

ADB Lends \$6.1 Billion in 2003: Highest in 6 Years

Operations of the Asian Development Bank (ADB) totaled \$6.3 billion in 2003, a 7.6% increase from 2002. Lending made up 97% of total operations, the highest lending level since 1997. ADB's private sector operations also increased in 2003 by as much as 174% over the 2002 level.

Loans

Lending for both public and private sector operations in 2003 amounted to \$6.1 billion for 85 loans to 66 projects. This was ADB's highest lending since 1997. The average loan size in 2003 was \$72 million, compared with \$64 million in 2002. Twenty-three developing member countries (DMCs) and one regional project received loans. A total of \$3.8 billion was disbursed. Of this, \$2.1 billion (55%) was for project loans. The rest was for program, sector, and private sector loans.

Of the total lending, loans with government guarantees were over \$5.9 billion for 62 projects comprising \$4.5 billion for 33 loans from ordinary capital resources (OCR) and \$1.4 billion for 47 loans from the concessional Asian

Development Fund (ADF). Thirteen were policy-based programs amounting to \$1.1 billion representing 19% of total public sector lending. Of program lending, \$912 million or 80% of the total came from OCR and \$228 million or 20% from the ADF. Policy-based programs support DMC efforts to improve policy, institutional, and investment environments and to help meet short-term adjustment costs. Lending to the private sector without government guarantees, using OCR, amounted to \$187 million.

Of the 62 public sector loans, 10 were for core poverty intervention projects and 29 were for poverty intervention projects. These 39 projects amounted to about \$3 billion or 51% of total public sector lending. Grants from the Japan Fund for Poverty Reduction totaling \$35.3 million were approved for nine projects. Poverty partnership agreements were signed between ADB and People's Republic of China (PRC), Kazakhstan, Kiribati, Samoa, Solomon Islands, Timor-Leste, Tuvalu, and Vanuatu.

As in 2002, the largest DMC borrower in 2003 was India at \$1,532 million (25% of the total). Other top borrowers included PRC \$1,488 million (24%), Pakistan \$871 million (14%), Bangladesh \$532 million (9%), and Sri Lanka \$275 million (5%). The transport and communications sector received the largest share of loans at \$2,578 million (42%) followed by social infrastructure \$1,131 million (19%), energy \$757 million (12%), and finance \$483 million (8%).

The "others" sector received 5% of total lending. This included projects not falling under the economic sector classification that ADB uses, such as central government administration, operation and regulation, customs operations, public sector reform programs, judicial and legislative operations, public finance management, fiscal reforms, environment projects, gender, governance, and tourism.

operational purposes; and 76 were for regional activities such as conferences, research, studies, and training. Of the total amount for technical assistance, \$87 million was from the Technical Assistance Special Fund using current income from OCR; \$37 million was from the Japan Special Fund; and the remaining \$53 million came from other multilateral and bilateral sources. The largest recipient of country-specific technical assistance (excluding regional technical assistance) was India at \$14.7 million (12%), followed by the PRC \$14.3 million (11%), Indonesia \$12.5 million (10%), Afghanistan \$10.5 million (8%), and Pakistan \$10.0 million (8%).

Excluding regional technical assistance, the sector distribution was as follows: social infrastructure \$24.5 million (20%), agriculture and natural resources \$15.3 million (12%), energy \$15.1 million (12%), transport and communications \$11.4 million (9%), finance \$10.7 million (9%), multisector \$5.2 million (4%), and industry and nonfuel minerals about \$3 million (2%).

Other technical assistance received \$41 million or 32% of the total.

Grants

Total grants amounting to \$483.5 million were approved in 2003, consisting of grant cofinancing of loan components amounting to \$433.2 million from bilateral and multilateral sources, of which \$404 million were administered by ADB and \$29.2 million were on parallel financing; \$35.3 million in projects financed by the Japan Fund for Poverty Reduction; and \$15 million from the Kuwait Fund for Arab Economic Development.

Equity Investments

ADB approved a total of \$35.7 million in equity investments for regional investment funds and financial institutions.

(continued on page 2)

ADB Operations 2003

	\$ Million	% Change from 2002
Lending	6,104.8	7.9
Public	5,917.8	6.7
OCR	4,538.7	16.4
ADF	1,379.2	(16.4)
Private		
OCR	187.0	70.0
Equity Investments	35.7	0.3
Technical Assistance^a	176.5	(1.4)
TOTAL	6,317.0	7.6

() Negative

a Includes regional activities.

