

SECO-SDC FACTSHEET MULTILATERAL ORGANISATIONS

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Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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State Secretariat for
Economic Affairs SECO

Swiss Agency for Development
and Cooperation SDC



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

FACTS AND FIGURES

Mandate

The mission of the Asian Development Bank (ADB) is to help its developing member countries to reduce poverty and improve the quality of life of their people through inclusive and environmentally sustainable growth and regional integration. The Asian Development Fund (ADF) provides grants to the poorest regional member countries while the ADB imparts mostly loans to economically more developed countries.

Type of organisation

International financial institution / multilateral development bank

Institution (ADB)

- **Head of organisation:** President Takehiko Nakao (Japan)
- **Headquarters:** Manila, Philippines
- **Number of country offices:** 29
- **Number of staff** (as of 31 March 2017): 3,110 from 61 of its 67 members
- **Established in:** 1966 (ADF in 1973)
- **Board:** The Board of Governors is the highest governing body, representing all member states and shareholders. Switzerland is represented by the State Secretariat for Economic Affairs SECO (governor) and the Swiss Agency for Development and Cooperation SDC (alternate governor). In the Board of Directors, Switzerland belongs to a constituency composed of France, Italy, Belgium, Spain and Portugal. It shares an alternate executive director position and an advisor position with Belgium, Portugal and Spain, and another advisor position with France and Italy.

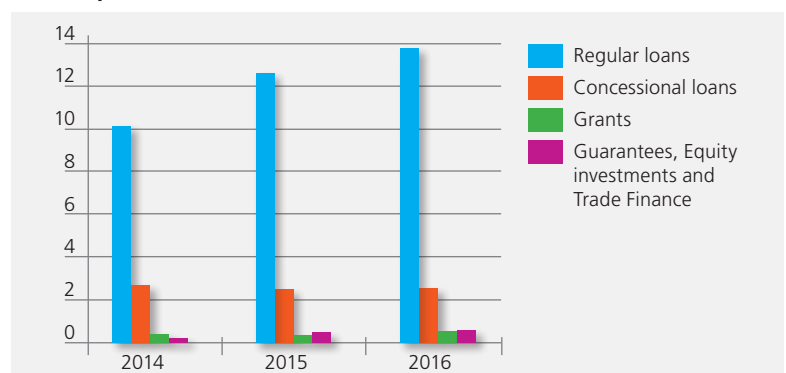
Switzerland

Financial contribution

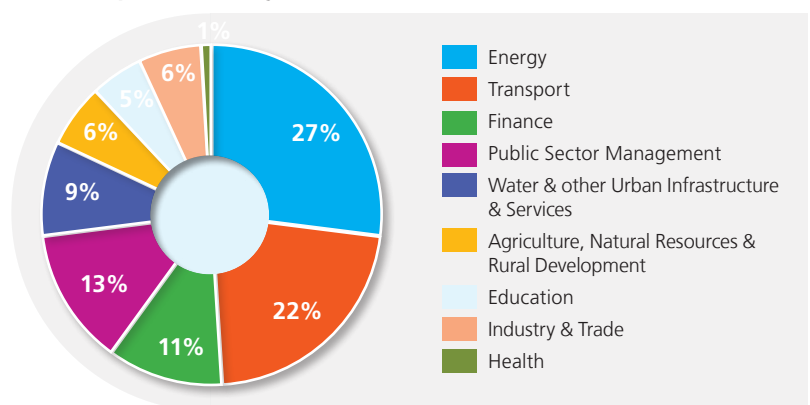
- **Asian Development Bank:** General Capital Increase 5 (2011–2020): CHF 19.9 million (Switzerland holds 0.59% of the ADB's capital)
- **Asian Development Fund (ADF) Replenishment:** ADF-12 (2017–2020): CHF 28 million (Swiss share of the replenishment: 0.91%, same share as in the previous replenishment),
- **Number of Swiss staff** (2017): 8
- **Mandates to Swiss firms** (2012–2016): 32 for USD 45.5 million

Website: www.adb.org

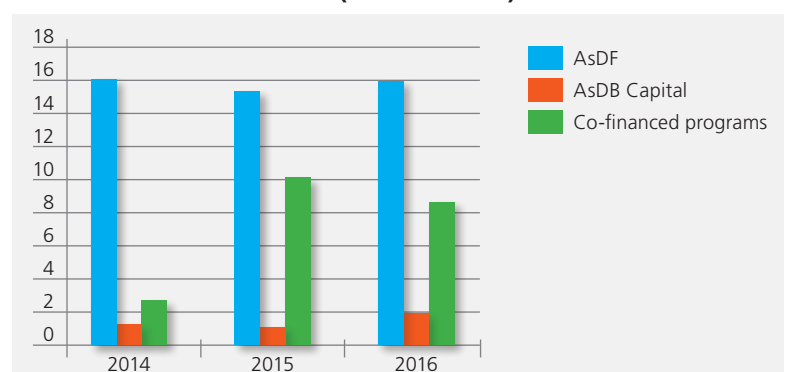
ADB expenditures (in USD billion)



