

US\$1.8 Billion Approved in 3rd Quarter 2000

The Asian Development Bank (ADB) approved during the third quarter of 2000 a total of US\$1.77 billion for its lending and technical assistance activities in developing member countries. This amount is 120 percent higher than ADB operations during the third quarter of 1999 amounting to US\$802.7 million.

Lending. From July to September 2000, 18 loans amounting to US\$1,178.17 million were approved, representing a 53 percent increase from the same period last year. Eighty-seven percent were funded from ADB's ordinary capital resources (OCR), and the rest from the concessional Asian Development Fund (ADF). Total lending during the period focused on three sectors, led by social infrastructure for US\$661.57 million (56 percent of total). The transport and communications, and agriculture and natural resources sectors also received loans.

Technical Assistance. ADB approved a total of US\$51.49 million for technical assistance activities, an increase of 51 percent from the year-ago level. This year's approval amounted to US\$41.47 million for 49 projects in member countries, and US\$10.02 million for 24 regional activities. Thirty-one percent of the technical assistance activities were for project preparation and 69 percent for advisory and operational purposes.

Disbursements. Total loan disbursements during the period amounted to US\$837.13 million, of which 71.5 percent were funded from OCR and 29.5 percent from ADF.

Cofinancing. ADB arranged for cofinancing amounting to US\$1,275.77 million with official bilateral and multilateral sources. Six loan projects (US\$1,259.80 million) and eight technical assistance projects (US\$15.97 million) will be cofinanced. ■

Falling Currencies, Equity Prices Unlikely to Trigger New Crisis

Despite retreats in the region's equity markets and declining currencies, Asia is unlikely to plunge into a renewed financial crisis, according to the October issue of the *Asia Recovery Report* (ARR), released by the Asian Development Bank (ADB) in October.

"The magnitude of net capital outflows is nowhere near as large as it was in 1997 and 1998," the report notes. Apart from size, the composition of the private capital outflows is also different this time. In 1997–1998, the main problems were banks' nonrenewal of short-term credit and investor panic. Now some economies are facing debt repayment, capital withdrawal from stock markets, and a slowdown of foreign direct investment.

"The symptoms are the same, but the causes are quite different," says Yoshihiro Iwasaki, head of ADB's Regional Economic Monitoring Unit. ■

Loans and Technical Assistance by Sector, Third Quarter 2000

Sector	Loans		Technical Assistance ^a	
	US\$ Million	%	US\$ Million	%
Agriculture and Natural Resources	16.00	1.36	16.14	38.92
Energy	–	–	1.80	4.34
Finance	–	–	4.05	9.76
Industry and Nonfuel Minerals	–	–	–	–
Social Infrastructure	661.57	56.15	8.00	19.27
Transport and Communications	500.60	42.49	4.88	11.78
Multisector	–	–	–	–
Others	–	–	6.60	15.93
Total	1,178.17	100.00	41.47	100.00

a Excludes regional technical assistance of US\$10.02 million.