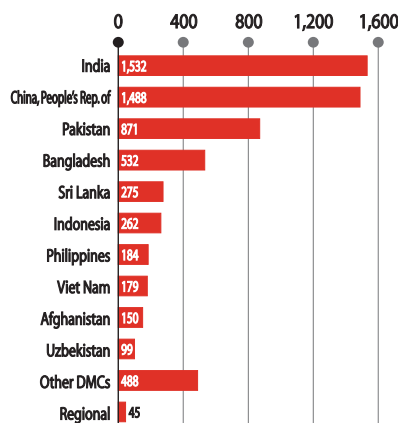
Loans by Sector 2003

	\$ Million	%
Transport and Communications	2,577.70	42.2
Social Infrastructure	1,130.51	18.5
Energy	756.70	12.4
Finance	483.00	7.9
Agriculture and Natural Resources	391.90	6.4
Multisector	465.50	7.6
Others	299.50	4.9
TOTAL	6,104.81	100.0^a

^a Total may not add due to rounding.

Top Borrowers, 2003

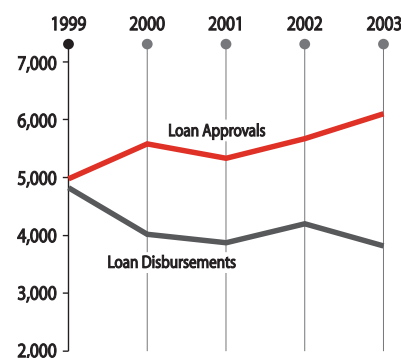
(\$ million)



Total: \$6.1 billion

Loan Approvals and Disbursements, 1999-2003

(\$ million)



In this publication, \$ refers to US dollars.

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(continued from page 1)

Cofinancing

Cofinancing and guarantee operations mobilized about \$2.4 billion, representing 40% of ADB's total lending. Twenty-eight projects in 14 DMCs and two regional projects involved cofinancing in 2003. The PRC received the largest amount (\$1,241 million), primarily from its domestic financial institutions, followed by Bangladesh with \$598 million and Thailand with \$170 million.

Commercial cofinancing and guarantee operations totaled \$1.6 billion for 12 projects, of which guarantee operations amounted to \$240 million.

Cofinancing mobilized from ADB's bilateral development partners and multilateral financial institutions totaled \$775 million for 18 projects comprising \$433 million in grant funds and \$342 million in loans.

Loan Disbursements 2003

	\$ Million ^a	%
Afghanistan	56.41	1.5
Bangladesh	209.45	5.5
Bhutan	4.71	0.1
Cambodia	73.14	1.9
China, People's Republic of	705.14	18.5
Cook Islands	0.47	0.0
Fiji Islands	8.82	0.2
India	658.21	17.2
Indonesia	442.90	11.6
Kazakhstan	13.49	0.4
Kiribati	2.42	0.1
Kyrgyz Republic	25.72	0.7
Lao PDR	54.66	1.4
Malaysia	10.92	0.3
Maldives	4.95	0.1
Marshall Islands	5.04	0.1
Micronesia, Fed. States of	2.73	0.1
Mongolia	39.30	1.0
Nepal	33.61	0.9
Pakistan	465.82	12.2
Papua New Guinea	13.81	0.4
Philippines	359.00	9.4
Samoa	1.85	0.0
Solomon Islands	0.23	0.0
Sri Lanka	225.50	5.9
Tajikistan	14.68	0.4
Thailand	28.74	0.8
Tonga	6.10	0.2
Tuvalu	0.13	0.0
Uzbekistan	46.29	1.2
Vanuatu	0.01	0.0
Viet Nam	301.98	7.9
TOTAL	3,816.21	100.0

a Total may not add up due to rounding.

Private Sector Operations

ADB's assistance in private sector operations in 2003 totaled \$562.7 million, a 174% increase over the 2002 level. Assistance comprised loans of \$187.0 million, equity investments of \$35.7 million, guarantees of \$240.0 million, and a complementary financing of \$100 million.

The majority of exposures were to India (16.7%), followed by Bangladesh (13.0%), PRC (11.0%), Viet Nam (10.5%), and Philippines (9.3%).

Loan Disbursements

Loan disbursements in 2003 totaled \$3,816 million, of which \$2,688 million (70%) came from OCR and \$1,128 million (30%) from the ADF.

