FINANCIAL SECTOR DEVELOPMENT PARTNERSHIP SPECIAL FUND AND FINANCIAL SECTOR DEVELOPMENT PARTNERSHIP FUND
2021 ANNUAL REPORT

OCTOBER 2022

ASIAN DEVELOPMENT BANK

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6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines
Tel +63 2 8632 4444; Fax +63 2 8636 2444
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Cover design by Jan Carlo Dela Cruz.

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Acknowledgments

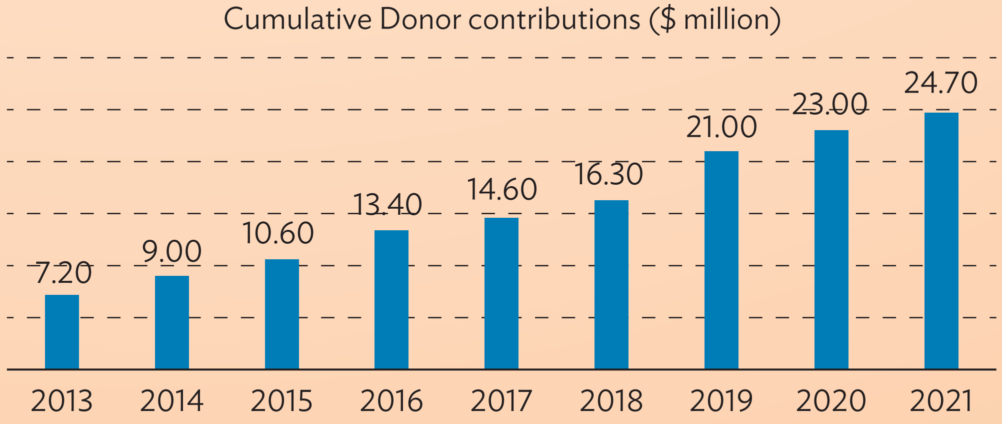
Financial Sector Development Partnership Fund Steering Committee	Christine Engstrom, Director, Private Sector Operations Department – Cochair Tariq Niazi, Director, Central and West Asia Department - Cochair Kazuki Fukunaga, Deputy Treasurer, Treasury Department To be determined, Director General of Operations Department To be determined, Chair of Sector or Thematic Group
Financial Sector Development Partnership Special Fund Review Group	Junkyu Lee, Chief of Finance Sector Group, Sustainable Development and Climate Change Department (SDCC) - Chair Christine Engstrom, Director, Private Sector Operations Department Xiaoqin Fan, Director, East Asia Department Jonathan Grosvenor, Assistant Treasurer, Treasury Department Sabyasachi Mitra, Director, South Asia Department Tariq Niazi, Director, Central and West Asia Department Lotte Schou-Zibell, Regional Director, Pacific Department Jose Antonio Tan, Director, Southeast Asia Department Satoru Yamadera, Advisor, Economic Research and Regional Cooperation Department
Fund Manager	Raquel Borres, Senior Economics Officer, SDCC Arup Chatterjee, Principal Financial Sector Specialist, SDCC Junkyu Lee, Chief of Finance Sector Group, SDCC

Abbreviations

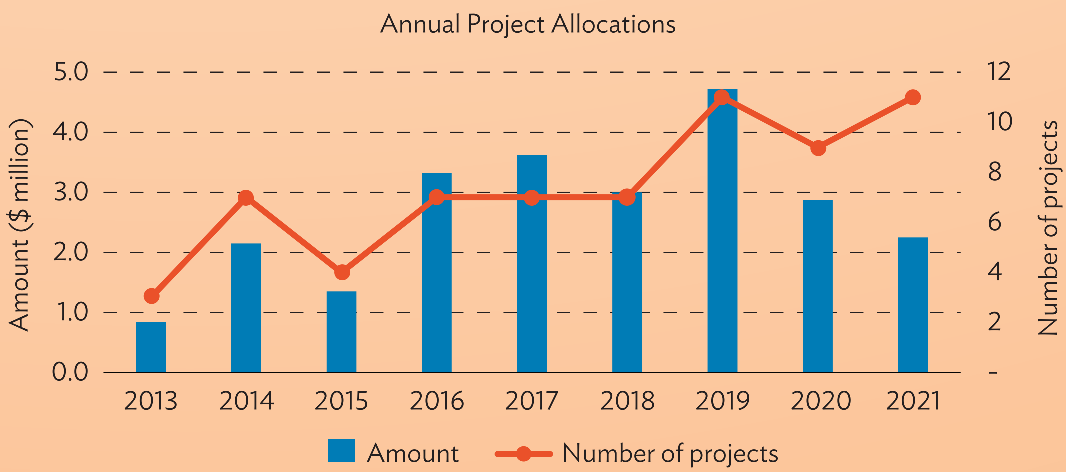
ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
COVID-19	–	Coronavirus disease
DMC	–	Developing member country
FSDPF	–	Financial Sector Development Partnership Fund
FSDPSF	–	Financial Sector Development Partnership Special Fund
MSMEs	–	Micro, small, and medium-sized enterprises
NPL	–	Nonperforming loan
PPP	–	Public–private partnership
SDCC	–	Sustainable Development and Climate Change Department
SMEs	–	Small and medium-sized enterprises
TA	–	Technical assistance

The Financial Sector Development Partnership Special Fund is supporting the finance sector in Bhutan to expand access to finance for rural cottage and small industries.

Financial Sector Development Partnership Special Fund at a Glance



Financial Sector Development Partnership Special Fund Cumulative Portfolio —$24.1 million allocated to 66 projects



Recipients

By Finance Subsector	
34%	Finance Sector Development
12%	Inclusive Finance
11%	SME Finance and Leasing
8%	Infrastructure Finance and Investment Funds
7%	Insurance and Contractual Savings
4%	Banking Systems and Nonbank Financial Institutions
3%	Money and Capital Markets
1%	Central Banking
1%	Trade Finance
18%	Cross-Sector

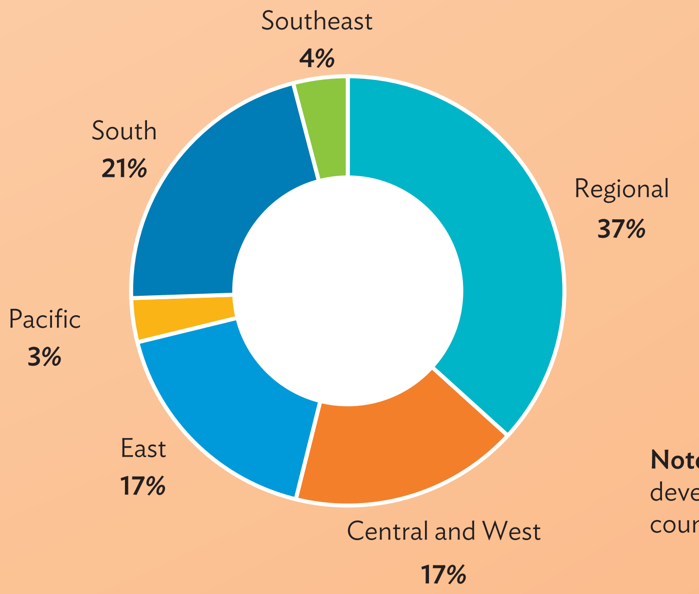
By ADB Department	
22%	SARD
18%	CWRD
18%	EARD
15%	PSOD
10%	PARD
10%	SDCC
6%	SERD
1%	ERCD

CWRD = Central and West Asia Department, EARD = East Asia Department, ERCD = Economic Research and Regional Cooperation Department, PARD = Pacific Department, PSOD = Private Sector Operations Department, SARD = South Asia Department, SDCC = Sustainable Development and Climate Change Department, SERD = Southeast Asia Department, SMEs = Small and medium-sized enterprises.

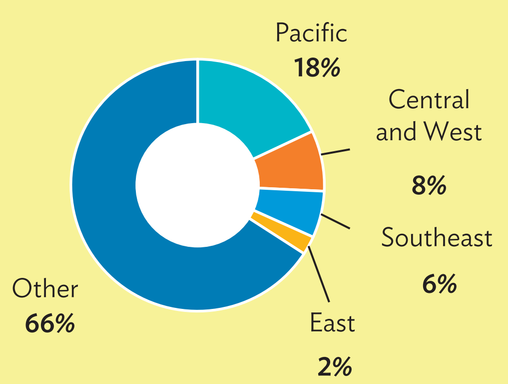
Note: "Cross-sector" refers to projects whose primary sector is not finance but have a finance component; Numbers may not sum precisely because of rounding.

Geography

Distribution of Country-Specific Projects



Distribution of Regional Projects



Note: "Regional" refers to projects which cover more than one developing member country; "Other" refers to projects that involve countries from two or more regions.

Source: Asian Development Bank.

Introduction

A stable and diversified finance sector helps promote private sector development, create jobs, and spur economic growth. Under Strategy 2030, the long-term strategy of the Asian Development Bank (ADB), finance cuts across the seven operational priorities, making it an increasingly important sector for the organization.[1]

To promote finance sector development, the Financial Sector Development Partnership Fund (FSDPF) was established in July 2006 through contributions from the Government of Luxembourg.[2] Given growing demand from ADB developing member countries (DMCs) for financing support, the Financial Sector Development Partnership Special Fund (FSDPSF) was created in January 2013 with an initial contribution of $2.70 million from ADB and the remaining funds held in the multi-donor FSDPF.[3] By contributing its own funds, ADB demonstrates its commitment to the sector and hopes to encourage more development partners to contribute to the FSDPSF.

The FSDPSF aims to provide ADB-administered technical assistance (TA) and investment grant support for finance sector development in DMCs, focusing on the key operational areas identified in the Financial Sector Operations Plan:

(i) **Finance sector development**, the mainstay of finance sector operations, includes developing diverse, efficient, and stable financial institutions and markets and regional financial cooperation and integration.
(ii) **Inclusive finance**, which has the greatest impact on poverty alleviation, will deliver affordable financial services to low-income households and small businesses. This includes integrating digital financial solutions to increase access to finance.
(iii) **Infrastructure finance**, which complements ADB's major business line and includes facilitating the efficient allocation of long-term finance to meet financing needs for infrastructure.

1 ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila
2 ADB. 2006. *Financial Sector Development Partnership Fund*. Manila.
3 ADB. 2013. *Establishment of the Financial Sector Development Partnership Special Fund*. Manila.

Financial Sector Development Partnership Fund Operations in 2021

Accomplishments and progress of projects. Since the fund was established, the FSDPF has approved financing for 18 projects amounting to $5.9 million (net of savings from closed projects). Only one project remains active under the fund, and it is expected to be completed by December 2023. See Appendix 2 for the list of projects approved under the fund and financial status. Appendix 3 details accomplishments for active projects.

Funding is provided to support the implementation of a youth financial inclusion strategy in Indonesia. Financial literacy is an essential component of the program.

Financial Sector Development Partnership Special Fund Operations in 2021

Allocations. The fund review committee approved funding allocations for 11 projects amounting to $2.25 million in 2021. The projects comprised a broad range of finance sector initiatives focused on promoting green and climate finance; expanding micro, small, and medium-sized enterprises (MSMEs) access to finance; developing agriculture value chain financing and agri-insurance products; and facilitating quality infrastructure projects (Table 1 lists projects). Due to resource constraints, only two batch applications were processed during the year.[4]

Table 1: Projects Approved for Allocation in 2021

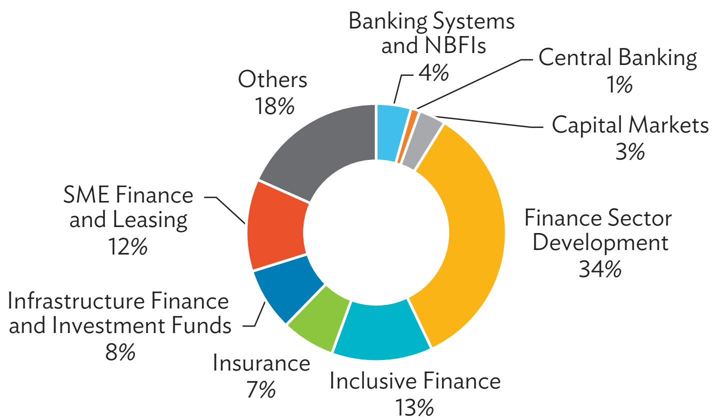
Country	Project Name	Approved Amount ($)
Bangladesh	Microenterprise Financing and Credit Enhancement Project	200,000
China, People's Republic of	Scaling Up Climate Financing and Carbon Neutrality in Hainan	100,000
China, People's Republic of	Promoting Innovative Financing for Ecosystem Protection and Restoration	150,000
China, People's Republic of	Study on the Municipal Climate Finance Road Map – Additional Financing	200,000
India	Strengthening Micro, Small, and Medium Enterprises Ecosystem Development	200,000
Philippines	Financial Inclusion Framework Strengthening	200,000
Regional	Creating Investable Cities in Post-COVID-19 Asia and the Pacific – Enhancing Competitiveness and Resilience through Quality Infrastructure	150,000
Regional	Women's Financing Marketplace – Capacity Building (Subproject 3)	300,000
Regional	Fostering Regional Cooperation and Integration through Knowledge and Capacity Building of Trade and Supply Chain Finance Program Banks	250,000
Regional	Accelerating Gender Equality in East Asia for an Inclusive and Green Recovery	200,000
Sri Lanka	Small and Medium-Sized Enterprises Credit Guarantee Institution	300,000
TOTAL		**2,250,000**

Source: Asian Development Bank (Sustainable Development and Climate Change Department).

4 No third batch application in September and fourth batch application in November due to limited funds.

Cumulative status of projects. Since the fund was established, the FSDPSF has allocated a total of $24.1 million for 66 projects (Appendix 1).[5] The projects covered the various finance subsectors, with finance sector development, inclusive finance, and small and medium-sized enterprise (SME) finance and leasing having the largest shares. Figure 1 illustrates the distribution of fund approvals by subsector.

Figure 1: Cumulative Funding Commitments by Subsector Value of Projects



NBFI = nonbank financial institution, SMEs = small and medium-sized enterprises.

Note: Based on ADB Project Classification System. Cross-sector refers to projects with primary sector other than finance, such as public sector management; energy; industry and trade; agriculture, natural resources, and rural development; and water and other urban infrastructure and services.

Source: Asian Development Bank (Sustainable Development and Climate Change Department).

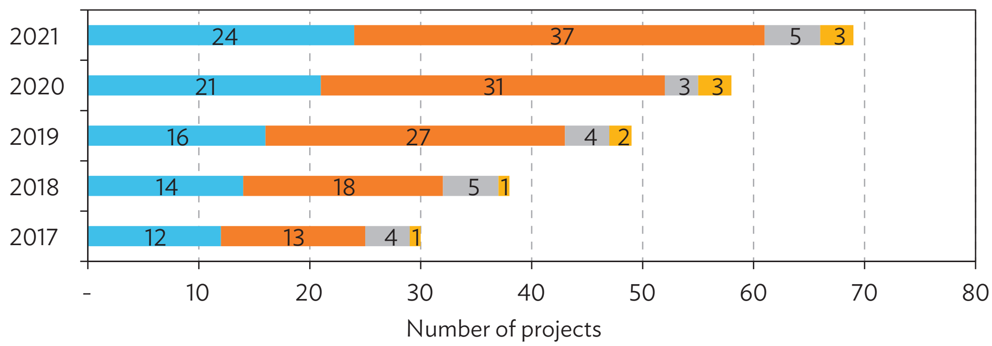
As of 31 December 2021, 37 projects were active, 24 closed, and 5 for approval or commitment. Figure 2 provides cumulative year-end status of projects and Appendix 3 project updates.

The coronavirus disease (COVID-19) pandemic continued to affect project preparation and implementation. Some project activities have either been delayed or put on hold due to quarantine and travel restrictions. Where possible, projects made use of online platforms for training, consultation, and missions. Desk research was also undertaken while waiting for travel restrictions to be lifted.

Use of funds. FSDPSF has been supporting finance sector development through various interventions targeted at policy makers and regulators, financial intermediaries, and consumers. Some examples of FSDPSF-supported projects for women are provided in the Box.

[5] Net of cancellations. Based on the implementation guidelines, if a project approved for funding is not processed and approved within 6 months (for TA) or 10 months (for the grant component of an investment) from the date of approval for funding, it will be reviewed to determine whether the funding allocation should be reverted to the pool and become available for reallocation to other projects. To date, three projects have been dropped.

Figure 2: Cumulative Year-End Status of Projects



Note: Not effective refers to projects approved by the Financial Sector Development Partnership Special Fund Review Committee for funding but still being processed or not yet committed by ADB.

Source: Asian Development Bank (Sustainable Development and Climate Change Department).

Box: Financial Sector Development Partnership Special Fund Support for Women Entrepreneurs

Promoting gender equality and women's empowerment through micro, small, and medium-sized enterprise (MSME) development has been a common theme among many Financial Sector Development Partnership Special Fund (FSDPSF) funded projects.

Regional: Women's Financing Marketplace – Capacity Building (Subproject 3)

The "Women's Financing Marketplace" is a dedicated online platform to facilitate and broaden access to finance for women and women's businesses and communicate efforts of the Asian Development Bank (ADB) in this area to encourage more lending to the sector. Among a number of activities, the marketplace will (i) aggregate and disseminate products on gender financing; (ii) support identification of cutting-edge technologies for financial institutions; (iii) build capacity for financial institutions to promote gender responsive financial service delivery and women's businesses to improve viability; (iv) establish links to other programs and initiatives on enabling access to finance for women, internal and external to ADB; and (v) create a community platform to attract other co-financiers, including potential technical assistance (TA) funding providers.[a]

FSDPSF financing will contribute specifically to capacity building for women and women's businesses. In this regard, a digital financial services expert has performed a detailed institutional analysis (information technology, operations, credit) with recommendations for potential automated solutions for lending as a service to women's small and medium-sized enterprises (SMEs) for MiBank in Papua New Guinea. In addition, more than 195 participants from women-led SMEs participated in various online courses on digital financial literacy, business planning and debt management, and e-commerce. Three webinars—Banking the Female Economy, The Business Case for Financing Women (ADB Gender Forum) and Digitalization and Credit Scoring for Women SMEs: Part I – The Basics (a 3-part series)—were attended by representatives of 29 financial institutions.

