

ADB Operations in Second Quarter of 2005 Total \$1.18 Billion

In the second quarter of 2005, the Asia Development Bank (ADB) approved a total of \$1.18 billion for its operations—\$314.02 million for loans, \$20.33 million for technical assistance to its developing member countries (DMCs), \$5.54 million for regional technical assistance, \$135 million for private sector operations, and \$709.2 million for grant-financed projects.

Lending: Eleven loans totaling \$314.02 million were approved for nine DMCs. India received 32% of the lending (\$100 million) for tsunami emergency assistance, followed by Indonesia, which got \$64.69 million (or 21%), for community water services and health. Other borrowers included Afghanistan, Bangladesh, Cook Islands, Lao People's Democratic Republic, Maldives, Pakistan, and Sri Lanka.

Technical Assistance: Technical assistance for both country and regional activities amounted to \$26 million, the largest beneficiaries of which are Pakistan (24% or \$4.9 million) and the People's Republic of China (22% or \$4.4 million).

Regional Technical Assistance: Regional technical assistance amounted to \$5.54 million, with law, economic management, and public policy having been allocated \$1.9 million or 35%.

Grant-financed Projects: Eight countries benefited from grant-financed projects totaling \$709.2 million. Indonesia got the bulk of the grants with \$320 million or 45%, followed by Sri Lanka (31.5% or \$223 million). ■

ADB Approves \$300 Million Grant Tsunami-Affected Indonesia

The Asian Development Bank (ADB) approved a \$300 million grant—its biggest ever single grant—from its Asian Tsunami Fund to help rehabilitate and reconstruct areas in Indonesia afflicted by the earthquake and tsunami disaster of December 2004.

Out of \$300 million, a grant of \$290 million will be provided for the Earthquake and Tsunami Emergency Support Project to help restore essential public services, rebuild

infrastructure, and revive economic activity through livelihood support.

Indonesia, particularly the provinces of Aceh and North Sumatra, was the most devastated among the tsunami-affected countries, with at least 126,000 lives lost, about 94,000 people missing, and about 412,000 others internally displaced. The disaster has made around 20% of Aceh's population homeless today.

Loan Approvals Second Quarter 2005

Country/Project Title	Fund Type	Amount (\$ million)	Term	Interest	Date Approved
Afghanistan					
Power Transmission and Distribution	ADF	26.50	40 (10)	1	14 April
Bangladesh					
Second Urban Primary Health Care	ADF	30.00	32 (8)	1/1.5	31 May
Cook Islands					
Cyclone Emergency Assistance	ADF	2.83	40 (10)	1	30 June
India					
Tsunami Emergency Assistance (Sector)	OCR	100.00	32 (8)	LIBOR	14 April
Indonesia					
Community Water Services and Health	OCR	34.10	25 (6)	LIBOR	7 April
Community Water Services and Health	ADF	30.59	32 (8)	1.0/1.5	7 April
Lao PDR					
Greater Mekong Subregion: Nam Theun 2 Hydroelectric	OCR	20.00	30 (6)	LIBOR	4 April
Maldives					
Regional Development Project Phase II – Environmental Infrastructure and Management	ADF	6.00	32 (8)	1.0/1.5	28 April
Pakistan					
Agribusiness Development	ADF	31.00	32 (8)	1.0/1.5	19 May
Sri Lanka					
Tsunami-Affected Areas Rebuilding North East Community Restoration and Development II	ADF	7.00	40 (10)	1.0	14 April
	ADF	26.00	40 (10)	1.0	14 April
Total		\$314.02			

Loan Disbursements Second Quarter 2005

	\$ Million	%
Private Sector	78.59	8.50
Program	214.00	23.13
Project	507.72	54.89
Sector	124.75	13.49
Total	925.05	100.00

The damages and losses in the country, estimated at \$4.7 billion by a joint assessment conducted by the Government and international donor community, including ADB, are the largest requirement among the affected regions in Asia.

"Apart from the grave tragedy and trauma, the disaster resulted in the complete destruction of most infrastructure along the coastlines, leading to a total collapse of public services, major loss of private property, and virtual loss of livelihood," says Shamshad Akhtar, Director General of ADB's Southeast Asia Department, which oversees its operations in Indonesia.

"Restoring normalcy is key to helping people get over their trauma, but the cost and challenges of rehabilitation and reconstruction are phenomenal."