Disbursements on project loans totaled \$2,135 million (56% of total), of which \$2,057 million went to nondevelopment finance institutions and \$78 million to development finance institutions. Other types of loan disbursements included program loans \$1,125 million (29%), sector loans \$443 million (12%), and private sector loans \$113 million (3%). ■

ADB Lowers Lending Rates for US Dollar and Multicurrency Loans

The Asian Development Bank (ADB) has lowered its lending rates for both US dollar and multicurrency pool-based loans. For the period from 1 January to 30 June 2004, the lending rate for US dollar pool-based loans will drop to 6.27% per annum from 6.31%. This reflects the average cost of borrowings—5.67% per annum—from 1 July to 31 December 2003 plus a spread of 0.6% per annum.

During the same period, the lending rate for multicurrency pool-based loans will fall to 2.13% from 2.46%. This reflects the average cost of borrowings for the pool of 1.53% per annum from 1 July to 31 December 2003 and a lending spread of 0.6% per annum.

Separately, ADB announced its rebate rates for ADB London interbank offered rate (LIBOR)-based loans. For US dollar LIBOR-based loans billed with a rate of LIBOR + 0.6% per annum between 1 July and 31 December 2003, the rebate has been raised to 0.35% from 0.33% per annum. For Japanese yen LIBOR-based loans billed with a rate of LIBOR + 0.6% per annum from 1 July to 31 December 2003, the rebate remains unchanged at 0.39% per annum. These rebate rates reflect the spreads of ADB's costs of borrowings dedicated to LIBOR-based loans in their respective currencies. ■

Launching Project from ADB Gender and Development Fund to Promote Women's Empowerment

The Asian Development Bank (ADB) has approved a \$1.5 million technical assistance grant to promote gender equality and women's empowerment in the Asia and Pacific region.

The assistance will help key government agencies in ADB's developing member countries more systematically address gender concerns in planning and developing projects.

It will also promote more consistent and effective implementation of ADB's Gender and Development (GAD) Policy and Action Plan in the region.

The technical assistance is the launching project of ADB's Gender and Development Cooperation Fund. The

fund was approved in May 2003, aiming to strengthen the capacity of ADB and its member governments to mainstream gender considerations into their policies, programs, and projects, and carry out innovative projects to narrow gender gaps.

The fund was initially proposed by Norway. The governments of Canada, Denmark, and Norway have made initial contributions totaling \$4.2 million. As a multidonor fund, it is open to contributions by other member countries that wish to support gender and development.

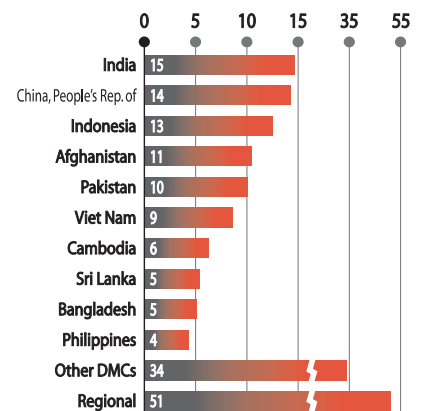
The technical assistance aims to help ADB and developing member countries to more closely align poverty reduction initiatives with gender equality goals. ■

Technical Assistance by Sector 2003

	\$ Million	%
Social Infrastructure	24.49	19.5
Agriculture and Natural Resources	15.29	12.2
Energy	15.11	12.0
Transport and Communications	11.37	9.0
Finance	10.71	8.5
Industry and Nonfuel Minerals	2.95	2.3
Multisector	5.21	4.1
Others	40.51	32.2
Total Grants to DMCs ^a	125.63	71.2
Regional Activities	50.91	28.8
TOTAL	176.54	100.0

a Total may not add up due to rounding.

Top Recipients of Technical Assistance, 2003 (\$ million)



Total: \$177 million

**37th Annual Meeting of
ADB's Board of Governors**

Jeju Island, Republic of Korea
15–17 May 2004

Looking for Innovative Ways to Solve Environmental Problems that Affect the Poor

The Asian Development Bank (ADB) has approved a \$3.92 million regional technical assistance grant to tackle environment issues directly affecting the poor. Most of the grant will come from ADB's new Poverty and Environment Fund (PEF).