Kazakhstan: Strengthening Micro, Small, and Medium-Sized Enterprise Finance[b]

The TA, closed in October 2021, helped commercial banks and microfinance institutions improve services to women borrowers by developing gender policies, holding gender sensitivity training, and designating people to serve as gender

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Box continued

focal points within those institutions. Gender focals were tasked with raising the profile of women-owned businesses as a relevant, important business segment of the participating financial institutions.
The National Chamber of Entrepreneurs-Atameken, the project's main implementing partner, conducted 11 regional workshops which provided a venue for commercial banks and microfinance organizations to reach out to their target market and conduct one-on-one consultations with the women entrepreneurs from MSMEs about financial loan products and services.

A **knowledge publication** was produced based on a diagnostic study of the microfinance institutions in Kazakhstan, including the regulatory framework, analysis of loan products, and full market assessment. Microfinance institutions have been very effective in reaching out to women entrepreneurs and businesses outside Almaty and Nursultan. Financial literacy training among Arnur Credit's women entrepreneur clients was also provided.

A **news article** was published on the ADB website which highlights the gender achievements of the project.

Regional: Accelerating Gender Equality in East Asia for an Inclusive and Green Recovery

The TA will help the People's Republic of China and Mongolia develop options for promoting a gender-inclusive green recovery following the coronavirus disease (COVID-19) pandemic. This means a recovery focused on transitioning toward a climate-resilient and nature-driven future that emphasizes gender inclusion to maximize outcomes for both women and the environment. The TA will build capacity through demonstration, case studies, knowledge products, policy dialogue, and strengthening of coordination and knowledge sharing with other developing member countries.[c]

Financing from FSDPSF will identify gaps in inclusive finance regulation in Mongolia, promote policy dialogue, and demonstrate approaches to increase the resilience of MSMEs post-pandemic. The focus on capacity development will complement government programs for the recovery of MSMEs. Activities include assessment of policy and regulatory constraints for inclusive finance, provision of international best practice, and capacity development for businesses to increase their resilience. Business accelerator, training, and mentorship approaches will be used to increase the digital and green production capacity of MSMEs and link businesses for value chain creation. Knowledge products will be developed and regional events organized.

[a] ADB. Regional: Technical Assistance for the Women s Financing Marketplace - Capacity Building (Subproject 3) (6705-REG). Manila.

[b] ADB. Kazakhstan: Strengthening Micro, Small, and Medium-Sized Enterprise Finance (9214-KAZ). Manila.

[c] ADB. Regional: Accelerating Gender Equality in East Asia for an Inclusive and Green Recovery (6883-REG). Manila.

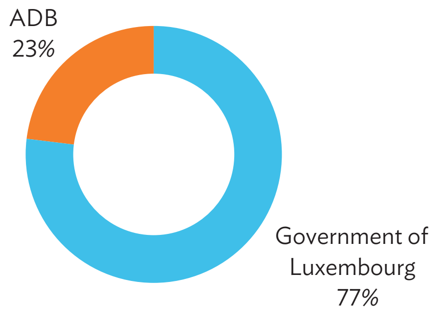
Source: Updates from project teams.

Financial Status. In 2021, the Government of Luxembourg contributed $1.7 million to the fund, bringing total donor contributions to $24.7 million (Figure 3).[6] With cumulative investment and interest income of $0.6 million, the total fund resources amounted to $25.3 million. A total of $22.4 million (including net of savings from closed and cancelled projects) has been allocated to projects. Accounting for cumulative administrative fees and charges of $0.8 million, $2.1 million remains available for allocation to projects (Table 2).

Disbursements. With $2.2 million disbursed in 2021, cumulative disbursements amounted to $12.3 million. Disbursements accounted for 53% of total committed funds. The committed amount comprises allocations approved at the fund level and approved by ADB Management for implementation.

[6] €1.5 million ($1,764,450) was received in September 2020 and €177,400 ($210,858) in January 2021.

Figure 3: Cumulative Fund Contributions by Donor
as of 31 December 2021



Source: Asian Development Bank (Sustainable Development and Climate Change Department).

Table 2: Financial Status of Financial Sector Development Partnership Special Fund
($ million)

Item	As of December 2020	As of December 2021
Contributions		
Government of Luxembourg	17.3	19.0
Asian Development Bank	5.7	5.7
Interest and investment income	0.6	0.6
Cumulative resources	23.6	25.3
Allocations to projects	**(22.0)**	**(24.1)**
Savings from closed projects	1.2	1.7
Administrative expenses and other charges	(0.6)	(0.8)
Balance available for allocation	**2.1**	**2.1**

Note: Amounts refer to total accumulated. Numbers may not sum precisely, due to rounding. Allocations to projects pertain to total funding approvals by Review Committee (net of cancellations), including projects not yet effective or approved at the Asian Development Bank management level.

Source: Asian Development Bank (Controller’s Department and Sustainable Development and Climate Change Department).

Going Forward

The Finance Sector Directional Guide, to be published in the second half of 2022, aims to provide a framework for ADB finance sector operations in the context of recent developments, including the changing financial landscape, emerging areas, pandemic challenges, and organizational changes. It identifies six areas of operational focus:

(i) Enhancing support to emerging areas such as Sustainable Development Goal financing, including green and blue financing
(ii) Promoting long-term finance and quality infrastructure
(iii) Leveraging digital technology to deliver financial services for financial inclusion
(iv) Expanding financing to MSMEs and women
(v) Establishing frameworks for disaster and epidemic risk financing
(vi) Strengthening finance sector fundamentals

In line with the directional guide, FSDPSF resources will be prioritized for innovative financing, green and climate financing, SME financing, and financing for women.

With the available fund balance not sufficient to meet the demands of DMCs, securing new donors will be a priority. A two-pronged approach will be taken targeting Asian and European donors. Donor outreach will be carried out with the Strategy, Policy, and Partnerships Department and other relevant offices within ADB.

APPENDIX 1

List of Financial Sector Development Partnership Special Fund Approved Projects, 2013–2021

Table A1.1: Financial Sector Development Partnership Special Fund Approved Projects, 2013–2021, Closed

Item	Approval No.	Country	Project Name	Approved Amount ($)	Disbursed Amount ($)	Undisbursed Balance ($)
1	7805	REG	Strengthening Support for the Asia-Pacific Economic Cooperation Financial Regulators Training Initiative (Supplementary)	220,000	215,582	4,418
2	8250	REG	Improving Financial Inclusion in Asia and the Pacific (Supplementary)	100,000	83,777	16,223
3	8643	REG	Implementation of Microfinance Industry's Client Protection Principles	200,000	119,867	80,133
4	8679	REG	Asia SME Finance Monitor (Phase 2)	225,000	165,350	59,650
5	8723	SOL	Strengthening Financial Inclusion (Creating Opportunities by Unlocking Access to Finance)	400,000	387,041	12,959
6	8725	REG	Promoting Remittance for Development Partnership	200,000	200,000	–
7	8725	REG	Promoting Remittance for Development Partnership (Supplementary)	100,000	57,234	42,766
8	8738	KAZ	Enhancing Insurance Market Efficiency and Outreach	500,000	500,000	–
9	8753	INO	Strengthening Local Government Bond Market	420,000	49,503	370,497
10	8764	IND	Enhancing Bond Guarantee Structuring Skills in India	225,000	73,956	151,044
11	8792	MON	Supporting the Credit Guarantee System for Economic Diversification and Employment Project	500,000	421,275	78,725
12	8901	BHU	Supporting Implementation of Strengthening Economic Management Program II (Supplementary)	500,000	500,000	–

continued on next page

Table A1.1 continued

Item	Approval No.	Country	Project Name	Approved Amount ($)	Disbursed Amount ($)	Undisbursed Balance ($)
13	8981	PRC	Shaanxi Accelerated Energy Efficiency and Environment Improvement Financing Program (Supplementary)	100,000	100,000	–
14	8992	PRC	Heilongjiang Coal-Rich Cities Redevelopment (Supplementary)	225,000	155,680	69,320
15	9045	ARM	Export and Innovation-led Industrial Development	250,000	77,442	172,558
16	9102	SRI	Mobilizing Finance for Sri Lanka	500,000	423,594	76,406
17	9128	UZB	Strengthening Participating Financial Institutions	500,000	362,289	137,711
18	9143	NAU	Strengthening Financial Inclusion and Financial Sector Development Program	350,000	330,872.68	19,127
19	9214*	KAZ	Strengthening Micro, Small, and Medium-Sized Enterprise Finance	500,000	199,504.84	
20	9320	MON	Banking Sector Rehabilitation and Financial Stability Strengthening Program	750,000	749,537	463
21	9344*	BAN	Capacity Development in Infrastructure Development Company Limited (PPIDF3)	750,000	259,033.12	
22	9398	PRC	Preparing the Green Finance Catalyzing Facility (Supplementary)	225,000	225,000	–
23	9496	KAZ	Support to Small and Medium Enterprises and Entrepreneurship Development	225,000	214,704	10,296
24	9664	ARM	AmeriaBank CJSC: Capacity Building for AmeriaBank Armenia	400,000	–	400,000
TOTAL				**8,365,000**	**5,871,243**	**1,702,295**

ARM = Armenia, BHU = Bhutan, IND = India, INO = Indonesia, KAZ = Kazakhstan, MON = Mongolia, PRC = People's Republic of China, REG = regional, SMEs = small and medium-sized enterprises, SOL = Solomon Islands, SRI = Sri Lanka.

* For financial closure.

Source: Asian Development Bank (Controller's Department and Sustainable Development and Climate Change Department).

Table A1.2: Financial Sector Development Partnership Special Fund Approved Projects, 2013–2021, Under Process or Active

Item	Approval No.	Country	Project Name	Approved Amount ($)	Disbursed Amount ($)
1	6532	REG	Promoting Digital Finance Solutions for Inclusive Finance among Partner Financial Institutions	500,000	95,001
2	6552	BAN	Strengthening Bangladesh Infrastructure Finance Fund Limited	650,000	11,221
3	6554	KAZ	Kazakhstan Green Investment Finance Project	225,000	86,294
4	6581	BHU	Strengthening the Financial Market Development Program	250,000	170,295
5	6588	REG	Creating Investable Cities in Post-COVID 19 Asia-Pacific - Enhancing Competitiveness and Resilience through Quality Infrastructure	150,000	–
6	6631	UZB	Aloqabank, Transformation and Privatization	375,000	–
7	6677	BHU	Rural Finance Sector Development Program	250,000	9,900
8	6687	PRC	Supporting Sustainable Finance and Regional Cooperation	200,000	132,560
9	6705	REG	Technical Assistance for Women's Financing Marketplace- Subproject 3: Capacity Building	300,000	5,674
10	6780	REG	Fostering Regional Cooperation and Integration through Knowledge and Capacity Building of Trade and Supply Chain Finance Program Banks	250,000	1,132
11	6781	PRC	Scaling Up Climate Financing and Carbon Neutrality in Hainan	100,000	–
12	6794	PRC	Promoting Innovative Financing for Ecosystem Protection and Restoration	150,000	–
13	6883	REG	Accelerating Gender Equality in East Asia for an Inclusive and Green Recovery	200,000	–
14	6903[a]	SRI	Small and Medium-sized Enterprises Credit Guarantee Institution	300,000	
15	6906[a]	INO	Sustainable Development Goals Indonesia One – Green Finance Facility (Phase 1)	375,000	
16	9133	IND	Strengthening Financial Inclusion Through Responsible Finance Practices	250,000	250,000
17	9133	REG	Strengthening Financial Inclusion through Responsible Finance Practices (additional financing)	500,000	–
18	9166	PHI	Financial Inclusion Framework Strengthening	200,000	–
19	9213	SRI	Capital Market Development Program	750,000	568,832

continued on next page

Table A1.2 continued

Item	Approval No.	Country	Project Name	Approved Amount ($)	Disbursed Amount ($)
20	9333	INO	Promoting Innovative Financial Inclusion (additional financing)	300,000	6,166
21	9340	REG	Supporting Finance Sector and Private Sector Development in the Pacific (Additional financing)	750,000	750,000
22	9340	REG	Supporting Finance Sector and Private Sector Development in the Pacific (Additional financing)	750,000	259,377
23	9364	REG	Strengthening Financial Sector Operations in Asia and the Pacific	750,000	750,000
24	9364	REG	Strengthening Financial Sector Operations in Asia and the Pacific (supplementary)	500,000	128,747
25	9369	PRC	Support to Budget Expenditure Reform in Henan Province	750,000	441,631
26	9436	PRC	Heilongjiang Business Development Services Support to Strengthen Financial Intermediation Component Implementation	300,000	6,380
27	9605	GEO	Preparing the Second Domestic Resource Mobilization Program (additional financing)	300,000	207,916
28	9621	REG	Green and Innovative Finance Initiative for Scaling Up Southeast Asian Infrastructure (supplementary)	500,000	335,192
29	9627	KGZ	Preparing the Promoting Economic Diversification Program, additional funding	400,000	211,075
30	9650	KAZ	Developing Rural Financial Intermediation	225,000	100,603
31	9652	BAN	Microenterprise Development Project	500,000	319,367
32	9669	REG	Capacity Building for Enhanced Safeguards, Anti-Corruption and Integrity Measures, Gender Equity Policies and Digitization of Trade Finance Program Banks	750,000	515,409
33	9673	REG	Capacity Development for the Supply Chain Finance Program (Phase 2) (Subproject 1)	400,000	244,456
34	9759	PRC	Study on the Municipal Climate Finance Road Map -Additional Financing	200,000	–
35	9759	PRC	Study on the Municipal Climate Finance Road Map	225,000	74,461
36	9770	UZB	Preparing the Financial Markets Development Program (additional financing)	350,000	181,912
37	9853	NEP	Capacity Development for Rural Enterprise Financing	250,000	56,264
38	9878	REG	Developing a Disaster Risk Transfer Facility in the Central Asia Regional Economic Cooperation Region	500,000	446,595
39	9882	PRC	Expanding Small and Medium-sized Enterprises Access to Finance through Financial Technology Innovations	200,000	19,000

continued on next page

Table A1.2 continued

Item	Approval No.	Country	Project Name	Approved Amount ($)	Disbursed Amount ($)
40	9917	REG	Developing the Insurance Sector for Sustainable and Resilient Society in Asia and the Pacific	500,000	6,473
41	XXXX[b]	BAN	Microenterprise Financing and Credit Enhancement Project	200,000	
42	XXXX[b]	IND	Strengthening Micro, Small, and Medium Enterprises Ecosystem Development	200,000	
TOTAL				**15,775,000**	**6,391,935**

ARM = Armenia, BAN = Bangladesh, COVID-19 = coronavirus disease, GEO = Georgia, IND = India, KAZ = Kazakhstan, MON = Mongolia, NAU = Nauru, NEP = Nepal, PRC = People's Republic of China, REG = regional, SRI = Sri Lanka, UZB = Uzbekistan.

[a] Approved in first quarter 2022.

[b] For approval.

Source: Asian Development Bank (Controller's Department and Sustainable Development and Climate Change Department).

APPENDIX 2

List of Financial Sector Development Partnership Fund Approved Projects, 2006–2012

Table A2.1: Financial Sector Development Partnership Fund Approved Projects, 2006–2012, Closed

Item	Approval No.	Country	Project Name	Approved Amount ($)	Disbursed Amount ($)
1	8621	AZE	Azerbaijan Microfinance Sector Development	300,000	298,882
2	4999	CAM	Financial Sector Program II Implementation	450,000	450,000
3	7934	CAM	Implementing Subprogram II of the Third Financial Sector Program	500,000	500,000
4	7000	INO	Strengthening Regulation and Governance	500,000	469,617
5	7793	INO	Institutional Capacity Building of Indonesia Eximbank	350,000	59,481
6	8222	KGZ	Investment Climate Improvement Program-Subprogram 2	150,000	149,111
7	4910	MON	Strengthening the Pension System	500,000	468,128
8	7971	MON	Government Bond Market Development	500,000	352,136
9	6460	REG	Bond Financing for Infrastructure Projects in the ASEAN+3 Region	340,000	202,087
10	7864	REG	Financial Regulatory Reforms in Asia	300,000	205,909
11	8003	REG	Strengthening Evaluation of Poverty Reduction Innovations (Supplementary)	500,000	500,000
12	8214	REG	Implementing Prudential Standards in Islamic Finance	500,000	346,707
13	8250	REG	Improving Financial Inclusion in Asia and the Pacific	500,000	499,020
14	8284	REG	Supporting Financial Stability in Bhutan and the Maldives	500,000	437,552
15	8629	REG	Strengthening the Capacity of Public Financial Institutions for Low Carbon, Climate Resilient Infrastructure Investment	200,000	145,838
16	8605	TAJ	Capacity Building for Rural Financial Inclusion	200,000	55,000
17	4911	VIE	SOE Reform and Corporate Governance Facilitation	500,000	499,058
TOTAL				**6,790,000**	**5,638,526**

ASEAN = Association of Southeast Asian Countries; ASEAN+3 = ASEAN plus the People's Republic of China, Japan, and the Republic of Korea; AZE = Azerbaijan; CAM = Cambodia; DMC = developing member country; INO = Indonesia; KGZ = Kyrgyz Republic; MON = Mongolia; REG = Regional; SOE = state-owned enterprise; TAJ = Tajikistan; VIE = Viet Nam.

Source: Asian Development Bank (Controller's Department and Sustainable Development and Climate Change Department).

