

ADB Operations in Fourth Quarter of 2005 Total \$3.8 Billion

In the fourth quarter of 2005, the Asian Development Bank (ADB) approved a total of \$3.8 billion for its operations—\$3,670.36 million for loans, \$68.30 million for technical assistance to its developing member countries (DMCs), \$48.44 million in regional technical assistance, \$269.30 million in grants, and \$110 million in equity investments.

Lending: Forty loans totaling \$3,670.36 million were approved for 15 DMCs. Total lending went to Indonesia, with \$930 million (25%), Pakistan, with \$720.3 million (20%), and Viet Nam, \$549.8 million (15%).

Technical Assistance: Technical assistance for the period, excluding regional activities, amounted to \$68.35 million. Indonesia, the largest recipient, received \$10.33 million (15%); followed by Pakistan, \$6.80 million

(10%); People's Republic of China, \$6.63 million (9.7%); and Afghanistan, \$6.34 million (9.3%). Assistance for regional activities totaled \$49.44 million.

Grants: Grants totaled \$269.30 million, with Pakistan getting the biggest share, 45% or \$120 million.

Equity Investments: ADB approved in its private sector operations three equity investments totaling \$110 million.

Cofinancing: Cofinancing during the period amounted to \$3,942.15. Of the total, \$2,175.69 or 55.19% was for commercial activities.

Loan Disbursements: Lending disbursements total \$2,309.92 million for the fourth quarter of 2005. Program loans accounted for 50.94%, followed by project loans, 38.57%. ■

ADB Earmarking \$30 Million per Year in Loans to Kyrgyz Republic for 2006–2008

The Asian Development Bank (ADB) is earmarking about \$30 million per year in assistance to Kyrgyz Republic in 2006–2008 to reduce poverty and promote private sector led growth and human development, according to a country strategy and program (CSP) update.

The current CSP for the Kyrgyz Republic expires next year. The next country strategy will be prepared jointly with the World Bank, Department for International Development of the United Kingdom, and a few other bilateral donors based on the Government's planned development blueprint, the National Poverty Reduction Strategy II due out in 2006.

The CSP stresses investing in agriculture; reforming the financial sector to stimulate domestic savings and investment; improving trade and road linkages with regional markets; and boosting social services, particularly basic education and early childhood development.

To achieve these aims, ADB projects tentatively planned over the 3-year period will tackle agricultural management and land improvement, reform of revenue administration, childhood development, road maintenance, and state enterprise reform. Regional loans would be allocated to gas transmission improvement, road maintenance, and the Bishkek-Torughart Road rehabilitation.

In addition, up to \$20 million annually could be available for key regional projects. The assistance pipeline also includes a total of about \$4.5 million over the period in technical assistance grants, mostly for project preparation.

The Kyrgyz Republic experienced high growth in 2004. However, growth is expected to fall back drastically in 2005 before stabilizing at above 5% in 2006 and 2007.

"The medium-term challenge is for the country to achieve sustainable growth while pursuing fiscal consolidation without hurting the most vulnerable groups," says M. Ashraf Malik, ADB Country Director in the Kyrgyz Republic. "This requires a focus on reducing deficits, carrying out tax reforms, improving public spending, and encouraging greater private sector investment."

Up to the end of 2004, the Kyrgyz Republic had received 24 loans amounting to \$571 million equivalent and 59 technical assistance grants totaling \$35 million. The performance of ADB's portfolio in the country up to this time was generally satisfactory.

CSPs define ADB's medium-term development strategy as agreed with the country. An update is usually prepared every year taking into account the continued relevance of the CSP, its implementation, and ADB's operational program. ■

Loan Disbursements Fourth Quarter 2005

	\$ Million			
	OCR	ADF	Total	%
Afghanistan	3.89	7.42	11.31	0.49
Azerbaijan	—	—	—	—
Bangladesh	60.73	53.92	114.65	4.96
Bhutan	—	2.80	2.80	0.12
Cambodia	—	16.80	16.80	0.73
China, People's Republic of	391.29	—	391.29	16.94
Cook Islands	—	0.54	0.54	0.02
Fiji Islands	2.82	—	2.82	0.12
India	258.94	—	258.94	11.21
Indonesia	819.29	25.66	844.96	36.58
Kazakhstan	7.56	0.16	7.72	0.33
Kiribati	—	0.92	0.92	0.04
Korea, Republic of	—	—	—	—
Kyrgyz Republic	—	8.49	8.49	0.37
Lao People's Dem Rep	3.84	25.24	29.07	1.26
Malaysia	2.08	—	2.08	0.09
Maldives	—	0.67	0.67	0.03
Marshall Islands	—	—	—	—
Micronesia, Fed. States of	—	0.54	0.54	0.02
Mongolia	—	15.10	15.10	0.65
Myanmar	—	—	—	—
Nauru	—	—	—	—
Nepal	—	19.23	19.23	0.83
Pakistan	41.00	135.21	176.21	7.63
Papua New Guinea	3.15	1.89	5.03	0.22
Philippines	140.24	1.62	141.86	6.14
Regional	—	—	—	—
Samoa	—	0.49	0.49	0.02
Solomon Islands	—	0.87	0.87	0.04
Sri Lanka	7.11	63.91	71.02	3.07
Tajikistan	—	7.83	7.83	0.34
Thailand	8.46	—	8.46	0.37
Tonga	—	—	—	—
Tuvalu	—	0.05	0.05	0.00
Uzbekistan	47.55	—	47.55	2.06
Vanuatu	—	—	—	—
Viet Nam	—	122.62	122.62	5.31
TOTAL	1,797.94	511.98	2,309.92	100.00

In this publication, \$ refers to US dollars.

