

## ADB Plans \$1 Billion in Assistance to Afghanistan

The Asian Development Bank (ADB) will provide about \$1 billion in assistance to Afghanistan for 2005–2008, ADB President Tadao Chino announced at an international conference in Berlin on the country's future.

"The challenges facing Afghanistan today are large and complex. Clearly, the country requires longer-term commitments and significant amounts of technical and financial support for its new policies and development programs from the international community," Mr. Chino told the conference on "Afghanistan and the International Community—a Partnership for the Future."

"I am pleased to announce that the Asian Development Bank will consider assistance to Afghanistan in the order of \$800 million in the form of highly concessional ADF loans and grants during 2005–2008, subject, of course, to the outcome of ongoing ADF negotiations and the future availability of ADF," he said.

He said that in addition to the \$800 million, the organization has identified loan and equity investments of up to \$100 million in partnership with local and foreign

investors, as well as guarantees of about \$100 million to catalyze private sector investments in Afghanistan. ADB will also seek cofinancing in support of its programs and projects, he said. Furthermore, ADB will continue to provide technical assistance to the Central and South Asia Trade and Transit Forum, where issues pertaining to subregional trade and transport may be discussed.

The two-day conference reviewed the broad plans contained in the Afghan Government report, "Securing Afghanistan's Future." The report, prepared in collaboration with ADB, International Monetary Fund, United Nations Development Programme, United Nations Assistance Mission for Afghanistan, and World Bank, sets out a comprehensive framework for the country's reconstruction and development.

ADB has fully translated its pledge of \$500 million at the Tokyo Conference in 2002 into a comprehensive assistance portfolio of loans and grants addressing priority reconstruction needs, including those to be approved in 2004. ■

## ADB to Set Up Japan Fund for Public Policy Training

The Asian Development Bank (ADB) has approved the establishment of a Japan Fund for Public Policy Training (JFPPT) to enhance capacity building.

The Fund's main goal is to assist institutions of ADB's developing member countries (DMCs) to build capacity for public policy management, initially concentrating on economies in transition. It will help set up partnerships with local training and research institutions and will enable DMCs to acquire assistance from foreign academics to jointly develop and conduct training programs, primarily in local languages. The training program in each country will be tailored according to its specific needs.

Each training program will be targeted at mid-career to senior-level government officials engaged in economic management at national and subnational level. The curricula will cover a range of public policy issues, including analytical skills in planning and implementing public economic policy.

The Government of Japan will provide 905 million yen as an initial contribution to the JFPPT. The contribution will finance, on a grant basis, support to DMC-based public policy training institutions and/or capacity building activities.

The ADB Institute, based in Tokyo, will manage the Fund and implement the programs. The training program will be initiated in Viet Nam on a pilot basis. ■

## ADB Operations: \$348.5 Million in 1<sup>st</sup> Quarter 2004

In the first quarter of 2004, the Asian Development Bank (ADB) approved a total of \$348.5 million in loans, technical assistance, and equity investment for its developing member countries (DMCs).

**Lending:** Four loans, including two for the private sector, totaled \$259 million. The largest borrower was the Philippines for a Peso Swap and Financing Facility. The largest amount of lending thus went to the financial sector.

**Technical Assistance:** Total technical assistance amounted to \$7.8 million, of which \$6.6 million were for country-specific projects and \$1.2 million for regional activities. The People's Republic of China was the largest

recipient of technical assistance amounting to \$1.8 million, or 23% of total.

**Equity Investments:** ADB made four equity investments in three DMCs and one regional fund totaling \$81.7 million.

**Cofinancing:** During the first quarter of 2004, ADB mobilized resources from bilateral and multilateral sources totaling \$12.8 million. Of the total, \$9.6 million were for two loan projects and \$3.2 million for nine technical assistance projects.

**Disbursement:** Lending disbursed totaled \$495 million during the period. Project loans accounted for 67% of total disbursements, followed by sector and program loans. ■

## Loan Approvals First Quarter 2004

	\$ Million	Term (years) Including Grace Period	Interest/ Service Charge	Date Approved
<b>Bangladesh</b>				
Grameen Phone Telecommunications Expansion <sup>a</sup>	20.00	5 (1)	LIBOR <sup>b</sup> -based	26 Jan
<b>Papua New Guinea</b>				
Community Water Transport	19.00	32 (8)	1.0/1.5	24 Mar
<b>Philippines</b>				
Peso Swap and Financing Facility <sup>a</sup>	200.00	15	Variable	13 Jan
<b>Viet Nam</b>				
Health Care in the Central Highlands	20.00	32 (8)	1.0/1.5	9 Jan
<b>TOTAL</b>	<b>259.00</b>			

<sup>a</sup> Private sector loan.