The regional technical assistance will identify and implement small-scale pilot projects, conduct analytical studies, and disseminate information in three main areas:

- to protect, conserve, and sustain the use of natural resources and ecosystem services to aid livelihoods of the poor;
- to reduce pollution and waste that directly affect the health and productivity of the poor; and
- to reduce the poor's vulnerability to natural hazards and to help prevent natural disasters.

The pilot projects will support innovative and potentially replicable ideas for solving local environmental problems. ADB will work with all government levels, civil society organizations, including nongovernment organizations, local communities, and businesses to execute workable projects. These can be tested at the local level to demonstrate effectiveness, and brought up to the national level to bring about policy and institutional changes.

"The poor suffer most from environmental degradation

and are most vulnerable to natural disasters," says Nessim Ahmad, ADB's Director of Environment and Social Safeguards. "The regional technical assistance will accelerate learning about how to solve the environmental problems facing the poor."

The PEF was established as a multidonor umbrella facility in July 2003, with initial contributions from the governments of Norway and Sweden, to promote effective environmental management that reduces poverty and improves the capacity of the poor to contribute to environmental management.

The small-scale projects will have a maximum funding of \$250,000 and can cover a wide range of activities in the program's prioritized areas. These include gender-sensitive natural resource management, agriculture, community-based resource management, biodiversity conservation, income-generating projects, production and emission management, air quality, public health, and sanitation.

ADB will administer the regional technical assistance, with PEF financing of \$3.42 million and will finance the remaining \$500,000 from its technical assistance funds. The project will begin in April 2004 and be carried out over 4 years. ■

ADB Appoints Chair and Two Members to Compliance Review Panel

The Asian Development Bank (ADB) has appointed a chair and two members to its Compliance Review Panel as part of a new accountability mechanism to address concerns of persons affected by ADB-assisted projects.

The ADB accountability mechanism, effective from 12 December 2003, consists of a consultation phase and a compliance review phase. In October 2003, ADB appointed Nalin Samarasingha as Special Project Facilitator, responsible for the consultation phase. The panel is responsible for the latter phase.

The new chair is Augustinus Rumansara, who assumed office in March 2004. Mr. Rumansara, an Indonesian national, was Vice-President, Integrated Social Strategy, with British Petroleum in Indonesia. Before working in the private sector, he served as bioregional director at the Worldwise Fund for Nature from 1998 to 2001.

Mr. Rumansara has an extensive NGO background. He was a director at the Foundation for Entrepreneurship Initiative Development in Irian Jaya, a microenterprise development nongovernment organization (NGO) in Indonesia, 1996–1998. From 1991 to 1996, he was executive secretary of the International NGO Forum on Indonesian Development (INFID), where his work included facilitating advocacy activities of Indonesian NGOs with local and foreign governments and promoting INFID's concerns such as equity and justice, people's participation, and sustainable development.

Prior to working with INFID, he was from 1986 to 1990 executive director of the Irian Jaya Rural Community Development Foundation, an NGO focused on various activities such as the impact of the development process on local communities through environment, land rights, and transmigration.

Mr. Rumansara's appointment is for a 5-year term, full-time for a minimum of one year. Before the end of the initial full-time appointment, ADB's Board of Directors will review the need for the work to be carried out on a full-time or part-time basis.

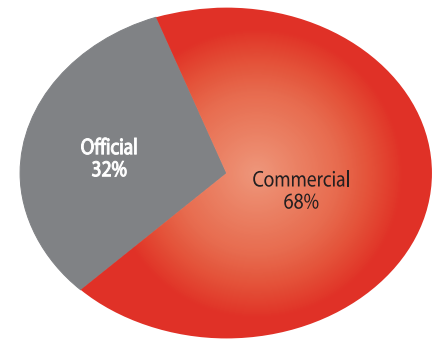
The two other panel members are Richard E. Bissell and Vitus A. Fernando. Mr. Bissell, a United States national, is executive director of the Policy and Global Affairs Division at the National Academy of Sciences in Washington, DC. In 1997–1998, he headed the interim secretariat of the World Commission on Dams, a joint initiative of the World Bank and the World Conservation Union.

Mr. Bissell was on the World Bank Inspection Panel in 1994–1997 and was chair from August 1996 to July 1997. From 1986 to 1993, he was a senior official at the United States (US) Agency for International Development (USAID), directing the Bureau of Policy and Program Coordination and the Bureau of Research and Development. Previously, he held various teaching and research positions in universities in the US, including Johns Hopkins University, Georgetown University, University of Pennsylvania, and Princeton University.