Technical Assistance Approval Fourth Quarter 2005

Country/Project	Type	Sources	\$'000	Date Approved
Afghanistan				
Small- to Medium-sized Hydropower Development	PP	–	800.00	3 Oct
Natural Gas Development	PP	–	995.00	6 Oct
Capacity Building for Road Sector Institutions	AD	–	1,000.00	31 Oct
Commercial Agriculture Development	PP	–	995.00	23 Nov
Building the Capacity of the Ministry of Commerce for Trade and Transit Facilitation	AD	–	400.00	24 Nov
Capacity Development for Irrigation and Water Resources	AD	–	755.00	7 Dec
Financial Market and Private Sector Development Program	PP	–	1,000.00	21 Dec
Capacity Building for Regional Cooperation	AD	–	400.00	22 Dec
Armenia				
Seminars on ADB Operational Policies and Procedures	AD	–	150.00	3 Oct
Azerbaijan				
Southern Road Corridor Improvement (Alyat-Astara Road)	PP	–	700.00	3 Nov
Social Infrastructure for Internally Displaced Persons and Vulnerable Population (Supplementary)	PP	–	340.00	18 Nov
Renewable Energy Development	PP	Finland	700.00	12 Dec
Bangladesh				
Strengthening Project Management	AD	–	600.00	27 Oct
Improving National Accounts, Price, and Wage Statistics	AD	–	400.00	31 Oct
Participation of the Urban Poor in Municipal Governance	AD	PRF	480.00	2 Dec
Secondary Education Sector Improvement II (Supplementary)	PP	–	120.00	14 Dec
Second Command Area Development	PP	PRF	950.00	19 Dec
Supporting Good Governance Initiatives II	AD	–	750.00	19 Dec
Good Governance Project	PP	–	1,000.00	19 Dec
Bhutan				
Strengthening of the Payment and Settlement System (Supplementary)	AD	–	300.00	15 Dec
Cambodia				
Study of the Influence of Built Structures on the Fisheries of the Tonle Sap	AD	Finland	765.00	13 Oct
Financial Sector Blueprint Update	AD	Spain	150.00	31 Oct
Transport Infrastructure Development and Maintenance	PP	–	1,000.00	14 Nov
Second Phase of Support to Local Administration	PP	–	400.00	16 Dec
Developing Deposit Services in Rural Cambodia	AD	PRF	600.00	21 Dec
Tonle Sap Lowland Stabilization	PP	–	1,000.00	21 Dec
China, People's Republic of				
Rural Road Development Strategy	AD	–	350.00	21 Oct
Alternative Livelihood Options to Facilitate Coal Sector	AD	PRF	300.00	2 Nov
Urban Poverty Strategy Study II	AD	PRF	300.00	23 Nov
Road Safety Improvement	AD	GRSP	625.00	24 Nov
Railway Passenger and Freight Policy Reform Study	AD	–	400.00	28 Nov
Study on Sustainable Urbanization in Metropolitan Regions	AD	–	500.00	28 Nov
Energy Conservation and Resource Management	AD	–	600.00	2 Dec
Shaanxi-Qinling Mountains Integrated Ecosystem Management Development	PP	–	500.00	9 Dec
Application of Public-Private Partnerships in Urban Rail-based Transportation	AD	–	500.00	8 Dec
National Fund for Development of Credit Guarantees for Private Enterprises	AD	–	700.00	9 Dec
Provincial Development Strategy of Selected Provinces in Northwestern Region	AD	–	1,000.00	12 Dec
Institutional Development of SEPA's Regional Supervision Centers	AD	–	550.00	19 Dec
Bank of China Ltd. For Improving Corporate Governance	AD	–	300.00	16 Dec
Fiji Islands, Republic of				
Private Sector Development Roadmaps	AD	–	300.00	29 Nov
India				
North Eastern Region Urban Development (Phase II)	PP	UK/CFWS	960.00	31 Oct
Integrated Coastal Management and Related Investment Development	AD	UK	250.00	21 Nov
Development of Road Agencies in the North Eastern States	AD	–	900.00	23 Nov
Indonesia				
Support for Decentralized Education Management II (Supplementary)	AD	EC	6,030.00	19 Oct
Supporting an Effective Institutional Framework for Fiscal Decentralization	AD	–	500.00	3 Nov
Second Community and Local Government Support Sector	PP	–	600.00	3 Nov
Natural Resources Management in a Decentralized Framework	AD	–	600.00	4 Nov
Secondary Mortgage Facility	AD	–	600.00	6 Dec
Support for Infrastructure Development	AD	–	2,000.00	12 Dec
Kazakhstan				
Financial Sector Governance Phase II	AD	–	500.00	2 Nov
Kyrgyz Republic				
Vocational Education and Skills Training	PP	–	300.00	24 Oct
Reform and Modernization of Revenue Administration	PP	–	500.00	3 Nov
Support to the Development and Implementation of the National Poverty Reduction Strategy II	AD	–	400.00	29 Nov
Supporting Banking Sector and Capital Market Development Program	AD	–	600.00	20 Dec
Lao People's Democratic Republic				
Northern Greater Mekong Subregion Transport Network Improvement	PP	–	800.00	19 Dec
Maldives				
Strengthening of Public Service Division	AD	–	250.00	14 Dec
Small- and Medium-sized Enterprise Development	PP	–	600.00	19 Dec