Table A2.2: Financial Sector Development Partnership Fund Approved Project, 2006–2012, Open

Item	Approval No.	Country	Project Name	Approved Amount ($)	Disbursed Amount ($)
1	8501	REG	Support for ADB Supply Chain Finance Program	300,000	228,099

ADB = Asian Development Bank, REG = regional.

Source: Asian Development Bank (Controller's Department and Sustainable Development and Climate Change Department).

APPENDIX 3

Implementation Status of FSDPSF and FSDPF-Funded Projects Active as of 31 December 2021

TA Name: 6532-REG: Promoting Digital Finance Solutions for Inclusive Finance among Partner Financial Institutions			
Project Leader: Gema Perez and Munish Mohit Aggarwal, PSFI			
Amount: $1,000,000 ($500,000 funded by Financial Sector Development Partnership Special Fund (FSDPSF)	**TA Approval:** 1 Jul 2020	**TA Closing:** 31 Dec 2025	**Status:** Active

Expected Impact and Outcomes

Impact: Increase in financial services to excluded segments that can access efficiently priced, relevant financial services that they would not have otherwise accessed through traditional distribution channels.

Outcome: Asian Development Bank's (ADB) non-sovereign partner financial institutions adopt specialized digital finance solutions and technology to develop or enhance and scale innovative products and models to reach financially excluded segments, and for other industry practitioners to have access to in-depth knowledge from first-hand experiences of financial institutions adopting technology. The technical assistance (TA) also aims to improve the overall efficiency of the partner financial institutions by providing them options to not only automate the customer outreach but also automate supporting functions like risk management and financial reporting, for instance. In addition, digitalization will help the financial institution partner become more resilient in coping with an unprecedented situation like the spread of coronavirus disease (COVID-19).

FSDPSF will finance (i) the formulation of a digital finance assessment and road maps of selected financial institutions; and (ii) implementation support and knowledge sharing.

Accomplishments

Kina Bank, Papua New Guinea. As part of the 2025 digitization strategy, ADB is assisting Kina Bank in automating risk and compliance function. Through this automation, Kina Bank wants to control the surge in false positive suspicious transactions and new mule accounts by improving fraud detection. This will help the bank manage anti-money laundering and combating financing of terrorism risks and issues related to know your customer (KYC).

- **Phase 1** Proof of Value process will identify the appropriate use of technology to support the human resource currently in place, identifying suspect transactions that require reporting and monitoring. The current system is a broad approach to all transactions and 75% of the current false positive reports are proven to be normal transactions. Covered by Kina budget.
- **Phase 2** Knowledge Transfer will support capability building of Kina Bank staff, workflow integration, and technical integration. This aligns perfectly to the existing ADB TA support via data and information and communication technology strategies as a use case to deliver tangible business value and improved risk and compliance outcomes via digitization and innovation. Covered by ADB TA.

In February 2021, ADB contracted a firm for phase 2 of Kina Bank's automatization of its risk and compliance function. The firm was expected to complete the technology integration, business process and workflow integration, and transfer and capability building for Kina Bank staff, with a target of at least 50% women. COVID-19 in the Pacific caused delays in the implementation. The contract for the firm has been fully disbursed. No additional request from Kina has been made.

FSDPSF = Financial Sector Development Partnership Special Fund; PSFI = Private Sector Financial Institutions Division.

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Table continued

TA Name: 6552-BAN: Capacity Development to Bangladesh Infrastructure Finance Fund Limited			
Project Leader: Dongdong Zhang, SAPF			
Amount: $650,000	**TA Approval:** 18 Aug 2020	**TA Closing:** 31 Aug 2023	**Status:** Active
Expected Impact and Outcomes The TA is attached to a loan that will support the Government of Bangladesh's efforts in strengthening Bangladesh Infrastructure Finance Fund Limited's institutional capacity to develop public-private partnership (PPP) infrastructure projects. The TA will support (i) corporate strategy review and development; (ii) technical capacity development assessment and development: (a) funding and treasury operations; (b) project finance and PPP; (c) credit and risk management; (iii) environment and social safeguards; and (iv) ADB project implementation.			
Accomplishments • Recruited two consultants for environmental and social safeguards, and the consultants have submitted reports. • The consulting firm has been recruited and the firm is onboarded. SAPF = South Asia Public Management, Financial Sector, and Trade Division.			

TA Name: 6554-KAZ: Kazakhstan Green Investment Finance Project			
Project Leader: Giacomo Giannetto, CWPF and Elmira Izmaganova, Kazakhstan Resident Mission			
Amount: $225,000	**TA Approval:** 27 Aug 2020	**TA Closing:** 31 Mar 2022	**Status:** Active
Expected Impact and Outcomes The Kazakhstan Green Investment Finance Project (KGIFP) with the Damu Entrepreneurship Development Fund will develop a financing mechanism to support wider adoption of green technologies by the micro, small, and medium-sized enterprises in Kazakhstan. The project will be aligned with the impact of enhanced resilience of Kazakhstan to climate change and will facilitate access to finance for SMEs which are contributing to the economic recovery in light of the COVID-19 pandemic crisis. The TA is crucial to prepare the processing of KGIFP. This will include (i) capacity building of International Green Technologies and Investments Center, which will support KGIFP's implementation as a TA executing agency; (ii) assist ADB in mobilizing climate finance from donors, including the Green Climate Fund, to finance incentives payments to the participating financial institutions and their sub-borrowers and; (iii) carry out a review of current market of financial risk management products in Kazakhstan and propose recommendations on the design of financial risk management product tailored for KGIFP.			
Accomplishments All four consultants were engaged by year end 2020 with initial inputs delivered. In February 2021, Damu, KGIFP's executing agency, informed ADB on its decision to not progress with KGIFP due to its excessive liquidity. This halted all inputs and activities under the TA. The project was to be restructured with major changes in the project's design. However, with the revised design and the limited capacity of the new executing agency, the Kazakhstan Housing Company, KGIFP was eventually dropped. This TA will then be closed as scheduled this March 2022 and instead, a new knowledge and support TA will be proposed for the capacity building of the Kazakhstan Housing Company. CWPF = Central and West Asia Public Management, Financial Sector, and Trade Division.			

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Table continued

TA Name: 6581-BHU: Strengthening the Financial Market Development Program			
Project Leader: Manohari Gunawardhena, SAPF			
Amount: $500,000 ($250,000 funded by FSDPSF)	**TA Approval:** 27 Oct 2020	**TA Closing:** 31 Mar 2022	**Status:** Active
Expected Impact and Outcomes The TA is necessary to undertake the reforms under the Financial Marked Development Program by helping to make the finance sector more responsive to the government's emerging priorities, while remaining stable and inclusive. It will help the government strengthen regulations and guidelines to implement the reforms under subprogram 3, build the capacity of the government agencies and financial institutions to implement the reforms, provide training and capacity building to entrepreneurs and the disadvantaged to promote financial inclusion, and conduct public awareness activities on the reforms for greater adaptability of the proposed reforms. The TA will support the completion of the program's three outputs: (i) nonbank financial systems developed, (ii) stability and integrity of the financial system strengthened, and (iii) financial inclusion promoted.			
Accomplishments The implementation period of subprogram 3 under the policy-based loan on financial market development program is from December 2020 to December 2021. The loan was approved by the board in October 2021 and disbursed in November 2021. Under the policy matrix of subprogram 3 several policy actions were completed under the three output areas. These included approval of listing rules for government bills and bonds while all outstanding bonds were listed on the Royal Stock Exchange of Bhutan, revision to listing rules of equities and bonds on alternative investments market board of the stock exchange, revision of corporate governance rules for companies, conduct of a national housing survey, development of a comprehensive nonperforming loan (NPL) management strategy, implementation of International Financial Reporting Standards (IFRS), establishment of policies for a data warehouse, and development of rules and regulations on warehouse receipt financing products. FSDPSF funded the policy actions pertaining to (i) the NPL management strategy including foreclosure guidelines, write-off policy, capital management and asset transfer policy to be adopted by both banks and nonbanks - a gap analysis on the central bank's NPL management, a feasibility analysis of a securitization and Asset Reconstruction Company, and an analysis of the legal structure in the resolution of non-performing loans were undertaken; (ii) and financial institutions' compliance with adoption of IFRS 9 to ensure consistency in reporting and improve risk assessment; guidelines on the implementation of IFRS 9 Financial Instruments, templates on the expected credit loss model for both banks and nonbanks were completed. Reports have been submitted to ADB and the implementing agency as part of the consultants' deliverables. Consultants' reports have been produced and are available at https://www.adb.org/projects/51252-004/main. A minor change in scope will be processed to extend the TA to 31 December 2022 to fully utilize remaining TA funds.			
TA Name: 6588-REG: Creating Investable Cities in Post-COVID-19 Asia and the Pacific —Enhancing Competitiveness and Resilience through Quality Infrastructure (additional financing)			
Project Leader: Sanjay Grover (OPPP), Ron Slangen (CWUW), Priyanka Sood (CWPF)			
Amount: $1,939,000 ($150,000 funded from FSDPSF)	**TA Approval:** 17 Dec 2021[a]	**TA Closing:** 31 Dec 2025	**Status:** Active
Expected Impact and Outcomes The TA will help cities improve (i) the quality of their pipeline, (ii) develop strategies to mobilize local resources to implement that pipeline, and (iii) more closely tie in the key elements of planning and budgeting for a municipality.			

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Under the TA, ADB will support four to five large “Partner Cities” every year across Asia to improve own-source revenue mobilization and build back better. To enable this, the TA is developing CRAFT (the City Resource and Finance Tool), a web-based platform designed to collect, visualize, and analyze a municipality’s financials, and evaluate opportunities for improving own-source revenue, increasing creditworthiness, assessing project affordability, and accessing capital markets to close the infrastructure gap. Each Partner City’s financials will be brought into the common platform of CRAFT to allow cross-comparisons and cross-learnings. FSDPSF financing is being used to improve the user-friendliness of the CRAFT model, improve its usage in decision-making and bringing it online. [a] Refers to approval of FSDPSF funding. TA was first approved in November 2020.
Accomplishments Recruitment for a website design consultant is under way and is expected to be completed by the end of February 2022. The model development for CRAFT has advanced and it is under internal reviews and discussions. The consultant has submitted a guide for implementing the CRAFT tool. Details on the design and architecture of the tool include the following: • Design and architecture of CRAFT: CRAFT is developed as an Excel-based tool with a user-friendly interface, which would be easy to navigate and calibrate. A detailed user guide document has been developed to provide an overview of tabs, their interlinkages, and navigation related details. The overall structure of the model has been designed to have input sheets, working sheets and key output sheets reflecting summaries of financials of the city including key financial ratios. • CRAFT has calibration options and sheet to evaluate the potential interventions that could be undertaken across various sectors including low-cost, high-cost and soft (policy) interventions and implications of the same on the city financials. The design, architecture, coding, and interface of the Excel-based tool would be easy to convert into prototypes for hosting the tool on a website. • A dashboard for graphical representation of the outputs is inbuilt for easier understanding and interpretation for the end users. It includes heat maps, charts, and bar graphs. **Development of Online Tool:** Expressions of interest have already been received from prospective firms that would develop user-friendly web interface for CRAFT and are being evaluated internally. A consultant firm will be selected and work would be initiated by the end of February 2022. The work on web platform development is expected to finish before the fourth quarter of 2022. OPPP = Office of Public-Private Partnership; CWUW = Central and West Asia Urban Development and Water Division.

TA Name: 6687-PRC: Financial Sector Innovation, Institutional Development, and Regional Cooperation Support			
Project Leader: Anqian Huang, EAPF			
Amount: $1,500,000 ($200,000 funded by FSDPSF)	**TA Approval:** 17 Dec 2020	**TA Closing:** 31 Dec 2025	**Status:** Active
Expected Impact and Outcomes The knowledge and support technical assistance (TA) implemented through China Banking and Insurance Regulatory Commission in the People’s Republic of China (PRC), will support (i) financial sector development and regional cooperation; (ii) innovative financing business and product development; and (iii) financial sector regulation and supervision in the PRC. Through promoting international best practices in the PRC’s financial sector and creating innovative business models, the TA will also generate regional and public goods in Asia and the Pacific. The TA outputs are expected to have a strong demonstrative effect on other ADB member countries.			

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TA Name: 6687-PRC: Financial Sector Innovation, Institutional Development, and Regional Cooperation Support			
Project Leader: Anqian Huang, EAPF			
Amount: $1,500,000 ($200,000 funded by FSDPSF)	**TA Approval:** 17 Dec 2020	**TA Closing:** 31 Dec 2025	**Status:** Active
Expected Impact and Outcomes The knowledge and support technical assistance (TA) implemented through the China Banking and Insurance Regulatory Commission in the People's Republic of China (PRC) will support (i) financial sector development and regional cooperation, (ii) innovative financing business and product development, and (iii) financial sector regulation and supervision in the PRC. Through promoting international best practices in the PRC's financial sector and creating innovative business models, the TA will also generate regional and public goods in Asia and the Pacific. The TA outputs are expected to have a strong demonstrative effect on other ADB member countries.			
Accomplishments The component (i) to "help financial sector regulators and institutions in the PRC adopt international best practices in responsible and sustainable finance" is on track. The consultants are on board to support the China Banking and Insurance Regulatory Commission and China Institute of Finance and Capital Markets. The consultants have developed comprehensive work plans. The first draft reports will be submitted in the first quarter of 2022. It is expected that the component (i) could be completed in late 2022 or early 2023. The component (ii) to develop innovative financial sector products in areas such as green financing, blue financing, disaster risk financing, and longevity financing is also on track. A number of contracts have been issued, among others, to develop an advanced green finance information technology (IT) system for commercial banks in the PRC, develop blue finance taxonomy in Shandong Province in the PRC, and create sound carbon reduction measuring technique for commercial banks. Future work will include support to disaster risk finance, longevity finance, and other innovative areas. The component (iii) to support the dissemination of the PRC experiences in the above areas through the Asia and Pacific region, especially in the Association of Southeast Asian Nations (ASEAN) countries, is being prepared and will be initiated following the first few numbers of reports are finalized. This work is expected to commence from the late 2022. EAPF = East Asia Public Management, Financial Sector, and Regional Cooperation Division.			

TA Name: 6677-BHU: Rural Finance Sector Development Program			
Project Leader: Mayumi Ozaki, SAPF			
Amount: $1,000,000 ($250,000 funded by FSDPSF)	**TA Approval:** 11 Dec 2020	**TA Closing:** 31 Dec 2024	**Status:** Active
The TA will improve Bhutan Development Bank's financial and operational performance and develop Bhutan Development Bank's capacity to significantly expand rural cottage and small industries financing outreach. The TA outputs, which will support the achievement of the project's outputs, are (i) Bhutan Development Bank's institutional capacity strengthened, and (ii) financial literacy training and business development support extended to rural cottage and small industries.			
Accomplishments As of January 2022, contract extensions until December for the (i) bank restructuring specialist, (ii) technical advisor to Bhutan Development Bank (iii) environmental and social safeguards specialist, (iv) rural finance specialist, (v) risk management specialist, and (vi) core banking system specialist have been completed. Other consultants' contracts will expire in mid-2022.			

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TA Name: 6705-REG: Technical Assistance for Women's Financing Marketplace – Capacity Building (Subproject 3)

Project Leader: Sabine Spohn, PSFI

Amount: $400,000 ($300,000 funded from FSDPSF)	**TA Approval:** 19 May 2021[a]	**TA Closing:** 31 Dec 2023	**Status:** Active

Expected Impact and Outcomes

Impact: Strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all (Sustainable Development Goal 8.10), especially women and women's businesses (Sustainable Development Goal 5)

Outcome: Sustainable financial inclusion for women and women businesses increased

Output: Capacities of women's businesses and financial institutions increased.

[a] Refers to approval of FSDPSF funding. TA was originally approved in December 2020.

Accomplishments

The activities below reflect the overall achievements of the TA.

Since the last reporting on 30 June 2021, the activities under the TA are the following:

(i) Consultants.
- The digital financial services expert has performed a detailed institutional analysis (IT, operations, credit) with recommendations for potential automated solutions for Lending as a Service for women-led small and medium-sized enterprises or MiBank in Papua New Guinea.

(ii) Capacity Building
- The TA has partnered with Centre for Excellence in Financial Inclusion in Papua New Guinea (engaged prior to additional financing from FSDPSF) to offer the following online courses for women-led small and medium-sized enterprises (2 runs each):
  - Digital Financial Literacy (70 attendees)
  - Business Planning and Debt Management (57 attendees)
  - E-Commerce (68 attendees)
  - Total of 195 attendees across all trainings.
- Conducted three webinars for financial institutions, namely, Banking the Female Economy, The Business Case for Financing Women (ADB Gender Forum) and Digitalization and Credit Scoring for Women SMEs: Part I – The Basics (a 3-part series.). Total of 29 financial institutions attended across all webinars.

TA Name: 6780-REG: Fostering Regional Cooperation and Integration through Knowledge and Capacity Building of Trade and Supply Chain Finance Program Banks

Project Leader: Roberto Leva, PSFI

Amount: $1,250,000 ($250,000 funded by FSDPSF)	**TA Approval:** 22 Sep 2021	**TA Closing:** 31 Oct 2023	**Status: Active**

Expected Impact and Outcomes

The Regional Cooperation and Integration Financing Partnership Facility and the Regional Cooperation and Integration Fund aims to (i) improve cross-border physical connectivity; (ii) increase trade and investment flows in ADB developing member countries (DMCs) from regional and nonregional economies, and (iii) preserve macroeconomic and financial stability in the region, among other goals. Trade and Supply Chain Finance Program helps fulfill those aims by boosting trade, including among DMCs, and by building capacity in the region so that DMCs can take advantage of global supply chains. More trade leads to increased economic growth and jobs, cementing stability throughout the region.