<sup>b</sup> London interbank offered rate.

## Loans by Sector First Quarter 2004

	\$ Million	%
Finance	200.00	77.2
Transport and Communications	39.00	15.1
Social Infrastructure	20.00	7.7
<b>TOTAL</b>	<b>259.00</b>	<b>100.0</b>

<sup>a</sup> Total may not add due to rounding.

The 38<sup>th</sup> Annual Meeting of ADB's Board of Governors will be held in Istanbul, Turkey from 4 to 6 May 2005.

In this publication, \$ refers to US dollars.

## \$200 Million Peso Swap and Financing Facility for Philippine Private Sector

The Asian Development Bank (ADB) has approved \$200 million equivalent for a peso swap and financing facility for the Philippines.

The 15-year facility will provide long-term fixed-rate peso-denominated loans to eligible banks for onlending to a variety of businesses in key sectors in the Philippines.

The Project will help the final borrowers meet their long-term funding needs and boost their financial viability by avoiding currency and maturity mismatches.

ADB will source the peso funds for the loans through cross-currency swaps of convertible currency for pesos with the Philippines.

Targeted sectors include infrastructure, transport, manufacturing, small and medium enterprises, housing, and expenditures on environmental improvement.

The money can be used to finance leasing and non-banking finance companies, consumer lending, retailing, modernization and upgrading of production facilities, resolution of nonperforming bank loans, securitization, and bond market development. ■

## Financial Resources First Quarter 2004

	\$ Million
<b>Ordinary Capital Resources</b>	
Authorized Capital	51,806
Subscribed Capital	51,806
Callable	48,162
Paid-in	3,644
Outstanding Debt	25,652
Reserves and Unallocated Net Income	9,678
<b>Special Funds Resources</b>	
<b>Asian Development Fund</b>	
Total Committed	25,337
Amounts Available for Loan Commitments	24,610
Not Yet Available for Loan Commitments	727
ADF Commitment Authority	196
<b>Technical Assistance Special Fund</b>	
Total Committed	1,007
Amount Utilized	924
Amount Unutilized	83
<b>Japan Special Fund</b>	
<i>Regular and Supplementary</i>	
Total Committed	877
Amount Utilized	717
Amount Unutilized	160
<b>Asian Currency Crisis Support Facility</b>	
Total Committed <sup>a</sup>	151
Amount Utilized	123
Amount Unutilized	28
<b>ADB Institute Special Fund</b>	
Total Committed	83
Amount Utilized	72
Amount Unutilized	11

a Net of \$90 million transfer to the Japan Fund for Poverty Reduction.

## Technical Assistance Approvals First Quarter 2004

	Type <sup>a</sup>	\$'000	Date Approved
<b>Afghanistan</b>			
Capacity Building for Reconstruction and Development (Supplementary)	AO	90.00 <sup>b</sup>	28 Jan
National Power Transmission Grid	PP	750.00 <sup>c</sup>	26 Feb
<b>Bangladesh</b>			
Social Protection of Poor Female Workers in the Garment Sector in the Context of Changing Trade Environments	AO	420.00 <sup>d</sup>	16 Mar
<b>Cambodia</b>			
Harmonizing Loan Project Implementation Procedures	AO	600.00 <sup>e</sup>	25 Feb
<b>China, People's Republic of</b>			
Sanjiang Plains Wetland Protection (Supplementary)	PP	115.00 <sup>c</sup>	26 Mar
Poverty Impact of Area-Wide Road Networks	AO	1,000.00 <sup>d</sup>	26 Mar
Hunan Flood Management	PP	700.00 <sup>f</sup>	29 Mar
<b>Indonesia</b>			
Community Water Services and Health Project: Meeting the Millennium Development Goals in the Decentralized Context	PP	150.00 <sup>c</sup>	27 Feb
<b>Lao People's Democratic Republic</b>			
Greater Mekong Subregion: Nam Theun 2 Hydropower Development Phase II	PP	1,000.00 <sup>c</sup>	29 Mar
<b>Nepal</b>			
Kathmandu Valley Water Management Support (Supplementary)	PP	100.00 <sup>g</sup>	12 Jan
<b>Pakistan</b>			
Determinants and Drivers of Poverty Reduction and ADB's Contribution in Rural Pakistan	AO	400.00 <sup>d</sup>	5 Mar
<b>Philippines</b>			
Strengthening Governance of Securities Trading Markets	AO	250.00 <sup>c</sup>	18 Mar
<b>Sri Lanka</b>			
Road Sector Master Plan	AO	1,000.00 <sup>c</sup>	20 Jan
<b>TOTAL</b>		<b>6,575.00</b>	

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

<sup>b</sup> Financed by the Government of Denmark.