Technical Assistance Approval Fourth Quarter 2005

Country/Project	Type	Sources	\$'000	Date Approved
Mongolia				
Capacity Building for Financial Sector Reforms	AD	–	900.00	15 Dec
Nepal				
Preparation of Education Sector Development Policy and Strategy (Supplementary)	AD	–	110.00	1 Dec
Regional Development Strategy	AD	–	760.00	21 Dec
Education Sector Development Program I	PP	PRF	600.00	21 Dec
Reaching the Most Disadvantaged Groups in Mainstream Rural Development	AD	PRF	685.00	22 Dec
Pakistan				
Power Transmission Enhancement	PP	–	500.00	4 Oct
Private Participation in Infrastructure Sector Development Program	PP	–	1,000.00	13 Oct
Balochistan Capacity Building for Devolved Social Services	AD	–	300.00	26 Oct
Independent Monitoring of Remedial Actions for the Chashma Right Bank Irrigation, Stage III	AD	–	150.00	8 Dec
Additional Works for Preparation of Hill Torrents Management	AD	–	150.00	8 Dec
Bahawalpur Rural Development, Phase II	PP	–	300.00	8 Dec
National Agriculture Sector Strategy	AD	–	350.00	9 Dec
Capacity Building for the Office of the Auditor General of Pakistan	AD	–	2,000.00	13 Dec
Support for Subprogram 3 of the Punjab Resource Management Program	AD	–	150.00	14 Dec
Support for Poverty Reduction Initiatives in Pakistan (Supplementary)	AD	–	100.00	15 Dec
Results-based Monitoring of Projects	AD	–	500.00	16 Dec
Mega City Sustainable Development	PP	–	1,000.00	21 Dec
Balochistan Economic Report	AD	–	300.00	22 Dec
Papua New Guinea				
PNG Gas Project	PP	–	1,000.00	2 Dec
Policies for Private Sector Development	AD	–	1,000.00	9 Dec
Philippines				
Harmonization and Managing for Results	AD	–	700.00	4 Nov
Support the Implementation of the Microfinance Development Program	AD	–	500.00	22 Nov
Strategy for Sustainable Aquaculture Development for Poverty Reduction	AD	–	600.00	2 Dec
Debt and Risk Management	AD	–	720.00	7 Dec
Samoa				
Promoting Economic Use of Customary Land	AD	–	300.00	5 Dec
National Teacher Development Framework	AD	–	350.00	16 Dec
Solomon Islands				
Supporting Business Law Reform	AD	Australia	600.00	25 Nov
Sri Lanka				
Strengthening Technical Education	AD	–	120.00	3 Oct
Strengthening Local Government Infrastructure Financing	AD	–	500.00	28 Nov
Education Sector Development Program	PP	–	700.00	13 Dec
Capacity Building of the Environmental and Social Division of the Road Development Authority	AD	–	400.00	14 Dec
Independent External Monitoring of Resettlement Activities of the Southern Transport Development	AD	–	336.00	19 Dec
Tajikistan				
Local Government Finance Capacity Building	AD	GCF	700.00	3 Oct
Farm Analysis and Awareness-raising for Debt Resolution	AD	PRF	800.00	4 Oct
Thailand				
Capacity Building for Pollution Taxation and Resource Mobilization for Environment and Natural Resources Sectors-Phase II	AD	–	225.00	3 Oct
Infrastructure Investment Advisory Assistance to the Public Debt Management Office of Thailand	AD	–	150.00	31 Oct
Uzbekistan				
Transport Sector Strategy (2006–2020)	AD	–	600.00	3 Oct
Rural Renewable Energy Development	PP	Finland	300.00	2 Dec
Effective Management of Investments and Reforms in Basic Education	AD	–	400.00	12 Dec
Development of Market Infrastructure for Private Farms and Agribusiness	PP	–	600.00	21 Dec
Viet Nam				
Muong Duong Thermal Power Generation	AD	–	150.00	17 Oct
Capacity Building to Dak Nong Province for Improving Poverty Reduction and Growth Performance	AD	PRF/NPRS	650.00	31 Oct
Support for Pro-poor Health Policies (Supplementary)	AD	PRF	50.00	31 Oct
Developing Benefit-sharing Mechanisms for People Adversely Affected by Power Generation Projects	AD	PRF	150.00	14 Nov
Strengthening Institutional Capacity of Local Stakeholders for Implementation of Son La Livelihood and Resettlement Plan	AD	PRF	1,000.00	14 Nov
Expressway Network Development Plan	AD	–	850.00	23 Nov
Muong Duong Thermal Power Generation (Supplementary)	AD	–	400.00	1 Dec
Implementation of the Environment Management Plan for the Son La Hydropower	AD	Finland	800.00	2 Dec
Capacity Building in the Strategic Environment Assessment of the Hydropower Sector	AD	Finland	475.00	5 Dec
Air Pollution, Poverty, and Health Effects in Ho Chi Minh City	AD	PRF	600.00	5 Dec
Support to Implement the Anti-money Laundering Decree	AD	–	500.00	13 Dec
Financial Sector Development Program III	PP	–	900.00	13 Dec
Expressway Network Development Plan (Supplementary)	AD	–	300.00	20 Dec
Total			68,346.00	

