

## ADB Lending Totals \$5.3 Billion in 2001

### Loan approvals

- Lending for both public and private sector operations totaled \$5,339 million for 76 loans in 60 projects.
- Lending to the public sector amounted to more than \$5,301 million for 57 projects, comprising \$3,940 million from ordinary capital resources (OCR) and \$1,362 million from the Asian Development Fund (ADF).
- Twenty-two developing member countries (DMCs) and one regional project received Asian Development Bank (ADB) loans. India received the largest amount (\$1,500 million or 28%), followed by People's Republic of China, Pakistan, and Indonesia.
- Transport and communications received the highest share of loans with \$1,426 million or 27% of the total lending.
- The average loan size was \$70 million.

### Poverty reduction

- Eight projects totaling about \$24 million were approved for financing from the Japan Fund for Poverty Reduction (JFPR).
- Four partnership agreements on poverty reduction were signed between ADB and Bhutan, Lao People's Democratic Republic, Nepal, and Philippines.

### Private sector operations

- ADB's lending to the private sector, totaling \$37.5 million for four loans, included its first private sector support in the social sectors for education and health care.
- ADB approved three equity investments in the private sector, totaling \$30.4 million.

### Loan disbursements

- A total of \$3,874 million was disbursed. Of this, 63% was for project loans, followed by program, sector, and private sector loans.

### Technical assistance

- A total of 257 technical assistance grants amounting to \$146.4 million were approved.

### Borrowers, 2001

	\$ Million	%
India	1,500.00	28.10
China, People's Republic of	997.00	18.67
Pakistan	956.80	17.92
Indonesia	500.00	9.37
Bangladesh	297.90	5.58
Viet Nam	260.59	4.88
Sri Lanka	146.00	2.73
Philippines	105.00	1.97
Nepal	95.60	1.79
Papua New Guinea	75.90	1.42
Other developing member countries	384.20	7.20
Regional	20.00	0.37
<b>TOTAL</b>	<b>5,339.00</b>	<b>100.00</b>

- Of the total amount for technical assistance, \$39.8 million came from the Technical Assistance Special Fund (TASF) resources and \$20.0 million from OCR current income; \$53.8 million from the regular and supplementary contributions to the Japan Special Fund (JSF); \$16.1 million from the Asian Currency Crisis Support Facility; and \$16.7 million from other sources.
- Of the technical assistance projects, 64 were for project preparation, 142 for advisory and operational purposes, and 51 for regional activities.
- The largest share (19%) of total project-specific technical assistance went to the agriculture and natural resources sector, followed by social infrastructure, finance, and transport and communications.
- Technical assistance components of loans totaled \$180 million.
- Indonesia received the largest share of country-specific technical assistance grants with \$15.9 million or 14% of total technical assistance to DMCs. Other top recipients were People's Republic of China, Viet Nam, and India.

### Grants

- Sixteen projects received grants totaling \$93.8 million. Of this, eight projects received about \$24 million from the JFPR; and eight projects that received ADB loans also received grants totaling \$69.8 million from the governments of Australia, Denmark, The Netherlands, and United Kingdom, and the Global Environment Facility.

### Cofinancing

- Cofinancing for loan projects mobilized from all sources amounted to about \$1,358 million for 25 projects in 11 DMCs—equivalent to 26% of ADB's total lending for the year.
- Cofinancing arrangements made with commercial sources totaled \$913 million, official sources \$425 million, and export credit agencies \$20 million.

### Financial resources

- Authorized capital stock amounted to \$43,834 million. Subscribed capital stood at \$43,628 million.
- Borrowings in 2001 totaled \$1,607 million, including \$1,207 million in medium- and long-term funds through 15 structured private placement transactions and 2 opportunistic public offerings.
- Gross income amounted to \$2,238.7 million, of which \$1,813.7 million was generated by loan portfolio, \$403.4 million by investment portfolio, and \$21.6 million from other sources.
- In 2001, ADB's Special Funds consisted of the concessional ADF with committed resources amounting to \$5.2 million, TASF \$33.9 million, JSF \$30.9 million, and ADB Institute Special Fund \$61.5 million.
- The Japan Fund for Information and Communication Technology was established in 2001 to harness the potential of information and communication technology and bridge the growing digital divide in Asia and the Pacific.