The project will adopt a two-phase approach, focusing first on providing support to less-affected regions and launching assessments in the most-affected regions. Phase two involves subproject implementation after the spatial planning and safeguard issues are resolved.

Given the degree of devastation in Indonesia, with entire communities being wiped out, the project will be flexible. The design of its subcomponents will be guided by the emerging needs and ground realities, as well as the support that other development partners provided.

Based on the disaster management, rehabilitation, and reconstruction (DMRR) strategy for Aceh and North Sumatra, jointly prepared by the Government and the donor community, the following sectors will receive support under the project:

- Livelihood restoration, including the rehabilitation of the agriculture and fisheries sectors and the revival of micro and small enterprises (\$87.3 million)
- Social services provision, including the reconstruction of health and educational facilities, as well as vocational training for affected people (\$47.7 million)
- Community infrastructure, including the provision of water and sanitation facilities, rebuilding of irrigation infrastructure, and reconstruction of damaged housing stock (\$127.4 million)
- Physical infrastructure, including rebuilding damaged roads and bridges, restoring power supply, and strengthening environmental management systems (\$48.1 million)
- Fiduciary governance, including capacity building activities to ensure the effective delivery of assistance (\$11 million).

continued on page 2

Technical Assistance Approvals Second Quarter 2005

Country/Project Title	Type	Amount (\$'000)	Sources	Date Approved
Afghanistan				
Capacity Building of the Ministry of Energy and Water	AD	750,000		14 April
Capacity Strengthening of the Civil Aviation Sector	AD	1,000,000		10 June
Azerbaijan				
Transport Sector Development Strategy	AD	350,000		28 April
Bhutan				
Capacity Building for the Bhutan Power Corporation	AD	400,000		16 June
Cambodia				
Community Self-Reliance and Flood Risk Reduction	AD	500,000		8 April
Cambodia Business Initiative in Rural Development	AD	150,000	PRF	April
Capacity Building for National Economic Policy Analysis and Development Management	AD	500,000		21 June
China, People's Republic of				
Taiyuan-Zhongwei Railway	PP	500,000		8 April
Nongovernment Organization-Government Partnerships in Village-Level Poverty Alleviation	AD	1,000,000	PRF	20 April
Developing a Result-Based National Monitoring and Evaluation System for Key Projects	AD	400,000		21 April
Inner Mongolia Autonomous Regions Environmental Improvement	PP	500,000		29 April
Guiyang Integrated Water Resources Management	PP	960,000	TASF/CFWS	16 May
Heilongjiang Road Network Development	PP	500,000		3 June
Nanjing Water Utility Long-Term Capital Finance in Commercial Markets	AD	550,000	CFWS	28 June
Cook Islands				
Strengthening Disaster Management and Mitigation	AD	600,000		30 June
Fiji Islands				
Rural And Outer Islands Development	PP	700,000		25 May
India				
Institutional Strengthening and Capacity Building for Madhya Pradesh State Road Sector (Supplementary)	AD	600,000	UK	29 April
Kazakhstan				
Strengthening the Water Supply Sector Program	AD	150,000	JSF	29 April
Lao PDR				
Operationalization of the Northern Region Development Strategy	AD	150,000		5 April
Maldives				
Developing a Results-Oriented 7 th National Development Plan	AD	377,000	NPRS	25 May
Nauru				
Reform of the Nauru Phosphate Corporation	AD	375,000	Australia	25 May
Pakistan				
Support for Poverty Reduction Initiatives in Pakistan (Supplementary)	AD	9,000		8 April
Mega City Development	PP	150,000		11 April
Agribusiness Development Project Implementation Support	AD	150,000		17 May
Support to Implementation of Gender Reform Action Plans	AD	4,565,000	TASF/PRF/Canada	24 June
Papua New Guinea				
HIV/AIDS Prevention and Control in Rural Development Enclaves	PP	150,000		28 April
Philippines				
Strengthening the Anti-Money Laundering Regime (Phase II)	AD	400,000	RTFSI	24 June
Solomon Islands				
Implementation of Interisland Transport Reforms	AD	495,000		20 May
Tajikistan				
Power Rehabilitation Phase II	PP	500,000	JSFT	10 June
Rural Development	PP	850,000	ASF/PRF	14 June
Thailand				
Supporting Post-Tsunami Activities and Coastal Zone Management	AD	150,000	ATF	10 June
Promoting International Cooperation on Anti-Money Laundering and Combatting the Financing of Terrorism	AD	300,000	RTFSI	10 June
Viet Nam				
Capacity Building for Water Resources Management (Supplementary)	AD	500,000	Denmark	20 April
Support to Implementation of Poverty Reduction Program II Outlined Under the Poverty Reduction Support Credit IV	PP	150,000		9 June
Kunming-Haiphong Transport Corridor (Supplementary)	PP	350,000	JSF	14 June
Strategic Secondary Education Planning and Cooperation	AD	600,000	Denmark	28 June
Total		\$20,331,000		