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The $1.5 million TA will help the Trade and Supply Chain Finance Program reduce market gaps for trade finance. The TA will fund the engagement of consultants (i) for business operations and administration to manage growing volumes, thereby complementing existing staff resources, and (ii) for various capacity building initiatives such as enhanced sustainability and safeguards, integrity due diligence, and gender policies. To further close gaps, promote regional cooperation and integration and as a tool to address the pandemic, the TA will also fund delivery of knowledge products, services, and solutions.			
Accomplishments TA funding is being used for the engagement of a program coordinator in charge of knowledge initiatives as well as back-office operations. As of 31 December 2021, the Trade Finance Program has supported 41,099 transactions, valued at $56.1 billion, generating cofinancing of $33.7 billion. More than 46% of these transactions are in Asian Development Fund countries, while about 31,000 are intraregional, 11,000 are DMC-to-DMC transactions, and 24,000 are SME-related.			
TA Name: 6781-PRC: Scaling Up Climate Financing and Carbon Neutrality in Hainan			
Project Leader: Anqian Huang, EAPF			
Amount: $400,000 ($100,000 funded by FSDPSF)	**TA Approval:** 16 Sep 2021	**TA Closing:** 31 Oct 2024	**Status:** Active
Expected Impact and Outcomes Impact: (i) Investment and finance activities that better serve low-carbon development goals in the PRC promoted. (ii) Peaking carbon emissions before 2030 and carbon neutrality by 2060 in the PRC achieved. Outcome: Climate financing strategy for catalyzing private sector investment improved. Outputs: (i) Road map for creating enabling policies and regulations, financial, and institutional mechanisms for scaling up climate finance developed. (ii) Capacity for project development and investment opportunities in low-carbon, climate-resilient infrastructure strengthened. (iii) Pilot climate finance project on low-carbon technologies identified.			
Accomplishments As of February 2022, the TA has just commenced implementation and is in the stage of tendering the contract.			
TA Name: 6794-PRC: Promoting Innovative Financing for Ecosystem Protection and Restoration			
Project Leader: Peter Rosenkranz, EAPF			
Amount: $600,000 ($150,000 funded from FSDPSF)	**TA Approval:** 6 Oct 2021	**TA Closing:** 31 Dec 2024	**Status:** Active
Expected Impact and Outcomes Impact: Social capital investment in ecosystem protection and restoration projects increased. Outcome: Policies and management on innovative finance for ecosystem protection and restoration investment improved. The TA's outputs are (i) innovative financing solutions for ecosystem protection and restoration investment promoted, (ii) options on innovative ecosystem protection and restoration investment financing proposed, and (iii) knowledge of innovative ecosystem protection and restoration investment financing enhanced.			

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Accomplishments

Consultant recruitment was initiated in December 2021. Implementation to start in 2022.

TA Name: 6883-REG: Accelerating Gender Equality in East Asia for an Inclusive and Green Recovery			
Project Leader: Tsolmon Begzsuren, Mongolia Resident Mission			
Amount: $920,000 ($200,000 funded by FSDPSF)	**TA Approval:** 16 Dec 2021	**TA Closing:** 30 Jun 2024	**Status:** Active

Expected Impact and Outcomes

Impact: Gender equality for an inclusive and green recovery in East Asia accelerated.

Outcome: Knowledge of and capacity on gender-inclusive and green recovery applied.

Outputs:
- (i) Knowledge solutions to promote a gender-inclusive green transformation increased.
- (ii) Inclusive green recovery options for micro, small, and medium-sized enterprises (MSMEs) demonstrated.

Accomplishments

The governments of the PRC and Mongolia provided clearance for inclusion of the two countries in the regional TA in November and December 2021, respectively. The Request for Proposals, including terms of reference of two consulting firms, are under preparation for advertisement.

TA Name: 9133-REG: Strengthening Financial Inclusion through Responsible Finance Practices			
Project Leader: Anshukant Taneja, PSFI			
Amount: $1,950,000 ($750,000 funded by FSDPSF)	**TA Approval:** 8 Jul 2016	**TA Closing:** 31 Dec 2023	**Status:** Active

Expected Impact and Outcomes[a]

Impact: The TA is aligned with ADB's Strategy 2030 supporting three of its operational priorities related to accelerating gender equality; addressing remaining poverty and reducing inequalities; and strengthening governance and institutional capacity.

Outcome: Access to responsible financial services in ADB DMCs improved.

The TA addresses the issue of sustainable growth in the microfinance sector by focusing on the problem of over indebtedness and aims to provide consumer protection and financial literacy to microfinance clients. It supports partner microfinance institutions (MFIs) in managing their growth in a client-centric and responsible manner by providing capacity building related to consumer protection practices, risk management, governance, management information system controls, and credit processes. The TA helps develop knowledge products and impact stories that can benefit nonparticipating MFIs.

Outputs:
- (i) on-site support for institutional strengthening for selected partner MFIs provided,
- (ii) implementation of consumer protection principles for partner MFIs,
- (iii) workshops for MFI clients on effective use of financial services provided, and
- (iv) dissemination of information material on program results.

[a] Based on the Revised Design and Monitoring Framework under the Major Change in Scope approved on 15 November 2019.

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Accomplishments

Accomplishments and activities completed from TA inception up to 31 December 2020:

(i) BASIX Consulting and Technology Services Ltd., the technical consultant, has implemented three of the four original TA outputs: (a) onsite support for institutional strengthening for selected partner MFIs, (b) support partner MFIs in the implementation of consumer protection principles, and (c) enhance product awareness of MFI clients on effective use of financial services. The contract with BASIX was concluded on 31 March 2020 and final payment and contract variation finalized 7 December 2020.
(ii) Under the BASIX contract, five MFIs were selected in consultation with the program's participating financial institutions and institutional assessments were conducted.
(iii) BASIX has provided on-site support to enhance the managerial competencies of the selected MFIs in (a) governance and compliance; (b) risk management; (c) internal audit; (d) strategic business planning; (e) human resources; (f) policies covering asset-liability management, complaints redress, data and security; and (g) information technology and management information systems. The assisted MFIs were able to obtain additional equity after having improved its capacities for larger operations, implemented better risk management framework, compliance to Consumer Protection Guidelines, and institutionalization of financial education. Out of the 10 target MFIs, 5 have undertaken capacity building for consumer protection and institutional strengthening.
(iv) Selection of a new consulting firm (technical partner) is ongoing. Proposals are being evaluated by the project team.
(v) Under other related sector development activities, training and workshop activities on consumer protection, risk management, ADB's integrity due diligence and safeguard policies were conducted on various dates and attended by more than 20 financial institutions (participating financial institutions and MFIs).
(vi) Under the financial education component of the TA, the following have been delivered: (a) financial education assessment framework; (b) digital financial education service providers interface with select MFIs; (c) financial education modules and materials in the form of audiovisuals; (d) pilot test of financial education mobile app; and (e) training of trainers in MFIs for the above activities. A total of 101,127 borrowers, 100% women, have benefited in the financial education (against a target of 80,000 clients and at least 90% women).
(vii) Activities on institutional strengthening of credit bureaus and enhancing or developing gender policies and agenda of MFIs are yet to be undertaken.

Under output 4 of the TA, the team in coordination with the Department of Communications, has published promotional materials (brochures and videos) for creating awareness about the program's impact on widening microfinance in India and strengthening institutional capacities. The existing TA is on track to deliver its key outputs and has consistently received positive feedback from participating MFIs. The lessons from the current TA are being brought to markets where ADB's Microfinance Risk Participation and Guarantee Program is expanding (e.g., Bangladesh, Cambodia, Pakistan, Philippines, Sri Lanka). The smaller partner MFIs targeted here have the potential to deliver sustainable growth through additional support from the capacity building component of the TA. Similar to the experience in India, as MFI penetration has increased rapidly, the issues related to clients' financial literacy and adoption of fair practices need to be addressed in these countries.

The other key lesson of the Indian experience is the critical role strong credit bureaus with nationwide coverage play in bringing (i) prudent lending practices to MFIs; (ii) helping adopt fair and client-sensitive lending practices by MFI loan officers; (iii) preventing over-indebtedness; and (iv) strengthening the financial inclusion environment and context which allows lenders to manage risks, take informed decisions and for the less financially literate borrowers, to benefit from sustainable levels of borrowings for their income-generation needs.

While all key markets have made headway in establishing credit bureaus, they need additional support to be institutionalized and formally included in the countries' financial systems. Further, the credit bureaus require support in (i) adopting newer technology solutions for managing their IT and data solutions; (ii) strengthening their organizational capacities, as some still rely on voluntary support of the larger contributing MFIs; and (iii) making the member MFIs aware and updated on the extent and usage of credit bureaus' data resources. The TA will also look at specifically targeting this sub-segment, i.e., institutional strengthening of credit bureaus within its expanded scope of coverage.

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Due to new COVID-19 variants emerging and local outbreaks, implementation of the TA in other ADB DMCs has been delayed due to movement restrictions. The project team intends to reinitiate work under the TA, in select countries, in the second quarter of 2022.			
TA Name: 9143-NAU: Strengthening Financial Inclusion and Financial Sector Development Program			
Project Leaders: Vimlesh Bharat and Vinoo Jose, PLCO			
Amount: $350,000	**TA Approval:** 25 Jul 2016	**TA Closing:** 30 Jun 2021	**Status:** Closed
Impact and Outcomes The TA will support financial inclusion and finance sector development in Nauru by addressing (i) low financial literacy, (ii) deficiencies in the legal and institutional framework for the finance sector, and (iii) lack of access to diversified financial services. Key outputs are (i) improved financial literacy, (ii) enhanced financial sector policy, and (iii) regional knowledge sharing.			
Accomplishments **Output 1: Financial literacy improved.** The implementation of the activities under output 1 was successfully completed by 30 June 2021. ADB engaged Good Return Australia to support the community financial literacy program in December 2019. ADB joined Good Return on an inception mission on 11–18 February 2020. As part of the community financial capability program, the demand-side survey and the learner-need resources assessment was successfully completed in May 2020. The findings were presented to the broader stakeholders through a workshop on 22 July 2020. This was followed by the development of the financial education tools. The first phase of the community financial capability pilot program was completed in November 2020, whereby 14 community-based coaches were trained, who delivered full coaching to 78 individuals (one per individual household, representing around 3.9% of the total households in Nauru). The implementation of the activities under the community financial capability program progressed satisfactorily despite COVID-19-related travel restrictions. During this time, the international experts provided support remotely and the use of local Nauruans as project manager and coordinator helped the project team to continue to engage with the relevant stakeholders and implement activities under the TA. In December 2020, as Good Return Australia worked on a review report to assess the initial pilot, an extension of the program was discussed and approved which (i) supported the enhancements to the resources and delivery approach for community financial capability program, as identified from the pilot review report; (ii) trained an additional cohort of 7 coaches (total 21 coaches – 7 new and 14 existing); and (iii) rolled out additional coaching sessions to communities. The second phase of the program was completed on 30 June 2021, with 107 additional individuals from different households receiving financial capability training. Both the phases of the pilot program trained 185 individuals, representing around 10% of the total households in Nauru. The pilot concluded improvements in participants' confidence to make money decisions (80%), financial behavior (59%), and financial well-being (31%). Participants continue to have limited knowledge and understanding (only 14% improvement) of financial service providers in Nauru, their responsibilities, and ways to recognize regulated institutions.			

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Output 2: Financial sector policy framework enhanced. An international specialist was fielded at the end of May 2017 to discuss the legal and regulatory framework necessary to strengthen Nauru's finance sector. A National Financial Inclusion Taskforce was also formed, which was affected by capacity constraints and became ineffective. The consultant's report was completed in November 2018, which recommended drafting a finance sector bill and setting up a financial services commission. The report was shared with the government. The implementation of the recommendations was not pursued due to a change in government priorities. Resources were diverted to deliver increased financial education for communities under output 1. However, the government has renewed interest in undertaking legislative and regulatory reforms to support finance sector development over the medium-to-long term. The government is also negotiating with Bendigo Adelaide Bank and its agency to offer credit products and services. ADB has been engaging with the government to complement their efforts in developing the finance sector in Nauru, including exploring alternative, more practical reform options. The potential work will be undertaken in close collaboration with the Pacific Private Sector Development Initiative.

Output 3: Regional knowledge sharing. Three Government of Nauru representatives participated in the 3rd Asia Finance Forum in November 2019. The forum facilitated discussions on how modern technologies like artificial intelligence, big data, and blockchain, the rapid expansion of mobile payments, and digital banking are helping to bring financial services to unbanked communities. This was relevant to Nauru. Its high mobile penetration rate could be leveraged to improve access to financial services using technology. The TA also coordinated with the Pacific Financial Inclusion Programme to undertake a scoping study to integrate financial literacy into the Nauru school curriculum. The Pacific Financial Inclusion Programme has substantial experience in similar work across the Pacific region, and their expertise and learnings can be leveraged to implement this initiative in Nauru. Discussions have been ongoing with the Ministry of Education, and the work will likely be pursued through a follow-up program.

Based on the achievements and lessons learned, a follow up TA program is been designed that will (i) sustain the provision of community capability development programs through appropriate channels and agencies; (ii) expand the provision of capability development program to businesses; (iii) strengthen partnership with active agencies to promote financial inclusion and finance sector development efforts in Nauru; and (iv) strengthen engagement with government to initiate policy, legal and regulatory reforms.

PLCO = Pacific Liaison and Coordination Office in Sydney, Australia

TA Name: 9166-PHI: Financial Inclusion Framework Strengthening (additional financing)			
Project Leader: Kelly Hattel, SEPF			
Amount: $2,050,000 ($200,000 funded by FSDPSF)	**TA Approval:** 29 Oct 2021	**TA Closing:** 31 Oct 2023	**Status:** Active

Expected Impact and Outcomes

Impact: The TA is aligned with the National Strategy for Financial Inclusion and the Philippine Development Plan 2011–16 aiming for higher inclusive growth and income equality through greater financial inclusion

Outcome: Institutional capacity of national financial inclusion initiatives strengthened

Outputs:
- (i) Financial inclusion framework assessed to formulate effective assistance
- (ii) Policy and regulatory framework improved to promote savings and credit
- (iii) Microinsurance regulatory framework improved to develop diverse microinsurance products and services
- (iv) Regulatory and supervisory capacity enhanced to promote digital finance

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FSDPSF financing will be used to engage consultants to support the following areas of work: (i) The international inclusive finance specialist and team leader will continue providing technical support across all TA activities with a focus on the agriculture value chain financing pilot which has progressed despite the setbacks due to the pandemic. The consultant will continue to support the PPP in agri-insurance as well as effective governance and operations of the Microfinance NGO Regulatory Council. (ii) The national agriculture finance specialist will continue to conduct a value chain analysis of selected commodities for the development of an agri-value chain financing loan product or package for each of the pilot banks which were approved in 2020. An agri-value chain financing loan package per pilot bank is expected to be developed in 2021 (was planned for 2020 by delayed due to the COVID-19 pandemic). A toolkit for other rural banks will be developed to support similar value chain finance packages. In addition, linkages are being established between the PPP in agriculture insurance pilot project and the agri-value chain financing pilot project. (iii) The international agriculture insurance specialist will continue to work with the Philippine Crop Insurance Corporation, Pioneer (microinsurance provider), and the Insurance Commission to develop new products within the newly proposed regulatory sandbox for agri-insurance.
Accomplishments In 2020, CARD Pioneer Microinsurance Incorporated and Philippine Crop Insurance initiated discussions on a potential co-insurance agreement where CARD Pioneer Microinsurance would be the lead insurer and Philippine Crop Insurance would be the co-insurer. Under the finalized coinsurance agreement, the risk underwritten for each insurance policy to be issued will be shared by CARD Pioneer Microinsurance and Philippine Crop Insurance in the ratio of 70:30. The co-insurance agreement was signed in a virtual signing ceremony on 3 February 2022. SEPF= Southeast Asia Public Management, Financial Sector, and Trade Division.

TA Name: 9213-SRI: Developing the Capital Market			
Project Leader: Takuya Hoshino, Financial Sector Specialist, SAPF			
Amount: $2,200,000 ($750,000 funded by FSDPSF)	**TA Approval:** 26 Oct 2016	**TA Completion:** 25 Oct 2022	**Status:** Active
Impact and Outcomes Impact: Basic capital and investment needs, as well as Sri Lanka's longer-term economic objectives, are supported. Outcome: Enhanced size, depth, and capacity of the capital market. The TA is supporting the implementation of key reform actions under the Capital Market Development Program by building capacity to carry out these reforms at the Securities and Exchange Commission (SEC), the Ministry of Labor, the Employees' Provident Fund, the Insurance Regulatory Commission of Sri Lanka, and the Sri Lanka Accounting and Auditing Standards Monitoring Board.			
Accomplishments Significant progress has been achieved, and the TA continues to support multiple work streams. Of significance: • Under the advice of the demutualization specialists, SEC submitted a demutualization bill to the Parliament in February 2018, but it was returned to SEC in 2019. A revised draft bill is being prepared. • A revised capital market qualification framework for industry professionals was approved by the SEC in 2020. • Support for the legal review of the Unit Trust Code and the drafting of related legislation was completed. The unit trust outreach strategy was prepared in 2017 to strengthen financial literacy and outreach, for which two trainings on unit trust rules were held.			