- Other funds established this year, to be administered by ADB, are the Dutch Fund to promote renewable energy and energy efficiency, the Canadian Fund to manage climate change, the fund from the United Kingdom to focus on poverty reduction in India, and the multidonor Cooperation Fund for the Water Sector to promote effective water management policies and practices at the regional, subregional, and country levels. ■

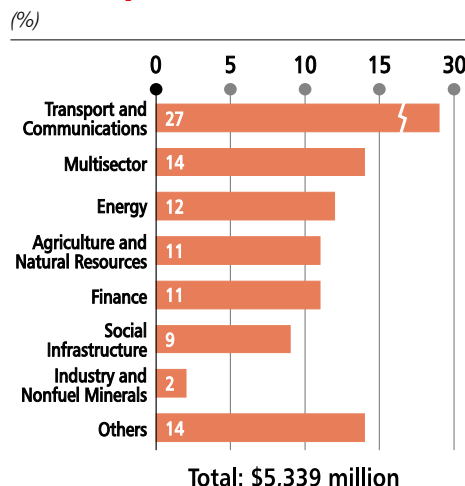
### ADB Operations

	\$ Million		%
	2000	2001	
Lending			
OCR	4,060.1 <sup>a</sup>	3,977.4	(2.0)
ADF	1,592.5	1,361.6	(14.5)
Total Lending	5,652.6	5,339.0	(5.5)
Equity Investments	78.2	30.4	(61.1)
Technical Assistance Grants <sup>b</sup>	172.0	146.4	(14.9)
<b>TOTAL</b>	<b>5,902.8</b>	<b>5,515.8</b>	

a Adjusted to reflect terminated loans and reduced ADB loan amounts.

b Including regional activities.

### Loans by Sector, 2001



### Portugal Joins ADB

Portugal has become the 60th member of the Asian Development Bank (ADB). Portugal's membership became effective on 2 April 2002 upon completion of all formalities, including payment of the first installment of its subscription to ADB's capital stock.

Portugal has subscribed to 12,040 shares of the capital stock. ADB's authorized capital stock is 3,490,994 shares equivalent to US\$43.5 million as of 31 March 2002 exchange rates. ■

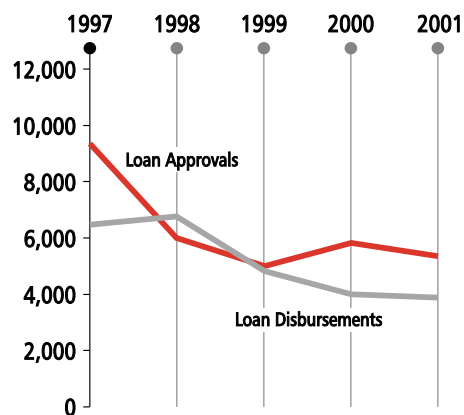
## Loan Approvals and Disbursements, 2001

(\$ Million)

	Approvals	Disbursements
Bangladesh	297.90	214.91
Bhutan	7.00	6.70
Cambodia	75.20	48.35
China, People's Republic of	997.00	1,052.90
Cook Islands	2.20	0.59
Fiji Islands	–	4.43
India	1,500.00	269.83
Indonesia	500.00	686.21
Kazakhstan	–	15.28
Kiribati	–	1.43
Korea, Republic of	–	1.63
Kyrgyz Republic	75.00	58.30
Lao People's Democratic Republic	65.00	44.67
Malaysia	–	14.95
Maldives	17.50	2.73
Marshall Islands	12.00	8.34
Micronesia, Federated States of	13.02	2.51
Mongolia	35.69	30.39
Nepal	95.60	57.20
Pakistan	956.80	512.33
Papua New Guinea	75.90	44.71
Philippines	105.00	321.89
Samoa	6.00	3.60
Solomon Islands	–	0.01
Sri Lanka	146.00	103.49
Tajikistan	3.60	2.93
Thailand	–	139.00
Tonga	–	0.22
Tuvalu	–	1.17
Uzbekistan	72.00	40.13
Vanuatu	–	2.80
Viet Nam	260.59	176.21
Regional	20.00	4.44
<b>TOTAL</b>	<b>5,339.00</b>	<b>3,873.95</b>