ADB expenditures by focus area (2016)



Switzerland's contributions (in CHF million)



Concessional and non-concessional lending

The Asian Development Fund is the Asian Development Bank's window for supporting poverty reduction in its poorer and fragile member countries in Asia and the Pacific. Founded in 1973, it offers only grants. Economically more developed member states on the other hand can apply for loans at very low interest rates (concessional lending). Higher income countries receive repayable loans that bear higher interest. Both concessional and non-concessional lending are covered since 2017 by ADB's ordinary capital resources. A further group of countries receives blended funding, a mix of concessional and non-concessional loans. The eligibility of countries for the three categories fundamentally depends on gross national income per capita and on sovereign creditworthiness. ADF resources are then mainly allocated according to country performance as measured in annual assessments.

The ADB mainly finances public sector projects, but also increasingly co-finances private sector investments that have a clear development impact. In addition to mobilising financial resources, the ADF provides technical assistance to its developing member states, thereby helping to bridge the development gap in Asia and the Pacific – home to both some of the world's fastest-rising and most vulnerable economies.

Medium-term objectives

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

- **Inclusive economic growth**
To promote more inclusive growth, the ADB and the ADF support investments that create economic opportunities from which all members of society benefit. Projects supported among others aim at improving infrastructure (e.g. roads, water and sanitation or energy), raising productivity, creating jobs, extending market access, improving education and promoting trade.
- **Environmentally sustainable growth**
ADB and ADF assistance supports the sustainable use of natural resources and promotes environmentally sound infrastructure investments. This includes energy efficient and low emission transportation as well as climate-resilient and liveable cities.
- **Regional cooperation and integration**
The ADB facilitates regional economic integration by fostering cross-border infrastructure, reducing barriers to trade and investment and by advancing the integration of financial markets. In addition,

coordinated responses to issues as diverse as climate change, corruption or drug trafficking are expected to bring benefits to the whole region.

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

Results

In recent decades, Asia and the Pacific region have enjoyed a fast economic expansion that has brought about a steady decline in poverty. The poverty reduction target of the Millennium Development Goals (MDG) was achieved in ADB member states, on average. Between 2000 and 2013, approximately 707 million people moved out of extreme poverty, which refers to the number of poor people living on less than USD 1.90 a day. However, with around 330 million people living in extreme poverty the region is still home to about 44% of the world's poor. Despite improvements, the region is behind in meeting some international development goals, including those related to child health, maternal mortality, sanitation and the environment. Furthermore, 844 million people, are living just above the extreme poverty line. These people are at high risk of falling back into poverty in the event of a personal misfortune (e.g. illness) or external shock (economic shock, natural disaster etc.). Furthermore, inequalities are increasing in many countries and the region is highly vulnerable to environmental and natural hazards.

The ADB and the ADF played a vital role in achieving this progress in poverty reduction. They provided the means to make public infrastructure more effective and reliable, to extend access to public services, and they responded to the particular needs of fragile and conflict-affected states. Furthermore, they helped member states to improve institutional capacities and implement reforms, which is of particular importance for the sustainability and inclusiveness of development.

ADB achieved results in a broad range of fields. The outcomes of ADB's assistance during 2013-2016 include:

Education: ADB provided access to better quality education by training more than 2.4 million teachers.

Energy sector: ADB connected 692'000 households to electricity.

Transport sector: ADB built or upgraded 34,000 km of roads. This provided beneficiaries faster travel times, new economic opportunities, and improved access to basic services such as education and health.

Water sector: ADB provided more than 3 million households access to clean drinking water. Regarding agriculture, it improved more than 3.3 million hectares of land by scaling up irrigation, drainage and flood management.

Financial sector: 5.7 million people, more than two-fifth of them women, benefited from improved availability of financial services including microfinance.

SWITZERLAND

Switzerland has been a member of the ADB since 1967 and has participated in the ADF since its foundation in 1973. The Bank's mission is consistent with Switzerland's objectives of reducing poverty and disaster risks while facilitating environmentally and socially sustainable economic development. Through its policy dialogue with the Bank, Switzerland is therefore actively contributing to discussions and decisions of the Board of Governors, the Board of Directors of the ADB and in the ADF. Through co-financing of ADB projects or expertise, Switzerland directly supports certain development results and improvements at ADB headquarters or at the country level, if in line with Switzerland's own country program.

Switzerland's medium-term objectives

Switzerland will support and follow in particular ADB's efforts to:

- **Foster inclusive growth in developing countries of Asia and the Pacific region**

Switzerland aims to raise ADB's attention to the poorest and most vulnerable countries and people. Switzerland encourages the ADB to enhance its focus on employment and creation of decent jobs as well as to strengthen access to services and economic and social opportunities, particularly for the poor, women and marginalized groups.