Loan Approvals Fourth Quarter 2005

Member/Project	\$ Million	Terms (Years) including grace period	Interest	Date Approved
Afghanistan				
Fiscal Management and Public Administration Reform Program (Subprogram I)	48.00	40 (10)	1.0	14-Dec-05
Western Basins Water Resources Management Project	60.50	40 (10)	1.0	21-Dec-06
Azerbaijan				
East-West Highway Improvement Project	49.00	24 (4)	LIBOR-based	08-Dec-05
East-West Highway Improvement Project	3.00	32 (8)	1.0/1.5	08-Dec-05
Bangladesh				
Gas Transmission and Development Project	225.00	20 (5)	LIBOR-based	27-Oct-05
Gas Transmission and Development Project	5.00	32 (8)	1.0/1.5	27-Oct-05
Agribusiness Development Project	42.50	32 (8)	1.0/1.5	27-Oct-05
Southwest Area Integrated Water Resources Planning and Management Project	20.00	32 (8)	1.0/1.5	23-Nov-05
China, People's Republic of				
Henan Wastewater Management and Water Supply Sector Project	100.00	25 (5)	LIBOR-based	09-Dec-05
Hunan Roads Development III Project	208.00	25 (5)	LIBOR-based	15-Dec-05
India				
Kerala Sustainable Urban Development Project	221.20	25 (5)	LIBOR-based	20-Dec-05
Indonesia				
Local Government Finance and Governance Reform Sector Development Program	300.00	15 (3)	LIBOR-based	03-Nov-05
Local Government Finance and Governance Reform Sector Development Project	30.00	32 (8)	1.0/1.5	03-Nov-05
Tangguh Liquefied Natural Gas Project ^a	350.00	12	LIBOR-based	14-Dec-05
Rural Infrastructure Support Project	50.00	32 (8)	1.0/1.5	19-Dec-05
Development Policy Support Program	200.00	15 (3)	LIBOR-based	21-Dec-05
Kyrgyz Republic				
Banking Sector and Capital Market Development Program	15.50	24 (8)	1.0/1.5	20-Dec-05
Mongolia				
Financial Regulation and Governance Program	10.00	24 (8)	1.0/1.5	15-Dec-05
Pakistan				
New Bong Escape Hydropower Project ^a	37.30	15 (4)	LIBOR-based	21-Nov-05
Balochistan Devolved Social Services Program	130.00	15 (3)	LIBOR-based	08-Dec-05
Balochistan Devolved Social Services Program	65.00	24 (8)	1.0/1.5	08-Dec-05
Balochistan Devolved Social Services Program (TA Loan)	5.00	32 (8)	1.0/1.5	08-Dec-05
National Highway Development Sector Investment Program	3.00	32 (8)	1.0/1.5	13-Dec-05
Rawalpindi Environmental Improvement Project	40.00	32 (8)	1.0/1.5	13-Dec-05
Rawalpindi Environmental Improvement Project	20.00	25 (5)	LIBOR-based	13-Dec-05
Earthquake Emergency Assistance Project	220.00	40 (10)	1.0/2.0/4.0	13-Dec-05
Punjab Resource Management Program (Subprogram II)	200.00	15 (3)	LIBOR-based	14-Dec-05
Philippines				
Microfinance Development Program	150.00	15 (5)	LIBOR-based	22-Nov-05
Samoa				
Education Sector Project II	8.06	32 (8)	1.0/1.5	16-Dec-05
Sri Lanka				
Technical Education Development Project	20.00	32 (8)	1.0/1.5	21-Nov-05
Local Government Infrastructure Improvement Project	50.00	32 (8)	1.0/1.5	24-Nov-05
National Highways Sector Project	150.00	25 (5)	LIBOR-based	15-Dec-05
Tajikistan				
Dushanbe-Kyrgyz Border Road Rehabilitation Project (Phase II)	29.50	32 (8)	1.0/1.5	17-Nov-05
Uzbekistan				
Information and Communications Technology in Basic Education Project	30.00	32 (8)	1.0/1.5	27-Oct-05
Kashkadarya and Navoi Rural Water Supply and Sanitation Sector Project	25.00	32 (8)	1.0/1.5	12-Dec-05
Viet Nam				
Support the Implementation of the Poverty Reduction Program II	15.00	24 (8)	1.0/1.5	03-Nov-05
Central Region Transport Networks Improvement Sector Project	94.50	32 (8)	1.0/1.5	11-Nov-05
Greater Mekong Subregion: Kunming-Haiphong Transport Corridor - Noi Bai-Lao Cai Highway Technical Assistance Project	6.00	32 (8)	1.0/1.5	19-Dec-05
Central Region Water Resources Project	74.30	32 (8)	1.0/1.5	19-Dec-05
Northern Power Transmission Expansion Sector Project	360.00	25 (5)	LIBOR-based	21-Dec-05
3,670.36				