Loan Approvals, Third Quarter 2000

	US\$ Million	Term (years) Including Grace Period	Interest/Service Charge	Date Approved
Bhutan				
Health Care Reform Program	10.00	24 (8)	1.0/1.5	21 Sep
Cambodia				
Stung Chinit Irrigation and Rural Infrastructure	16.00	32 (8)	1.0/1.5	5 Sep
China, People's Republic of				
Hefei-Xi'an Railway	300.00	25 (5)	variable	17 Aug
India				
Surat-Manor Tollway	180.00	25 (5)	variable	27 Jul
Housing Finance II				
– Housing and Urban Development Corporation	100.00	25 (5)	variable	21 Sep
– National Housing Bank	40.00	25 (5)	variable	21 Sep
– Housing Development Finance Corporation	80.00	25 (5)	variable	21 Sep
– Industrial Credit and Investment Corporation of India	80.00	25 (5)	variable	21 Sep
Lao People's Democratic Republic				
Primary Health Care Expansion	20.00	32 (8)	1.0/1.5	24 Aug
Nepal				
Small Towns Water Supply and Sanitation Sector	35.00	32 (8)	1.0/1.5	12 Sep
Papua New Guinea				
Rehabilitation of the Maritime Navigation Aids System	20.60	25 (5)	variable	12 Sep
Philippines				
Pasig River Environmental Management Rehabilitation Sector Development Program				
– Program Loan	100.00	15 (3)	variable	20 Jul
– Project Loan	75.00	25 (5)	variable	20 Jul
Technical Education and Skills Development	25.00	25 (5)	variable	24 Aug
– Fund for Technical Education and Skills Development	19.87	15 (5)	variable	24 Aug
Samoa				
Education Sector	7.00	32 (8)	1.0/1.5	5 Sep
Sri Lanka				
Secondary Education Modernization	50.00	32 (8)	1.0/1.5	12 Sep
Water Resources Management	19.70	32 (8)	1.0/1.5	19 Sep
Total	1,178.17			

Senior Staff Appointment and Movements

(11 July–25 October 2000)

Appointments

- **Charles Adams**—Senior Economic Advisor, Economics and Development Resource Center, effective 28 July 2000
- **Peter Fedon**—Advisor (Education), Agriculture and Social Sectors Department (West), effective 18 October 2000

Staff Movements (by effective date)

- **Bruce Murray**—assumed office as Director, People's Republic of China Resident Mission on 26 July 2000
- **T. L. de Jonghe**—Manager, Budget and Management Services Division, Budget, Personnel and Management Systems Department, effective 27 July 2000
- **Shamshad Akhtar**—Manager, Financial Sector and Industry Division East, Infrastructure, Energy and Financial Sectors Department (East), promotion effective 27 July 2000
- **David Jay Green**—assumed office as Lead Economist, Indonesia Resident Mission on 10 August 2000
- **Robert S. Boumphrey**—assumed office as Head, Special Liaison Office, East Timor, Office of Pacific Operations on 24 August 2000
- **Silvio R. Cattonar**—transfer from Lead Portfolio Management Specialist, Central Operations Services Office to Manager, INTEGRA Project, Project Management Unit, Office of the Vice-President (Finance and Administration), effective 28 August 2000
- **Robert H. Salamon**—Chief, Office of External Relations, promotion effective 28 August 2000
- **Frederick Roche**—promotion from Senior Project Economist, Forestry and Natural Resources Division East, Agriculture and Social Sectors Department (East) to Manager, Water Supply, Urban Development and Housing Division West, Agriculture and Social Sectors Department (West), effective 1 September 2000
- **Gunter Hecker**—transfer from Senior Advisor, Office of the Director to Chief, Philippines Country Office, Programs Department (East), effective 1 September 2000
- **Ayumi Konishi**—Programs Manager, transfer due to reorganization from PE2 to PE1, effective 7 September 2000
- **Kunio Senga**—Programs Manager, transfer due to reorganization from PE3 to PE2, effective 7 September 2000 ■

Borrowers, Third Quarter 2000

Borrower	US\$ Million	%
India	480.00	40.74
China, People's Rep. of	300.00	25.46
Philippines	219.87	18.66
Sri Lanka	69.70	5.92
Nepal	35.00	2.97
Papua New Guinea	20.60	1.75
Lao PDR	20.00	1.70
Cambodia	16.00	1.36
Bhutan	10.00	0.85
Samoa	7.00	0.59
Total	1,178.17	100.00