<sup>c</sup> Financed by the Technical Assistance Special Fund (TASF).

<sup>d</sup> Financed by the Poverty Reduction Fund.

<sup>e</sup> Financed by the Japan Special Fund.

<sup>f</sup> Of the total, \$150,000 is financed by the TASF and \$550,000 by the Government of Spain.

<sup>g</sup> Financed by the Government of Norway.

## Regional Technical Assistance First Quarter 2004

	\$'000	Date Approved
Pacific Regional Transport Analysis	467.00 <sup>a</sup>	9 Jan
Study on Cooperation Opportunities between ADB and Mekong River Commission	45.00 <sup>b</sup>	13 Feb
Greater Mekong Subregion Phnom Penh Plan for Development Management (Supplementary)	350.00 <sup>c</sup>	22 Mar
Road Safety in the Association of Southeast Asian Nations (Supplementary)	304.00 <sup>b</sup>	22 Mar
Upscaling Successful Poverty Reduction Initiatives	90.00 <sup>a</sup>	25 Mar
<b>TOTAL</b>	<b>1,256.00</b>	

<sup>a</sup> Financed by the Technical Assistance Special Fund.

<sup>b</sup> Financed by the Government of Sweden.

<sup>c</sup> Financed by the Government of New Zealand.

## ADB Online

- To explore **business opportunities** with ADB, go to <http://www.adb.org/business/opportunities>
- For **media inquiries** and the **latest news**, go to <http://www.adb.org/media>
- For **publications**, go to <http://www.adb.org/publications> or fax (63-2) 636-2648

## Loan Disbursements First Quarter 2004

	\$ Million	%
Afghanistan	0.95	0.2
Bangladesh	26.64	5.4
Bhutan	0.70	0.1
Cambodia	13.90	2.8
China, People's Republic of	120.61	24.4
Cook Islands	0.35	0.1
Fiji Islands	0.12	0.0
India	53.68	10.8
Indonesia	132.03	26.7
Kazakhstan	6.83	1.4
Kyrgyz Republic	3.95	0.8
Lao People's Democratic Republic	13.26	2.7
Malaysia	1.50	0.3
Maldives	0.77	0.2
Marshall Islands	0.43	0.1
Micronesia, Federated States of	0.05	0.0
Mongolia	8.20	1.7
Nepal	2.34	0.5
Pakistan <sup>a</sup>	(5.95)	(1.2)
Papua New Guinea	3.09	0.6
Philippines	23.72	4.8
Solomon Islands	0.61	0.1
Sri Lanka	35.11	7.1
Tajikistan	3.50	0.7
Thailand	9.19	1.9
Tuvalu	0.01	0.0
Uzbekistan	7.57	1.5
Viet Nam	31.84	6.4
<b>TOTAL</b>	<b>494.99</b>	<b>100.0</b>

0.0 Data negligible.

<sup>a</sup> Negative disbursements because of refund under the Small- and Medium-Size Enterprise Trade Enhancement Finance, dated 21 January 2004.

## Top Recipients of Technical Assistance First Quarter 2004

	\$ Million	%
China, People's Republic of	1.82	23.2
Lao People's Democratic Republic	1.00	12.8
Sri Lanka	1.00	12.8
Afghanistan	0.84	10.7
Cambodia	0.60	7.7
Bangladesh	0.42	5.4
Pakistan	0.40	5.1
Philippines	0.25	3.2
Indonesia	0.15	1.9
Nepal	0.10	1.3
<b>Total DMCs</b>	<b>6.58</b>	<b>84.0</b>
<b>Regional Activities</b>	<b>1.26</b>	<b>16.0</b>
<b>TOTAL</b>	<b>7.83</b>	<b>100.0</b>

## Web Site to be Established to Catalyze Bond Market Development in Asia

A \$2.4 million grant has been approved to enable the Asian Development Bank (ADB) to establish an "AsianBondsOnline" web site for fostering development of deeper and more mature bond markets in Asia.