- **Improve organizational effectiveness**

Switzerland promotes efforts to decentralise staff and responsibilities to offices in the countries where projects are implemented. Further objectives are strengthening merit-based human resources management and gender equality in recruitment. Switzerland supports ADB's endeavours to increase the quality and sustainability of its projects.

- **Enhance climate and disaster-related resilience**

Many countries in the Asia and Pacific region are highly vulnerable to the adverse effects of climate change and natural disasters. Switzerland therefore backs the Bank's endeavours to strengthen climate and disaster risk financing, to integrate climate change and disaster risk management into ADB operations as well as to increase support for renewable energies and energy efficiency. Switzerland supports the implementation of the ADB's environmental safeguards.

- **Strengthen private sector development in developing countries**

Switzerland encourages the ADB to continue to strengthen the underlying success factors for employment and private sector development and to enhance ADB's private sector development financing.

- **Promote conflict-sensitivity in ADB operations**

Many of the poor and most vulnerable people in Asia and the Pacific live in countries that are affected by fragility and conflict. This requires development partners such as ADB to adopt an approach tailored to their particular problems and political, social, economic and environmental conditions.

Case example

Upgrading the East–West Highway in Azerbaijan

Kanan Abbasov, 35 years old, is from Shikhli-2 village in Gazakh District and is married with two sons aged 11 and 12. "Our village is just a few kilometers away from the Azerbaijan–Georgia border, and after the highway was repaired, the number of travelers increased" he says. The East-West Highway Improvement Project is part of a regional transport modernization program and road transport is central to the economy of Azerbaijan and the wider region. With traffic on the route increasing by 10.8% each year since 2006, 56 new small and medium-sized business enterprises (SMEs) have sprouted along the highway. Poverty in communities has dropped due to decreased costs for transportation, food, as well as other necessities, meanwhile better access to employment has resulted in rising incomes. Together with his childhood friend, Kanan renovated an old building and soon had a thriving restaurant business. In such situations, SMEs oftentimes struggle with limited access to financing and are therefore held back in their plans to advance their business. Addressing this issue, the Swiss State Secretariat of Economic Affairs SECO funds the Azerbaijan and Central Asia Financial Infrastructure Advisory Services (ACAFI) project that improves access to finance for individuals and SMEs by facilitating the development of efficient and sustainable Credit Reporting and Secured Transaction Systems. Complementing each other, ADB's highway upgrade increased connectivity and thereby opportunities for SMEs like Kanan's restaurant while SECO's ACAFI program facilitates access to financing to enable such businesses to grow. Kanan now employs six people from his village, two of them women, who serve 100–180 customers a day."



Increased travel on the new road brought so many customers to Kanan Abbasov's restaurant. Photo: ADB.

- **Consolidating financial solidity and sustainability**
As a shareholder of the ADB, Switzerland attaches great importance to the financial stability of the Bank. Only an 'AAA' credit risk rating enables the Bank to borrow money from the capital markets under preferred conditions and is therefore crucial.

Results of Swiss cooperation with the ADB/ADF

Through the ADB's Board of Directors and during the Bank's Annual Meeting, Switzerland is actively involved in ADB's daily business and reform processes. In the following of Switzerland's focus areas, the Bank has achieved notable progress:

Organizational Effectiveness

ADB's financial solidity has been further strengthened. The percentage of staff working in resident missions is rising and the ADB is further decentralising staff and responsibilities to resident missions. The overall quality of completed operations has continued to improve.

Climate change, disaster risk reduction and conflict-sensitivity

The ADB promoted environmentally sustainable growth and significantly enhanced its climate change mitigation and adaptation support. An expert on disaster risk reduction financed by Switzerland helps to better integrate disaster risk management and climate change measures in ADB operations. Switzerland played a role in committing the ADB to strengthen conflict sensitivity and disaster risk reduction in ADF operations.

Private sector development

ADB's private sector portfolio is constantly increasing and the hiring of new staff as well as the establishment of regional hubs focuses on satisfying growing customer demands. Switzerland continuously demanded an increase of private sector activities due to its critical role in scaling up development finance and achieving the Sustainable Development Goals.

ADB/ADF CHALLENGES

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

Switzerland remains vigilant about the inclusiveness and sustainability of ADB's operations. Despite improvements, incorporating climate change, disaster risk and conflict sensitivity measures into all ADB projects requires further efforts. The same is true for enhancing private sector operations. The reforms adopted to speed up project implementation are already producing some positive effects, but will take more time to fully deliver results on the ground. Following an evaluation by EDGE (The Global Business Certification for Gender Equality), a wide variety of measures, including more flexibility for recruitment and better mobility of staff are currently being implemented to increase female international staff in the Bank. It will take more time to reach this objective. Switzerland will closely observe how the ADB implements the measures it requests and will continue to provide feedback received from the Swiss cooperation offices in the field.

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