Technical Assistance Approvals, Third Quarter 2000

Technical Assistance	Type ^a	US\$ ^b 000	Date Approved
Bangladesh			
Second Nonformal Education	PP	600.00 ^b	5 Jul
Regional Rail Traffic Enhancement	PP	900.00 ^b	29 Aug
Organizational Reform of Bangladesh Railway, Phase III	AO	840.00 ^b	29 Aug
Road Network Improvement and Maintenance	PP	800.00 ^b	29 Sep
Bhutan			
Road Planning and Management Strengthening	AO	954.00 ^b	20 Jul
Cambodia			
Financial Sector Development Program	PP	800.00 ^b	7 Jul
Rural Development	PP	600.00 ^b	29 Aug
China, People's Republic of			
Policy Support for the PRC 2020 Project (Phase III)	AO	900.00	14 Jul
Ningxia-Shapotou Water Resources Development	PP	930.00 ^b	31 Jul
Ganzhou-Longyan Railway	PP	750.00 ^b	30 Aug
Hebei Province Wastewater Treatment	PP	850.00 ^b	30 Aug
Development of a Small and Medium-Sized Enterprise Credit Support System	AO	750.00	30 Aug
Global Environment Facility Partnership on Land Degradation in Dryland Ecosystems	AO	100.00	5 Sep
Establishing an Enterprise Sample Survey System	AO	600.00	26 Sep
Cook Islands			
Preparing an Economic Report	AO	180.00	27 Sep
East Timor			
Environmental Assessment Capacity Improvement	AO	250.00	15 Sep
Rehabilitation of the Telecommunications Sector (Phase II)	AO	150.00	26 Sep
India			
Development of Secondary Debt Market	AO	600.00	28 Jul
Reducing Poverty in Urban India	AO	300.00	16 Aug
Participatory Poverty Assessment at the State Level	AO	690.00	29 Aug
Indonesia			
Improving Public Sector Procurement	AO	780.00	21 Jul
Governance Audit of the Public Prosecution Service	AO	1,000.00	21 Jul
Outer Island Electrification	PP	800.00	21 Aug
Corporate Governance Reform	AO	300.00	29 Aug
Kyrgyz Republic			
Environmental Monitoring and Management Capacity Building II	AO	650.00 ^c	11 Sep
Second Phase of the Corporate Governance and Enterprise Reform Program	PP	700.00 ^b	28 Sep
Lao People's Democratic Republic			
Strengthening Corporate Governance and Management of State-Owned Commercial Banks	AO	900.00	7 Jul
Capacity Building for Primary Health Care	AO	800.00	10 Aug
Small Towns Development	PP	700.00 ^b	29 Aug
Maldives			
Capacity Building for the Maldives Customs Services	AO	700.00 ^b	5 Sep
Marshall Islands			
Outer Island Transport Infrastructure	PP	340.00 ^b	29 Sep
Micronesia, Federated States of			
Improving Access to Laws	AO	300.00	29 Sep
Nepal			
Formulating an Action Plan on Civil Service Reform (Supplementary)	AO	30.00	3 Aug
Group Formation and Training of Women Beneficiaries	AO	200.00 ^b	18 Aug
Pakistan			
Support for Privatization of Karachi Electric Supply Corporation	AO	1,000.00	22 Sep
Papua New Guinea			
Review of Constraints to Informal Sector Development	AO	225.00	29 Sep
Philippines			
Capacity Building Support for Pasig River			
Environmental Management and Rehabilitation	AO	1,000.00 ^{d,e}	20 Jul
Institutional Strengthening of Housing and Urban Development Sector	AO	150.00	2 Aug
Strengthening Management Capacity and Improving Quality of Technical Education and Skills Development System	AO	775.00 ^{d,e}	24 Aug
Education Sector Development Program	PP	998.00 ^b	12 Sep

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Technical Assistance Approvals *(continued from page II)*