^a Private sector loan without government guarantee

Cofinancing Arrangements Fourth Quarter 2005

	\$ million	Source
Azerbaijan		
East-West Highway Improvement	10.40	Islamic Development Bank
	11.00	Saudi Fund for Development
Bangladesh		
Gas Transmission and Development	5.00	Norway
Southwest Area Integrated Water Resources Planning and Management	12.50	Netherlands
Cambodia		
Tonle Sap Sustainable Livelihoods	4.74	Finland
China, People's Republic of		
Henan Wastewater Management and Water Supply Sector	27.20	Domestic banks
Hunan Roads Development III	157.19	State Development Bank
Indonesia		
Tanggung Liquefied Natural Gas	1,200.00	Commercial banks in China, People's Republic of (PRC)
	754.00	International Commercial banks
	1,000.00	Japan
Development Policy Support Program	400.00	World Bank
Pakistan		
New Bong Escape Hydropower (Laraib Energy Limited)	37.30	Commercial bank loan
	37.30	Islamic Development Bank
Earthquake Emergency Assistance	35.00	European Commission
Samoa		
Education Sector II	8.60	Australia
	8.60	New Zealand
Sri Lanka		
National Highways Sector	8.00	OPEC Fund for International Development
Viet Nam		
Support to Implementation of Poverty Reduction Program II	5.00	Canada
	10.80	Denmark
	9.80	European Commission
	1.80	Ireland
	22.80	Japan
	9.80	Netherlands
	2.40	Spain
	35.90	United Kingdom
	100.00	World Bank
Central Region Transport Networks Improvement Sector	13.92	Nordic Development Fund
Regional		
GMS: Regional Communicable Diseases Control	0.90	World Health Organization
Total Loans	3,929.95	
Technical Assistance		
Azerbaijan		
Renewable Energy Development	0.20	Finland
Bangladesh		
Command Area Development II	0.35	Poverty Reduction Cooperation Fund (PRF)
Participation of the Urban Poor in Municipal Governance	0.48	PRF
Cambodia		
Developing Deposit Services in Rural Cambodia	0.60	PRF
Financial Sector Blueprint Update (Financial Reform Strategy)	0.15	Spain
Study of the Influence of Built Structures in the Fisheries of the Tonle Sap	0.77	Finland
China, People's Republic of		
Alternative Livelihood Options to Facilitate Coal Sector Restructuring	0.30	PRF
Road Safety Improvement	0.23	Global Road Safety Partnership
Urban Poverty Strategy Study II	0.30	PRF
India		
Integrated Coastal Management and Related Investment Development	0.25	United Kingdom
North Eastern Region Urban Development Phase II	0.16	Cooperation Fund for the Water Sector
	0.80	United Kingdom

ADB to Help Improve Roads in Viet Nam's Central Region

The Asian Development Bank (ADB) will help improve 1,200 kilometers of roads to boost economic growth in 19 provinces of Viet Nam's central region through a \$95 million loan and grant package.

A \$94.5 million loan will help rehabilitate and improve to all-weather conditions the roads connecting selected rural areas and district and provincial centers. Road safety programs will also be carried out, and sustainable road and bridge asset management systems will be established.

"The improved roads will increase the efficiency with which people can move and goods can be traded," says Paul Vallely, an ADB Senior Transport Specialist. "The project will help improve access to markets, jobs, and social services in rural areas of central Viet Nam."

Roads are the principal mode for the movement of people and goods in the country's central region, yet the existing networks are sparse and of poor quality.

This has a major impact on people living in rural areas. Nearly all the central provinces have strikingly high rural poverty, ranging from 16% to 53%, and two of the provinces are among the poorest in the country.

"Their remoteness and poor links to the rest of the economy, including lack of transport connections through all-weather roads, are key factors in the region's poverty," says Mr. Vallely.

A \$500,000 grant accompanies the loan to design and implement awareness programs to address the increased vulnerability to HIV/AIDS, other infectious diseases, and exploitation of teenage children and women through human trafficking brought by improved access to remote communities.

ADB's loan and grant come from its concessional Asian Development Fund. The loan carries a 32-year term, including a grace period of 8 years. Interest will be 1% per annum during the grace period and 1.5% per annum for the rest of the term.

The Government will finance \$32 million equivalent of the project's total estimated cost of \$138 million. The Nordic Development Fund will cofinance \$11 million.

The Ministry of Transport is the executing agency for the project, which is due for completion in 2010. ■

Loan Disbursements Fourth Quarter 2005

	\$ Million	%
Private Sector	57.10	2.47
Program	1,176.64	50.94
Project	890.98	38.57
Sector	185.20	8.02
TOTAL	2,309.92	100.00

