Development Bank data.

Figure 52: Disbursement by Sector (\$ million)



ANR = agriculture, natural resources, and rural development; ENE = energy; FIN = finance; MFP = Microfinance Program, TRA = transport; TSCFP = Trade and Supply Chain Finance Program, WUS = water and other urban infrastructure and services.

Source: Asian Development Bank data.

84. Disbursements for the TSCFP and Microfinance Program in 2023 were by \$43 million lower than in 2022, affected by macroeconomic challenges in Viet Nam and Bangladesh.

85. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]⁵⁴

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86. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]⁵⁵

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

⁵⁴ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

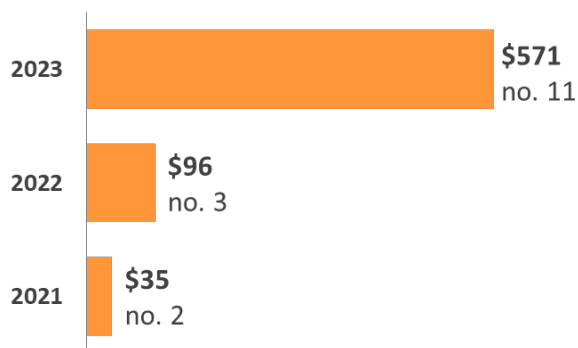
⁵⁵ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

87. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

88. **Transactions not yet signed.** The amount pending effectiveness (excluding those with partial signing) decreased to \$0.7 billion at the end of 2023 from \$0.8 billion at the end of 2022, with 81% of value contributed by projects approved in 2023. Except for one project approved in June 2023, the rest of the unsigned 2023 approvals took place in the 4th quarter of the year.

89. **Transactions pending disbursement.** By the end of 2023, 21 transactions totaling \$1.1 billion had been signed but not disbursed (76% were approved in 2023). This was lower than 2022's year-end balance of \$1.4 billion for 28 transactions. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

Figure 55: Not Yet Effective (number, \$ million)

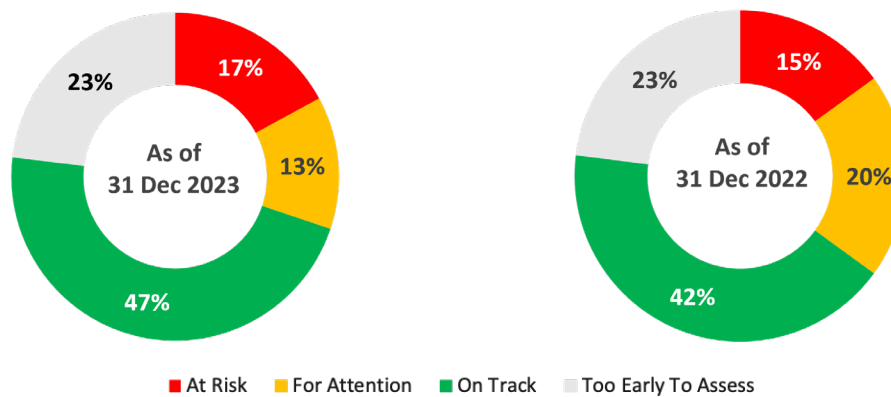


Source: Asian Development Bank data.

90. Positive trends in the reduction of not yet signed and not disbursed transactions from before 2023 reflect an overall improvement in nonsovereign processing time and indicate a stronger pipeline for 2024 new commitments and disbursements.

91. **Development flag effectiveness ratings.** As of 31 December 2023, 200 active projects in PSOD portfolio were identified for development flag effectiveness assessment. These covered all projects committed after 1 January 2012, including those that were newly committed in 2023 and for which the extended annual review report (XARR) or project performance evaluation report had not been circulated to the Board as of 31 December 2023. Of these projects, 47% were rated as *on track* to achieve development results—5 percentage points higher than at the end of 2022.

92. However, 17% (34 projects) of the assessed 200 projects were rated *at risk* of not achieving development results. Although slightly higher than in 2022, this indicator was within PSOD's internal target limit of 20%. Of the 34 projects rated *at risk*, 12 had not submitted a development effectiveness monitoring report (DEMR) and 22 had underperformed. Some of the reasons for underperformance were (i) the project and/or client was under financial stress; (ii) a change in the client's business strategy; (iii) impact and recovery from COVID-19 pandemic and implementation delays; (iv) issues with design and monitoring indicators or monitoring, such as unclear definition of indicators and problematic baseline values; and (v) slow response or nonresponse of clients to clarifications on questionable reported data.

Figure 56: Development Flag Effectiveness Ratings

Source: Asian Development Bank data.

93. Actions being undertaken by PSOD to address *at risk* projects include:
- (i) continual proactive outreach to clients promoting timely reporting, following up on outstanding DEMRs, and improving data quality;
 - (ii) strengthening setting of strong projects' design and monitoring indicators;
 - (iii) corrective action plans initiated wherever needed by deal teams following the development effectiveness team's feedback from its review and assessment of DEMRs; and
 - (iv) change-in-scope memos initiated to counter direct or indirect consequences of the pandemic and macroeconomic and geopolitical headwinds.
94. **Ex-Ante Development Impact Assessment Framework and the portfolio approach.** In September 2023, the Nonsovereign Ex-Ante Development Impact Assessment Framework was extended to cover the entire transaction appraisal process up to the final Investment Committee clearance. An e-learning training program was developed to support the rollout and strengthen understanding of key ex-ante concepts and the methodology for assessing and scoring private sector projects. The revised processes and governance procedures were implemented to operationalize the ex-ante assessment practice. Independent reviewers from relevant ADB departments validate certain dimensions and components of the framework.

95. **Extended annual review reports.** PSOD delivered 26 XARRs covering 26 projects in 11 DMCs (compared with 31 XARRs in 2022 in 16 DMCs). Three short form reviews were also submitted to the Independent Evaluation Department in lieu of XARRs because of project cancellations and challenges with access to information and an expedited exit of ADB from an investment.

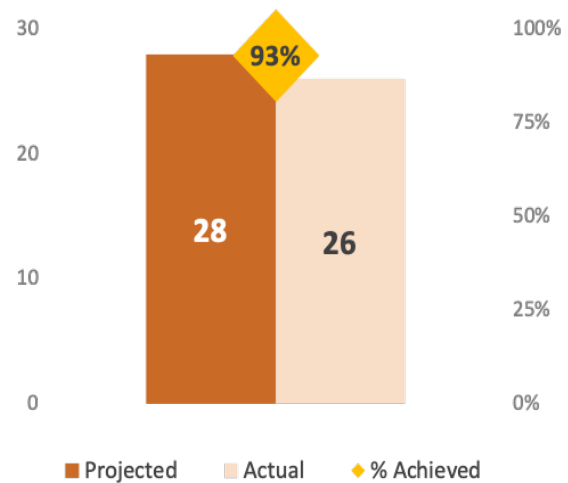
96. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]⁵⁶

97. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

98. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

Figure 57: XARRs circulated



Source: Asian Development Bank

⁵⁶ The Transformation Office monitors NOM activities on expanded synergies between sovereign and nonsovereign operations.

C. Findings and Recommendations

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

SECTION V

Appendixes

2023 SOVEREIGN PORTFOLIO: KEY INDICATORS

	Active Portfolio (\$ million) ^a		Contract Award Ratio (%) ^{b,e}		Uncontracted (%) ^{b,e}		Disbursement Ratio (%) ^{c,e}		Undisbursed (%) ^{c,e}		Project Performance Rating ^{d,e}			
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	On Track (%)		Implementation Risk (%)	
											2023	2022	2023	2022
Operations	104,098	100,599	25	30	32	30	22	23	54	54	65	67	35	33
Central and West Asia	23,430	24,166	16	39	32	25	24	21	50	50	75	74	25	26
Afghanistan	3,155	3,294	24	38	62	62	279	-	29	25	100	100	-	-
Armenia	676	657	32	31	15	12	28	20	35	29	83	67	17	33
Azerbaijan	530	530	-	-	3	15	58	28	17	39	100	-	-	100
Georgia	1,715	1,778	6	30	19	19	30	22	37	51	93	71	7	29
Kazakhstan	463	482	1	0	2	6	64	30	8	32	100	100	-	-
Kyrgyz Republic	796	872	15	32	23	25	17	14	59	66	75	79	25	21
Pakistan	10,297	9,773	12	32	37	27	14	15	56	51	59	75	41	25
Regional	87	89	-	-	-	-	-	-	-	-	-	100	-	-
Tajikistan	974	1,084	33	49	17	20	34	24	39	53	93	73	7	27
Turkmenistan	504	504	-	-	-	-	82	57	5	26	100	100	-	-
Uzbekistan	4,233	5,103	17	50	37	30	20	17	64	55	63	68	38	32
East Asia	14,504	14,253	15	17	54	50	16	18	63	62	80	75	20	25
China, People's Republic of	12,704	12,625	14	17	56	51	16	18	63	62	82	75	18	25
Mongolia	1,795	1,621	21	27	40	39	14	18	60	58	77	74	23	26
Regional	5	6	-	-	-	-	-	-	-	-	-	-	-	-
South Asia	35,745	34,810	40	38	20	21	26	28	48	48	59	63	41	37
Bangladesh	13,199	11,485	36	35	23	18	33	25	46	42	69	80	31	20
Bhutan	379	379	20	29	32	28	24	26	44	46	71	86	29	14
India	14,334	15,598	48	39	18	24	24	31	55	54	46	47	54	53
Maldives	302	212	13	13	36	14	15	12	70	66	43	50	57	50
Nepal	3,728	3,382	35	29	22	23	17	11	58	61	58	50	42	50
Regional	60	55	-	-	-	-	-	-	-	-	-	100	-	-
Sri Lanka	3,743	3,699	31	47	12	18	30	40	24	32	64	70	36	30