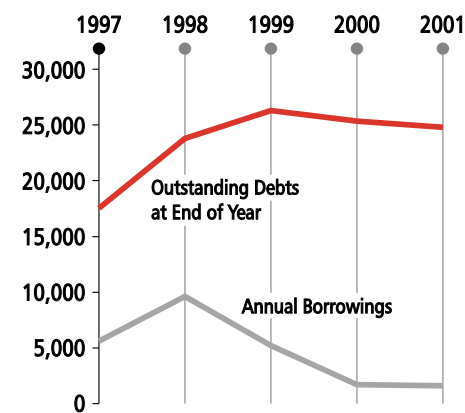
## Loan Approvals and Disbursements, 1997–2001

(\$ million)



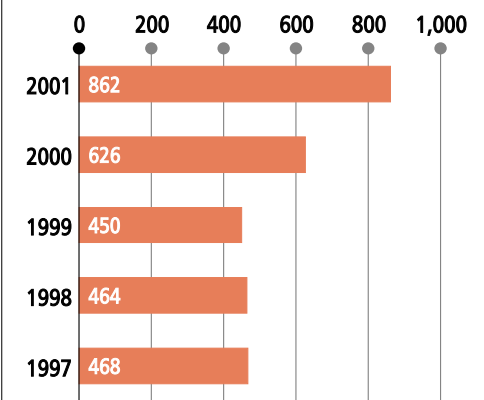
## Borrowings, 1997–2001

(\$ million)



## Net Income, 1997–2001

(\$ million)



## Loan Approvals, Fourth Quarter 2001

	\$ Million	Term (years) including Grace Period	Interest/Service Charge	Date Approved
<b>Bangladesh</b>				
Post-Literacy and Continuing Education	65.00	32 (8)	1.0/1.5	13 Dec
West Zone Power System Development	60.20	32 (8)	1.0/1.5	17 Dec
West Zone Power System Development	138.70	20 (5)	LIBOR-based	17 Dec
<b>Cambodia</b>				
Financial Sector Program (Subprogram I)	10.00	24 (8)	1.0/1.5	15 Nov
Northwestern Rural Development	27.20	32 (8)	1.0/1.5	27 Nov
Education Sector Development Program				4 Dec
– Program Loan	20.00	24 (8)	1.0/1.5	
– Project Loan	18.00	32 (8)	1.0/1.5	
<b>China, People's Republic of</b>				
Ganzhou-Longyan Railway	200.00	25 (5)	LIBOR-based	30 Oct
Guangxi Roads Development	150.00	24 (4)	LIBOR-based	30 Oct
Acid Rain Control and Environmental Improvement	147.00	20 (4)	LIBOR-based	19 Dec
Shen-Da Power Transmission and Grid Rehabilitation	100.00	24 (4)	LIBOR-based	20 Dec
<b>India</b>				
Madhya Pradesh Power Sector Development Program				6 Dec
– Program Loan	150.00	15 (3)	LIBOR-based	
– Project Loan	200.00	20 (5)	LIBOR-based	
West Bengal Corridor Development	210.00	25 (5)	LIBOR-based	11 Dec
Private Sector Infrastructure Facility at State Level				
– Infrastructure Leasing and Financial Services Ltd.	100.00	20 (5)	LIBOR-based	11 Dec
– Industrial Development Bank of India	100.00	20 (5)	LIBOR-based	11 Dec
<b>Indonesia</b>				
Decentralized Basic Education	100.00	32 (8)	1.0/1.5	29 Nov
State-Owned Enterprise Governance and Privatization Program	400.00	15 (3)	LIBOR-based	4 Dec
<b>Kyrgyz Republic</b>				
Third Road Rehabilitation	40.00	32 (8)	1.0/1.5	31 Oct
Second Phase of the Corporate Governance and Enterprise Reform Program	35.00	24 (8)	1.0/1.5	22 Nov
<b>Lao People's Democratic Republic</b>				
Environment and Social Program	20.00	24 (8)	1.0/1.5	6 Dec
<b>Maldives</b>				
Information Technology Development	9.50	32 (8)	1.0/1.5	17 Dec
Outer Islands Electrification (Sector)	8.00	32 (8)	1.0/1.5	18 Dec
<b>Micronesia, Federated States of</b>				
Private Sector Development Program				12 Dec
– Program Loan	5.00	24 (8)	1.0/1.5	
– Project Loan	8.02	32 (8)	1.0/1.5	

(continued on page IV)

## Asian Growth To Accelerate in 2002–2003 But Pace Will Be Moderate

After a turbulent 1997–2001, developing Asia is returning to a more sustainable pace of economic growth in 2002–2003. The region's average gross domestic product (GDP) growth is projected to rise to 4.8% in 2002 and 5.8% in 2003 from 3.7% posted in 2001, according to the *Asian Development Outlook 2002* (ADO), released in April by the Asian Development Bank (ADB).