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• Support for the legal and tax review of the current securitization framework was done. Strategic options for the introduction of securitization through amendments in existing laws, regulations, and tax codes were identified. Due to market volatility in the midst of COVID-19 and change in the government's priority, this component is put on hold. • A feasibility assessment for the establishment of derivative instruments and derivative markets was carried out. A strategy for derivative market development and a new regulation for short-selling and securities lending and borrowing were also drafted. • An assessment was conducted for Employees' Provident Fund to propose a redesign of its legal and operational frameworks. Additional support was also provided for a white paper covering the reform of the overall retirement savings system, in the form of review and knowledge inputs. A business process review was also conducted eliminating Employees' Provident Fund operational gaps and introducing end-to-end processes. In parallel, asset management trainings were done to strengthen Employees' Provident Fund risk management capacity for alternative investments and foreign equities. • Legal advice was provided on the implementation framework for Insurance Regulatory Commission of Sri Lanka's independent and formal dispute resolution panel. A gap analysis was carried out on its financial literacy program and, thereafter, a comprehensive education strategy was drafted to strengthen and deepen financial literacy. • Policy advice was provided for the establishment and operationalization of the National Economic Advisory Council. In 2020–2021, the TA scope was expanded to support new workstreams: • Reassessment of the capital market was done in 2020 and 2021, which ascertained current market gaps and provided updated recommendations for SEC's new capital market development strategy 2021–2025. • Support in the form of legal review is being provided to Sri Lanka Accounting and Auditing Standards Monitoring Board for the finalization of the new Sri Lanka Accounting and Auditing Standards Monitoring Board Act, designed to improve standards for public and private entities and in parallel strengthen the board's supervisory and enforcement capacities. • Innovative initiatives by the SEC are being supported, including developing regulatory and supervisory frameworks for (i) Islamic finance, specifically for Shariah-compliant market instruments which includes sukuk; and (ii) equity-based crowdfunding. • The support for derivatives is deepened by focusing on developing a new regulatory framework for introducing structured warrants.			
TA Name: 9214-KAZ: Strengthening Micro, Small, and Medium-Sized Enterprise Finance			
Project Leader: Dai Chang Song, CWPF			
Amount: $500,000	**TA Approval:** 27 Oct 2016	**TA Closing:** 26 Oct 2021	**Status: Closed** (for financial closing)
Expected Impact and Outcomes Impact: Sustained contribution of MSMEs to Kazakhstan's gross domestic product, which is aligned with the government's objectives of supporting entrepreneurship and the contribution of MSMEs to the non-oil economy and employment under a challenging macro environment. Specifically, the technical assistance, which is attached to the Supporting Resilience of Micro, Small, and Medium-Sized Enterprises Finance Project, will strengthen credit origination and management of selected participating financial institutions to better serve MSMEs.			
Accomplishments A third extension of the TA completion date was approved in May 2021. TA completion date was further extended another 5 months up to 26 October 2021 which will result in a 5-year TA validity from its original TA approval date. This extension is to cover for the postponed regional workshops, implementation of the Arnur Credit MFI proposals, and to accommodate the internal publication process of the financial diagnostic study.			

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Request for continued TA support from main implementing partner, National Chamber of Entrepreneurs-Atameken (cooperating institution), was reviewed and evaluated during the TA review mission held 30 October 2019. It further acknowledged that the lack of necessary business skills and capacities was a major problem faced by women in rural Kazakhstan in establishing their own businesses. In this regard, Atameken conducted eight regional workshops during the period of May to September 2019 (Turkestan, Zhambyl, Almaty, East Kazakhstan, Mangistau, Akmola, North Kazakhstan region and the small towns of the Turkestan region and the city of Shymkent) and the first three regional workshops (Atyrau, West Kazakhstan, Karaganda) during the first two months of Year 2020. But due to the COVID-19 pandemic health crisis, the remaining four regional workshops (Aktobe, Kyzylorda, Pavlodar and Kostanay regions) were not conducted during the project implementation period. These regional workshops were enlisted as a department knowledge product under the category of Signature Events in support of women entrepreneurs in rural Kazakhstan as these activities are aligned with the TA objectives. The workshops provided the primary audience for the participating financial institutions (commercial banks and microfinance organizations) under the active program to reach out to the target market and to do one-on-one consultations with the MSME women entrepreneurs regarding their respective financial loan products and services. Continued support for these field workshops were also extended by the relevant ADB staff from CWPF and KARM to act as field administrative resource persons to promote ADB visibility and presence through short slide presentations about ADB as a lending institution and how it supports women entrepreneurs in Kazakhstan. A financial inclusion diagnostic study was funded by hiring a national financial inclusion specialist. It is a study of the microfinance institutions in Kazakhstan including the regulatory framework, analysis of loan products, and full market assessment. Microfinance institutions have been very effective in reaching out to women entrepreneurs and businesses outside Almaty and Nursultan. The results of the study were presented through an online knowledge sharing forum last March 2021 with the executing agency (Damu), microfinance industry stakeholders and selected financial institutions in attendance. The planned publication for this diagnostic study is currently on track on the production schedule. The TA transformed the study into an ePublication, as ADB publications are widely distributed and is available for free and disseminated to other digital outlets including institutional databases (university libraries) and commercial channels. The publication process was in its last stage of production in January 2022. Arnur Credit is a microfinance institution actively engaged in Southern Kazakhstan and became a participating financial institution under the active financial intermediation loan last August 2019. The TA extended support in training in-house credit officers and risk managers about the formation and consolidation of reporting skills for financial and credit analysis, familiarization with the methods of assessing financial condition of the clients, development of skills in the analysis of agricultural businesses and understanding customer interview techniques and obtaining tools for consolidating skills. The in-house training was facilitated by FinCredit Advisor, a local consulting firm with a financial expertise background. In the third quarter of 2021, another set of support activities were held which emphasized financial literacy training among Arnur Credit's female entrepreneur clients and an internally driven workshop for their staff on the subject areas of sales techniques, corporate sales standards, and strategy implementation. The TA also supported the executing agency (Damu Entrepreneurship Development Fund JSC) in the holding of an online training session on credit scoring as facilitated by Ernst & Young Kazakhstan Academy of Business, which was attended by microfinance organizations in Kazakhstan. A related news article was published in February 2022 on ADB.org highlighting the gender achievements of the financial intermediation loan project.

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TA Name: 9333-INO: Promoting Innovative Financial Inclusion (additional financing)			
Project Leader: Poornima Jayawardana, SEPF			
Amount: $1,100,000 ($300,000 funded by FSDPSF)	**TA Approval:** 12 Aug 2020[a]	**TA Closing:** 27 Jun 2022	**Status:** Active
Expected Impact and Outcomes Impact: Annual growth rate of finance sector increased (National Medium-Term Development Plan, 2015–2019) Outcome: Development and inclusiveness of the finance sector increased FSDPSF will fund activities that will increase the extent to which the project reaches more economically marginalized young people across the country, and will make the project more relevant and sustainable, while reinforcing essential financial consumer protection, financial literacy and inclusion components. [a] Refers to approval of additional financing from FSDPSF. TA was approved on 28 June 2017.			
Accomplishments DIKA is the Youth Financial Inclusion Ambassadors Program supporting the implementation of youth financial inclusion strategy. The Y-bank and Youth Finsights report launched together with the Coordinating Ministry for Economic Affairs, OJK, and Ministry of Youth and Sports. Further discussions are in progress for the DIKA provincial expansion, Y-Bank 2.0 program online version, and the Youth Finsights 2.0 survey in collaboration with OJK financial literacy department and Microsave Indonesia. Preparation for new cohort of ambassadors to support the Youth Finsights 2.0, including preparing several training curriculum programs, is in progress. Financial consumer protection study reviewing online lending practices of peer-to-peer lending (P2P) platforms in Indonesia was released; 149 P2P companies' website were visited, 36 companies contacted and detailed terms and conditions content analysis of 10 companies with biggest total loan disbursement was done. Post-COVID-19 economic and financial impact analysis of young individuals and entrepreneurs in eastern Indonesian provinces was done where 108 small business owners and 700 individuals were surveyed online and 46 among them were interviewed. A financial literacy and consumer protection challenge was piloted during the Ramadan period, engaging 145 participants, mostly from outside Java. Relevant links: https://snki.go.id/youth-finsights-gaining-deeper-insight-on-youth-financial-inclusion-in-indonesia/ https://dikaindonesia.org/ https://www.instagram.com/dikaindonesia/			

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TA Name: 9340-REG: Supporting Finance Sector and Private Sector Development in the Pacific (supplementary)			
Project Leader: Shiu Raj Singh, PLCO			
Amount: $3,500,000 ($1,500,000 funded by FSDPSF)	**TA Approval:** 24 Nov 2017	**TA Closing:** 30 Jun 2023	**Status:** Active
Expected Impact and Outcomes Impact: Development-oriented policies that support productive activities; job creation; entrepreneurship; creativity and innovation; and promoting the formalization and growth of microenterprises and SMEs, including through access to financial services. Outcome: Project and program financing to support Pacific finance and private sector operations increased.			
Accomplishments Progress has been made in several areas of the TA, as described below: **Financial technology workshop:** ADB organized a regional workshop in Samoa on financial technology to discuss how Pacific DMCs can leverage technology to promote financial inclusion, access to finance, and financial sector efficiency. The workshop was attended by central bank governors and senior bankers from seven Pacific DMCs. **De-risking workshop:** ADB, and the International Monetary Fund, jointly organized a roundtable on removing impediments to international remittances and trade finance in the Pacific island countries. The roundtable brought together banks and regulators from the Pacific island countries, Australia, New Zealand, and the United States. **SME finance:** SME diagnostic studies were conducted for Samoa, Solomon Islands, Timor-Leste, Tonga, and Vanuatu. The diagnostic studies informed the preparations of TA for supporting recovery by Pacific MSMEs from the effects of COVID-19 that is currently under implementation. The TA also supported preparations for the proposed Pacific Regional MSME Finance knowledge and support TA by preparing required documents for the European Union (EU) grant application, a draft concept paper, and a joint ADB-EU communications and visibility plan. **Strategy formulation:** The TA supported development of the Pacific Department's finance sector strategies to improve access to finance for individuals and MSMEs. Diagnostic missions in five countries were completed and a draft report was prepared. The report identifies potential finance sector operations, such as support for increasing use of digital financial services and facilitating MSME financing. The multicountry report will be used to prepare the Pacific Department's finance sector strategy. **Disaster risk finance and insurance:** The TA supported a disaster risk insurance diagnostic in five Pacific countries. The diagnostic was to identify challenges in expanding disaster risk insurance and finance coverage for residential and commercial properties for possible project development. A final report and a presentation were submitted in February 2020. The report recommends incentivizing the uptake of insurance by households and businesses through subsidized schemes. This report is being considered, in partnership with ADB's Sustainable Development and Climate Change Department Finance Sector Group, for developing briefer content for sharing with governments to consider project opportunities for disaster risk reduction and disaster risk finance and insurance. **Remittance software development:** The TA supported a technology-based solution to support money transfer operators in Samoa, to support identity verification of customers. A source database was reformatted, and the hardware upgraded to facilitate identity verification services. The TA is supporting development of a customer due diligence facility which was concept tested and is piloted in Samoa. This pilot project is aligned with and will contribute to a higher standard of customer due diligence in participating Pacific DMCs to comply with international requirements and meet regulatory reporting requirements and information sharing needs within the finance sector. The TA is supporting an additional KYC due diligence pilot project in Vanuatu, which has a more complex finance sector, to contribute further to knowledge on technical, legal, and regulatory requirements for a KYC due diligence platform. The Vanuatu pilot will contribute to lessons for a collaborative committee of central banks and development partners in the Pacific on expected requirements for a regional KYC due diligence platform project.			

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Digital Financial Services: A digital financial services expert has been hired to support ADB in the development of projects that integrate cutting-edge digital technology in financial services with the objective of expanding affordable, appropriate, and accessible financial services to underserved segments of populations in the Pacific. The consultant is also supporting with advisory services on integrating digital technology in expanding affordable, appropriate, and accessible financial services to unbanked and underserved segments of populations in the Pacific. **Digital Access Tool:** The TA is co-funding a pilot project underway to create a viable, innovative, and secure digital access tool solution, focused on providing individuals with means of identification through biometric capture to allow them access to financial products and services. A team of three individual experts (on data governance, impact evaluation, and cybersecurity) was contracted to support implementation of the project. The work is ongoing; however, there are delays due to travel restrictions. **Anti-money laundering and combating the financing of terrorism (AML/CFT) regulatory measures:** An expert has been hired to support banking and finance sectors in DMCs of the ADB to improve the implementation of AML/CFT regulatory measures and facilitate the development of regional services to comply with the requirements of the Financial Action Task Force through a pilot customer due diligence platform with the potential to expand as a regional customer due diligence platform. The expert is also supporting the project team to ensure that AML/CFT risk-based customer due diligence requirements are met through the pilot platform, thereby improving the implementation of AML/CFT regulatory measures. In addition, the TA will support policy reforms in Vanuatu to contribute to the development of a potential policy-based operation. Support will be provided for reform areas such as improving its AML/CFT compliance framework to cover regulation of virtual assets and virtual asset service providers. This support will require diagnostic study to assess risks from potential use of virtual assets and requirements for regulating virtual asset service providers under the improved AML/CFT framework. **Customer Due Diligence impact study:** An expert was engaged to evaluate the potential impact of the Samoa Customer Due Diligence platform pilot. The impact study is documenting the pilot process and estimating the impact of a possible national and regional roll-out through interviews with and surveys of participating partners.

TA Name: 9344-BAN: Capacity Development in Infrastructure Development Company Limited			
Project Leader: Mohammad Rashed Al Hasan, Bangladesh Resident Mission			
Amount: $750,000	**TA Approval:** 18 Jul 2017	**TA Closing:** 31 Dec 2021	**Status: Closed** (for financial closing)
Expected Impact and Outcomes Impact: Investments in infrastructure increased. Outcome: Private sector investments in infrastructure, including renewable energy, leveraged.			
Accomplishments • TA consultants have completed the assessment of the capacity of the Infrastructure Development Company Limited, and the report has been confirmed. • Treasury management framework for the company has been developed by the consultant. • The consultant has developed the Mid-Term Strategy for the company and organized a workshop to finalize the strategy report. • Financial assessment of the Infrastructure Development Company Limited has been completed. • Sector assessment of the PPP sector has been completed. • Financial management assessment has been completed. • Safeguard capacity-building plan has been prepared.			

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TA Name: 9364-REG: Strengthening Financial Sector Operations in Asia and the Pacific			
Project Leader: Lisette Cipriano, Finance Sector Group			
Amount: $2,950,000 ($1,250,000 funded by FSDPSF)	**TA Approval:** 31 Aug 2017	**TA Closing:** 30 Jun 2023	**Status:** Active
Impact and Outcomes Impact: Enabling environment for investment opportunities in domestic financial markets of DMCs improved. Outcome: Capacity of DMCs to promote finance sector development enhanced at the national level.			
Accomplishments • The TA supported Finance Week, held 6–10 November 2017 at ADB headquarters in Manila, which included the second Asia Finance Forum: FinTech and Sustainable Development (co-organized by the ADB Institute, the Alliance for Financial Inclusion, the Bill & Melinda Gates Foundation, the Consultative Group to Assist the Poor, and the Government of Luxembourg). The forum brought together stakeholders to discuss the growing importance of fintech in shaping the financial system of the new economy. Attended by over 300 participants representing 29 DMCs, the event generated much interest on social media, with more than 11 million tweets related to the forum. • To continue the discussion on the challenges and opportunities in the digital financial services, the Third Asia Finance Forum was organized on 4–7 November 2019. With an overarching theme of "The Future of Inclusive Finance", the event brought together more than 480 policy makers, finance sector regulators, financial technology (fintech) companies, academics, and finance sector experts from 36 DMCs. • Capacity building workshops on cybersecurity and regulatory sandbox were conducted in Mongolia, Georgia, and Papua New Guinea during the first half of 2019 and workshops on blockchain, financial literacy, and alternative payment systems, among others, were conducted on the sidelines of the Third Finance Forum. • The Asia Fintech Roundtable was conducted on 28–29 September 2020 to better understand how regulators and policy makers can cultivate innovation and growth, while anticipating new areas of risks potentially introduced by new innovations and mitigating them. The event brought together policy makers, financial regulators, central banks, the academy, and market players from ASEAN+3 countries, Australia and India. They shared their insights, experiences, and perspectives on how to support an appropriate and enabling fintech environment to foster financial inclusion and stability in Asia and the Pacific. Based on a literature review and information collected during the roundtable, the Asia Fintech Policy Toolkit was developed and the final draft is up for approval. • Capacity-building workshops on cybersecurity, regtech, and suptech were conducted for the Central Bank of Uzbekistan in November 2020. • The TA supported the development of a cloud audit toolkit to provide a framework by which financial regulators can oversee the technology and outsourcing risks involved with using and deploying cloud technology. The cloud audit toolkit for financial regulators was piloted with the Bangko Sentral ng Pilipinas and a training program was developed and implemented for the central bank's examiners in May 2021 and a knowledge product published in December 2021. • The TA supports the design and implementation of pilot projects in emerging finance areas. The pilot projects are progressing well and are in various stages of implementation: – Georgia tablet-based digital field application—implementation has been completed and evaluation report is being finalized. – Indonesia digitizing supply chain ecosystem and enabling access to credit—implementation has been completed and an impact study that will provide details of the results is being conducted. – Philippines application programming interface layer mobile banking channel—due diligence was conducted and implementation agreement for finalization and signing, the entire development process, including approval from the central bank, and the mobile banking application has been completed and the mobile banking service was launched on 8 October 2021. – Philippines design and implementation of digitization for microfinance institutions—consultant has been engaged to conduct the needs assessment study of the microfinance institutions industry related to digitization; conduct of surveys and interviews with the participants was completed in December 2021. The needs assessment study will be finalized and a capacity building workshop will be organized.			