	Active Portfolio (\$ million) ^a		Contract Award Ratio (%) ^{b,e}		Uncontracted (%) ^{b,e}		Disbursement Ratio (%) ^{c,e}		Undisbursed (%) ^{c,e}		Project Performance Rating ^{d,e}			
											On Track (%)		Implementation Risk (%)	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Southeast Asia	27,317	24,071	23	25	40	38	18	17	61	60	55	61	45	39
Cambodia	2,086	2,211	23	16	44	52	17	16	62	67	83	79	17	21
Indonesia	7,588	6,342	5	19	61	46	21	25	61	52	79	75	21	25
Lao People's Democratic Republic	605	647	19	21	31	26	24	25	42	40	42	79	58	21
Malaysia	2	1	-	-	-	-	-	-	-	-	-	-	-	-
Myanmar	2,535	2,540	6	-	94	-	-	-	44	-	-	-	100	-
Philippines	10,297	7,666	31	34	35	34	20	16	65	63	30	24	70	76
Regional	370	354	-	-	-	-	-	-	-	-	50	67	50	33
Thailand	6	96	-	-	-	3	-	-	-	-	-	-	-	-
Timor-Leste	618	620	3	2	58	60	5	7	70	73	22	25	78	75
Viet Nam	3,211	3,595	27	21	26	33	14	13	50	59	43	56	57	44
The Pacific	3,103	3,299	24	29	35	38	18	20	60	65	58	66	42	34
Cook Islands	27	76	19	46	10	7	14	47	15	12	100	67	-	33
Fiji	181	179	13	57	5	6	47	40	23	42	100	33	-	67
Kiribati	148	118	5	36	56	48	11	23	76	78	75	100	25	-
Marshall Islands	46	46	28	8	31	45	30	16	54	77	-	57	100	43
Micronesia, Federated States of	73	57	8	29	63	58	10	9	83	84	67	75	33	25
Nauru	111	109	50	24	8	18	20	23	41	51	100	100	-	-
Niue	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Palau	83	113	11	46	4	4	27	38	8	11	25	50	75	50
Papua New Guinea	1,402	1,696	22	22	42	48	11	19	67	70	75	44	25	56
Regional	237	206	82	-	1	4	66	23	20	58	25	100	75	-
Samoa	138	139	16	10	42	49	7	7	75	81	100	75	-	25
Solomon Islands	246	202	27	60	31	27	19	9	68	73	43	50	57	50
Tonga	209	177	47	68	20	14	39	22	50	50	83	86	17	14
Tuvalu	117	96	44	33	37	39	51	23	59	70	67	75	33	25
Vanuatu	85	85	18	40	22	29	32	32	36	51	25	57	75	43
Non-operations	646	589	-	-	-	-	-	-	-	-	-	-	-	-
Total	104,745	101,188	25	32	32	30	22	23	54	58	65	67	35	33

... = nil; 0 = amount less than \$0.5 million or percentage less than 0.5%, ADB = Asian Development Bank.

Notes:

1. The 2022 figures will not match figures presented in the 2022 Annual Portfolio Performance Report because of the adjustments after year-end.

2. Totals may not sum precisely because of rounding.

3. Data cover ADB-funded and fully administered cofinancing.

^a Active portfolio of regions include loans, grants, technical assistance, equity investments, and guarantees. Non-operations include TA only.

^b Includes project loans and grants but excludes policy-based, results-based, financial intermediation or credit, financial intermediation component of combined financial intermediation and project loan, and grants and projects funded by Asia Pacific Disaster Response Fund (APDRF).

^c Includes project loans and grants only.

^d Includes active projects as of 31 December 2023. Projects with additional financing not retrofitted to their original project record are reported separately. Excludes policy-based loans and grants under program modality and APDRF projects.

^e Data exclude Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. In 2023, ADB committed a special financing arrangement of \$26 million to provide humanitarian support to the people of Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021, but since 2022 has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

Source: Asian Development Bank data.

2023 SOVEREIGN PORTFOLIO: SUPPLEMENTARY ANALYSIS AND DATA

A. Portfolio Indicators

1. The average project size by developing member country (DMC) group is in Table A2.1.

Table A2.1: Average Project Size by Developing Member Country Group, 2023

Developing Member Country Classification	Net Amount (\$ million)	Project Count (number)	Average Size (\$ million)
A	15,594.4	231	67.5
B	49,494.3	282	175.5
C	37,060.5	178	208.2
Regional	16.3	1	16.3
Total loan and grant projects	102,165.5	692	147.6

Note: The table covers project and policy-based loans and grants.
Source: Asian Development Bank data.

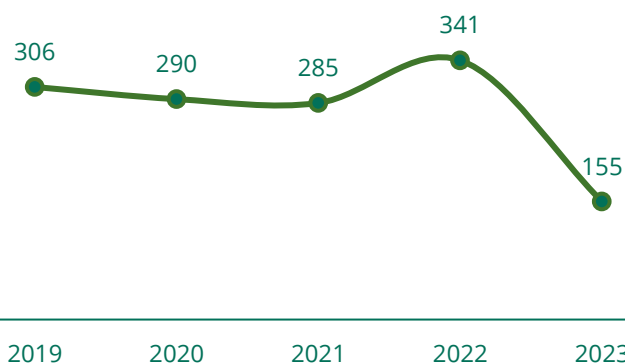
2. In 2023, the duration from approval to signing decreased, while the period from signing to effectiveness increased from 2022 (Figure A2.1).

Figure A2.1: Implementation Readiness, 2019–2023 (months)



Source: Asian Development Bank data.

3. **Project extensions.** The number of loan and grant extensions decreased to 155 in 2023 from 341 in 2022 (Figure A2.2).

Figure A2.2: Number of Loan and Grant Extensions, 2019–2023

Note: Based on revised completion date.

Source: Asian Development Bank data.

4. The contract award ratio and disbursement ratio by DMC group is in Table A2.2. The annual contract awards and disbursements by age are in Figures A2.3 and A2.4.

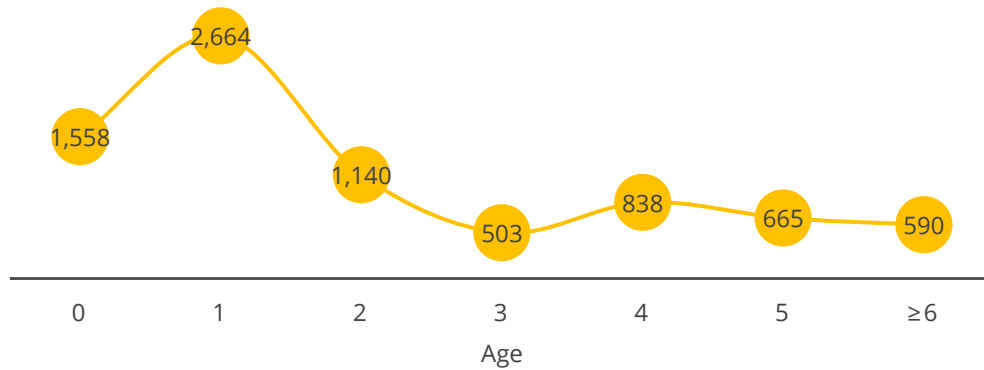
Table A2.2: Contract Award Ratio and Disbursement Ratio by Developing Member Country Group (%)