Mr. Fernando, a Sri Lankan national, is working on institutional review and development issues with international agencies, including the World Meteorological Organization (WMO). He has over 25 years' experience in senior management positions with the governments of Sri Lanka and the US and two multilateral agencies (WMO and the World Commission on Environment and Development). He has also worked for USAID and an international NGO, the World Conservation Union.

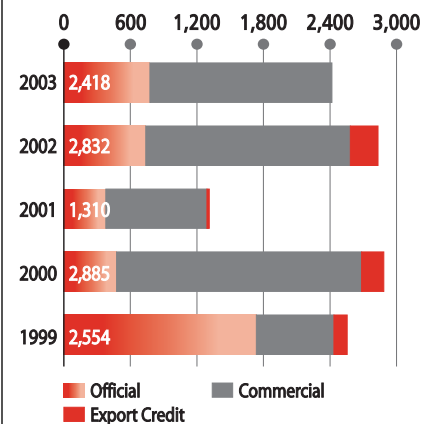
The appointments of Mr. Bissell and Mr. Fernando are for a 4-year term and a 3-year term, respectively, both part-time. ■

Cofinancing Arrangements, 2003

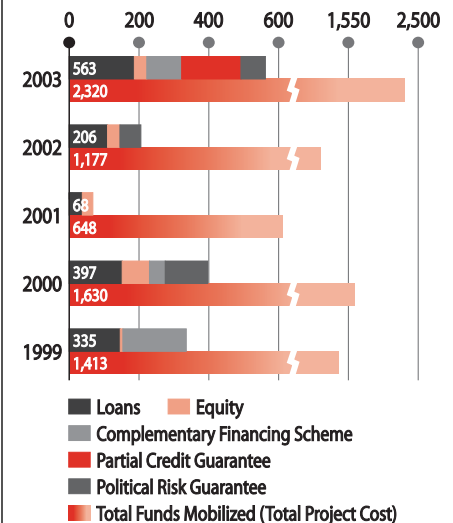


Total: \$2.4 billion

Cofinancing Arrangements, 1999–2003 (\$ million)



Private Sector Operations, 1999–2003 (\$ million)



Appointment and Movements: Senior Staff and Heads of Representative Offices and Resident Missions

(Effective 1 December 2003–31 March 2004)

Appointment

- **Juan Miranda**—appointed as Senior Advisor, Office of the Director General, Regional and Sustainable Development Department (RSDD), 19 February.

Staff Movements

- **Yong Cheng**—promotion from Principal Treasury Specialist to Assistant Treasurer, Treasury Services Division, Treasury Department, 11 December.
- **Eisuke Suzuki**—resignation from Director General, Operations Evaluation Department (OED) concurrent Special Advisor to the President to Director General, OED, 17 December.
- **Shamshad Akhtar**—assignment and redesignation from Deputy Director General, Office of the Director General to Director General, Southeast Asia Department (SERD), 26 January.
- **Fong Chin Choon**—promotion from Principal Counsel to Assistant General Counsel, Office of the General Counsel (OGC), 27 January.
- **Bruce A. Purdue**—promotion and transfer from Advisor, Office the Director General, SERD to Head, Results Management Unit, Strategy and Policy Department (SPD), 1 February.
- **Eveline Fischer**—Assistant General Counsel, OGC, promotion 1 February.
- **Robert L.T. Dawson**—promotion and transfer from Director, Human Resources Division, Budget, Personnel, and Management Systems Department (BPMSD) to Principal Director, Office of Administrative Services, 2 February.
- **Khalid I. Rahman**—promotion and transfer from Director, Infrastructure Division, Mekong Department (MKRD) to Deputy Director General, Office of the Director General, RSDD, 2 February.
- **Thelma A. Diaz**—promotion from Advisor to Deputy Director General, Office of the Director General, BPMSD, 2 February.
- **Amarjit Singh Wasan**—promotion from Assistant Secretary to Deputy Secretary, Office of the Secretary, 2 February.
- **Klaus Gerhauer**—Director, Governance, Finance, and Trade Division, South Asia Department, promotion 13 February.
- **Christopher MacCormac**—Director, Strategic Planning, Policy and Interagency Relations Division, SPD, promotion 13 February.