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– Papua New Guinea—Digital access tool has been developed and the conduct of architecture review and cyber security penetration testing of the tool has been concluded. Recruitment for consultant to conduct the commercial pilot implementation is ongoing. Contracts of the financial institutions have been crafted as well as the memorandum of understanding with the Bank of Papua New Guinea. Signing of said agreements will be pursued. – Knowledge products were also developed. Awareness raising material on the results of the pilot on cloud-based core banking in the Philippines was published in September 2021.			
TA Name: 9369-PRC: Support to Budget Expenditure Reform in Henan Province			
Project Leader: Shingo Kimura, East Asia Environment, Natural Resources and Agriculture Division			
Amount: $1,350,000 ($750,000 funded by FSDPSF)	**TA Approval:** 12 Sept 2017	**TA Closing:** 31 July 2022	**Status:** Active
Expected Impact and Outcomes Impact: Public sector management improved. Outcome: Program budget accuracy and preciseness improved. FSDPSF funding will be used for output 2: Agricultural insurance services for modern agriculture development prepared.			
Accomplishments The TA has undertaken the following key assessments and presented results for the following four output targets: (i) assessment of agricultural risks; (ii) assessment of the state of agricultural risk management and agricultural insurance in Henan including issues and problems faced by the agricultural insurance system; (iii) assessment of the use of subsidies in agriculture insurance; and (iv) recommendations to address these issues and problems towards improving the agricultural policy system of Henan Province. The tasks remaining which are the focus of the current work program are the: (i) design of an improved insurance model; (ii) preparation of a knowledge product about agriculture insurance in the PRC; and (iii) holding of a conference to disseminate results and raise awareness about agriculture insurance issues. COVID-19 has revealed major weaknesses, inequities, and system-wide risks in agricultural and food systems that should be addressed by this TA. TA activities under output 2 have been reviewed to fully assess the COVID-19 implications and how the TA can be further strengthened to include such high-risk events and how agriculture insurance can be used to respond to such events. The TA has identified the following additional areas of work that are relevant to the scope of the TA and that would improve the TA outputs and make agricultural and food systems more resilient: (i) holistic assessment of agricultural supply chain risks and risk management strategies and policies; (ii) risk management through digitalization of vegetables supply chains; and (iii) building of resilient livestock supply chains to climate, environment, and public health risks. To support these proposed activities, ADB approved minor change in scope and implementation arrangements on 23 April 2021. This minor change (i) added four new national specialists (an agricultural risk management specialist, food supply chain specialists, and a livestock supply chain specialist) to the current consultant team; (ii) reallocated $143,962 or 64% of the total budget for seminars, trainings, and workshops to consultants' remuneration and (iii) engaged international resource person to complement the work of the national consultants. The draft reports of the additional areas of work were delivered to ADB and the executing and implementing agencies by 15 August 2021. Reports on these key topics will be produced and at least three knowledge sharing webinars on agricultural risk management and resilient food supply chains, engaging with governments as well as private sector stakeholders, will also be organized.			

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TA Name: 9436-PRC: Heilongjiang Business Development Services Support to Strengthen Financial Intermediation Component Implementation			
Project Leader: Stefan Rau, East Asia Urban and Social Sectors Division			
Amount: $750,000 ($300,000 funded by the FSDPSF)	**TA Approval:** 5 Dec 2017	**TA Closing:** 28 Feb 2023	**Status:** Active
Expected Impact and Outcomes The TA is attached to the loan for the Heilongjiang Green Urban and Economic Revitalization Project. The project has a financial intermediation component which is linked to a business development services subcomponent to strengthen the capacity of SMEs and enable private sector development. The TA will support capacity building as a further risk mitigation measure for the financial intermediation component. It will strengthen SMEs during subloan implementation to enhance credit repayment capacity and financial intermediation component sustainability. It will also strengthen the risk control capacities of financial intermediaries and support the implementation of an environmental and social management system.			
Accomplishments **Project startup.** As part of loan project implementation, business development services specialist consultants have been recruited, financed by the loan. They are working with the government and screening SMEs as candidates for financial intermediation loan component subprojects. A total of 54 SME projects were proposed by the four project cities. After 2020, many of the originally proposed subprojects were seeking finance through other domestic means supported by domestic COVID-19 pandemic relief. In 2021, new subprojects were identified as well as an improved mechanism for local government risk management, interdepartmental coordination and subproject approval. This mechanism has been established in two cities and the two other cities are following the model. The financial intermediation component implementation will commence in the first and second quarters 2022. As to date, ADB has provided guidance and support and no-objection on proposals for the first batch of SME subprojects and are awaiting domestic subproject approval and subproject agreement signing, which are expected in the first quarter of 2022, with two specific subprojects prepared and ready for signing and others to follow. Financed by the TA, the environment and the social and resettlement specialists were engaged and started work in the field in August 2018 and provided training to the financial intermediaries and SME bureaus and project management officers on environmental and social management system implementation and subproject proposal screening. The environmental and social management system safeguard specialists have supported that system categorization and due diligence work for the original list of subprojects and for the newly proposed SME subprojects. The consulting firm financed by the TA was recruited. The consulting firm's assignment is to start reviewing and as needed support the SMEs once subprojects have been signed and are being implemented.			
TA Name: 9605-GEO: Support to Economic Resilience and Social Protection Reform Facility			
Project Leader: Rogerio de Almeida Vieira de Sa, CWPF			
Amount: $1,750,000 ($300,000 funded by FSDPSF)	**TA Approval:** 1 Oct 2018	**TA Closing:** 31 Dec 2022	**Status:** Active
Expected Impact and Outcomes Impact: The Support to Economic Resilience and Social Protection Reform Facility (FRSP) will sustain inclusive economic growth Outcome: The effect of the reforms will be effective mobilization of domestic resources for public and increased private investment.			

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The TA supports the Government of Georgia in identifying and implementing policy reforms to public debt and fiscal risk management, as well as social protection, which will underpin a smooth return to inclusive economic growth. More specifically, the TA supports further deepening of domestic debt markets in Georgia, alongside deepening of capital markets; strengthening of the Ministry of Finance's fiscal oversight role over fiscal risks stemming from PPPs and state-owned enterprises; help implement fiscally sustainable pensions system; and strengthen the government's capacity to ensure adoption of planning-relevant and fiscally sustainable PPPs. The TA will ensure that the proposed program advances the reforms made under the first Domestic Resource Mobilization Program for Inclusive Growth, complements relevant interventions of development partners, and dovetails with the government's medium- to long-term development strategy. Overall, the TA Facility has nine outputs from the original four, namely: (i) risk-sharing facility for SME finance designed, (ii) project development facility for PPPs established and pilot projects prepared, (iii) pension reforms action plan implemented, (iv) long-term national capital market development plan formulated, (v) MEL Lab established, (vi) primary dealer pilot initiated and primary dealer system developed, (vii) Fiscal Risk Management unit under the Ministry of Finance established, (viii) rules-based mechanism for increases in universal pension payouts approved, and (ix) existing institutional and legal framework on unemployment protection and fiscal costing of unemployment insurance scheme reviewed. On 10 December 2020, ADB approved converting the standalone TA into a TA facility to provide support to the COVID-19 Active Response and Expenditure Support (CARES) Program (L3929) and Fiscal Resilience and Social Protection Support Program, Subprogram 1 (L3993). Given the time-sensitive needs of the government for financial support (in 2020), the Second Domestic Resource Mobilization Program policy-based loan has been repurposed into a policy-based loan which addresses immediate needs resulting from the COVID-19 crisis while also supporting medium- and long-term institutional reforms underpinning inclusive economic growth. The main priority of the government at this stage is to maintain macroeconomic stability, which it sees as a precondition to economic recovery, while protecting the most vulnerable members of society from adverse health and socioeconomic shocks. The Fiscal Resilience and Social Protection Support Program builds exclusively on TA support to institutional reforms that have been provided under the FRSP Reform Facility and previous domestic resource mobilization TA projects since 2014. The additional financing of $300,000 obtained from FSDPSF funded certification training programs of key officials from the sector agencies and the National Bank of Georgia (NBG). These trainings are critical for the sound operation of these agencies, particularly at the early stage of operations. One training has been provided to over 30 participants on the PPP Guidelines drafted with ADB support. The Certified PPP Professional courses will provide basic and advance skills to about 20-25 staff on PPP implementation, and will be implemented once the PPP Agency is fully operational. To coincide with the processing schedule of Subprogram 2 of the FRSPS Program and target approval on 29 June 2022, to allow sufficient time to complete the key activities and to utilize uncommitted funds, the TA completion date has extended by 12 months, from 31 December 2021 to 31 December 2022, or cumulative extensions of 38 months from the original completion date of 31 October 2019.
Accomplishments Various external learning programs funded by the FSDPSF were taken by key risk officers and accounting staff from the Pension Agency, and an in-house certification workshop initiated by National Bank of Georgia for central bank staff and various treasuries and financial market players was successfully completed. These trainings are critical in the professionalization of the key positions in National Bank of Georgia, and the PPP and Pension agencies. FSDPSF funding supported external learning activities by the Pension Agency, namely: (i) two Euromoney trainings attended by key Risk Department officers in November and December 2019, (ii) pension accounting training attended by eight Accounting Department personnel in November 2019; and (iii) another euromoney training attended by a key officer of the Risk Department in March 2020. The participants in this external learning program of the TA are expected to implement the pension reforms and contribute to the design and processing of Subprogram 2 of Fiscal Resilience and Social Protection Support Program policy-based loan, which is ongoing. The CARES program was approved in May 2020 and Subprogram 1 of the Fiscal Resilience and Social Protection Support Program in October 2020. The National Bank of Georgia has signed the training agreement, and started the initial round of workshops in February, before Georgia imposed lockdown measures due to the pandemic. Policy reforms on the professionalization of capital market participants are expected to be included in the program design.

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The Ministry of Finance and the PPP Agency benefited from a training on the PPP Guidelines and Value for Money organized by ADB and the United States Agency for International Development; and a Certified PPP Professional course is planned for the PPP Agency as soon as the new director is appointed.

The National Bank of Georgia has benefited from an International Capital Market Association certification program to 20–25 key staff and market players involved in three areas of debt capital markets: primary, secondary and operations.

TA Name: 9621-REG: Green and Innovative Finance Initiative for Scaling Up Southeast Asian Infrastructure (supplementary financing)

Project Leader: Anouj Mehta, South East Asia Office of the Director General

Amount: $6,962,800	**TA Approval:**	**TA Closing:**	**Status:**
($500,000 funded by the FSDPSF)	21 May 2019[a]	24 Oct 2023	Active

Expected Impact and Outcomes

Impact: Increased share of private capital in scalable pipeline of green infrastructure projects across southeast Asia.

Outcome: Capacity of Southeast Asia governments in utilizing innovative finance structures for green and bankable infrastructure projects improved.

Outputs:

1. Development of innovative finance models and mechanisms for infrastructure in Southeast Asia.
2. Development of innovative finance pilot transactions.
3. Development of sustainable approaches for the Green and Innovative Finance Initiative.

[a] Refers to approval of additional financing from FSDPSF. TA was approved on 25 October 2018.

Accomplishments

As of 31 December 2021, TA-9621 is supporting preparation of 36 project concepts or studies, of which 15 have been either (i) originated by the SERD Innovation Hub or (ii) are concepts or studies that have received substantial technical support. Contracts under the TA amounted to $4.7 million, and about $3.2 million were disbursed. All activities remained on track.

FSDPSF funds form an integral and important part of the Green and Innovative Finance TA, supporting the SERD Innovation Hub and ASEAN Catalytic Green Finance Facility on key activities. Since October 2018, Green and Innovative Finance TA funds have supported project origination and knowledge activities contributing to inclusion of six green and innovative projects in the formal ASEAN Infrastructure Fund financing pipeline (two in 2019, two in 2020 and two in 2021) with a total expected project cost of $3 billion, and expected annual savings of 291,000 t CO2 eq. The TA supported activities leading to the launch of the 6 Champions Program in November 2021 aiming to contribute to the creation of six new green, blue, or innovative projects by 2024 through "Innovative Finance Clinics" and targeted trainings; launch of the Blue SEA Finance Hub, also in November 2021, aiming at creating $300 million of blue projects by 2024, and creation of a green recovery platform in 2021 with $665 million pledged by four new financing partners, presented at the UN Climate Change Conference of the Parties (COP26) in October 2021.

Funds from FSDPSF are supporting preparation of eight project concepts or studies and structuring of three projects.

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Output 1: Eight project concepts or studies

1. **VIET NAM: Green Financing Catalyzing Facility:** In 2019, the TA supported a study on the need to develop a scalable pipeline of green and bankable infrastructure projects in Viet Nam. The purpose was to assist Viet Nam to better use public sector funds and approaches through innovative project financing structures, to leverage private sector funds from commercial, institutional, and public-private partnership sources. It would also present green and innovative finance models, mechanisms, capabilities, and concepts, as well as exemplary regional practices of innovative finance, that can be mainstreamed in project pipelines for Viet Nam. The concept was presented to the Viet Nam Government in December 2019; however, the feedback was that its current regulations prevent on-lending through financial intermediaries. The initial report was drafted but the work was disrupted by the COVID-19 pandemic in mid-2020. No further field visits and meetings were made.

2. **PHILIPPNES: Facility for Local Areas Green Growth:** The TA supported the scoping of the potential for a national green financing vehicle in the Philippines that would provide project preparation and structuring support, as well as innovative financing mechanisms, to de-risk infrastructure projects and catalyze private, institutional, and commercial funds in the country. A key part of this work was identifying a potential pipeline of projects to be financed by the facility. Initial assessments and concept development completed in March 2020 yielded potential water, sanitation, and waste projects, but additional evaluation is needed to identify proponents, status, and financing challenges. Discussions with the Government of the Philippines started in 2020 and the proposal was developed further in 2021 as a part of the first "Climate Policy Based Loan" for the Philippines. This program will support green policy actions and is likely to be approved for lending by ADB in mid-2022.

3. **VIET NAM: Credit Enhancement for Infrastructure PPP projects:** The TA supported engagement of experts to conduct a preliminary scoping for potential credit enhancement by ADB of infrastructure PPP projects in Viet Nam. The credit enhancement would be via guarantee instruments to support (i) project bonds (brownfield projects) and/or (ii) bank lending to new projects. The draft report "Introducing Partial-Credit Guarantee Backed Infrastructure Project Bonds in Viet Nam" was completed in December 2019.

4. **VIET NAM: Credit Mapping of State-Owned Enterprises:** The TA supported engagement of experts to help identify Vietnamese state-owned enterprises and other sub-sovereign entities that are likely rated in the range of BB. Credit ratings are an excellent proxy for an such enterprises' potential to partner with ADB, as they capture both financial strength and institutional capacity, and, outside the banking sector, only Vietnam Electricity and the National Power Transmission Corporation have ratings. The experts' report was completed in July 2020 and a working paper entitled "The Potential for Foreign Investment in Credit Rating Agency in Viet Nam" was completed in September 2020. In August 2021, the S&P credit rating agency was engaged to provide credit rating service. The Vietnam Maritime Corporation, one of the largest owners of seaports in the country, was selected to receive assistance. The Vietnam Maritime Corporation team led by a deputy CEO and S&P team are collaborating to implement the assistance.

5. **CAMBODIA: Project Development Fund:** The Government of Cambodia requested TA to support implementation of the Public Investment Management System Reform Strategy. The TA engaged a team of experts to complete scoping and inception activities for a technical assistance program to strengthen public investment management. All activities were completed, and draft final reports were presented to the client in August 2021, focused on three key areas: (i) stocktaking of current public investment (ministries, subnational government, state-owned enterprises, etc.) processes to inform the development of Public Investment Management Life Cycle Guidelines; (ii) design of a new project development fund or facility to finance project preparation; and (iii) development of a capacity building approach. The drafts were reviewed, and additional inputs were provided by Cambodia Resident Mission in October 2021. The Ministry of Economy and Finance requested a larger TA allocation in Jan 2022 to (i) fully develop the complete Public Investment Management Life Cycle Guidelines, (ii) set up the Project Development Facility based on the proposed structure presented by the consultant team and (iii) provide a Capacity Building Program for government officials. Additionally, the Ministry of Economy and Finance has requested ADB to provide lending to capitalize the Project Development Fund, reflected in the approved ADB-CAM Indicative Country Pipeline and Monitoring Report 2022–24.

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6. **INDONESIA: Blue Finance Road Map:** TA support was earmarked for (i) staffing of the Hub: International and National Coordinators; (ii) development of a Blue Finance Strategy to BAPPENAS that includes support to develop a Blue Bond Issuance Road map in a two-phased approach (activity 1); and (iii) support to the United Nations Development Programme and ADB Blue Finance Accelerator: an accelerator initiative for helping local growth to recover through a blue and sustainable development focused approach (activity 2). The Blue SEA Finance Hub was launched in November 2021. Once operational it will be hosted in the Indonesia Resident Mission and will cover Indonesia, the Philippines, Viet Nam and Thailand. The hub will focus on supporting local governments and SMEs in selected regions and aims to identify and develop projects and proponents to grow the blue pipeline, help high impact SMEs grow their operations and facilitate access to proper financing instruments building on United Nations Development Programme existing accelerator and ADB expertise in blue finance. The target is to create bankable blue projects worth $300 million by 2024. The TA is currently processing the recruitment of four consultants to assists BAPPENAS in developing a Blue Finance Strategy.

7. **REG: ASEAN Blue Credit Initiative for PPP:** SERD Innovation Hub and Office of Public-Private Partnership will conduct a study to promote a blue credit hybrid PPP model that could be set up as a "Blue Credit" fund or facility to provide annual credit or shadow revenue to blue projects as credit bankability enhancement. The fund or facility could be capitalized through a blend of ADB and ACGF partners loans as well as other concessional sources. A consultant was recruited to conduct a broader study that aims (i) to identify financing needs for blue economy projects across ASEAN countries at provincial level, (ii) check the legal framework applicable to sub-sovereign entities for financing instruments and identify financial risks and creditworthiness and (iii) propose Blue Finance mechanisms such as de-risking and impact structures (bonds, guarantees, blended finance approaches, etc.). This study will inform the development of the Blue Credit fund or facility and will be completed by Q2–Q3 2022.