Item	Contract Award Ratio					Disbursement Ratio				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Group A (concessional assistance only)	13	18	30	28	26	13	13	15	21	24
Group B (OCR blend)	35	31	36	36	30	22	19	26	24	22
Group C (regular OCR only)	20	30	27	24	19	20	20	22	21	20
FCAS	6	12	35	32	22	10	12	19	112	100
FCAS and SIDS	20	23	9	21	18	20	21	22	15	12
SIDS	41	17	55	38	23	23	16	15	22	25
Asian Development Bank	25	28	32	30	25	20	18	23	23	22

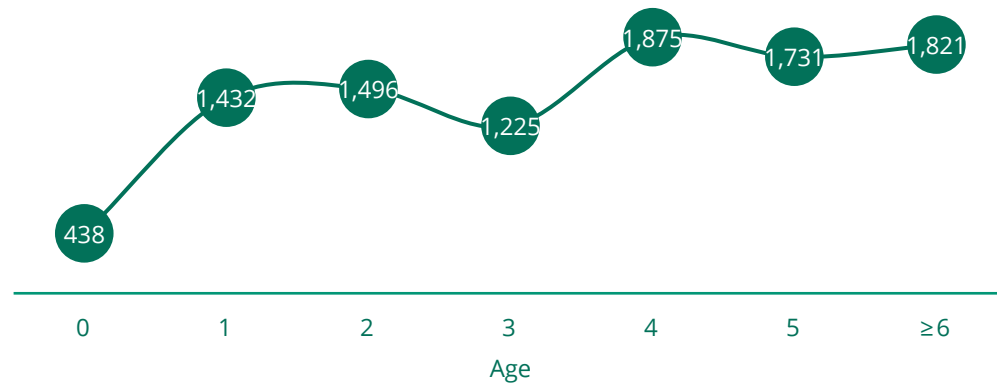
FCAS = fragile and conflict-affected situations, OCR = ordinary capital resources, SIDS = small island developing states.

Note: The 2021–2023 data exclude Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. In 2023, ADB committed a special financing arrangement of \$26 million to provide humanitarian support to the people of Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021, but since 2022 has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

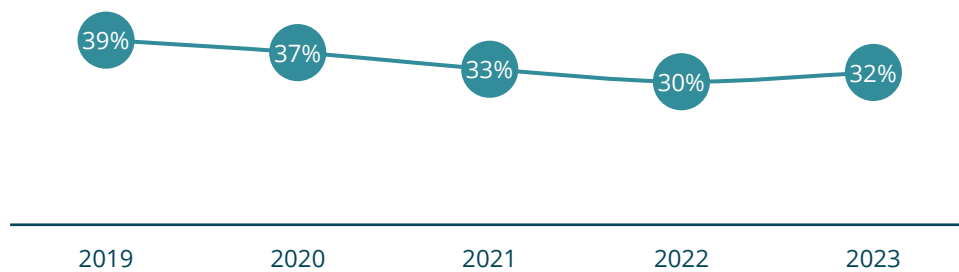
Source: Asian Development Bank data.

Figure A2.3: Annual Contract Awards by Age, 2023 (\$ million)

Source: Asian Development Bank data.

Figure A2.4: Annual Disbursement by Age, 2023 (\$ million)

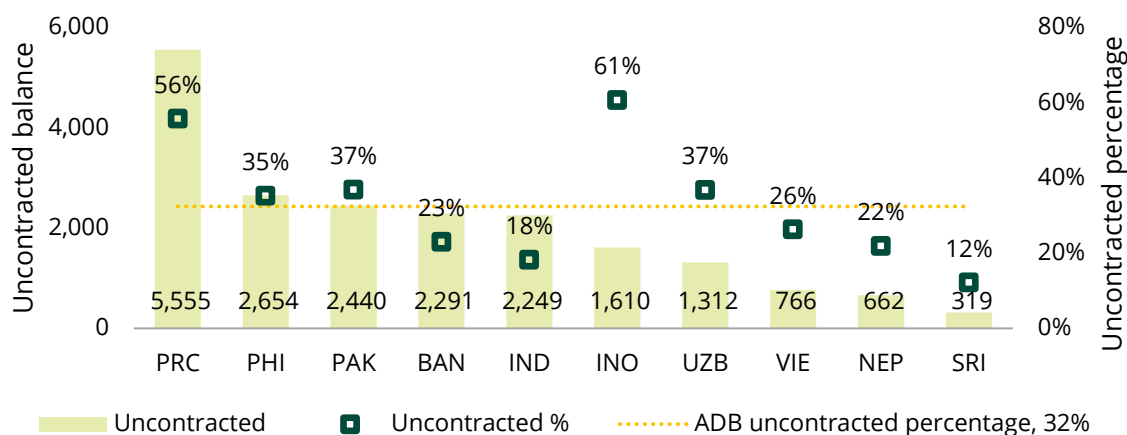
Source: Asian Development Bank data.

Figure A2.5: Uncontracted Percentage, 2019–2023

Source: Asian Development Bank data.

5. The uncontracted balance in 2023 increased by \$2.3 billion from \$21.7 billion in 2022 to \$24.0 billion in 2023.¹

Figure A2.6: Uncontracted Balance and Percentage for Developing Member Countries with Large Project Portfolios, 2023



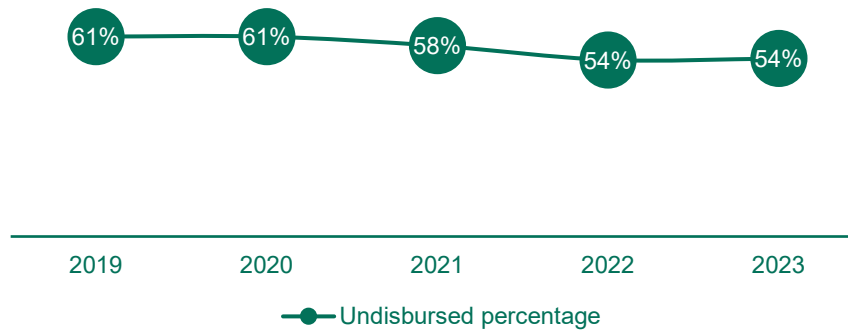
BAN = Bangladesh, IND = India, INO = Indonesia, NEP = Nepal, PAK = Pakistan, PHI = Philippines, PRC = People's Republic of China, SRI = Sri Lanka, UZB = Uzbekistan, VIE = Viet Nam.

Source: Asian Development Bank data.

6. The People's Republic of China (PRC), the Philippines, and Pakistan accounted for 44.4% of the total uncontracted balance in 2023. Among the larger sectors, the highest uncontracted balances were in (i) transport (\$6.6 billion); (ii) agriculture, natural resources, and rural development (ANR) (\$6.3 billion); (iii) water and other urban infrastructure and services (WUS) (\$3.4 billion); (iv) energy (\$2.8 billion); and (v) health (\$2.4 billion).

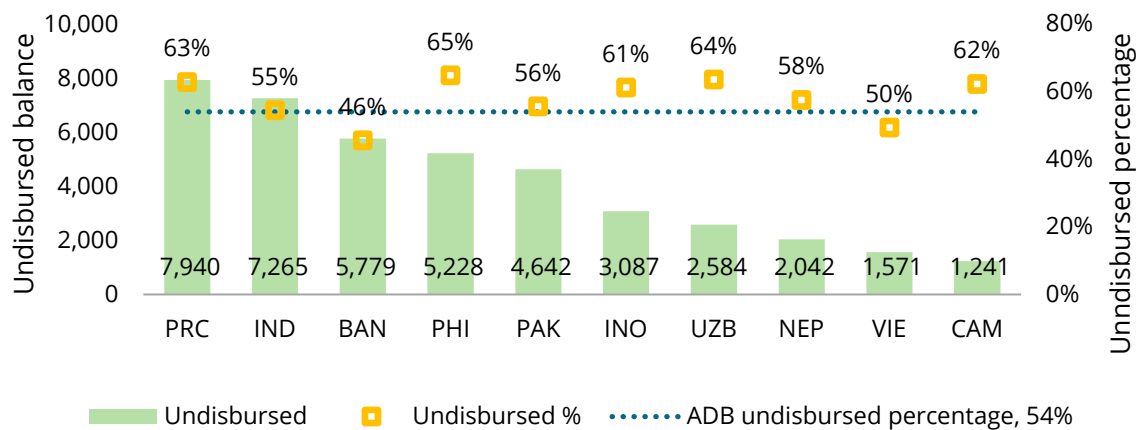
7. The total undisbursed balance of active project loans and grants in 2023 was \$47.9 billion, a 3.7% increase from \$46.2 billion in 2022 (footnote 1). The undisbursed balance of the Asian Development Bank (ADB) as a percentage of total active projects deteriorated to 54.1% from 53.7% in 2022 (Figure A2.7).