The grant comes from the Japan Fund for Information and Communication Technology (JFICT), financed by the Government of Japan.

Launched in May, the web site will be a one-stop clearinghouse of information on sovereign and corporate bonds issued in the member countries of the Association of Southeast Asian Nations plus People's Republic of China, Japan, and Republic of Korea (ASEAN+3).

The web site will provide information in three main areas:

- market activities, including bond issuances, trading activities, and market analyses and reviews;
- legal and regulatory frameworks, including the tax and bankruptcy laws, and institutional settings of bond markets; and
- government policies and initiatives.

"The web site will not only prove valuable to existing investors and issuers, but should help attract new investors who have not invested in Asian bond markets because of the high cost of accessing the right information," says Yoshihiro Iwasaki, Head of ADB's Regional Economic Monitoring Unit (REMU).

"We hope the site will prove a catalyst in promoting bond market development in Asia. It will not only help increase transparency, liquidity, and depth of the markets, but also lower funding costs for bond issuers and create greater cross-border flows," says Juzhong Zhuang, a Principal Economist in REMU and Project Leader.

Following the 1997 Asian financial crisis, development of bond market has become an important policy reform agenda item for many Asian governments.

More developed and mature bond markets would enable the private as well as public sector of Asian countries to raise and invest long-term capital and effectively manage maturity and currency risks, reduce economic and financial vulnerabilities, and support economic growth.

There have been several recent initiatives to support bond market development in Asia, including the Asian Bond Fund established by the Executives' Meeting of the East Asia Pacific Central Banks, the regional bond market development initiatives of the Asia-Pacific Economic Cooperation, and the Asian Bond Markets Initiative of the ASEAN+3 group.

The web site will be developed in close collaboration with key participants of Asian bond markets, relevant government agencies of the ASEAN+3 countries, and international and regional organizations.

REMU, which will run the web site, is also responsible for the operations of the Asia Recovery Information Center, launched in 1999. The grant will support development and operation of the new site up to end-2006.

JFICT was set up in 2001 to harness the potential of information and communication technology (ICT) and bridge the growing digital divide in Asia and the Pacific. The fund supports ICT-related activities on a grant basis, which promote ADB's poverty reduction strategy, encourage private sector participation in ICT development, and improve regional and international cooperation through ICT applications. ■

## Appointments and Movements: Senior Staff and Heads of Representative Offices and Resident Missions

(Effective 1 April–31 May 2004)

### Senior Staff

**Peter N. King**—resignation and transfer from Director, Pacific Operations Division 1, Pacific Department, to Advisor, Office of the Director General, Regional and Sustainable Development Department, 3 May.

**J. C. Alexander**—resignation and transfer from Country Director, Kyrgyz Resident Mission, to Advisor, Office of the Director General, East and Central Asia Department (ECRD), 4 May.

**Hamid L. Sharif**—Assistant General Counsel, Office of the General Counsel, promotion, 16 May.

**Hyong-Jong Yu**—promotion and transfer from Principal Country Programs Specialist, Operations Coordination Division, South Asia Department (SARD), to Director, Human Resources Division, Budget, Personnel and Management Systems Department, 19 May.

**Thierry De Longuemar**—Treasurer, Treasury Department, on special leave without pay, 1 June.

### Heads of Representative Offices and Resident Missions

**Kazuhiko Higuchi**—Country Director, Kazakhstan Resident Mission, ECRD, promotion, 10 May.

**M. Ashraf Malik**—resignation and transfer from Head, Project Administration Unit, Agriculture, Environment, and Natural Resources Division, to Country Director, Kyrgyz Resident Mission, ECRD, 1 June.

**Alessandro Pio**—promotion and transfer from Principal Programs Economist, Viet Nam Resident Mission, Mekong Department, to Country Director, Sri Lanka Resident Mission, SARD, effective upon assumption of office. ■