8. **INDONEISA: Healthy Land, Oceans and Waterbodies Financing Facility:** In July 2020, the TA supported a study prepared by Global Green Growth Institute to identify innovative green finance project opportunities in ASEAN. The study emphasized (i) the importance of peatland and coastal forest ecosystems in Indonesia as vital carbon stocks in line with the Government of Indonesia climate ambitions, (ii) the lack of tailored financing products to tackle such projects, and (iii) the opportunity to tap into blended finance approach and capital markets. In June 2021, ACGF PST and Global Green Growth Institute jointly developed a concept for a Land and Marine Finance Facility to catalyze green & blue finance to such ecosystems and initial discussions were held with the Peatland and Mangrove Restoration Agency in October 2021 on two concessions in Sumatra and Kalimantan. Further consultations are sought with Ministry of Forestry and Environment and Indonesia Environment Trust Agency to assess further support on upstream activities with a vision of developing a project or financing vehicle supported by ADB, ASEAN Infrastructure Fund, and cofinancing partners.

Output 2: Structuring of 3 projects:

1. **INDONESIA: Sustainable Development Goals Indonesia One Green Finance Facility (SDG1):** ADB worked with PT Sarana Multi Infrastruktur (Indonesia) to develop "SDG One – Green Finance Facility" a de-risking green finance mechanism for Indonesia, which will catalyze private capital flows to a pipeline of bankable green projects. TA support was provided between January 2019 and December 2021 to identify underlying projects, help PT Sarana Multi Infrastruktur (Indonesia) improve business models and climate-related parameters of pipeline projects, build capacity in PT Sarana Multi Infrastruktur (Indonesia) on green and innovative finance, and define the green framework and climate change baseline for the program. A pipeline of subprojects worth of about $423 million has been identified. It is proposed that ADB provide a loan of $150 million together with technical assistance of $1.575 million to be financed on a grant basis by the Government of Australia under the Sustainable Infrastructure Assistance Program Phase II and Government of Luxembourg under the Financial Sector Development Partnership Special Fund. The INO: Sustainable Development Goals Indonesia One – Green Finance Facility Phase 1 Project is expected to be approved by the ADB Board in mid-February 2022 with projected emission reductions of 839,000 tons CO_2 equivalent through two cycles of investments.

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2. **THAILAND: Thailand Green Finance and Innovation Facility:** As part of its TA support for mainstreaming Green Finance in Thailand and the establishment of a potential Thailand Green Finance Facility, ADB worked with the Thailand Ministry of Finance Public Debt Management Office and the National Housing Authority of Thailand to provide TA support for the Public Debt Management Office and the National Housing Authority's green, social, sustainability, and thematic bond program in 2020–2021. The National Housing Authority issued its maiden social bond in 2020, and ADB supported a review of the bond framework, including upgrading the same to a sustainability framework, and provided support for and external review by a "Second Party Opinion" provider. The Public Debt Management Office likewise issued its maiden sovereign sustainability bond in 2020 and required support for review of the framework, verification, and certification of the issuance. The TA also engaged an external reviewer to assist with the relevant verification or post-issuance reports for the National Housing Authority and Public Debt Management Office bonds. These initiatives are part of an overall green finance program for Thailand. As a result of the support provided by the Green and Innovative Finance TA, in 2020 and 2021, Public Debt Management Office issued sustainability bonds of a total value of approx. $4.26 billion, and National Housing Authority of about $363 million.

3. **REG: Greater Mekong Subregion (GMS) Border Areas Health Project (previously Regional Cooperation and Integration in the GMS through the Healthy Special Economic Zones Project):** The TA provided support in establishing a regional health financing mechanism to allow documented migrants to access essential health services abroad, thus providing financial protection across borders. Its design, structure, and legal framework would require a thorough analysis, including evidence-based practices from the private sector and civil society organizations. The project aims to improve access to affordable health services for populations residing in and migrating though selected border areas. The TA engaged consultants in May 2020, and they are currently finalizing a draft concept, implementation plan and costing on health financing mechanisms to provide migrant workers and their families with financial protection when accessing health services and this will be presented to executing agencies tentatively by March 2022.

Output 3: 2 knowledge products

1. **ASEAN Catalytic Green Finance Facility:** Investment Principles and Eligibility Criteria (Published in April 2020): This document presents investment principles and eligibility criteria for the ASEAN Catalytic Green Finance Facility (ACGF). The criteria guide the ASEAN Infrastructure Fund administration team and ACGF Project Structuring Team to select projects for financing under the ACGF. The criteria were developed by the ASEAN Infrastructure Fund administration team in ADB in 2019 and are based on a preliminary framework presented in the Administrator's report to the ASEAN Infrastructure Fund Board in November 2018. The criteria were discussed with external experts, peer reviewed by ACGF cofinancing partners and presented to the ASEAN Infrastructure Fund Board of Directors in November 2019.

2. **Financing the Ocean Back to Health in Southeast Asia: Approaches for Mainstreaming Blue Finance (Published in December 2021):** This report provides an overview of the "blue economy" and emphasizes its significance for protecting the biodiversity of natural resources in Southeast Asia. The "blue economy" is defined as the sustainable use of ocean and coastal resources to drive economic growth and improve livelihoods, while protecting and nurturing marine ecosystems. The publication looks at how multilateral and bilateral funding sources, a market-based approach, incentives, and regulations can contribute to achieving a blue economy. It also discusses how these elements need to be aligned within a cohesive development framework.

The TA was not able to support the CAM: Sustainable Coastal and Marine Fisheries Project as initially foreseen, as a firm was engaged with a package of $300,000. FSDPSF funds are limited and did not amount to the total funds required.

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TA Name: 9627-KGZ: Preparing the Promoting Economic Diversification Program (supplementary)			
Project Leader: Yuji Miyaki, CWPF			
Amount: $1,800,000 ($400,000 funded by FSDPSF)	**TA Approval:** 24 Jul 2020[a]	**TA Closing:** 31 Dec 2022	**Status:** Active
Impact and Outcomes The Promoting Economic Diversification Program is supporting the government in continuing policy and institutional reforms necessary to increase the private sector's role in economic development. The TA is helping the government and ADB to design a programmatic approach for a policy-based grant of $100 million comprising five reform areas: (i) trade and investment competitiveness; (ii) small and medium-sized enterprise development; (iii) public-private partnership development; (iv) industry-linked skills development; and (v) fiscal and social protection resilience. [a] Refers to approval of additional financing from FSDPSF. TA was approved on 2 November 2018.			
Accomplishments Additional financing of $400,000 by FSDPSF was approved on 5 May 2020, which enables the support for reform preparation and implementation provided under the TA to continue without any disruption to ensure policy actions under subprogram 2 of the Promoting Economic Diversification Program (SP2) are accomplished on time. The TA has focused on ensuring the 19 indicative policy actions under the SP2 are completed by 31 July 2021. All planned consultants—three international and eight national consultants—have been recruited and contracts extended to continue support for reform implementation. Extension of the completion date to 31 December 2022 and additional financing of $200,000 from TASF-6 were approved on 9 December 2020, increasing the TA amount to $1.3 million. It aims to continue support for reform implementation and activities related to the COVID-19 pandemic explained in the section below, and engagement of new experts (three international and two national consultants) to support the country's fiscal and social protection resilience. To support the OJSC Guarantee Fund, a change in implementation arrangements was approved on 7 June 2021. The additional two SME finance specialists (one international and one national, 6 person-months) were recruited to analyze the fund's operational framework and viability and provide recommendations on finalizing the business and strategic plan. Further additional financing of $500,000 from the Technical Assistance Special Fund was approved on 4 October 2021, increasing the TA amount to $1.8 million. The minor change in implementation and additional TA resources are essential in ensuring sustained support for complex and structural reforms and that all 17 policy actions under Promoting Economic Diversification Program subprogram 3 are completed by June 2022.			
TA Name: 9650-KAZ: Developing Rural Financial Intermediation			
Project Leader: Arystan Galiyev, Kazakhstan Resident Mission			
Amount: $225,000	**TA Approval:** 25 Sep 2018	**TA Closing:** 30 Jun 2022	**Status:** Active
Expected Impact and Outcomes Impact: Accessible and effective system of agriculture financing that supports economic growth. Outcome: Broadened access to finance for agriculture sector entities' operations at full production capacity in rural areas. Outputs: 1. Improved business processes of the Agrarian Credit Corporation (ACC). 2. Improved financial intermediation capacity of ACC. 3. Comprehensive road map to broaden agriculture sector entities' access to finance in rural areas.			

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Accomplishments "No-objection" letter confirmation was received on 21 December 2018 from the Ministry of National Economy (in Kazakhstan). Both international and national consultants were selected and engaged in June 2019. The TA inception mission was held on 15–19 July 2019 and the second mission on 18–22 November 2019. During the visits, consultants performed a review of the organizational structure, corporate strategy, credit and risk management policies, practices, and portfolio of Agrarian Credit Corporation (ACC). Based on the ACC's extensive study, consultants prepared recommendations and action plan aimed at important needs and critical existing gaps in ACC's risk management systems and processes. If most of recommendations are implemented, ACC should expect some implications: • A better risk control over ACC activities and better picture of the risk profile; • A change in ACC portfolio with more clients with a strong potential of growth, and less risky clients with a limited growth perspective; • Better products targeting medium-sized companies with high development potential; • Diversification of funds from sources other than government. Overall, ADB recommendations were well received by the management and senior officers of ACC, paving the way for business process reengineering within ACC. Some important steps, such as risk management department, rating system, audit processes etc., are already implemented. During the TA implementation of Output 2: Improved financial intermediation capacity of ACC the need for comprehensive financial due diligence of ACC has been identified. Given the sufficient uncommitted balance of the TA, as well as for the efficient and timely delivery of the financial due diligence task, the team proposed to include additional deliverable in the existing contract of the national consultant, who is already familiar with the client and has proven qualifications and competency from his previous assignments. During June–August 2020, the national consultant prepared and submitted the financial due diligence report of ACC, as mentioned above. In July 2020, ESMS consultant was engaged to perform ESMS assessment of ACC that will further help to improve the financial intermediation capacity of ACC. In December 2020 ACC requested to postpone all TA related activities until September 2021, due to a change of parent company and subsequent structural rearrangements. On 13 December 2021, at the multi-party meeting with the Government, it was decided that TA has no future for re-activation. On 10 January 2022, ADB has sent a letter to the government, informing them of TA cancellation.

TA Name: 9652 – BAN: Microenterprise Development Project			
Project Leader: Mohammad Rashed Al Hasan, Bangladesh Resident Mission			
Amount: $500,000	**TA Approval:** 26 Nov 2018	**TA Closing:** 31 Dec 2022	**Status:** Active
Expected Impact and Outcomes Impact: Growth of microenterprises expanded to provide forward linkages to agriculture and generate job opportunities. Outcome: Microenterprises' access to microfinance institutions (MFIs) financing increased.			

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Accomplishments TA became effective on 12 May 2019. One consulting firm (Maxwell Stamp Ltd.) and three individual consultants were engaged under the TA. Their work commenced on 1 July 2019. The TA outputs include the following: (i) Draft medium-term institutional strengthening and financing strategy for the Palli Karma-Sahayak Foundation, the implementing agency, developed – completed. (ii) Gender-inclusive microenterprise finance operational guidelines for MFIs improved – developed. (iii) 80 partner organizations trained in microenterprise lending operations – completed. Total 77 officers of 77 partner organizations trained on microenterprise lending operations. (Palli Karma-Sahayak Foundation could not finance three partner organizations out of 80 because these were unable to meet the eligibility criteria). (iv) At least 10,000 microenterprise borrowers from three partner organizations enrolled in a mobile-based microenterprise finance application and received training, of whom at least 70% are female – completed. The mobile banking operational plan was developed. As of March 2021, total 27,998 microenterprise borrowers from three partner organizations enrolled in a mobile-based microenterprise finance application and received training, of whom at least 70% are female. (v) MFIs' microenterprise cluster development support scheme implemented for at least three enterprise clusters covering at least 1,000 microenterprise borrowers, of whom at least 70% are female – completed. Microenterprise cluster development support scheme implemented for four enterprise clusters covering 2,238 microenterprise borrowers, of whom 89% are female. FSDPSF funded TA activities and works have been completed already in December 2020.			
TA Name: 9669-REG: Capacity Building for Enhanced Safeguards, Anti-Corruption and Integrity Measures, Gender Equity Policies and Digitization of Trade Finance Program Banks			
Project Leader: Roberto Leva, PSFI			
Amount: $3,000,000 ($750,000 funded by FSDPF)	**TA Approval:** 5 Dec 2018	**TA Closing:** 5 Dec 2023	**Status:** Active
Expected Impact and Outcomes The impact will be increased access to trade finance in Asia and the Pacific and strengthened capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all. The outcome will be support for trade finance in Asia and the Pacific expanded as reflected by the following by 2021: 1. Number of intraregional trade transactions increased to at least 19,000; 2. Number of bilateral trade transactions between DMCs increased to at least 5,000 transactions; 3. Number of transactions by small and medium-sized enterprises supported under the program increased to at least 18,500; 4. Number of trade transactions supported under the program increased to at least 25,000; 5. Co-financing mobilized under the program increased to at least $25.5 billion, and; 6. Partner banks (at least 10 DMC banks) adopt more gender-sensitive human resource policies.			
Accomplishments TA funding was used to cover costs of engaging consulting firms to continue the Trade Finance Program's initiatives on gender equality; and anti-money laundering – combating the financing of terrorism. As of 31 December 2021, the Trade Finance Program has supported 41,099 transactions, valued at $56.1 billion, generating cofinancing of $33.7 billion. More than 46% of these transactions are in Asian Development Fund countries, while about 31,000 are intraregional, 11,000 are DMC-to-DMC transactions, and 24,000 are SME-related.			

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<table>
<tr><td colspan="4">TA Name: 9673-REG: Subproject 1: Capacity Development for the Supply Chain Finance Program (Phase 2) (Subproject 1)</td></tr>
<tr><td colspan="4">Project Leader: Sunil Mascarenhas, PSFI</td></tr>
<tr><td>Amount: $1,566,667
($400,000 funded by FSDPF)</td><td>TA Approval:
5 Dec 2018</td><td>TA Closing:
5 Dec 2023</td><td>Status:
Active</td></tr>
<tr><td colspan="4">Expected Impact and Outcomes

The impact will be broader access to supply chain finance for companies in DMCs and stronger capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all. The outcome will be expanded uptake of supply chain finance in DMCs, with the number of supply chain transactions supported increasing to 600 and the value of supply chain transactions supported increasing to $350 million by 2022.</td></tr>
<tr><td colspan="4">Accomplishments

TA funding was used to cover costs of engaging a Supply Chain Finance Program Relationship Associate as well as consulting firms specializing in financial due diligence and supply chain finance capacity development.

As of 31 December 2021, the Supply Chain Finance Program has supported 5,618 transactions (2,738 SME transactions) valued at $1.5 billion, generating cofinancing of $782.9 million. The Supply Chain Finance Program has been supporting transactions related to COVID-19 response such as medical and pharmaceuticals.</td></tr>
<tr><td colspan="4">TA Name: 9759-PRC: Study on the Municipal Climate Finance Road Map</td></tr>
<tr><td colspan="4">Project Leader: Kang Hang Leung, EAPF</td></tr>
<tr><td>Amount: $425,000</td><td>TA Approval:
19 Jun 2019</td><td>TA Closing:
31 Mar 2022</td><td>Status:
Active</td></tr>
<tr><td colspan="4">Expected Impact and Outcomes

The proposed TA will enable assistance to build-up on previous TA projects and programs experience in the PRC in climate finance to define a municipal climate finance development strategy and an urban climate finance road map for selected pilot cities. The ensuing Climate Urban Investment Facility (tentative 2022) will build on the TA and the lessons learned in green and climate financing to leverage catalytic funding from international financing institutions and public funding with private institutional and commercial financing.</td></tr>
<tr><td colspan="4">Accomplishments

The final inception report which details methodology, work program, and planned deliverables to achieve the target TA outputs, outcome and impact and incorporates ADB comments, was submitted in August 2020. An inception meeting between the ADB project team and the Climate Change Department (implementing agency) of the Ministry of Ecology and Environment (executing agency) was held on 15 September 2020.

The consultant submitted a synthesis report which includes working papers focused on independent but interrelated topics in relation to climate finance in March 2021. A workshop was held in May 2021 to discuss the findings of the synthesis report and the scope of the draft TA final report.

Pilot cities for climate finance road map were selected and field visits to the pilot cities were completed. The consultants conducted analyses and workshops for climate investments for pilot cities. Reports on climate finance assessments on pilot cities submitted.</td></tr>
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TA Name: 9770-UZB: Preparing the Financial Markets Development Program (additional financing)			
Project Leader: Syed Ali-Mumtaz Shah, CWPF			
Amount: $850,000 ($350,000 funded by FSDPSF)	**TA Approval:** 16 Jul 2019	**TA Closing:** 30 Jun 2022	**Status:** Active
Expected Impact and Outcomes Impact: The proposed Financial Markets Development Program will support the emergence of a well-functioning financial system that is able to sustain basic capital and investment needs as well as the country's longer-term economic objectives (in line with the country's Road Map for Reforms, 2019–2021). Outcome: The proposed Financial Markets Development Program will facilitate an increase in the capacity and size of the financial markets. The objective of the TA is to identify policy measures to support the development of a robust financial market system in Uzbekistan that is well balanced, sustainable and resilient, and able to effectively intermediate savings to finance investments.			
Accomplishments The additional financing of $350,000 from FSDPSF was approved on 18 November 2019 and was fully committed on 19 June 2020. The TA will cover (i) recommendations and implementation plan to support the development of the managed money industry; (ii) support development of new financial instruments and hedging tools and solutions, and (iii) development of the draft laws "on insurance activity" and "on compulsory types of insurance" using international experience of developed countries. Under (i) and (ii), an inception planning workshop was conducted in October 2020 with key stakeholders. Under (iii), the consultant has submitted a final report in October 2021, available at https://www.adb.org/sites/default/files/project-documents/53161/53161-002-tacr-en.pdf. The TA was extended to 30 June 2022 and the consultant's contract was extended to 28 February 2022 to complete the collective investment schemes component of the TA.			
TA Name: 9853 – NEP: Capacity Development for Rural Enterprise Financing Project			
Project Leader: Mayumi Ozaki, SAPF			
Amount: $750,000 ($250,000 funded by FSDPSF)	**TA Approval:** 11 Nov 2019	**TA Closing:** 31 Dec 2024	**Status:** Active
Expected Impact and Outcomes This TA is attached to a $50 million loan that supports the following: Impact: employment-oriented economic activities increased. Outcome: small farmers' engagement in rural enterprises increased.			
The TA will support the Small Farmers Development Bank and small farmers agriculture cooperative to enhance their capacity in rural enterprise financing and extend rural enterprise value chain development and business facilitation support. The TA outputs include (i) at least 50 collective enterprises received value chain development and business facilitation support, of which at least 40% of the shareholders are women; (ii) at least 500 individual enterprises received value chain development and business facilitation support, of which 30% are women; (iii) Small Farmers Development Bank's rural enterprise financing unit established; (iv) Small Farmers Development Bank's collective enterprise financing operational policy and guidelines developed; (v) at least 100 small farmers agriculture cooperatives developed skills on collective enterprise financing and portfolio management, of which 30% are women's small farmers agriculture cooperatives; (vi) Small Farmers Development Bank's individual enterprise financing operational policy and guidelines developed; and (vii) at least 300 small farmers agriculture cooperatives' developed skills on individual enterprise financing and portfolio management, of which 30% are women's small farmers agriculture cooperatives.			