¹ The 2021 and 2022 data exclude Afghanistan and Myanmar. Effective 1 February 2021, ADB placed a temporary hold on sovereign project disbursements and new contracts in Myanmar. In 2023, ADB committed a special financing arrangement of \$26 million to provide humanitarian support to the people of Myanmar. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021, but since 2022 has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

Figure A2.7: Undisbursed Percentage, 2019–2023

Source: Asian Development Bank data.

8. India, Bangladesh, and the PRC accounted for 43.5% of the total undisbursed balance in 2023 (Figure A2.8). Among the larger sectors, the highest undisbursed balances were in (i) transport (\$28.7 billion), (ii) energy (\$15.3 billion), (iii) ANR (\$13.6 billion), and (iv) WUS (\$13.0 billion).

Figure A2.8: Undisbursed Balance and Percentage for Developing Member Countries with Large Project Portfolios, 2023

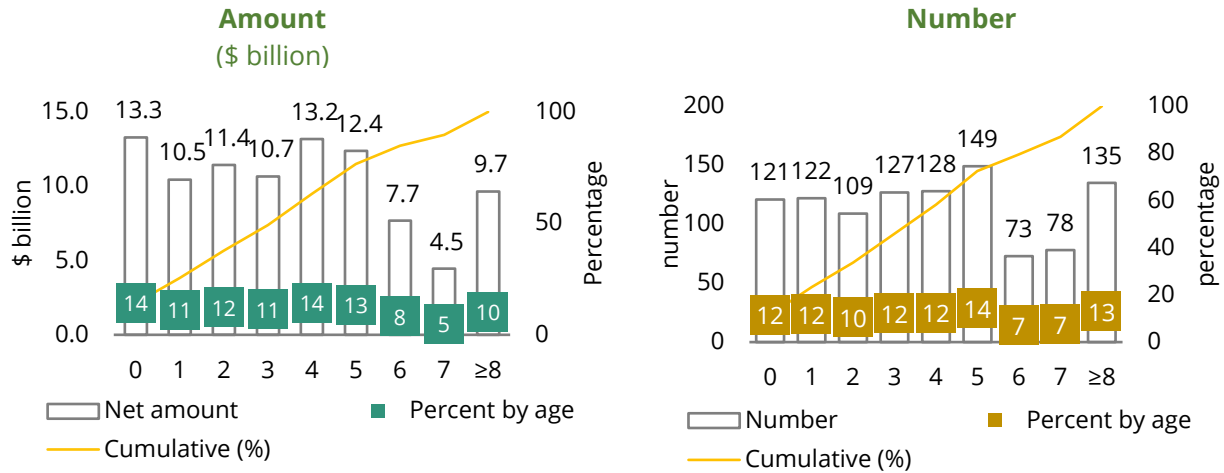
BAN = Bangladesh, CAM = Cambodia, IND = India, INO = Indonesia, NEP = Nepal, PAK = Pakistan, PHI = Philippines, PRC = People's Republic of China, UZB = Uzbekistan, VIE = Viet Nam.

Source: Asian Development Bank data.

9. **Decline in the age profile by amount and number.** As of the end of 2023, 37.7% of the active committed portfolio amount (\$35.2 billion) was aged 2 years or less, compared with 39.0% in 2022.² By number, 33.8% of the active portfolio was aged 2 years or less, compared with 37.1% in 2022 (Figure A2.9).

² The age refers to the average time from commitment to the end of the reporting period for active products.

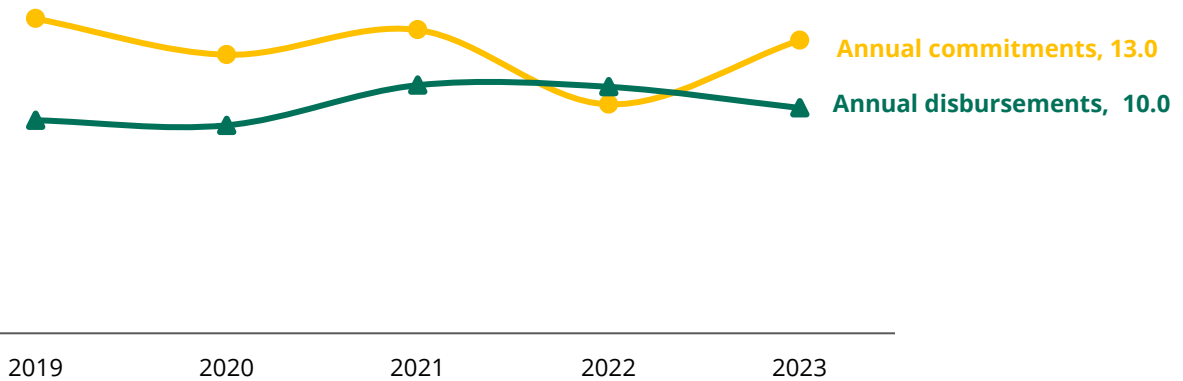
Figure A2.9: Project Loans and Grants Portfolio, 2023



Source: Asian Development Bank data.

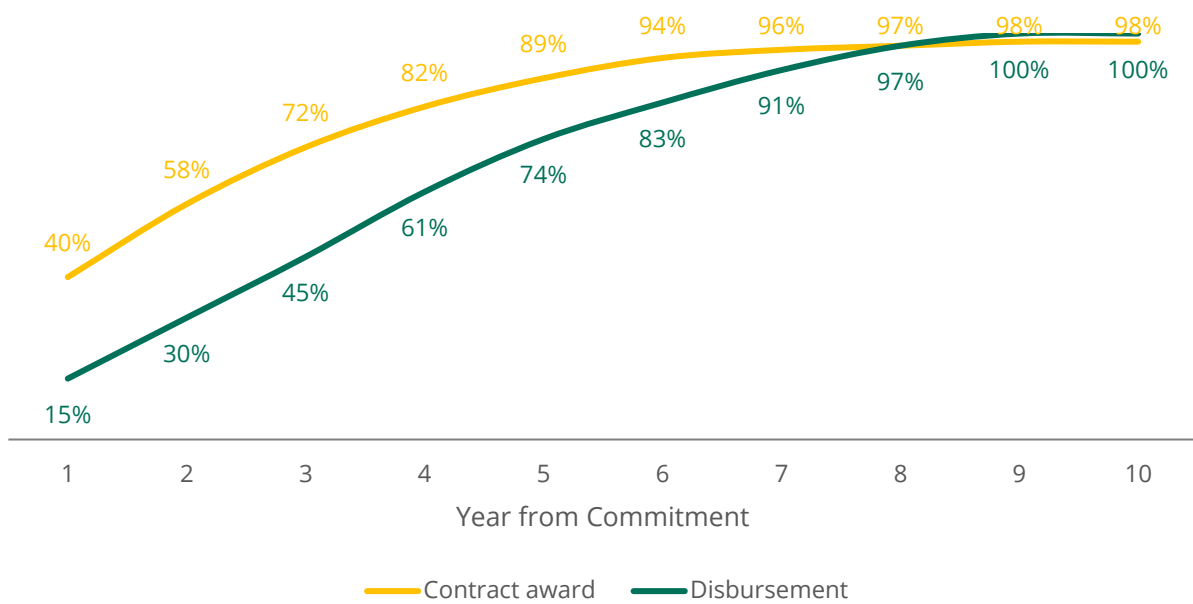
10. Annual commitments increased to \$13.0 billion while annual disbursements decreased to \$10.0 billion (Figure A2.10).

Figure A2.10: Annual Project Commitment and Disbursement, 2019–2023 (\$ billion)



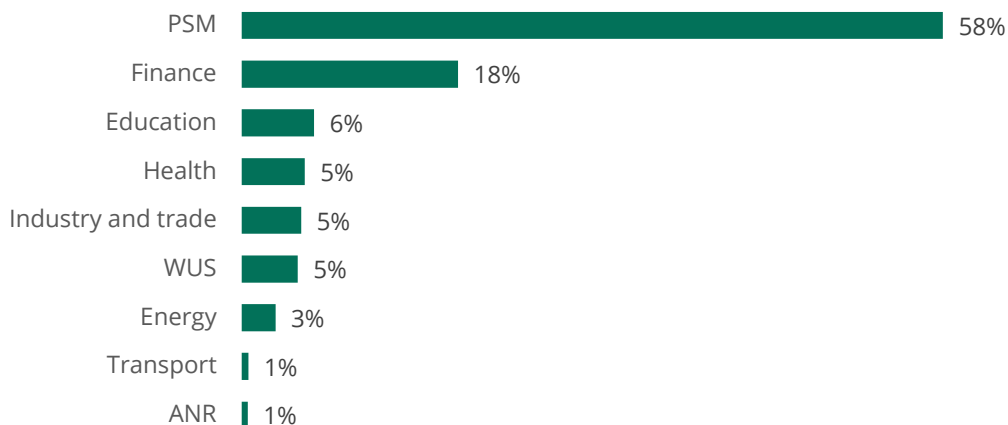
Source: Asian Development Bank data.