Technical Assistance	Type ^a	US\$'000	Date Approved
Samoa			
Education Support	AO	820.00 ^d	5 Sep
Sri Lanka			
Coastal Resource Management	AO	12,760.00 ^f	4 Aug
Eastern Province Coastal Community Development	PP	1,000.00 ^b	16 Aug
Tajikistan			
Regional Railway Improvement	PP	150.00	5 Sep
Strategy for Improved Flood Management	AO	550.00 ^b	5 Sep
Viet Nam			
Supporting Preparation of the National Poverty Reduction Strategy	AO	150.00	5 Jul
Improved Official Development Assistance Effectiveness Through Partnership Initiatives	AO	150.00	2 Aug
Capacity Building for Prevention of Food-Borne Diseases	AO	500.00 ^b	29 Aug
Low-Income Housing and Secondary Towns Urban Development Needs Assessment Study	AO	500.00 ^b	30 Aug
Total		41,472.00	

a Type of technical assistance: advisory and operational (AO) and project preparatory (PP).

b To be financed from the Japan Special Fund.

c To be funded by the Government of Finland.

d Attached to a loan.

e To be financed from the Asian Currency Crisis Support Facility.

f To be funded by the Government of the Netherlands.

Regional Technical Assistance, Third Quarter 2000

Technical Assistance	US\$'000	Date Approved
Tenth ADB Tax Conference	150.00 ^a	4 Jul
Regional Indicative Master Plan on Power Interconnection in the Greater Mekong Subregion	900.00 ^b	10 Jul
Third ADB-Colombo Plan Training Program	50.00	12 Jul
Regulatory Systems and Networking of Water Utilities and Regulatory Bodies	500.00 ^a	19 Jul
Study of Pro-Poor Economic Growth and Institutional Constraints on Poverty Reduction in Developing Member Countries (DMCs)	610.00	27 Jul
Development of a Regional Technical Assistance (RETA) Home Page	45.00	31 Jul
Road Asset Management	150.00	2 Aug
2000–2002 Orientation Program for Officials of ADB's DMCs	750.00	17 Aug
Public–Private Community Partnerships in Urban Services for the Poor	550.00	18 Aug
Cooperative Airspace Management in the Pacific Region	350.00	25 Aug
Microcredit Summit Asia and Pacific Regional Meeting	140.00	5 Sep
ADB–ADBI Capacity Building Seminar on Poverty Reduction Issues	63.00	8 Sep
Support for Information and Communications Technology (ICT) and Education	100.00	11 Sep
Regional Workshops on Project Economic Analysis for Selected DMCs	240.00	15 Sep
Seminars on the Use of Consulting Services in 2000–2001	500.00	15 Sep
Regional Environmental Action Plan in Central Asia	500.00 ^c	19 Sep
An International Conference: "What Have We Learned from the Past 30 Years of Research on Poverty" (Supplementary)	740.00	19 Sep
National Resettlement Policy Enhancement and Capacity Building	500.00 ^a	20 Sep
Identification and Prioritization of Subregional Projects in South Asia	785.00	22 Sep
Action Plans for Reducing Vehicle Emissions	900.00 ^a	26 Sep
Harmonizing and Strengthening Business Tendency Surveys in Selected DMCs	50.00	26 Sep
Strategies for Poverty Reduction through Urban Environmental Improvement	500.00 ^a	27 Sep
Audit Training Program for Central Asian Republics	500.00 ^a	28 Sep
Combating Desertification in Asia	450.00 ^d	29 Sep
Total	10,023.00	

a To be financed from the Japan Special Fund.

b Of this amount, US\$158,000 is funded by ADB and US\$742,000 by the Government of Norway.

c To be funded by the Government of Finland.

d Of this amount, US\$250,000 is funded by ADB and US\$200,000 by Global Mechanism.

Asian Economies More Resilient, Says Asia Recovery Report

As Asia's recovery consolidates, its quality is improving, leaving affected countries in a stronger position to absorb shocks, according to the October issue of the *Asia Recovery Report* (ARR), released by the Asian Development Bank.

While net exports had generally led recovery, domestic demand and intraregional trade are now adding depth to it, making the affected countries less vulnerable to gyrations in external demand outside the region. Foreign exchange reserves provide ample cover for short-term obligations, and the maturity structure of external debt is improving.

Not only is recovery occurring quickly and becoming more broad-based, the region's economies are potentially more resilient, says the report.