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Accomplishments The TA became effective on 4 December 2019. As of December 2021, Small Farmers Development Bank's enterprise financing unit was established, and collective and individual enterprise financing operational policies and guidelines were developed. The TA has engaged the services of a training provider to carry out value chain trainings for small farmers agriculture cooperatives. A videographer was hired in July to prepare documentaries and YouTube videos about activities, experiences, and stories of entrepreneurs and farmers regarding profitability, lessons, and prospects of different commercial agricultural activities and rural enterprises. In September, a website developer was recruited to design and update the website of Sana Kisan Bikas Laghubitta Bittiya Sanstha Ltd feature for the Rural Enterprise Financing Project. In November, a service contract was awarded to a technical training service provider to provide training on production, processing and marketing of different agriculture produce with a value chain approach. The contract of national agribusiness finance specialist was extended until 31 December 2022.			
TA Name: 9878-REG: Developing a Disaster Risk Transfer Facility in the Central Asia Regional Economic Cooperation Region			
Project Leaders: Carmen Maria Garcia Perez, CWRC and Thomas W. Kessler, SDSC-FIN			
Amount: $2,750,000 ($500,000 funded by FSDPSF)	**TA Approval:** 18 Nov 2019	**TA Closing:** 30 Oct 2022	**Status:** Active
Expected Impact and Outcomes Impact: Macroeconomic resilience to disaster risks in the Central Asia Regional Economic Cooperation (CAREC) region increased. Outcome: collaboration between CAREC countries in disaster risk financing, including insurance, increased.			
Accomplishments 1. Contract awarded in May 2020 to consortium led by Willis Towers Watsons (United Kingdom [UK]), in association with JBA Risk Management Limited (UK), Global Earthquake Model Foundation (Italy) and the Overseas Development Institute (UK). Initial contract award of $1,805,100 covers first three outputs of the TA: (i) disaster risk assessments and modelling in CAREC countries, (ii) design of regional disaster risk transfer solution, and (iii) capacity building for disaster risk financing. 2. Given the recent global health developments and in support of CAREC countries' efforts to respond to the COVID-19 pandemic, an additional output on infectious disease risk modeling and epidemic or pandemic risk financing mechanisms was added to the project. Under the additional output, the TA aims to quantify the financial impact in the CAREC countries of the COVID-19 pandemic or any future outbreaks of infectious diseases, on a standalone basis and in conjunction with other natural hazards. It also seeks to leverage risk financing and risk transfer instruments with the reinsurance and insurance industries and the capital markets to address the identified financing needs of the governments. The increase in TA amount ($750,000) and minor change in scope and implementation arrangements to implement the additional output was approved by ADB management in June 2020. The increase in TA amount is financed by the TASF corporate pool for COVID-19. The consortium lead has entered into association with Metabiota (United States) for the implementation of this component. 3. The inception report was finalized on 6 August 2020. A virtual inception meeting was held on 8 September 2020 and attended by disaster risk focals from CAREC countries and development partners to initiate discussions on the design of a regional disaster risk financing facility. Participants discussed existing gaps and priorities as well as lessons learned from COVID-19 in disaster preparedness, and potential regional financing solutions.			

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4.	Bilateral country consultations were held with all CAREC countries (except the PRC) from 1 to 15 December 2020 to (i) present and validate the preliminary findings of the country disaster risk profiles, and gather suggestions for improvement, particularly with regards to data; (ii) present and discuss the preliminary results of the draft report on potential trajectories of COVID-19 outbreak, and frequency-severity distribution of outbreaks of infectious diseases; and (iii) increase awareness of stakeholders about the wide range of disaster risk financing instruments, particularly risk transfer, which will be further explored at the regional level under the second output of this TA.
5.	A working paper on disaster relief (cat) bonds in the CAREC region was completed in February 2021 in coordination with ADB Treasury Department. The working paper analyzes the role that ADB—through its Global Medium-Term Notes program—could play in spearheading the development and issuance of a regional disaster relief bond especially for countries lacking structured risk transfer mechanisms. The working paper was presented and discussed with ADB's Disaster Risk Finance Working Group in March 2021.
6.	Taking into consideration the feedback received during the country consultations in December, the report on potential trajectories of the COVID-19 outbreak over 2021 was finalized and disseminated to CAREC countries in March 2021. Subsequently, a report on recommendations for the development of infectious disease risk financing mechanisms for CAREC countries was produced (Building Resilience to Future Outbreaks: Infectious Disease Risk Financing Solutions Report). Following a review of previous infectious disease risk financing solutions and newly developed proposals, the report identifies lessons and proposes three infectious disease risk financing mechanisms for CAREC member countries. These include: (i) a spark risk cover to provide rapid financing for countries to manage an outbreak and aim to contain spread within as small an area as possible. This can be designed to access the reinsurance or insurance-linked securities market; (ii) a containment financing mechanism to finance activities in neighboring countries to a country claiming under the spark risk cover and to further strengthen the initial early response, with the focus on preventing the development of a regional or global outbreak; and (iii) an SME business interruption program, which could cover loss of profits, loss of revenue or any other additional expenses incurred. A public-private partnership framework is most suitable for this third option. These recommendations were presented to the CAREC health working group in July 2021 and have been included in the CAREC Health Strategy 2030, which was endorsed by the ministers at the 20th CAREC Ministerial Conference on 17 November 2021.
7.	Disaster risk profiles for each CAREC country were completed in October 2021 (Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, PRC (Inner Mongolia and Xinjiang Uyghur Autonomous Regions), Tajikistan, Turkmenistan, Uzbekistan). The risk profiles collated information on flood, earthquake and infectious disease exposure, hazards, physical and social vulnerability, coping capacity, historical losses and impacts, and risk analysis for each country on a regionally consistent basis.
8.	In tandem with the country disaster risk profiles, two additional knowledge products were completed in 2021. First, a Protection Gap Report quantifying the difference between the estimated losses from earthquake and flood risk and the existing ex-ante financing tools in CAREC countries. The protection gap assessment concluded that the overall region has a deficit of robust risk financing for flood and earthquake risk and identifies four broad categories according to the estimated size of the countries' protection gap, as follows: (i) critically insufficient financing (Pakistan and Tajikistan), where it is estimated that 80% or more of average annual losses are not covered by ex-ante mechanisms; (ii) weak financing (Kyrgyz Republic, Mongolia, and Uzbekistan), where it is estimated that between 0% and 80% of average annual losses are not covered by ex-ante mechanisms; (iii) modest financing (Kazakhstan, Azerbaijan, and Georgia), where existing mechanisms are sufficient to help cover the emergency response costs of the most frequent events and the greatest need and opportunity may be for risk transfer instruments that support reconstruction costs for events of greater severity; and (iv) a final group comprising countries where data are insufficient (Turkmenistan) or the analysis required to estimate the protection gap goes beyond the scope of this TA (Inner Mongolia Autonomous Region and Xinjiang Uyghur Autonomous Region) as government support for disasters is centralized in the PRC.

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9. Based on the analysis, the report also proposes potential product options for countries across the various groups. For example, the critically insufficient financing group of countries would likely benefit from an emergency response cover attaching at a 1 in 5-year event. The weak financing group of countries could instead seek a cover at a 1 in 20-year level, given the extent of current reserves and financing arrangements. And for the modest financing group, risk transfer could be sought at the 1 in 50-year or higher level, commensurate with a major flood or earthquake event. 10. The second knowledge product complementing the country risk profiles was an analysis of the potential impacts of compound risk between natural hazards and infectious disease outbreaks in the CAREC region (Compound Risk Analysis Report). Deterministic scenarios of a severe earthquake or flood occurring during an outbreak were modelled for each CAREC country. Overall, the analysis concluded that compound risk may pose a challenge for the CAREC region in terms of elevated costs of response due to higher operational complexity, longer timelines required for reconstruction, and higher procurement costs resulting from supply interruptions or price shocks. The spatial extent of earthquake risk appears to be more influential on disease spread than that of flooding. Timing of the disaster event, relative to the phase of the pandemic influenza outbreak has an important impact on infectious disease outcomes. The report highlights the importance of addressing risk management in a multi-disciplinary manner and the need for contingency planning considering the joint effects of natural hazards and infectious disease risk at both regional and national levels. 11. The analytical modelling work was made accessible to each CAREC country through the Disaster Risk Modeling Interface, a web based online platform documented in the Disaster Risk Modelling Interface (alpha version) - User Guidance Note. The Disaster Risk Modeling Interface will be the basis for further capacity building for government stakeholders and will allow to visualize the risk profiles, to perform high-level disaster risk reduction cost-benefit analyses, and to quantify risk transfer costs for earthquake and flood parametric insurance structures. The methodology used and the assumptions made for the modelling as well as the data-related limitations are outlined and specified in detail in the Risk Modeling Technical Note. 12. The findings and recommendations of the country risk profiles, protection gap assessment, and the compound risk analysis were disseminated and discussed with CAREC countries (Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, PRC [Inner Mongolia and Xinjiang Uygur Autonomous Regions], Tajikistan, Turkmenistan, and Uzbekistan) during virtual consultations held in October and November 2021. These knowledge products will also help inform the design of the regional pilot risk transfer facility to be designed under output 2 of the TA during 2022.
13. In addition to the conceptualization of the pilot disaster risk transfer facility, the following deliverables in ongoing preparation are to be completed during 2022 supported by capacity building workshops: – disaster risk modelling tool (beta version), as an open-access interface which will allow users from CAREC countries to explore model results for earthquake, flood and infectious disease risks, and assess costs and benefits of disaster risk reduction and DRF measures, including insurance; – feasibility assessment on the issuance of a disaster relief (cat) bond by ADB for CAREC countries, including financial, modeling, structural, legal and documentation requirements; and – a final report detailing next steps to further develop regional infectious disease risk financing. CWRC = Central and West Asia Regional Cooperation and Operations Coordination Division; SDSC-FIN = Finance Sector Group.

TA Name: 9882-PRC: Expanding Access to Finance for Small and Medium-Sized Enterprises through Financial Technology Innovations			
Project Leader: Jennifer Romero-Torres, EAPF			
Amount: $700,000 ($200,000 funded by FSDPSF)	**TA Approval:** 3 Dec 2019	**TA Closing:** 30 Jun 2022	**Status:** Active

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Expected Impact and Outcomes Impact: Inclusive development via access to finance promoted (13th Five-Year Plan for National Economic and Social Development of the People's Republic of China 2016–2020 Outcome: Impediments for SMEs in access to finance reduced			
Accomplishments Due to the prolonged pandemic, the implementation and activities of the consultants were significantly delayed. The TA has engaged one national consulting firm and one individual international consultant to support the TA implementation. A virtual inception mission was held with senior officials from the Research Department of the People's Bank of China on 15 April 2021. The central bank provided guidance on the TA outputs and revised work program. TA deliverables to date include (i) the inception report on the overview and current status of the SME finance market in the PRC, the government initiatives for the application of Fintech for SMEs, best practices on application of fintech in SME finance, and analysis of the challenges to SME finance in the PRC; and (ii) an interim report on the various relevant international regulatory practices of governing application of fintech to SME finance. The interim report includes, among other things: (a) detailed accounts of the various international regulatory practices of governing the application of fintech to SME finance; (b) highlights the major approaches of regulatory policies and regulatory frameworks practiced or adopted by various countries, and identifies leading economies with significant fintech activities and development in the fintech ecosystem and regulatory environment with similar socio-economic and financial sector characteristics as the PRC economy; (c) a taxonomy of fintech environment involving fintech activities, technologies and regulatory policies; (d) international practices on fintech regulatory sandbox, regulator-led national and international collaborative and cooperation agreements and initiatives, and good regulatory practices cases of the UK and Singapore. A national survey of impediments for SMEs in access to finance amongst both the supply side of financial institutions in the PRC and demand side of SMEs in representative areas is currently being conducted online. The survey samples have been reviewed by PBOC and covered typical banks and areas with representative SMEs.			
TA Name: 9917-REG: Developing Insurance Markets for Sustainable and Resilient Societies in Asia and the Pacific			
Project Leader: Arup Chatterjee, SDSC-FIN			
Amount: $1,000,000 ($500,000 funded by FSDPSF)	**TA Approval:** 17 Dec 2019	**TA Closing:** 31 Dec 2022	**Status:** Active
Expected Impact and Outcomes Impact: Enabling environment for incentivizing the participation of insurers and reinsurers improved Outcome: Innovative insurance solutions expanded			
Accomplishments An international consultant to support the preparation of the study on insurance products for low-income households in case of death and serious disability (including individually funded and privately managed pension products and schemes for the disabled, elderly, and women) was engaged on 17 May and desk work review on social protection and compensation schemes in developing and developed countries is ongoing. Virtual missions were carried out in the Philippines and Pakistan to consult stakeholders in Q4 2021. The report is expected to be finalized by Q1 2022. The Philippines has been identified to serve as the pilot project where new technology for developing innovative insurance solutions will be demonstrated.			

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The country selection process for regional analytical studies 1 and 2 (insurance solutions that can make access to finance more efficient for businesses owned by women and MSMEs, and risk financing instruments that can make funding more effective by linking funding to results and by using technology, respectively) has been completed for Bangladesh and no objection to proceed with this activity will be requested accordingly. In view of the COVID-19 pandemic the disability insurance study will explore whether short-term disability insurance may cover coronavirus if illness requires medical quarantine that leaves a worker temporarily out of work. Similarly, the private pensions study will examine how the associated lockdowns and the related economic downturn are impacting retirement savings, retirement savings schemes, providers, potentially leading to future lower incomes in retirement and important dysfunctions in the market. It will recommend policy and regulatory measures that need to be put in place to expand the role of the private insurance sector. With the finalization of the draft Sandbox Regulations for carrying on Agriculture Insurance pilots by the Philippines on 23 September 2021, discussions were undertaken to carry out a desk-based need-based survey on innovative solutions and approaches in agriculture lending and insurance. This alternate desk-based option of identifying suitable solutions being considered was found not appropriate. Further there have been organizational changes wherein Philippine Crop Insurance Corporation has moved under Department of Finance which was previously under the Department of Agriculture. Consultants will need to be on the ground for the survey and project team will visit Seoul to firm up this arrangement once travel bans due to pandemic is lifted in Q1 2022.

TA Name: 8501-REG: Capacity Development for the Supply Chain Finance Program			
Project Leader: Sunil Mascarenhas, PSFI			
Amount: $5,000,000 ($300,000 funded by FSDPF)	**TA Approval:** 11 Nov 2013	**TA Closing:** 31 Dec 2023	**Status:** Active
Impact and Outcomes The impact will be broader access to supply chain finance for companies in DMCs. Access to supply chain finance for DMC companies is expected to increase by 25% by 2020. The outcome will be partner financial institutions broadening their supply chain finance portfolio.			
Accomplishments • TA funding was used to cover costs of an supply chain finance workshop held in December 2019 in ADB HQ with State Bank of Pakistan, IndusInd Bank, and Mayer Brown representatives. • TA funding was used to engage a consulting firm (i.e., Coriolis Technologies) to maintain and update the COVID-19 mapping tool that was launched in May 2020 and to expand online training and courses offered to partner banks on anti-money laundering, sustainability in trade and trade finance, and to underpin support for companies in trade and supply chains.			

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- Access to supply chain finance for DMC companies for partner financial institutions active in the program increased by 36.6% from 2018 to the first half of 2020.

As of 31 December 2021, the Supply Chain Finance Program has supported 5,618 transactions (2,738 SME transactions) valued at $1.5 billion, generating cofinancing of $782.9 million. The program has been supporting transactions related to COVID-19 response such as medical and pharmaceuticals.

Source: Updates from project leaders.

Climate finance is a growing area of focus for the fund. In the People's Republic of China, it will contribute to strengthening the capacity for project development and investment opportunities in low-carbon, climate-resilient infrastructure.

Financial Sector Development Partnership Special Fund and Financial Sector Development Partnership Fund 2021 Annual Report

A stable and diversified finance sector helps promote private sector development, create jobs, and spur economic growth. To promote finance sector development, the Financial Sector Development Partnership Fund (FSDPF) was established in July 2006 through contributions from the Government of Luxembourg. Given growing demand from the Asian Development Bank's developing member countries for financing support, the Financial Sector Development Partnership Special Fund (FSDPSF) was created in January 2013. The FSDPSF focuses on the key operational areas of finance sector development, inclusive finance, and infrastructure finance. Since the fund was established, the FSDPSF has allocated a total of $24.1 million for 66 projects.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members —49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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ASIAN DEVELOPMENT BANK
6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org