11. The s-curve tracks the project’s progress against planned activities defined in the project implementation quarterly schedule using contract awards and disbursements. The s-curve is a good indicator to monitor the performance of contract awards and disbursement at each age.

Figure A2.11: S-curves for Closed Loans and Grants, 2019–2023

Source: Asian Development Bank data.

12. **Public sector management, finance, and education sectors comprise 81.5% of the active policy-based portfolio.** Public sector management increased to 57.7% in 2023 from 56.5% in 2022 (Figure A2.12).

Figure A2.12: Active Policy-Based Loans and Grants by Sector, 2023 (%)

ANR = agriculture, natural resources, and rural development; PSM = public sector management; WUS = water and other urban infrastructure and services.

Source: Asian Development Bank data.

Figure A2.13: Project Performance Ratings by Region, 2019–2023

ADB = Asian Development Bank.
Source: Asian Development Bank data.

13. Table A2.3 provides the achievement of the project completion report program by department.

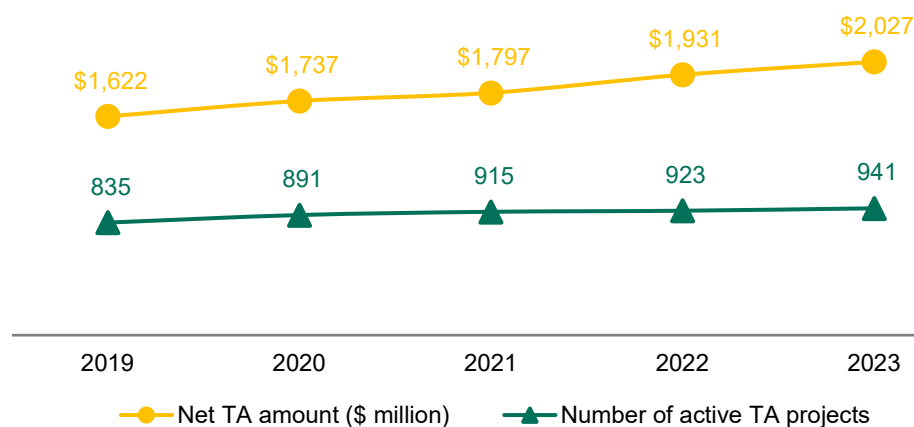
Table A2.3: Achievement of Project Completion Report Program by Region, 2023

Region	Projected	Actual	% Achieved
Central and West Asia	10	11	110%
East Asia	14	12	86%
South Asia	33	29	88%
Southeast Asia	24	21	88%
The Pacific	13	11	85%
Total	94	84	89%

Source: Asian Development Bank data.

14. **Increased efficiency of technical assistance operations.** Technical assistance (TA) efficiency can be enhanced by reducing the number of TAs. The average TA size³ was \$2.2 million in 2023, compared with \$2.1 million in 2022 (Figure A2.14).

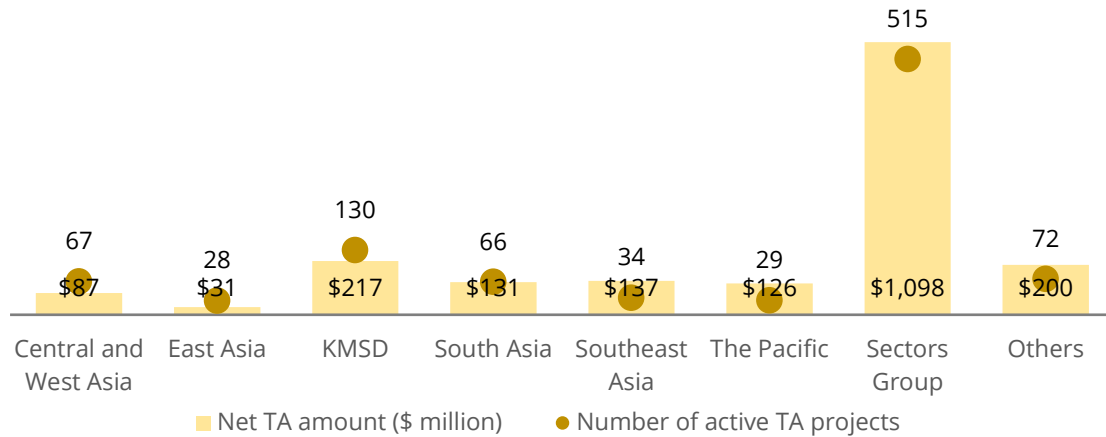
Figure A2.14: Technical Assistance Sovereign Portfolio Growth, 2019–2023



TA = technical assistance.

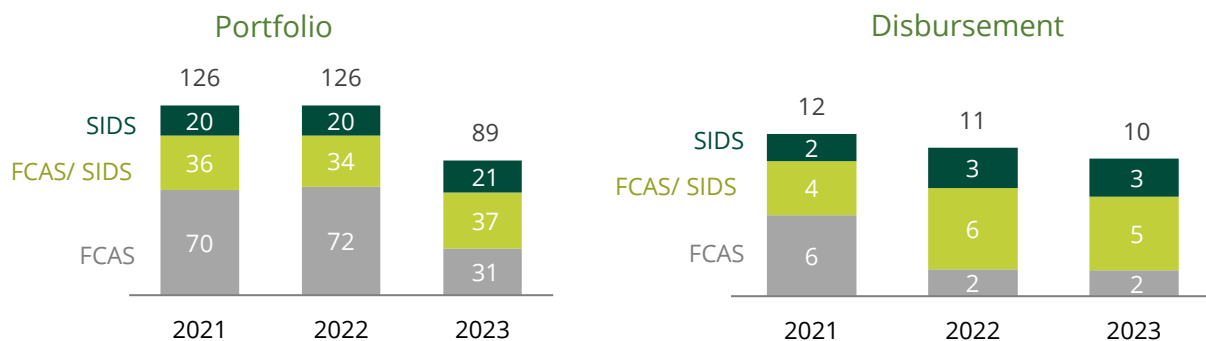
Source: Asian Development Bank data.

³ The average size of TA is computed as net TA amount divided by the number of active TAs.

Figure A2.15: Technical Assistance Sovereign Portfolio by Region

KMSD = knowledge management and sustainable development departments, TA = technical assistance.
Source: Asian Development Bank data.

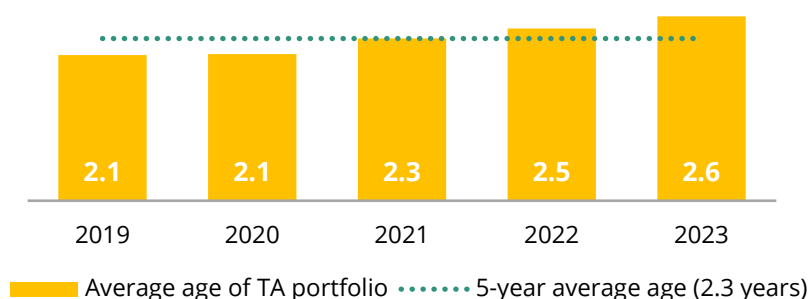
15. The portfolio for fragile and conflict-affected situations (FCAS) and small island developing states (SIDS) declined in 2023, while the disbursements to FCAS and SIDS countries slightly decreased (Figure A2.16).

Figure A2.16: Technical Assistance: Fragile and Conflict-Affected Situations, and Small Island Developing States (\$ million)

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

16. **Longer average technical assistance portfolio age.** The 5-year average age of the active committed TA portfolio since 2019 is 2.3 years (Figure A2.17).

Figure A2.17: Average Age of the Technical Assistance Sovereign Portfolio, 2019–2023 (years)



TA = technical assistance.
Source: Asian Development Bank data.

17. Table A2.4 provides detailed achievements of the 2023 technical assistance completion (TCR) report program. ADB circulated 129 TCRs, 17.3% below the target of 156 in the 2023 TCR program. The underperformance was attributable to (i) delays in financial closure, (ii) unavailability of information or data, and (iii) other urgent conflicting work. The Office of the General Counsel and Independent Evaluation Department did not circulate TCRs mainly because of other urgent work. At the end of 2023, the circulation of 21 TCRs were past due. Although some reasons are not controllable by project teams, high level attention is needed to achieve timely TCR circulation.