"A gradual recovery in global trade and a moderate improvement in capital flows to the region should provide a stimulus to all subregions of developing Asia," said ADB Vice-President Myoung-Ho Shin.

A strengthening United States economy, emerging from a milder-than-expected recession, is proving beneficial to the outlook for other economies worldwide, including the euro area, Japan, and developing Asia, says ADO, an annual publication analyzing and forecasting economic trends in the Asian and Pacific region.

Domestic demand in many of ADB's developing member countries (DMCs) is responding to macroeconomic stimulus and emerging as a source of growth. Falling risk spreads on Asian securities, and, in early 2002, strengthening equity markets reveal renewed investor interest in the region.

"The region will slowly return to a more balanced and sustainable pace of development after a turbulent 1997–2001 period," added Mr. Shin.

The ADO notes that challenges still exist. One risk that could spark slower-than-expected growth is that the export demand recovery for Asian products could be sluggish. This could occur if the global recovery were hampered by prolonged weakeners in investment. A current account adjustment in the United States or an increase in trade costs because of security concerns could also reduce its appetite to import goods and thus dilute recovery in developing Asia by curtailing exports.

Another set of challenges includes a reemergence of inflation. For example, disruptive events in the Middle East could cause skittish oil markets to send prices higher.

ADB's DMCs need to accelerate structural reforms. This is especially so, given the increased global competition in traditional export markets and the possibility of reduced import growth over the medium term in industrialized

countries. Some export sectors which fuel economic growth in the region include information and communications technology (ICT), textile and clothing, and commodities. The ICT sector experienced a boom-bust cycle that carried many DMCs up in 1999–2000 and down in 2001. For 2002–2003, chip demand and the ICT sector are expected to recover slowly.

The growth of world textile and clothing exports moderated in 2001, as demand among importing nations declined. For 2002–2003, exports of DMCs are likely to pick up gradually.

Commodity exports are vital to several countries including Indonesia, the Mekong countries, and Central Asian nations. Because of weaker world demand, commodity prices fell sharply in 2001, especially after 11 September 2001. But prices are rebounding as the pace of global economic activity accelerates.

The ADO notes that there will be considerable variance in economic performance among subregions.

East Asia's economic performance is expected to strengthen, with GDP growth projected to rise to 5.2% in 2002 and 6.2% in 2003 from 3.9% in 2001. Exports will grow moderately in 2002 before rebounding to nearly 9% in 2003.

The outlook for Southeast Asia is for a strengthening of economic growth that in the medium term will be somewhat lower than the region's past robust performance. In all, the region's economic growth is forecast to expand to 3.4% in 2002 and 4.3% in 2003 from 1.9% in 2001.

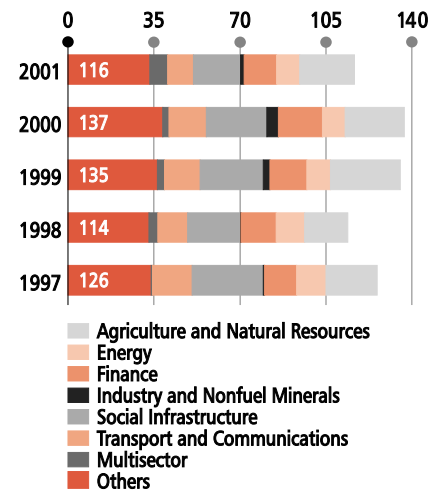
Higher growth is expected in South Asia, with GDP rates projected at 5.4% in 2002 and 6.4% in 2003, compared to 4.9% in 2001.

Economic growth in the Central Asian republics is forecast to remain buoyant in 2002–2003, with GDP growth rates of 5.7% and 6.4%, respectively, after 10.7% in 2001.