ADB Approves... (cont'd. from page 1)

The Government of Netherlands will provide a \$3.5 million grant for the fiduciary governance component, to help ensure the sound oversight of using donor funds.

The Government of Indonesia, on the other hand, will contribute \$28 million toward the project's total cost, estimated at \$321.5 million equivalent.

Out of the \$300 million, ADB will contribute \$10 million to the multidonor trust fund (MDTF) that the Government is establishing. The MDTF, expected to attract about \$500 million in contributions from donors, is a vehicle to pool bilateral resources to ensure a systematic and coordinated approach to rehabilitation and reconstruction.

The Aceh-North Sumatra Rehabilitation and Reconstruction Implementation Coordination Board, which the Government is establishing to coordinate and implement the DMRR strategy, will serve as the executing agency for the project, due for completion around June 2008.

ADB set up the Asian Tsunami Trust Fund in February with an initial contribution of \$600 million to deliver prompt emergency grant funding to tsunami-affected countries. The fund takes ADB's total financial commitment on tsunami assistance to \$775 million, which includes \$175 million that can be redirected from ongoing projects and programs for the overall tsunami effort. It will be used to provide assistance to tsunami-affected countries including India, Indonesia, Maldives, Sri Lanka, and Thailand. ■

ADB Issues Debut Thai Baht Bonds

The Asian Development Bank (ADB) issued its debut Thai baht bonds in the domestic capital market of Thailand, with a principal amount of bhat (B) 4 billion and a bullet maturity of 5 years. The lead arrangers were Citigroup and Siam Commercial Bank.

The issue represents ADB's third market-opening transaction in the region in just over a year, following bond issues in India and Malaysia in February and November 2004, respectively.

Priced at par, ADB's baht bonds carry a semiannual coupon of 3.87% per annum and were priced at a spread of 17 basis points over the 5-year Thai Government security.

Offered through a book-building process, the issue generated strong demand and was nearly twice oversubscribed. The issue was broadly distributed to institutional investors, including banks, pension funds, and asset managers. It also attracted significant international interest with offshore investors allocated about one third of the issue.

ADB's baht bond issue represents many firsts in the Thai capital market: first issue by a foreign entity; first supranational issue; and first issue rated triple-A by Fitch, Moody's, and Standard & Poor's.

"After ADB's market opening transactions in India and Malaysia last year, the Thai baht bond issue represents another milestone in ADB's quest to develop regional bond markets," says ADB Vice-President Khempheng Pholsena.

In addition, the issue will help attract international investors to the Thai bond market as well as enhance liquidity in the cross-currency swap market. ADB has executed related cross-currency swap transactions to convert the bond proceeds into US dollars.

Jeremy Amias, Citigroup's Head of Global Fixed Income, Asia Pacific, says the transaction strengthens its relationship with Siam Commercial Bank, the Kingdom of Thailand, and ADB.

Khunying Jada Wattanasiritham, the President of Siam Commercial Bank, adds that the deal is a prestigious one for her bank, which has a distinguished track record and an extensive market coverage network of institutional and retail investors. "We are proud not only to be offering our investors these premium bonds but also satisfying issuers with competitive pricing," she says. ■

Norway Contributes \$1.25 Million to ADB Fund to Promote Results Management

The Government of Norway has contributed \$1.25 million equivalent to an Asian Development Bank (ADB) fund to finance technical assistance to promote results management techniques around the Asia and Pacific region.

The Cooperation Fund in Support of Managing for Development Results was set up in ADB as a multi-donor facility in April 2004 with a grant of \$750,000 equivalent from the Government of Canada. The fund was subsequently joined by the Government of the Netherlands, which contributed \$930,000 equivalent.