Table A2.4: Achievement of Technical Assistance Completion Report Program by Department, 2023

Department	Projected	Actual	% Achieved
CCSD	9	9	100%
CTL	1	0	0%
CWRD and SG	21	21	100%
DOCK	2	1	50%
EARD and SG	38	38	100%
ERDI	10	7	70%
IED	4	0	0%
OGC	8	0	0%
OSFG	1	1	100%
PARD and SG	5	5	100%
PPFD	1	1	100%
PSOD	12	5	42%
SARD and SG	27	26	96%
SERD and SG	13	12	92%
SG	4	3	75%
Total	156	129	83%

CCSD = Climate Change and Sustainable Development Department; CTL = Controller's Department; CWRD = Central and West Asia Department; DOCK

= Department of Communications and Knowledge Management; EARD = East Asia Department; ERDI = Economic Research and Development Impact Department; IED = Independent Evaluation Department; OGC = Office of the General Counsel; OSFG = Office of Safeguards; PARD = Pacific Department; PPFD = Procurement, Portfolio, and Financial Management Department; PSOD = Private Sector Operations Department; SARD = South Asia Department; SERD = Southeast Asia Department; SG = Sectors Group.
Source: Asian Development Bank data.

SPECIAL STUDY: PROJECT READINESS

Table A3.1: List of Committed Small Expenditure Financing Facilities, 2019–2023

Approval Year	Developing Member Country	Facility, Loan, or Grant Number	Project Name	Product Modality	Amount (\$ million)	
1.	2019	Kyrgyz Republic	0001	Multisector Activities Support Facility	Small expenditure financing facility	10.0
	2020	Kyrgyz Republic	0704 ^a	Osh-Plotina Water Treatment Plant Chlorine Neutralization Unit	Activity subgrant	0.5
	2020	Kyrgyz Republic	0783	Naryn Program Readiness	Activity subgrant	2.5
	2022	Kyrgyz Republic	0835	Project Readiness for the Issyk-Kul Environmental Management and Sustainable Tourism Development	Activity subgrant	1.5
	2023	Kyrgyz Republic	0913	Almaty–Bishkek Economic Corridor Regional Improvement of Border Services Project Readiness	Activity Subgrant	0.8
	2023	Kyrgyz Republic	0924	New Water Intake to the City of Osh	Activity Subgrant	3.0
2.	2021	Mongolia	0002	Project Readiness Enhancement Project	Small expenditure financing facility	20.0

^a Closed in 2021.

Source: Asian Development Bank data.

Table A3.2: List of Approved Project Readiness Financing, 2019–2023

Approval Year	Developing Member Country	Loan/ Grant Number	Project Name	Approved Amount (\$ million)
A. Loans				
2019	Pakistan	6015	Khyber Pakhtunkhwa Cities Improvement Projects - Project Readiness Financing	7.0
2019	Uzbekistan	6020	Urban Services Projects	15.0
2019	Bangladesh	6019	Urban Infrastructure Improvement Preparatory Facility	11.0
2019	Georgia	6024	Livable Cities Investment Program	15.0
2019	Bangladesh	6023	Dhaka Mass Rapid Transit Development Project Readiness Financing (Line 5, Southern Route)	33.3
2019	Pakistan	6027	Punjab Water Resources Management Projects	8.3
2020	Pakistan	6029	Punjab Urban Development Projects	15.0
2020	Bangladesh	6030	Transport Connectivity Improvement Preparatory Facility	42.0
2020	Papua New Guinea	6032	Transport Sector Preparatory Project	31.0
2020	India	6036 ^a	Himachal Pradesh Subtropical Horticulture, Irrigation, and Value Addition Readiness Project	10.0
2020	India	6037	Tripura Urban and Tourism Development Project	4.2
2021	India	6033	Sikkim Major District Roads Upgradation Project	2.5
2021	India	6038	Aizawl Sustainable Urban Transport Project	4.5
2021	Pakistan	6041	Preparing Kurram Tangi Integrated Water Resources Development Project	5.0
2021	Pakistan	6042	Khyber Pakhtunkhwa Cities Improvement Projects - Second Project Readiness Financing	15.0
2022	India	6045	Nagaland Urban Infrastructure Development Project	2.0
2022	India	6046	Infrastructure Development of Industrial Estates in Tripura	2.0
2022	India	6047	Agartala Municipal Infrastructure Development Project	3.0
2022	Pakistan	6048	Naulong Integrated Water Resources Development Project	5.0
2022	Pakistan	6049	Khyber Pakhtunkhwa Water Resources Development Project	3.6
2023	Bhutan	6051	Green Power Project Readiness Enhancement	5.0
2023	Indonesia	6052	Integrated Fishing Ports and International Fish Markets - Phase 2 Preparation Project	10.6
Loan Subtotal				250.0

Approval Year	Developing Member Country	Loan/ Grant Number	Project Name	Approved Amount (\$ million)
A. Grants				
2018	Solomon Islands	6014 ^a	Preparing the Urban Water Supply and Sanitation Sector Project	3.0
2019	Afghanistan	6021 ^b	Road Rehabilitation and Maintenance Program	-
2019	Pakistan	6016	Khyber Pakhtunkhwa Cities Improvement Projects - Project Readiness Financing	2.0
2019	Vanuatu	6025	Luganville Urban Water Supply and Sanitation Project (Project Readiness Financing)	3.0
2019	Tonga	6018	Transport Project Development Facility	5.0
2019	Tajikistan	6022	Tourism Development Project	10.0
2019	Federated States of Micronesia	6026	Preparing the Chuuk Water Supply and Sanitation Project	5.0
2019	Marshall Islands	6028	Preparing Urban Service Improvement Projects	5.0
2020	Tuvalu	6031	Preparing the Funafuti Water and Sanitation Project (formerly Integrated Urban Resilience Project)	4.0
2021	Samoa	6040	Land Transport Sector Development Project	5.0
2021	Vanuatu	6035	Transport Sector Projects Preparatory Financing	5.0
2021	Nauru	6034	Preparing the Nauru Sustainable Urban Development Project	5.0
2021	Federated States of Micronesia	6039	Preparing the Sustainable Road Infrastructure Investment Project	5.0
2022	Solomon Islands	6044	Preparing the Honiara Sustainable Solid Waste Management Project (Project Readiness Financing)	3.0
2022	Federated States of Micronesia	6050	Clean Energy Project	5.0
Grant Subtotal				65.0
Project Readiness Financing Total				315.0

ADB = Asian Development Bank.

^a Closed.

^b Canceled. ADB placed its regular assistance to Afghanistan on hold effective 15 August 2021, but since 2022 has supported the Afghan people through a special arrangement with the United Nations to address basic human needs, including critical food support, and health and education services.

Source: ADB data.

Table A3.3: List of Projects Supported by Project Readiness Financing

Developing Member Country	Region	PRF and/or SEFF Title	Ensuing Project	Modality	Project Readiness	Approval Year of Ensuing Project	Signing to First Contract (months)	Nature of First Contract
Pakistan	Central and West	PRF: Khyber Pakhtunkhwa Cities Improvement Projects	Khyber Pakhtunkhwa Cities Improvement Project	Project loan	Procurement-ready	2021	2.37	Consulting Services
Solomon Islands	The Pacific	PRF: Urban Water Supply & Sanitation Sector Project	Urban Water Supply and Sanitation Sector Project	Sector project	Design-ready	2019	(30.94)	Goods
Tonga	The Pacific	PRF: Transport Project Development Facility	Nuku'alofa Port Upgrade Project	Project grant	Design-ready	2020	17.13	Works - Large Contracts
Uzbekistan	Central and West	PRF: Urban Services Projects	Tashkent Province Sewerage Improvement Project	Project loan	Procurement-ready	2021	7.92	Design-Build
Georgia	Central and West	PRF: Livable Cities Investment Program	Livable Cities Investment Project for Balanced Development	Sector loan	Procurement-ready	2021	(8.58)	Works - Small Contracts
Federated States of Micronesia	The Pacific	PRF: Preparing the Chuuk Water Supply and Sanitation Project	Chuuk Water Supply and Sanitation Project	Project grant	Design-ready	2020	5.46	Goods
Marshall Islands	The Pacific	PRF- Preparing Urban Service Improvement Projects	Ebeye Solid Waste Management Project	Project grant	Design-ready	2020	20.45	Consulting Services

() = negative, PRF = project readiness financing, SEFF = small expenditure financing facility.