There is now greater clarity and coherence in macroeconomic management policies. Most affected countries have abandoned the precrisis informal dollar pegs and are moving toward explicit inflation, targeting frameworks that are likely to promote greater transparency and independence in monetary policy.

Some headway is also being made on bank and corporate restructuring, with nonperforming loan ratios, in general, falling and capital adequacy ratios strengthening as banks slowly return to profitability. Even the property markets show signs of bottoming out, the report says. ■

Stronger Domestic Demand Lifts ADB's Growth Forecast for Asia

Developing Asia's gross domestic product (GDP) is forecast to increase to 6.9 percent in 2000 before moderating to 6.5 percent in 2001, according to the Asian Development Bank's latest regional economic report.

The *Asian Development Outlook (ADO) 2000 Update*, released in September, revises upwards the regional growth forecast from the 6.2 percent projected by the *Asian Development Outlook 2000* published in April.

The upward revision of likely growth in 2000 is based on stronger domestic demand and sustained growth in external demand. The *ADO Update* notes that domestic investment demand, while still below precrisis levels in most of developing Asia, is likely to strengthen as excess capacity is utilized and competitive pressures force production capacity to be upgraded.

Improved private consumption demand is expected to offset slackening public sector demand as governments restore fiscal balances within the region. External demand is likely to remain buoyant on account of stronger growth in interregional trade, a consolidation of recovery in Europe and Japan, and continued though slower demand growth in the United States.

The *ADO Update* notes, however, that growth is uneven among countries and warns that volatility in equity markets and currency values underscore concerns that need to be addressed if growth is to be sustained over the

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Cofinancing Arrangements, Third Quarter 2000

Member/Project	US\$ Million	Source
Loan Projects		
Cambodia		
Stung Chinit Irrigation and Rural Infrastructure	2.60	Agence Francaise de Développement
China, People's Republic of		
Hefei-Xi'an Railway	1,221.70	China Development Bank
Papua New Guinea		
Rehabilitation of the Maritime Navigation Aids System	0.80	Australian Agency for International Development
Philippines		
Pasig River Environmental Management and Rehabilitation Sector Development Program (Investment Loan)	2.20	Denmark
	0.50	US Trade Development Agency
Technical Education and Skills Development	10.00	Danish International Development Agency
	8.00	Nordic Development Fund
	7.00	OPEC Fund for International Development
Sri Lanka		
Secondary Education Modernization	7.00	Nordic Investment Bank
Total Loans	1,259.80	
Technical Assistance Projects		
Indonesia		
Decentralized Basic Education	0.15 ^a	Australia
Decentralized Health Services I	0.30 ^b	Australia
Kyrgyz Republic		
Environment Monitoring and Management Capacity Building II	0.65	Finland
Sri Lanka		
Coastal Resources Management Project	12.76	Netherlands
Vanuatu		
Skills Development Project	0.67 ^c	New Zealand
Regional		
Combating Desertification and Reducing Poverty in Asia	0.20	Global Mechanism
Regional Environmental Action Plan in Central Asia	0.50	Finland
Regional Indicative Master Plan on Power Interconnection in the Greater Mekong Subregion	0.74	Norway
Total Technical Assistance	15.97	
Grand Total	1,275.77	

a Approved in June 2000 with initial funding from the Technical Assistance Special Fund (TASF). Fund source was changed in July 2000 from the TASF to Australia.

b Approved in May 2000 with funds from the TASF for US\$150,000. During technical assistance implementation, Australia provided in July 2000 supplementary financing for US\$30,000.

c Approved in May 2000. In July 2000, a portion of the cost was funded by New Zealand.

Stronger Domestic Demand Lifts ADB's Growth Forecast for Asia

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medium term. These concerns include inadequate progress on structural reforms, perceived inability of some governments to address macroeconomic imbalances, and political uncertainty. The ADB report said that crisis-affected economies that have made the most headway with reform are recovering the fastest. The outstanding example is the Republic of Korea, which saw exceptionally strong GDP growth of 11.2 percent in the first half of the year. This has been based primarily on resurgent domestic private demand. The strong growth in investment demand and upsurge in foreign investment reflect the positive impact of corporate and financial sector restructuring that has been undertaken in the last two years.