All ADB's developing member countries are eligible for grants under the fund, as are certain institutions operating in these countries. ■

Asia-Pacific Ministers Pledge More Priority For Health

Health and development leaders from 24 countries in Asia and the Pacific closed a 2-day forum in Tokyo yesterday with pledges to place health higher on the development agenda.

The High-level Forum on Health MDGs in Asia and the Pacific, hosted by the Government of Japan in cooperation with the Asian Development Bank, World Bank, and World Health Organization, was held to accelerate progress in the region on the United Nations' millennium development goals (MDGs) on health. The MDGs were drawn up in 2000 as part of a road map to halve poverty by 2015.

Participants, who included 15 ministers and vice-ministers as well as policy makers, recognized the need for greater investment, partnerships, and focus on health. ■

Regional Technical Assistance Second Quarter 2005

	Type	Amount (\$)	Date Approved
Agriculture and Natural Resources			
Environmental Inputs for the Second GMS Summit	Conference	90,000	5 April
Developing New Policy Paradigms for Sustainable Livelihoods Protection and Natural Resource Management Among Ethnic Minorities of the GMS: A Study of Policies and their Impacts, Strategies for Change	Study	150,000	17 May
Finance			
Capacity Building in Local Banks in Developing Member Countries Participating in the Trade Finance Facilitation Program	Training	225,000	18 April
ASEAN +3 Regional Multicurrency Bond	Study	400,000	3 June
Rural Finance in Central Asia (Supplementary)	Study	50,000	7 June
Health, Nutrition, and Social Protection			
Socioeconomic Implications of HIV/AIDS in the Pacific	Study	300,000	29 April
Strengthening Malaria Control for Ethnic Minorities Greater Mekong Subregion Regional Communicable Diseases Control (Supplementary)	Study	250,000	15 June
Law, Economic Management, and Public Policy			
Making Markets Work Better for the Poor (Supplementary)	Research	33,600	1 April
Preparing a Pacific Governance Strategy	Research	17,223	8 April
Making Markets Work Better for the Poor (Supplementary)	Research	25,000	25 April
Strengthening Pro-poor Policy in the Pacific	Research	1,850,000	10 June
Multisector			
Special Evaluation Study on Urban Sector Strategy and Operations	Study	150,000	21 April
Technical Assistance for Selected Evaluation Studies for 2005	Study	1,250,000	14 June
Total		\$5,540,823	

Grant-Financed Projects Second Quarter 2005

Country/Project Name	Amount (\$'000)	Source	Date Approved
Afghanistan			
Power Transmission and Distribution	23,500	ADF IX	14 April
Bangladesh			
Second Urban Primary Health Care	25,000	United Kingdom	31 May
Second Urban Primary Health Care	5,000	Sweden	31 May
Second Urban Primary Health Care	10,000	ADF IX	31 May
Cambodia			
Commune Council Development (Supplementary)	570	Sweden	29 April
India			
Tsunami Emergency Assistance (Sector)	100,000	ATF ¹	14 April
Indonesia			
Contribution to the Multidonor Trust Fund	10,000	ATF	7 April
Community Water Services and Health	7,500	United Kingdom	7 April
Community Water Services and Health	5,000	Netherlands	7 April
Earthquake and Tsunami Emergency Support	3,500	Netherlands	7 April
Community Water Services and Health	4,000	Canada	7 April
Earthquake and Tsunami Emergency Support	290,000	ATF	7 April
Maldives			
Restoration of Livelihoods of the Tsunami-Affected Farmers in the Maldives	1,000	Japan Fund for Poverty Reduction	29 April
Pakistan			
Enhancing Road Improvement Benefits to Poor Communities in the North-West Frontier Province	1,000	Japan Fund for Poverty Reduction	28 April
Sri Lanka			
North East Community Restoration and Development II	5,900	Sweden	14 April
North East Community Restoration and Development II	14,000	ADF IX	14 April
Tsunami Affected Areas Rebuilding	53,200	European Commission	14 April
Tsunami Affected Areas Rebuilding	150,000	Asian Tsunami Fund	14 April
Total	\$709,170		

¹ ATF – Asian Tsunami Fund

Private Sector Operations Second Quarter 2005

(In \$ millions)

