Overview of ADB

- A regional Multilateral Development Bank, established in 1966
  - 67 shareholders
    - 48 regional countries (including New Zealand)
    - 19 non-regional contributors

- Capital base: $165 billion, although only 5% ($8 billion) “paid in”
- Merger of the market based and concessional financing windows: Significant capital increase in 2015

- Annual commitments:
  - Record US$31.5 billion in 2016: $17 billion of ADB resources, $14.5 billion cofinancing
  - Target: Annual approval of US$ 40 billion by 2020
ADB Financing Instruments

- **Sovereign financing**
  - Non-concessional (ordinary capital resources: OCR).
    - Use ADB’s AAA rating to borrow in the market and on-lend.
    - Middle income countries like Fiji
    - Current USD rate about 2%
  - Concessional and grant financing (Asian Development Fund: ADF)
    - Lower income countries and small and vulnerable Pacific islands
    - Replenishments by shareholders every 4 years
  - Cofinancing from partners (such as Australia)

- **Non-sovereign financing** for private investment in developing members
  - Debt and equity investments
  - Generally commercial terms, although some opportunities to “blend” concessional resources
  - Guarantees and other credit enhancement instruments
  - Investment in Digicel and Bmobile
  - US$3 million investment in Sun Pacific solar plant in Samoa
Australia is ADB’s Founding Member and 5th Largest Shareholder (5.8%)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Subscribed capital (% of total)</th>
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<td>Bangladesh</td>
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Australian firms won $1.45 billion of business since 1966
ADB’s Pacific Approach: 2016 - 2020

Reducing Costs
- Connectivity
- Renewable energy
- Enabling business environment

Managing Risks
- Sound macroeconomic management (including trust funds)
- Climate change and disaster risk management
- Health and social protection

Enabling Value Creation
- Private sector development
- Livable urban areas
- Investing in people (education)
- Niche products and services
Annual Pacific Commitments 2005 - 2020

- Contract awards currently $300m+/ year and increasing
Pacific Portfolio Doubling Every 5 years
MDBs “Swing Factor” in Pacific

Official flows to the Pacific

USD million

Current

2020 Projected

ADB
World Bank
Other
USA
EU
Japan
NZ
China
Australia
ADB Funding 2017–2020: By Pacific Country

- **Palau** $30m
- **Timor** $180m
- **FSM** $40m
- **PNG** $1,500m
- **Nauru** $40m
- **SOL** $90m
- **VAN** $80m
- **RMI** $40m
- **KIR** $50m
- **TUV** $30m
- **SAM** $80m
- **Cooks** $30m
- **Fiji** $350m
- **Tonga** $70m
Changing Sectoral Focus

Current Portfolio: $2.7bn

- Energy, $400
- Water/Urban, $150
- Agriculture, $25
- ICT, $60
- Health, $72
- Public Sector, $100
- Transport, $1,800

Pipeline 2017-2020: $2.6 bn

- Energy, $450
- Transport, $1,000
- Public Sector, $260
- Water/Urban, $400
- Health, $400
- Other, $100

Current Portfolio: $2.7bn

- Energy, $400
- Water/Urban, $150
- Agriculture, $25
- ICT, $60
- Health, $72
- Public Sector, $100
- Transport, $1,800
Transport (2017-20: about $1 billion)

- **ADB’s Main Sector**
  - $1.8bn current portfolio, $1 bn expected new commitments 2017-20

- **Improved Land Transport**
  - **PNG**: Highland Highway roads and highways, bridges,
  - **Fiji**: Suva Arterial roads, bridges/ crossing nationwide
  - **Timor Leste**: National roads and highways
  - **Kiribati**: main road
  - **Solomon Islands**: National roads and bridges, possibly ports
  - **Samoa (new)**: West Coast Road
  - **Tonga (new)**: Possible Nuku’alofa bridge

- **Maritime Transport a Growing Focus**
  - **PNG**: Lae port, maritime safety, shipping services
  - **Solomons/ Vanuatu**: wharfs and shipping services
  - **Nauru (new)**: Port infrastructure
  - **Samoa (new)**: Port extension/ breakwater
  - **Kiribati/ Tuvalu (new)**: Outer islands boat harbours

- **Aviation (historically World Bank)**
  - **PNG**: Domestic airports/ PPP for Jackson
Energy (2017-20: about $0.5 billion)

- ADB Largest Source of Financing for Energy in the Pacific
  - Current portfolio: $400m current
  - Pipeline 2017-202: $450m (plus GCF/ co-financing)
  - Focus on both access (Melanesia) and increasing renewables

- Country Focus
  - Papua New Guinea: town electrification program
  - Cook Islands: solar PV, battery storage, distribution
  - Samoa: 50% capacity, hydro, clean diesel, solar
  - Tonga: Solar PV/ wind, battery storage, Outer islands
  - Vanuatu: Energy access
  - Solomon Islands (new): Tina river hydro (World Bank)
  - FSM (new): solar PV, wind generation

- Private Sector/ Non-sovereign
  - IPPs for new generation
  - Samoa Solar PV 2.2 MW: $3m investment (including $1m concessional)
Urban / Water/ Sanitation
(2017-20: about $0.4 billion)

- Rapidly growing sector
  - Current portfolio: $150m
  - Pipeline 2017-2020: $400m

- Focus:
  - Fiji: Suva urban water and sanitation
  - PNG: District towns water
  - Tonga: Nuku’alofa urban water and solid waste
  - Kiribati (new): water supply (including desalination) and network extension
  - Solomons, Vanuatu: Being conceptualized
Information and Communication Technology (2017-20: about $0.1 billion)

- Tonga
- Samoa
- Polynesia (Cooks)
- FSM-Palau
- FSM-Nauru-Kiribati

Next step: Applications
Health (2017-20: about $0.4 billion)

- Limited ADB engagement historically
  - Current portfolio: $70 million
  - Pipeline: $400 million

- Focus:
  - Vaccines: (pneumococcal, rotavirus, HPV/ cervical cancer)
    - Regional purchasing: Samoa, Tonga, Tuvalu, Vanuatu
  - PNG: health sector support program
Public Sector Management
(2017-20: about $0.3 billion)

- Papua New Guinea: Health sector and other reforms
- Fiji: public financial management reforms
- Other countries: public financial management, private sector development, state owned enterprise reforms, sector reforms ...
THANK YOU