Among other crisis-affected economies, except for Indonesia and Thailand, the output lost during the financial crisis of 1997-1998 is likely to be recouped by the end of 2000. In Thailand, the *ADO Update* forecasts that it will take another year for per capita GDP to reach precrisis

levels. It may take even longer in Indonesia where economic and political uncertainties are interwoven and are hindering recovery. The other economies of the Association of Southeast Asian Nations are being carried upward by the tide of better regional performance, as increasingly stronger intraregional trade links generate positive spillover effects to the rest of developing Asia. Malaysia registered growth of over 10.3 percent during the first half of 2000, mainly due to improved external demand for manufactured goods and buoyant private consumer demand. The Philippines grew 3.9 percent in the first half, reflecting an upturn in the agriculture sector and continued growth in the services sector. The newly industrialized economies are expected to achieve growth of 7.9 percent in 2000 and 6.6 percent in 2001. Hong Kong, China is expected to lead the region with GDP growth of 8.5 percent in 2000 followed by the Republic of Korea with 8.3 percent and Singapore with 8 percent. ■

Loan Disbursements, Third Quarter 2000

Borrower	US\$ Million		
	OCR ^a	ADF ^b	Total
Bangladesh	3.33	39.74	43.07
Bhutan	0.00	0.35	0.35
Cambodia	0.00	22.74	22.74
China, People's Rep. of	187.43	0.00	187.43
Cook Islands	0.00	0.08	0.08
Fiji Islands	1.34	0.00	1.34
Hong Kong, China	0.00	0.00	0.00
India	62.71	0.00	62.71
Indonesia	96.47	9.20	105.67
Kazakhstan	7.56	0.29	7.85
Kiribati	0.00	0.30	0.30
Korea, Rep. of	1.00	0.00	1.00
Kyrgyz Republic	0.00	8.42	8.42
Lao PDR	0.00	20.48	20.48
Malaysia	12.12	0.00	12.12
Maldives	0.00	0.73	0.73
Marshall Islands	0.00	1.53	1.53
Micronesia, Fed. States of	0.00	0.98	0.98
Mongolia	0.00	7.70	7.70
Myanmar	0.00	0.00	0.00
Nauru	0.00	0.00	0.00
Nepal	0.27	14.27	14.54
Pakistan	17.71	47.39	65.10
Papua New Guinea	1.08	1.19	2.27
Philippines	110.90	8.53	119.43
Samoa	0.00	0.00	0.00
Singapore	0.00	0.00	0.00
Solomon Islands	0.00	0.23	0.23
Sri Lanka	0.00	17.02	17.02
Taipei, China	0.00	0.00	0.00
Tajikistan	0.00	1.35	1.35
Thailand	52.96	0.00	52.96
Tonga	0.00	1.01	1.01
Tuvalu	0.00	0.00	0.00
Uzbekistan	24.60	0.66	25.26
Vanuatu	0.00	1.38	1.38
Viet Nam	10.62	32.76	43.38
Regional	8.70	0.00	8.70
Total	598.80	238.33	837.13

^a Refers to ordinary capital resources.

^b Refers to Asian Development Fund.

Top Recipients of Technical Assistance Grants, 3rd Quarter 2000

Recipient	US\$ Million	%
Sri Lanka	13.76	33.18
China, People's Rep. of	4.88	11.77
Bangladesh	3.14	7.57
Philippines	2.92	7.05
Indonesia	2.88	6.94
Lao PDR	2.40	5.79
India	1.59	3.83
Cambodia	1.40	3.38
Kyrgyz Republic	1.35	3.26
Viet Nam	1.30	3.13
Other developing member countries	5.85	14.10
Total	41.47	100.00