Notes:

1. Limited to projects with contracts already awarded.
2. SEFF supported one committed project, the Naryn Rural Water Supply and Sanitation Development Program (Loan 3854-KGZ), as of 31 December 2023. The supported project is a results-based loan.
3. Negative numbers indicate contract award before signing of the loan or grant agreement.

Source: Asian Development Bank data.

NONSOVEREIGN PORTFOLIO KEY INDICATORS, 2019–2023 (\$ million)

ITEM	2019	2020	2021	2022	2023
Approvals					
Loans	894	1,234	835	1,136	1,753
Other Debt Securities	357	210	128	149	151
Guarantees – projects	0	5	0	5	23
Guarantees – TSCFP and Microfinance Program			800	260	
Equity Investment	290	200	246	215	170
Grants	0	0	0	11	1
TOTAL	1,541	1,650	2,009	1,776	2,099
Droppages					
Loans	241	223	137	53	460
Other Debt Securities	0	0	36	9	0
Guarantees	103	275	5	0	2
Equity Investment	0	38	0	3	23
TOTAL	343	536	179	65	485
Commitments					
Loans – projects	2,336	937	774	907	1,442
Loans – TSCFP and Microfinance Program		301	216	268	307
Other Debt Securities	334	214	147	71	166
Guarantees – projects	175	0	0	5	21
Guarantees – TSCFP and Microfinance Program	0	2,755	2,856	2,469	1,711
Equity Investment	155	255	265	147	105
Grants	0	0	0	0	12
TOTAL	3,000	4,461	4,258	3,867	3,764
Cancellations					
Loans ^a	767	30	115	170	884
Other Debt Securities	1	3	60	2	28
Guarantees	0	0	0	0	0
Equity Investment	83	14	3	41	7
TOTAL	852	47	179	214	919

ITEM	2019	2020	2021	2022	2023
Droppages and Cancellations					
Loans	1,008	252	252	223	1,343
Other Debt Securities	1	3	97	11	29
Guarantees – projects	103	275	5	0	2
Equity Investment	83	53	3	44	30
TOTAL	1,195	583	358	278	1,404
Disbursements					
Loans	1,964	1,844	1,477	1,396	1,230
Other Debt Securities	161	349	43	62	81
Equity Investment	135	86	142	197	142
Grants	0	0	0	0	1
TOTAL	1,195	583	358	278	1,402
Prepayments					
Loans	177	154	226	674	251
Other Debt Securities	0	92	30	18	0
TOTAL	177	245	256	691	251
Outstanding balances					
Loans	6,355	7,073	7,153	6,513	6,096
Other Debt Securities	756	999	836	628	524
Guarantees – projects and TSCFP and Microfinance Program	1,551	2,066	2,222	2,045	1,660
Equity Investment	1,466	1,136	1,156	1,272	1,415
TOTAL	10,129	11,274	11,368	10,458	9,696
TOTAL WITHOUT GUARANTEE	8,578	9,207	9,146	8,413	8,035
Undisbursed balances					
Loans	2,971	2,377	1,853	1,595	1,373
Other Debt Securities	173	36	78	83	140
Equity Investment	359	513	634	536	492
Grants	0	0	0	0	12
TOTAL	3,502	2,926	2,565	2,214	2,005
Unissued commitments					
Guarantees – TSCFP and Microfinance Program	153	138	117	102	114
UNDISBURSED AND UNISSUED	3,655	3,063	2,682	2,316	2,119
Total Committed Portfolio					
Loans	9,326	9,450	9,006	8,108	7,469
Other Debt Securities	929	1,034	915	712	664

ITEM	2019	2020	2021	2022	2023
Grants	0	0	0	0	12
Guarantees – projects and TSCFP and Microfinance Program	1,704	2,204	2,339	2,146	1,774
Equity Investment	1,825	1,649	1,790	1,808	1,908
TOTAL	13,785	14,337	14,050	12,774	11,826

TSCFP = Trade and Supply Chain Finance Program.

Notes:

1. Starting in 2020, the Asian Development Bank reports commitments from private sector programs.
2. Indicators include guarantees and grants under the Asian Development Fund's private sector window.
3. Figures may not sum precisely because of rounding.

^a 2023 Excludes \$100 million transfer of commitment to new borrower (Integrated Urban Water Management Project).

Source: Asian Development Bank data.

NONSOVEREIGN PORTFOLIO: STATEMENT OF INCOME AND EXPENSES, 2019–2023 (\$ million)

[This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.4.(viii)]

SOVEREIGN OPERATIONS GLOSSARY

active portfolio	All loans, grants, technical assistance (TA), equities, and guarantees committed and not financially closed (i.e., disbursement ended) as of the end of the financial year. The active portfolio includes funding from ordinary capital resources (OCR), concessional OCR lending, the Asian Development Fund, other special funds, fully administered cofinanced loans and grants, and TA projects fully administered by the Asian Development Bank (ADB).
advance action	Initiation of the process for procuring goods, services, and works before the effective date of the financing agreement.
age	The average time from the date of product signing (commitment) to the end of the reporting period for active (committed) products.
cancellation (effective)	The amount of partial or full reduction from the principal amount of effective products.
cancellation (not effective)	The amount of products signed but canceled before product effectiveness.
capitalization	The financing of interest, commitment charge, and/or other charges that may be charged by ADB during construction or implementation, as provided in the loan agreement.
closed loans	Loans that have reached financial closure.
closing date or closure	The last date for the borrower to withdraw from the account.
contract award ratio	The ratio of total contracts awarded during the year to the total value for contract awards available at the beginning of the year, including newly committed projects (loans and grants) during the year.
commitment	Financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the borrower, recipient, or investee company and ADB.
delay (actual)	The time from original product closing to the actual financial closing.
design-ready	Design-ready projects are those that have completed one of the following steps before project approval: <ul style="list-style-type: none"> a) detailed engineering designs (DEDs) suitable for preparing and launching bidding documents for major construction or goods contracts; for sector projects, DEDs for those subprojects for which construction is scheduled to start in the first 2 years should be available; or b) 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.
disbursement ratio	Volume (\$ amount) of total disbursements for sovereign operations (loans and grants) in the year (including disbursement from newly committed operations during the year) as a percentage of the undisbursed balance of committed sovereign operations (loans and grants) at the beginning of the year.
effectivity date	The date on which ADB dispatches to the borrower or recipient a notice of accepting supporting evidence of the satisfaction of project (loan or grant) effectiveness conditions set out in the financing agreement.
financial closure	Achieved when all project- or program-related financial transactions financed from the loan account are finalized and the respective loan advance account is closed in ADB's books.
implementation period (original or actual)	The time from product commitment (signing) to the original product closing (for the original implementation period) or actual financial closing (for the actual implementation period).

multitranche financing facility	A sovereign financing instrument through which ADB provides assistance in tranches, based on project readiness and the long-term needs of a client.
net resource transfer	Loan disbursements less principal repayments or prepayments and interest or charges received.
policy-based lending (as a product)	Budget support or balance-of-payments assistance provided to developing member country governments in conjunction with structural reforms and development expenditure programs. In general, it is linked to the implementation of policy reforms, disbursed quickly, and has sector-wide and economy-wide impact.
procurement readiness	When bid documents are launched before project approval for major construction or goods contracts. Major contracts refer to works or goods contracts that represent a significant proportion of a project's inputs (e.g., 20% or greater), or whose cost estimates are \$10 million or higher.
end-to-end procurement time (\$10 million and above)	Measured from the date of advertisement of the invitation for bids on the ADB website (or if not advertised on the ADB website, from the date of advertisement by the executing agency) until the contract signing date. These are \$10 million and above for prior review contracts that are processed in the procurement review system (PRS), for which contract signing data are available in the loan or grant financial information systems covering projects under the procurement guidelines and the 2017 procurement framework. "Time" refers to average number of calendar days.
procurement contract transactions of \$10 million and more with processing time of 40 days or less	The number of procurement contract transactions of \$10 million and more for sovereign operations that were received in the PRS during the calendar year and approved in 40 days or less, as a percentage of total procurement contract transactions of \$10 million and more for sovereign operations recorded in the PRS during the same year. "Processing time" refers to ADB's review and approval of the evaluation report, measured from the executing agency's submission of the evaluation report to ADB until approval as recorded in the PRS and electronic procurement approval forms. The average time in calendar days includes (i) the time taken by ADB to exercise its procurement oversight and (ii) the time taken by the executing agency to clarify and revise the evaluation reports before approval.
product (or instrument)	The generic means of providing financing—debt (mostly loans), equities, guarantees, grants, or TA.
project	Defined by its unique design and monitoring framework regardless of the number of its financing instruments or sources. It refers to a project or program with a common outcome (one design and monitoring framework) regardless of which financing instrument or source ADB has agreed to provide.
project performance rating	Projects are rated using five performance indicators: outputs, contract awards, disbursements, financial management, and safeguards. A three-level traffic light rating system applies: green is <i>on track</i> , amber is <i>for attention</i> , and red is <i>at risk</i> .
s-curve	The project s-curve shows the project contract award and disbursement over its life and is a useful graphical presentation of project performance. The portfolio s-curve represents the annual contract award and disbursement profiles of the loan and grant portfolio by age.
special funds	Asian Development Fund, Technical Assistance Special Fund, Japan Special Fund, Asian Tsunami Fund, Pakistan Earthquake Fund, Regional Cooperation and Integration Fund, Climate Change Fund, Asia Pacific Disaster Response Fund, Asian Development Bank Institute Special Fund, and Financial Sector Development Partnership Special Fund.