Cofinancing Arrangements Fourth Quarter 2005

	\$ million	Source
Indonesia		
Support for Decentralized Education Management II	6.03	European Commission
Nepal		
Preparing the Education Sector Development Program I	0.15	PRF
Reaching the Most Disadvantaged Groups in Mainstream Rural Development	0.69	PRF
Solomon Islands		
Supporting Business Law Reform	0.20	Australia
Tajikistan		
Farm Analysis and Awareness-Raising for Debt Resolution.	0.80	PRF
Local Government Finance Capacity Building	0.50	Governance Cooperation Fund
Uzbekistan		
Rural Renewable Energy Development	0.30	Finland
Vietnam		
Air Pollution, Poverty and Health Effects in Ho Chi Minh City	0.60	PRF
Capacity Building in the Strategic Environmental Assessment of the Hydropower Sector	0.48	Finland
Capacity Building Support to Dak Nong Province for Improving Poverty Reduction and Growth Performance	0.33	Cooperation Fund for National Poverty Reduction Strategies
	0.33	PRF
Implementation of Environmental Management Plan for Son La Hydropower Project	0.80	Finland
SSTA for Developing Benefit Sharing Mechanism for People Adversely Affected by Power Generation Projects	0.15	PRF
Strengthening Institutional Capacity of Local Stakeholders for Implementation of Son La Livelihood and Resettlement Plan	1.00	PRF
Support for Pro-Poor Health Policies	0.05	PRF
Regional		
Capacity Building for Regional Cooperation under the CAREC Program	0.40	China, People's Republic of
Capacity Building of Private Sector Financial Institutions in Meeting Environmental and Social Challenges	0.15	Switzerland
Core Environment Program and Biodiversity Conservation Corridors Initiative in the Greater Mekong Subregion (GMS)	13.20	Netherlands
	10.00	Sweden
	0.55	PRF
Developing Pro-Poor Governance Capability and Knowledge	0.88	PRF
Development of Catastrophe Risk Insurance Mechanisms	0.15	PRF
Enhancing the Business Environment in the GMS	0.20	PRC
Facilitating Knowledge Management for Pro-Poor Policies and Projects	0.98	PRF
Implementing Pilot Projects for Small Piped Water Networks	0.20	France
Innovative Information and Communication Technology in Education and its Potential for Reducing Poverty in Asia and Pacific	0.80	PRF
Leadership Enhancement & Advancement Program	0.05	Australia
Making Markets Work Better for the Poor	0.39	PRF
Promoting Environmental Investment in Asia and the Pacific	0.20	Finland
Rolling Out Air Quality Management in Asia	0.66	Finland
Socioeconomic Impact of Road Crashes	0.93	PRF
Total Technical Assistance	46.74	
TOTAL	3,976.69	

ADB Launches \$500 Million Bond Issue

The Asian Development Bank (ADB) yesterday launched a \$500 million Eurodollar bond issue through Deutsche Bank and Merrill Lynch as joint lead managers.

The bonds, with a coupon rate of 4.625% per annum payable annually and with a maturity date of 15 February 2008, were priced at 99.794 to yield 20 basis points over the 4.25% US Treasury due 31 October 2007.

The distribution of the bonds was anchored in Asia

and supported by European demand. With this issue, ADB has raised thus far in 2005 about \$3.9 billion in long-term funds through 59 transactions, including a 5-year \$1 billion benchmark transaction and three local currency bond issues in the People's Republic of China, Philippines, and Thailand.

The proceeds of this issue will be included in the ordinary capital resources of the ADB and used in its non-concessional lending operations. ■

\$200 Million Loan to Support Indonesian Policy Reforms

The Asian Development Bank (ADB) is providing Indonesia with a \$200 million loan to improve the country's macroeconomic management which will focus on effective utilization of fiscal resources and sound public financial management, improve the investment climate, strengthen the financial sector, and reorient public expenditure to reduce poverty and unemployment.

The Development Policy Support Program includes a series of structural reform packages that underpin key priorities of Indonesia's medium-term growth and poverty reduction program.

It supports the Government's Medium-Term Development Plan for 2004–2009, which has the broad goal of stimulating higher and sustainable economic growth to 7% annually by 2009 and halving poverty to 8.2% by 2009 from 16.6% in 2004.

To achieve these goals, the program involves a set of policy actions in four core areas to improve macroeconomic stability and creditworthiness, promote investments, strengthen the financial sector and enhance the quality of public financial management, and reduce corruption.

"The program is a key pillar of ADB's emerging country strategy and program for Indonesia for 2006–2010," says Shamshad Akhtar, Director General of ADB's Southeast Asia Department. "The Program is quite distinct and supports in a number of ways the Paris harmonization agenda. The Program is driven by the Government, its process and commitment has been exemplary where the development partners have joined together to design, support, and implement the Program in partnership. Finally, the Program is comprehensive and forward looking in nature and besides sustained macroeconomic stability, the program deepens reforms and strengthens public service delivery to the poor."

The Government's external financing needs for the 2005 budget are estimated at \$3.6 billion, comprising \$1.25 billion in program loans—to support the reforms—and \$2.35 billion in project disbursements. In addition to ADB's loan, the Government has requested \$400 million from the World Bank and parallel financing from Japan, with the amount yet to be determined. ADB's program is harmonizing its action closely with the policy reform support of these key development partners.

"The program recognizes Indonesia's positive track record of macroeconomic management, overall stability, and fiscal consolidation since the 1997 Asian financial crisis," adds Ramesh Subramaniam, Principal Economist at ADB's Resident Mission in Indonesia.

"Moving forward, the Government is fully committed to further strengthening fiscal management, with the focus on tax reforms, debt sustainability, and reorienting public expenditures toward reducing regional disparities and achieving the Millennium Development Goals."

The loan will be delivered in a single tranche from ADB's ordinary capital resources. It has a 15-year term, including a grace period of 3 years, with interest determined under ADB's LIBOR-based lending facility. The executing agency is the Ministry of Finance. ■