The economies of the Pacific countries are expected to grow 1.9% in 2002 and 2.6% in 2003 after contracting by 0.8% in 2001. Prospects in the Pacific are subdued by structural problems, including debt overhang, depletion of natural resources, continued potential for civil unrest, and the dominant role of the public sector. ■

## Technical Assistance Grants by Sector,<sup>a</sup> 1997–2001

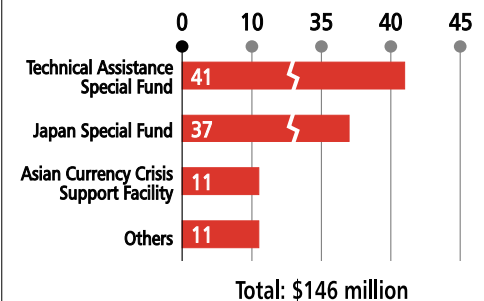
(\$ million)



<sup>a</sup> Excludes regional technical assistance.

## Technical Assistance Grants by Source, 2001

(%)



## Loans and Technical Assistance, 2001

Sector	Loans <sup>a</sup>		Technical Assistance <sup>b</sup>	
	\$ Million	%	\$ Million	%
Agriculture and Natural Resources	603.48	11.30	22.21	19.06
Energy	662.90	12.42	9.37	8.05
Finance	565.02	10.58	13.20	11.33
Industry and Nonfuel Minerals	86.00	1.61	1.45	1.24
Social Infrastructure	492.10	9.22	19.32	16.58
Transport and Communications	1,425.50	26.70	10.50	9.01
Multisector	757.00	14.18	7.18	6.16
Others	747.00	13.99	33.26	28.56
<b>TOTAL</b>	<b>5,339.00</b>	<b>100.00</b>	<b>116.48</b>	<b>100.00</b>

<sup>a</sup> Includes private sector approvals.

<sup>b</sup> Excludes loan-financed technical assistance (which are included in loan data) and regional activities of \$29.88 million.

## Recipients of Technical Assistance Grants, 2001

	\$ Million	%
Indonesia	15.93	10.89
China, People's Republic of	12.45	8.51
Viet Nam	8.42	5.75
India	8.00	5.47
Philippines	7.55	5.16
Cambodia	6.80	4.65
Pakistan	6.60	4.51
Lao People's Democratic Republic	5.20	3.55
Bangladesh	4.87	3.32
Papua New Guinea	4.27	2.92
Other developing member countries	36.40	24.87
Regional	29.88	20.42
<b>Total</b>	<b>146.36</b>	<b>100.00</b>

**Loan Approvals, Fourth Quarter 2001**

(continued from page II)

	\$ Million	Term (years) including Grace Period	Interest/Service Charge	Date Approved
<b>Mongolia</b>				
Housing Finance Sector	15.00	32 (8)	1.0/1.5	18 Oct
Rural Finance	8.69	32 (8)	1.0/1.5	25 Oct
<b>Nepal</b>				
Governance Reform Program	30.00	24 (8)	1.0/1.5	27 Nov
Road Network Development	46.00	32 (8)	1.0/1.5	13 Dec
<b>Pakistan</b>				
North-West Frontier Province Urban Development Sector	20.80	32 (8)	1.0/1.5	8 Nov
Agriculture Sector Program II (ADF)	123.00	24 (8)	1.0/1.5	13 Dec
Agriculture Sector Program II (OCR)	225.00	15 (3)	LIBOR-based	13 Dec
Agriculture Sector Program II (TA Loan)	2.00	32 (8)	1.0/1.5	13 Dec
Road Sector Development Program				19 Dec
– Program Loan	50.00	15 (3)	LIBOR-based	
– Sector Loan (ADF)	75.00	32 (8)	1.0/1.5	
– Sector Loan (OCR)	75.00	15 (3)	LIBOR-based	
Access to Justice Program (ADF)	86.80	24 (8)	1.0/1.5	20 Dec
Access to Justice Program (OCR)	243.20	15 (3)	LIBOR-based	20 Dec
– Institutional Development for Access to Justice	20.00	32 (8)	1.0/1.5	20 Dec
Reproductive Health	36.00	32 (8)	1.0/1.5	20 Dec
<b>Papua New Guinea</b>				
Public Service Program	70.00	15 (3)	LIBOR-based	12 Dec
Nucleus Agro-Enterprises	5.90	32 (8)	1.0/1.5	18 Dec
<b>Philippines</b>				
Nonbank Financial Governance Program	75.00	15 (3)	LIBOR-based	15 Nov
<b>Samoa</b>				
Power Sector Improvement	6.00	32 (8)	1.0/1.5	17 Dec
<b>Sri Lanka</b>				
North East Community Restoration and Development	25.00	32 (8)	1.0/1.5	16 Oct
Southern Province Rural Economic Advancement	25.00	32 (8)	1.0/1.5	26 Oct
Small and Medium Enterprise Sector Development Program				
– Program Loan	20.00	24 (8)	1.0/1.5	20 Dec
– Investment Loan for the Business Services Support Facility	6.00	32 (8)	1.0/1.5	20 Dec
– Investment Loan for the Lines of Credit	60.00	15 (3)	LIBOR-based	20 Dec
<b>Tajikistan</b>				
Emergency Restoration of Yavan Water Conveyance System	3.60	32 (8)	1.0/1.5	30 Oct
<b>Viet Nam</b>				
Second Red River Water Resources Sector	70.00	32 (8)	1.0/1.5	13 Nov
Far East Medical Viet Nam Ltd.				13 Nov
– Senior Loan	6.50			
– Subordinated Loan	3.50			
Third Provincial Towns Water Supply and Sanitation	60.00	32 (8)	1.0/1.5	13 Dec
Central Region Livelihood Improvement	43.09	32 (8)	1.0/1.5	17 Dec
Provincial Roads Improvement Sector	70.00	32 (8)	1.0/1.5	18 Dec
<b>Regional</b>				
Asian Finance and Investment Corporation Ltd.	20.00			8 Oct
<b>TOTAL</b>	<b>3,947.70</b>			