termination	Approved financing which failed to become a signed agreement.
tranche	Loan, grant, guarantee, or ADB-administered cofinancing for a project or a component under a multitranche financing facility.
uncontracted balance	Amount available for contract awards at the end of the year for active project loans and grants.
uncontracted percentage	Uncontracted balance as a percentage of the total value to be awarded.
undisbursed balance	Amount available for disbursement at the end of the year for active project loans and grants.
undisbursed percentage	Undisbursed balance as a percentage of the net loan or grant amount.

NONSOVEREIGN OPERATIONS GLOSSARY

approval	Approval of a project by Asian Development Bank (ADB) Board of Directors or the relevant ADB authority.
cancellation	Undisbursed committed balance of an equity investment, loan, guarantee, or other debt securities canceled by the mutual consent of ADB and an investee company, borrower, or counterparty.
carrying value (of equity)	Value at which equity is carried on the balance sheet. The carrying value depends on the accounting method used (cost method, equity method, market value method, or fair value method).
closed-out loan	Loans that are fully repaid and/or prepaid.
collective loss allowance	An allowance for existing probable losses resulting from risks that cannot be identified with specific investments.
commercial close of public-private partnership (PPP) project	The point at which all the significant commercial issues between the procuring authority and the consortium have been agreed. The PPP contract (or PPP project agreement) is normally signed at commercial close.
commitment	An investment or financing approved by ADB's Board of Directors or Management for which the legal agreement has been signed by the investee company and ADB.
commitment fees	Fees charged for entering into an agreement that obligates the entity to make or acquire a loan or to satisfy an obligation of the other party under a specified condition.
cost of funding	Interest charges incurred for borrowed funds (e.g., ADB bonds) used in the lending activities (also called interest charges).
financial close of PPP project	The point at which all the project documentation has been signed, all the preconditions attached to the project's financing have been met, and the project funding becomes available.
default status	Status of a loan for which payments (principal, interest, and/or fees) are overdue by more than 1 day.
direct equity	An equity investment (e.g., common, preferred, or other capital stock) that gives the buyer direct ownership interest in an entity.
dropage (termination)	An investment approved by ADB's Board of Directors or Management, but which failed to become a signed agreement (partial or full). This is also called "termination".
equity investment	ADB's equity investments may be in the form of direct equity investments (e.g., common, preferred, or other capital stock) or through private equity funds.

equity income	Income from equity investments, including dividends and realized and unrealized capital gains and/or losses.
fair value (of equity)	Current market value (i.e., realizable sales value) of an equity. For direct public and liquid equity, this is the current market price on a public exchange (also called “market value”). For direct private equity and direct public but illiquid equity, this is an estimate of the realizable sales value based on valuation methods.
guarantee	A formal pledge to pay a borrower’s debt (in part or in full) in the case of default by the borrower.
loan-loss provision	The charge against income that is the net result of increases and decreases in loan-loss allowances on specific investments, plus the increase or decrease in collective loan-loss allowance.
loss allowance	An accounting estimate of credit losses inherent in an entity’s loan portfolio as of the balance sheet date recognized complying with the United States’ Generally Accepted Accounting Principles.
outstanding guarantee	A committed guarantee for which the underlying instrument has been issued and is earning fees for the risks being guaranteed. This is also called an “executed guarantee.”
other debt securities	A traded instrument that can be bought or sold between two parties. A debt security represents borrowed funds that must be repaid by the borrower to the holder of the debt security. These include government bonds, corporate bonds, municipal bonds, preferred stock, and collateralized securities; these may be convertible or nonconvertible debt securities.
prepayment	Partial or full payment of a loan ahead of the original amortization and/or repayment schedule.
private equity funds	Pooled funds for the purposes of equity investment, generally organized as partnerships, unincorporated joint ventures, or limited liability companies.
private sector operations	Financing for enterprises that are majority owned by private parties, defined as entities with more than 50% of their capital held privately (ADB. 2016. Nonsovereign Operations. <i>Operations Manual</i> . OM D10. Manila).
public sector nonsovereign operations	Loans, guarantees, and syndications to or for (i) enterprises that are majority owned by public entities (more than 50% of its voting capital held by entities that are owned or controlled by the state or state-owned entities), (ii) local governments or other sub-sovereign entities, or (iii) state-owned entities that can contract and obtain financing independently from the related sovereign and that can sue and be sued (ADB. 2016. Nonsovereign Operations. <i>Operations Manual</i> . OM D10. Manila).
repayment	Periodic or one-time receipt of principal amount due from a loan.
risk transfer arrangement	An agreement between ADB and an eligible counterparty under which—further to a legally binding guarantee, insurance policy, risk participation agreement, or other similar contract—the eligible counterparty assumes a portion or all of ADB’s risk of loss occurring as

	a result of primary borrower default under one or more of ADB's transactions. (ADB. 2022. Exposure and Investment Limitations on Nonsovereign Operations. <i>Operations Manual</i> . OM D13. Manila).
total committed portfolio	Total committed portfolio under ordinary capital resources and the Asian Development Fund's private sector window, which consists of (i) committed loan, other debt security, and equity (carrying or fair value) portfolio, comprising outstanding balances plus undisbursed balances; (ii) the committed guarantee, comprising outstanding and unissued project guarantees and guarantees under Trade and Supply Chain Finance Program and Microfinance Programs; and (iii) the undisbursed balance of grants.
undisbursed	The amount that is available for disbursement at any given point in time for effective loans, equity investments, and other debt securities.

SOVEREIGN AND NONSOVEREIGN TERMS

	Sovereign	Nonsovereign
active portfolio	All loans, grants, technical assistance (TA), equities, and guarantees committed and not financially closed (i.e., disbursement ended) as of the end of the financial year. The active portfolio includes funding from ordinary capital resources (OCR), concessional OCR lending, the Asian Development Fund, other special funds, fully administered cofinanced loans and grants, and TA projects fully administered by the Asian Development Bank (ADB).	Total committed portfolio under OCR and ADF's private sector window, which consists of (i) committed loan, other debt security, and equity (carrying or fair value) portfolio, comprising outstanding balances plus undisbursed balances; (ii) committed guarantees, comprising outstanding and unissued project guarantees and guarantees under the Trade and Supply Chain Finance Program and Microfinance Programs; and (iii) undisbursed balance of grants.
financial closure	Achieved when all project- or program-related financial transactions financed from the loan account are finalized and the respective loan advance account is closed in ADB's books.	As a residual balance in the portfolio movement. It includes prepayments, repayment, valuations, disposal of equity investments, and expired guarantees.
closed loans	Loans that have reached financial closure.	Loans that are fully repaid and/or prepaid.
termination	Approved financing that failed to become a signed agreement.	An investment approved by ADB's Board of Directors or Management that failed to become a signed agreement (partial or full). This is also called a "droppage."
effectivity date	Date on which an agreement comes into force and effect, when ADB advised borrower that all conditions of effectiveness have been fulfilled by the borrower.	When legal agreement has been signed by the borrower, recipient, or investee company and ADB (i.e., signing and/or commitment date is effective date)
cancellation	<p>Cancellation (effective): The amount of partial or full reduction from the principal amount of effective products.</p> <p>Cancellation (not effective): The amount of products signed but canceled before product effectiveness.</p>	Undisbursed committed balance of an equity investment, loan, guarantee, or other debt security canceled by the mutual consent of ADB and an investee company, borrower, or counterparty (partial or full).

disbursement ratio	Volume (\$ amount) of total disbursements for sovereign operations (loans and grants) in the year (including disbursement from newly committed operations during the year) as a percentage of the undisbursed balance of committed sovereign operations (loans and grants) at the beginning of the year.	The ratio of total disbursements during the year to the balance available for disbursements at the beginning of the year plus commitments during the year minus cancellations during the year.
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