Grant-financed Projects Fourth Quarter 2005

Country/Project Name	Amount (\$'000)	Source	Date Approved
Afghanistan			
Western Basins Water Resources Management	14,500.00	ADF IX	20 Dec
Fiscal Management and Public Administration Reform	7,000.00	ADF IX	14 Dec
Bangladesh			
Social Development for Erosion-affected Poor in the Jamuna-Meghna Floodplains	790.00	Japan Fund for Poverty Reduction	5 Dec
Southwest Area Integrated Water Resources Planning and Management	12,500.00	Netherlands	23 Nov
Emergency Flood Damage Rehabilitation	13,000.00	Netherlands	15 Nov
Emergency Flood Damage Rehabilitation	14,700.00	Sweden	15 Nov
Capacity Building of Gas Transmission and Development	5,000.00	Norway	27 Oct
Cambodia			
Women's Development Centers	1,800.00	Japan Fund for Poverty Reduction	21 Dec
Tonle Sap Sustainable Livelihoods	15,000.00	ADF IX	21 Dec
Tonle Sap Sustainable Livelihoods	4,738.00	Finland	21 Dec
Tonle Sap Rural Water Supply and Sanitation Sector	18,000.00	ADF IX	20 Oct
Indonesia			
Support for the Local Government Performance Measurement System	730.00	JFICT	22 Dec
Restoration of Microenterprise and Microfinance in Aceh	2,000.00	Japan Fund for Poverty Reduction	28 Nov
Kyrgyz Republic			
Second Education	15,500.00	ADF IX	27 Oct
Pakistan			
Earthquake Emergency Assistance	80,000.00	PEF	13 Dec
Earthquake Emergency Assistance	35,000.00	European Commission	13 Dec
Balochistan Devolved Social Services	5,000.00	ADF IX	8 Dec
Samoa			
Education Sector II	8,600.00	AUSAID	16 Dec
Education Sector II	8,600.00	NZAID	16 Dec
Sri Lanka			
Post-tsunami Utility Connections for the Poor	2,000.00	Japan Fund for Poverty Reduction	14 Oct
Public Works Restoration and Rehabilitation of Line Drainage Systems of Tsunami-affected Local Government Roads	2,000.00	Japan Fund for Poverty Reduction	4 Oct
Tajikistan			
Dushanbe-Kyrgyz Border Road Rehabilitation (Phase II) - HIV/AIDS and Migration	500.00	ADF IX	17 Nov
Community-Based Rural Road Maintenance	1,800.00	Japan Fund for Poverty Reduction	4 Nov
Viet Nam			
Central Region Transport Networks Improvement Sector	500.00	ADF IX	11 Nov
Regional			
HIV/AIDS Prevention and Capacity Development in the Pacific	8.00	ADF IX	8 Nov
GMS Regional Communicable Diseases Control: Cambodia	9.00	ADF IX	21 Nov
GMS Regional Communicable Diseases Control: Lao PDR	6.00	ADF IX	21 Nov
GMS Regional Communicable Diseases Control: Viet Nam	15.00	ADF IX	21 Nov
Total	307.26		

ADB to Help Finance First Private Sector Hydropower Project in Pakistan

The Asian Development Bank (ADB) will help to bridge a pending electricity shortfall and encourage the development of hydropower resources in Pakistan through a \$37.3 million loan.

The loan will help finance a 80 megawatt power plant located downstream of the Mangla Dam on the Jhelum River in Azad, Jammu and Kashmir. This is ADB's first proposed assistance to a private sector hydropower project in Pakistan and the first such project to be developed in the region.

The New Bong Escape Project, so-called because of its position on the escape channel from the existing Mangla power station, will be a "run-of-the-river" scheme involving no new dam or reservoir and will thus have minimal environmental and social impacts. The electric power generated by the project will feed into the national grid.

The project company, Laraib Energy Limited, is owned by a subsidiary of Ranhill Berhad, a Malaysian engineering and utility asset-owning company listed on the Kuala Lumpur Stock Exchange and by various local and international business interests.

The project is expected to begin construction shortly and is scheduled to begin commercial generation of electricity by the beginning of 2009.

Azad, Jammu and Kashmir is home to some of the areas worst affected by the devastating earthquake that hit parts of south Asia in October.

"The Project, while far enough from the epicenter not to have been directly affected, should bring job opportunities and will help upgrade infrastructure in an area where both are much needed," says Michael Barrow, an ADB principal structured finance specialist.

Together with the ADB loan and the sponsor equity, the project is expected to be financed with loan facilities from the Islamic Development Bank and Pakistan commercial banks. The Islamic Development Bank facility will be Sharia-compliant.

"This Project represents a number of important firsts for ADB and for the region," says Mr. Barrow. "It will be the first private sector hydropower project in Pakistan which should lead the way for many similar schemes. It will be the first large-scale, private sector infrastructure project in Azad, Jammu and Kashmir. And it will also be the first private sector cofinancing between the ADB and the Islamic Development Bank."

ADB's loan is without government guarantee and comes from ADB's ordinary capital resources. Interest is determined in accordance with ADB's LIBOR-based loan facility. ■

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\$44.4 Million ADB Support for Small and Medium Enterprise Development in Philippines

The Asian Development Bank (ADB) will support the development of small and medium enterprises (SMEs) in the Philippines through an assistance package approved comprising a \$25 million loan, a partial credit guarantee facility of about \$18.4 million, and an equity investment of up to \$1 million.

The SME assistance is part of a pipeline of projects endorsed by ADB's Board of Directors in July for consideration during 2005-2007 under a lending program that could range from zero to \$1.5 billion, depending on progress on sector reforms and fiscal consolidation.

The Government-owned Small Business Guarantee and Finance Corporation (SB Corporation) is the executing agency for the project, which will be carried out over 5 years to around October 2010.

ADB's loan, backed by a government guarantee, will serve as a credit line to SB Corporation, which will onlend the loan in local currency to viable SMEs with a sound business foundation that do not have access to bank financing. The project will also strengthen SB Corporation's credit underwriting and risk management.