**ADB Launches \$2 Billion Five-Year Global Bond Issue**

The Asian Development Bank (ADB) launched a \$2 billion 5-year benchmark global bond issue in January through a syndicate headed by HSBC, Morgan Stanley, and Nomura International as joint bookrunners. The bonds, with a coupon rate of 4.875% per annum payable semiannually and a 5-year straight maturity, were priced at 99.61% to yield 51 basis points over the 5-year US Treasury.

The deal marks ADB's return to the US dollar global bond market after an absence of almost 2 years. Prior to the transaction, ADB embarked in December 2001 on a

series of roadshows across Asia, Japan, and United States to update investors with the strength of its credit quality and funding plans. The extensive preparation contributed to the strong sponsorship for the deal from ADB's investor base, in particular Asia and Japan. With its funding requirements expected to increase in the coming years, ADB plans to undertake regular issuance of liquid benchmark global bonds as a means of maintaining a strong presence in key currency markets.

The proceeds of the issue will be part of ADB's OCR and used in its nonconcessional operations. ■

**Financial Resources**

(as of 31 December 2001)

	\$ Million
<b>Outstanding Debt</b>	24,813
<b>Net Income After Appropriation to Special Reserve</b>	862
<b>Cumulative Resources</b>	
<b>Ordinary Capital Resources</b>	
Authorized Capital	43,834
Subscribed Capital	43,628
Callable	40,560
Paid-in	3,069
Outstanding Debt	24,881
Reserves and Unallocated Net Income	7,884
<b>Special Funds Resources</b>	
<b>Asian Development Fund</b>	
Total Committed	19,911
Amounts Available for Loan Commitments	18,473
Not Yet Available for Loan Commitments	1,439
ADF Commitment Authority	5
<b>Technical Assistance Special Fund</b>	
Total Committed	911
Amount Utilized	830
Amount Unutilized	81
<b>Japan Special Fund</b>	
<i>Regular and Supplementary</i>	
Total Committed	814
Amount Utilized	646
Amount Unutilized	168
<i>Asian Currency Crisis Support Facility</i>	
Total Committed	241
Amount Utilized	141
Amount Unutilized	100
<b>ADB Institute Special Fund</b>	
Total Committed	62
Amount Utilized	53
Amount Unutilized	9

**India Contributes to ADB Technical Assistance Special Fund**

The Asian Development Bank (ADB) has accepted from India a further contribution to its Technical Assistance Special Fund (TASF) of \$46,287. This is India's 17th contribution to the TASF.

Technical assistance activities, for which the TASF is an important source of funds, help ADB's developing member countries improve their capability to formulate and implement projects. Technical assistance is also being used for regional studies and activities.

The funds from India's contribution will be available on a wholly untied basis. ■

For more information, about ADB, visit <http://www.adb.org> or send an e-mail to [information@adb.org](mailto:information@adb.org)