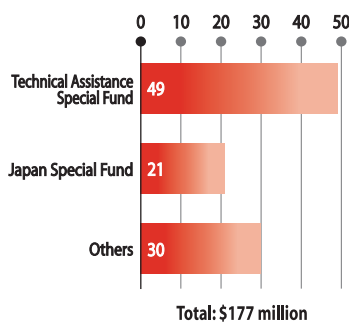
- **Katsuji Matsunami**—Director, Agriculture, Environment, and Natural Resources Division, East and Central Asia Department (ECDR), promotion 15 February.
- **Robert J. Dobias**—promotion and transfer from Head, Nongovernment Organization Center to Director, Agriculture, Natural Resources, and Social Sectors Division, RSDD, effective 18 March.
- **Robert Wihtol**—promotion from Principal Project Specialist to Director, Social Sectors Division, ECRD, 29 March.
- **Urooj Malik**—resignation and transfer from Country Director, Cambodia Resident Mission (CARM) to Director, Infrastructure Division, MKRD, effective upon assumption of office.

Heads of Representative Offices and Resident Missions

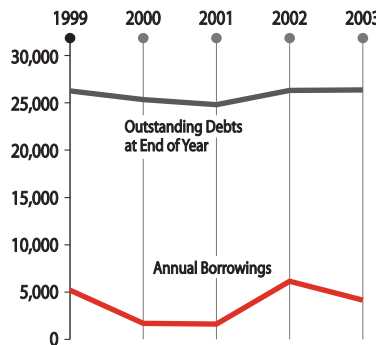
Staff Movements

- **Amarnath Hindujah**—promotion and transfer from Senior Project Specialist, Pacific Operations Division to Head, Special Office in Timor-Leste, Pacific Department (PARD), 2 January.
- **Matthew Westfall**—resignation and transfer from Principal Urban Development Specialist, Social Sectors Division, SERD to Country Director (Designate), Azerbaijan Resident Mission, ECRD, 2 February.
- **Shyam P. Bajpai**—Director, Management Support Division, SPD, promotion 13 February 2004, and redesignation and transfer to Country Director, CARM, MKRD, effective upon assumption of office.
- **Sean M. O'Sullivan**—Country Director, Uzbekistan Resident Mission, ECRD, promotion 18 February.
- **Woo Chull Chung**—resignation and transfer from Senior Advisor, Office of the Director General, Private Sector Operations Department, to Resident Director General, Japanese Representative Office, 8 March.
- **James E. Rockett**—promotion and transfer from Principal Director, Central Operations Services Office, to Resident Director General, North American Representative Office, 29 March.
- **Sirpa Jarvenpaa**—resignation and transfer from Principal Economist, Strategic Planning, Policy and Interagency Relations Division, SPD, to Regional Director, Pacific Subregional Office in Suva, Fiji Islands, PAR, effective upon assumption of office. ■

Technical Assistance by Source, 2003
(percent)



Borrowings, 1999–2003
(\$ million)



Financial Resources 2003

\$ Million

Ordinary Capital Resources

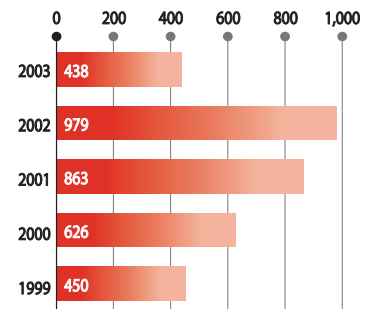
Authorized Capital	51,997
Subscribed Capital	51,997
Callable	48,340
Paid-in	3,657
Outstanding Debt	26,359
Reserves and Unallocated Net Income	12,852

Special Funds Resources

Asian Development Fund	
Total Committed	25,311
Amounts Available for Loan Commitments	24,521
Not Yet Available for Loan Commitments	790
ADF Commitment Authority	37
Technical Assistance Special Fund	
Total Committed	1,006
Amount Utilized	902
Amount Unutilized	104
Japan Special Fund	
<i>Regular and Supplementary</i>	
Total Committed	853
Amount Utilized	713
Amount Unutilized	140
Asian Currency Crisis Support Facility	
Total Committed ^a	151
Amount Utilized	124
Amount Unutilized	27
ADB Institute Special Fund	
Total Committed	83
Amount Utilized	70
Amount Unutilized	13

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

Net Income, 1999–2003
(\$ million)



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