	Loan	Equity Investment	Total ADB Funds	Complementary Loan	Partial Credit Guarantee	Political Risk Guarantee	Total ADB Approvals	Project Cost
INDIA								
Infrastructure Development Finance Co.	50.00	–	50.00	–	–	–	50.00	50.00
LAO PEOPLE'S DEMOCRATIC REPUBLIC								
Nam Theun 2 Power Company Ltd.	50.00	–	50.00	–	–	50.00	100.00	1,450.00
PHILIPPINES								
Equitable CI NPA Acquisition	5.00	–	5.00	–	–	–	5.00	10.00
REGIONAL								
Flagship Capital Corporation	–	30.00	30.00	–	–	–	30.00	30.00
Total	105.00	30.00	135.00	–	–	50.00	185.00	1,540.00

Cofinancing Arrangements Second Quarter 2005

Loan	\$ million	Source	Technical Assistance	\$ million	Source
Bangladesh			India		
Second Urban Primary Health Care	25.00	United Kingdom	Institutional Strengthening & Capacity Building for Madhya Pradesh Road Sector	0.60	United Kingdom
	12.00	European Community	Indonesia		
	5.00	Sweden	Earthquake and Tsunami Emergency Support	3.50	Netherlands
	2.00	United Nations Population Fund	Maldives		
India			Developing a Results-Oriented 7th National	0.38	Cooperation Fund for National Poverty Development Plan Reduction Strategies (NPRS)
Infrastructure Development Finance Co. Ltd.	20.00	Commercial banks under ADB's Complementary Financing Scheme	Nauru, Republic of		
Indonesia			Reform of the Nauru Phosphate Corporation	0.38	Australia
Community Water Services and Health	7.50	United Kingdom	Pakistan		
	5.00	Netherlands	Support to Implementation of Gender Reform Action Plans	0.80	United Kingdom
	4.00	Canada		3.67	Canada
Lao, People's Democratic Republic of			Philippines		
Nam Theun 2 Power Company Limited for the GMS Nam Theun 2 Hydroelectric Project	27.00	France	Strengthening Anti-Money Laundering Regime (Phase II)	0.40	Cooperation Fund for Regional Trade and Financial Security Initiative (RTFSI)
	45.00	Commercial lenders under International Development Association (IDA)'s Guarantee	Tajikistan, Republic of		
	45.00	Commercial lenders under MIGA's Guarantee	Rural Development	0.15	United Kingdom
	166.50	Export Credit Agencies	Thailand		
	27.00	Nordic Investment Bank	Promoting International Cooperation on Anti-Money Laundering and Combating the Financing of Terrorism	0.30	RTFSI
	45.00	Commercial banks under ADB's Political Risk Guarantee	Viet Nam		
	27.00	PROPARCO	Capacity Building for Water Resources Management (TA Cluster)	0.50	Denmark
	450.00	Thai Commercial lenders	Strategic Secondary Education Planning and Cooperation	0.30	Denmark
	22.50	Export-Import Bank of Thailand	Regional		
GMS: Nam Theun 2 Hydroelectric	6.50	France	GMS for Strengthening Malaria Control for Ethnic Minorities	0.75	United Kingdom
	52.00	European Investment Bank	GMS Regional Communicable Disease Control	0.25	Belgium
	20.00	IDA		0.05	People's Republic of China
Sri Lanka			Making Markets Work Better for the Poor	0.06	Australia
Tsunami-Affected Areas Rebuilding Project	53.20	European Community	Preparing a Pacific Governance Strategy	0.02	United States
	48.00	France	Rural Finance in Central Asia	0.05	Denmark
North East Community Restoration and Development II	5.90	Sweden	Developing a New Policy Paradigms for Sustainable Livelihoods Protection and Natural Resources Management among Ethnic Minorities of the GMS: A Study of Policies and their Impacts, Strategies for Change	0.15	NPRS
Total Loans	1,121.10		Strengthening Pro-Poor Policy in the Pacific	0.93	United Kingdom
Technical Assistance				0.93	Australia
Cambodia			Total Technical Assistance	16.65	
Commune Council Development (Loan 1953)	0.57	Sweden	TOTAL	1,137.75	
Community Self-Reliance and Flood Risk Reduction	0.50	United Kingdom			
Cambodia Business Initiative in Rural Development	0.15	United Kingdom			
China, People's Republic of					
Guiyang Integrated Water Resources	0.16	Cooperation Fund for the Water Management Sector (CFWS)			
Nanjing Water Utility Long-Term Capital Finance in Commercial Markets	0.11	CFWS			
NGO-Government Partnerships in Village-Level Poverty Alleviation	1.00	United Kingdom			