The partial credit guarantee facility, equivalent to P1 billion, will be offered to encourage selected private sector financial institutions to expand their SME portfolio, particularly to medium-sized enterprises outside SB Corporation's target group. The facility, without a government counter guarantee, will cover up to 50% of well-defined SME loan portfolios. An equity investment of up to \$1 million or not more than a quarter of the project cost for a planned credit information bureau will help establish a comprehensive and credible credit information system.

"The project will help stimulate SME development in the country, to contribute to sustainable growth and generate jobs. This is strongly supportive of the Government's 10-Point Agenda," says Asa Malmstrom

Rognes, an ADB senior financial economist.

"The combination of a public sector loan and a private sector facility allows the project to target different segments of the SME market and will hopefully expand financing to SMEs through a demonstration effect."

SMEs are an integral part of the Philippine economy, contributing 32% of value added and accounting for 31% of employment. However, effective SME operation is constrained by lack of supportive policies, cumbersome and costly registration and licensing processes, lack of a national business and collateral registry, and absence of comprehensive credit information.

Access to and availability of financing is limited due to banks' perception that SME lending is more costly and risky compared to other investments, as well as to SMEs' difficulty in preparing credible business plans and realistic cash-flow estimates and providing sufficient collateral.

The government plans to increase the SME share in value added from 32% to 40% by 2010, and has highlighted the central role SMEs will play in creating jobs.

The government created SB Corporation in 1991 to provide loans and guarantees to SMEs that are viable, have sound business foundation and growth potential but are underserved by the banks as they, for example, need smaller loans than banks offer or have insufficient collateral or credit history.

The project is supported by a technical assistance grant to strengthen credit management systems for SMEs, and a separate grant from the Japan Fund for Information and Communication Technology, financed by the Government of Japan, to develop the Philippine business registry.

ADB's loan comes from its ordinary capital resources. It carries a 15-year term, including a grace period of 3 years, and an interest rate determined in accordance with ADB's LIBOR-based lending facility. ■

Cofinancing by Category Fourth Quarter 2005

	\$ Million	%
Commercial	2,175.69	55.19
Grants	150.84	3.83
Official	1,603.42	40.98
Total	3,929.95	100.00

Management, Board of Directors and Staff (as of 31 December 2005)

Management	4
Board of Directors	23
Professional Staff ^a	883
National Officers ^b	425
Administrative Staff ^c	1,144
Total	2,479
Nationalities	53

^a Includes 23 Director's Advisors and 56 staff on SLWOP/Secondment status

^b Includes 8 staff on SLWOP status

^c Includes 9 staff on SLWOP status

ADB Support for Asia's Fight Against Avian Flu Could Reach \$470 Million

In the medium term, the Asian Development Bank (ADB) could commit at least \$470 million to support Asia's responses and readiness to fight avian flu, ADB announced today.

"With avian flu continuing to spread, increasing the risk of a human pandemic that would be costly in terms of lives, health, and economies, boosting national and regional preparedness in Asia is a matter of urgency that ADB is ready to address," ADB Vice-President Geert van der Linden said.

He was speaking on the sidelines of a global partners' meeting on avian flu and the risk of a human flu pandemic held at the World Health Organization (WHO) headquarters in Geneva.

The meeting, organized by WHO, Food and Agriculture Organization (FAO), World Organization for Animal Health (OIE), and World Bank is identifying requirements and available resources to deal with the avian flu and a possible human influenza pandemic. The meeting is also discussing coordination mechanisms to

ensure rapid mobilization and utilization of resources and identify key next steps.

According to recent research by ADB economists, an avian flu pandemic would cost the region millions of lives and tens of billions of dollars. It could halt Asia's growth rate to virtually zero, send developed countries and the global economy into recession, and reduce the global trade of goods and services by 14%, according to a report published last week, on the Potential Economic Impact of an Avian Flu Pandemic on Asia.

"One clear lesson from the SARS outbreak [in 2003] was the psychological impact on economic activity," the report says. Compared to the SARS outbreak however, "a flu pandemic could be substantially more damaging in both human and economic terms."

Recognizing the threat, ADB is ready to assist its member countries to fight avian flu and prepare for a human influenza pandemic, and will support WHO, FAO, and OIE to lead a coordinated regional response on bird flu," Mr. van der Linden stressed.

Mr. van der Linden said ADB's assistance could include about \$300 million for new projects in People's Republic of China, Indonesia, Philippines, and Thailand, if the governments of those countries request such assistance.

ADB will also consult with governments in affected countries and countries at risk to identify possible savings and contingencies in ongoing and recently approved projects, which can be used to help finance rapidly their response to avian flu and shore up their defenses against a possible human pandemic. Some \$75 million could be rapidly mobilized in loan savings from health and other projects in affected countries in the Mekong and Indonesia.

"In coordination with other partners, ADB will also see what new projects may be needed," Mr. van der Linden said.

"ADB has a strong track record of promoting regional cooperation, including for health-related issues such as SARS and communicable disease control."

ADB has already mobilized resources for emergency support, and announced in October \$58 million for two planned grant projects—a \$28 million regional project addressing avian flu and \$30 million for a communicable disease project in the Mekong. ADB plans to allocate rapidly an additional \$600,000 to continue its support to the WHO regional offices in Manila and extend this to the WHO Delhi office covering Southeast Asia. ■