## Private Sector Operations First Quarter 2004

	Loan	Equity Investment	Total ADB Funds	Complementary Loan	Partial Credit Guarantee	Political Risk Guarantee	Total ADB Approvals
<b>Bangladesh</b>							
Grameen Phone Telecommunications Expansion	20.00	–	20.00	–	–	–	20.00
<b>China, People's Republic of</b>							
Yangtze Special Situations Fund L.P. (formerly Colony China Opportunity Fund L.P.)	–	45.00	45.00	–	–	–	45.00
<b>India</b>							
Petronet LNG Limited	–	9.67	9.67	–	65.33	–	75.00
<b>Philippines</b>							
Private Sector Peso Swap and Financing	200.00	–	200.00	–	–	–	200.00
Local Government Unit Guarantee Corporation	–	2.00	2.00	–	–	–	2.00
<b>Regional</b>							
ADM Maculus Fund L.P.	–	25.00	25.00	–	–	–	25.00
<b>TOTAL</b>	<b>220.00</b>	<b>81.67</b>	<b>301.67</b>	<b>–</b>	<b>65.33</b>	<b>–</b>	<b>367.00</b>

## ADB Issues Indian Rupee Bonds

The Asian Development Bank (ADB) has issued its debut Indian rupee (INR) bonds in the domestic capital market of India. The issue has a principal amount of INR5 billion and a bullet maturity of 10 years. The lead arrangers of the issue were HSBC and ICICI Securities, with Bank of India and Union Bank of India participating in the syndicate as co-arrangers.

Priced at par, ADB's rupee bonds carry a semiannual coupon of 5.4% per annum to yield 17 basis points over the 7.37% Indian G-Sec due April 2014. Before launching the issue, ADB and the lead arrangers conducted an extensive road show to present the deal to key institutional investors in Mumbai, New Delhi, and Kolkata.

Offered through a bookbuilding process, the issue generated strong demand with total bids amounting to over INR10 billion or double the issue amount. The issue achieved a broad distribution with up to 60% of the bonds placed with banks, 21% with insurance companies, and 19% with mutual funds. The bonds will be listed on the National Stock Exchange.

ADB's rupee bond issue represents many firsts in the Indian capital market: first issue by a foreign entity, first supranational issue, and first issue rated triple-A by Fitch, Moody's, and Standard & Poors. Just as importantly, the issue also marks the first time that ADB has tapped the domestic bond market of a developing member country. ■

## Private Equity Fund to Promote Infrastructure Development in India

The Asian Development Bank (ADB) and AMP Capital Investors, the funds management arm of the Australian financial services group, AMP, has launched a fund to promote infrastructure development in India.

The Infrastructure Fund of India (TIFI) will invest in non-listed securities of companies that develop, own, or operate infrastructure facilities and projects in India. TIFI may also consider investments in listed equity securities of such entities.

## Cofinancing Arrangements First Quarter 2004

	\$ Million	Source
<b>Loan</b>		
<b>Papua New Guinea</b>		
Community Water Transport	4.00	OPEC Fund for International Development
<b>Viet Nam</b>		
Health Care in the Central Highlands	5.58	Sweden
<b>Total Loans</b>	<b>9.58</b>	
<b>Technical Assistance</b>		
<b>Afghanistan</b>		
Capacity Building for Reconstruction and Development (Supplementary)	0.09	Denmark
<b>Bangladesh</b>		
Social Protection of Poor Female Workers in the Garment Sector in the Context of Changing Trade Environments	0.42	Poverty Reduction and Cooperation Fund
<b>China, People's Republic of</b>		
Poverty Impact of Area-Wide Road Networks	1.00	Poverty Reduction and Cooperation Fund
Hunan Flood Management	0.55	Spain
<b>Nepal</b>		
Kathmandu Valley Water Management Support	0.10	Norway
<b>Pakistan</b>		
Determinants and Drivers of Poverty Reduction and ADB's Contribution in Rural Pakistan	0.40	Poverty Reduction and Cooperation Fund
<b>Regional</b>		
Small-Scale Regional Technical Assistance for the Study on Cooperation Opportunities between ADB and Mekong River Commission	0.05	Sweden
Road Safety in the Association of Southeast Asian Nations (Supplementary)	0.30	Sweden
Greater Mekong Subregion Phnom Penh Plan for Development Management (Supplementary)	0.35	New Zealand
<b>Total Technical Assistance</b>	<b>3.17</b>	
<b>TOTAL</b>	<b>12.75</b>	

TIFI is expected to raise \$100 million, with a cap of \$125 million, from institutional investors. ADB and AMP Life are initial investors in the fund with \$15 million and \$30 million invested, respectively.

The ADB investment will help the private sector in India meet its infrastructure financing needs, raise the efficiency

of infrastructure projects, and mobilize long-term capital from domestic and international institutional investors. ADB has consistently assigned high importance to India's infrastructure sector reforms and has provided several facilities aimed at helping the development of the infrastructure sector. ■