

ADB Operations in Second Quarter, 2006 Total \$865.77 Million

In the second quarter of 2006, the Asian Development Bank (ADB) approved a total of \$865.77 million for its operations—\$753 million for loans, \$40.61 million for technical assistance to its developing member countries (DMCs), \$15.43 million for regional technical assistance, \$56.74 million for grant-financed projects.

Its private sector operations amounted to \$317.50 million while cofinancing totaled \$238.03 million.

Lending: Four loans totaling \$480 million or 63.8% were approved for the People's Republic of China.

Technical Assistance: Technical assistance by country amounted to \$38.37 million, with India getting \$18.52 million or 48.3%, followed by the People's Republic of China with \$5.8 million or 15.2%. Regional technical assistance amounted to \$15.43 million, with health, nutrition, and social protection having been allocated \$8.67 million or 56.2%.

Grant-financed Projects: Grant-financed projects amounted to \$56.74 million, with \$22 million given to Papua New Guinea for HIV/AIDS prevention and control in rural development. ■

Regional Technical Assistance Second Quarter 2006

Sector/Activity	Type	Amount (\$'000)	Date Approved
Agriculture and Natural Resources			
Expansion of Subregional Cooperation in Agriculture in the GMS	Others	1,000.00	23 June
Energy			
Energy Sector Strategy and Development	Study	1,000.00	16 June
Health, Nutrition, and Social Protection			
Fighting HIV/AIDS in Asia and the Pacific	Others	8,670.00	6 June
Law, Economic Management, and Public Policy			
Supporting the Use of Country Procurement Systems	Others	600.00	3 April
The Asia Regional Information Center (ARIC)	Others	780.00	20 April
Civil Society Initiatives on Anti-Corruption	Others	150.00	21 April
Multisector			
Remittances and Poverty in Central Asia and South Caucasus	Study	1,300.00	7 April
Pilot Strengthening of Civil Society Participation in Development in the Pacific	Training	500.00	28 April
External Advisory Panel on the Future of the Asia and Pacific Region	Others	700.00	22 June
GMS Phnom Penh Plan for Devt. Management Phase II (Supplementary)	Training	500.00	23 May
Transport and Communications			
Asian Development Community Broadcasting Initiative	Others	150.00	5 April
GMS Southern Coastal Corridor (Supplementary)	Study	75.00	28 April
		15,425.00	

Grant Signed for Project to Help Develop Microfinance in Philippines

The Asian Development Bank (ADB) and the Government of the Philippines today signed an agreement for \$900,000 grant project to help develop a sustainable microfinance industry in the country.

Financed by the Japan Fund for Poverty Reduction (JFPR), from the Government of Japan, the project will support the development of financial cooperatives engaged in credit and savings operations, and strengthen the Cooperative Development Authority (CDA), which oversees the cooperative sector.

Signing for ADB was Thomas Crouch, Country Director of its Philippine Country Office, while Finance Secretary Gary Teves signed on behalf of the Government. Satoshi Ikeda,

representing the Embassy of Japan in Manila, was also present at the signing ceremony.

"Improved access to efficient microfinance services can help the poor smooth their consumption, manage their risk better, and build assets," says Eichi Sasaki, an ADB financial sector specialist.

"The challenge is how to provide access to sustainable microfinance services for the more than 3 million households in the Philippines that currently do not have access."

As a major part of the Philippine microfinance sector, financial cooperatives engaged in savings and credit

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ADB Grant to Support Development of India's Cities

The Asian Development Bank (ADB) will help the Government of India develop and improve the country's cities through a \$2 million technical assistance grant.

The grant will support the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), a national fund created to encourage sustainable urban development in the country, which is expected to invest about \$11 billion equivalent in developing infrastructure in 63 of the largest cities in India over the next 7 years.

With more than 285 million people, or more than one quarter of the population, living in cities in India, the country has the world's second largest urban population. Given current trends in population growth and migration, India's urban population is estimated to reach 575 million by 2030.

India's cities, however, are characterized by widespread poverty, poor urban infrastructure, and environmental degradation. Less than 60% of houses in the cities have sanitation facilities and less than half have tap water on their premises. About 40 million people are also estimated to live in slums.

"Poor urban development and management is not only undermining India's ability to deliver a decent quality of life to its citizens; it is also constraining potential local and national economic growth," says Nayana Mawilmada, an ADB urban development specialist. "The need for strong focus and accelerated investment in urban development is clear."

The project will help ensure the effective management and disbursement of JNNURM funds by providing consulting support through a project cell within the JNNURM project directorate at the Ministry of Urban Development (MUD), the government agency spearheading the initiative.

The project will also help the MUD refine the guidelines and processes for project preparation, appraisal, and evaluation. At the same time, it will help city and state governments meet MUD's requirements for accessing JNNURM funds. Systems and procedures to monitor the progress of projects and activities will also be established.

The Government will contribute \$500,000 in the form of counterpart staff and office facilities to meet the project's total cost of \$2.5 million. MUD is the executing agency for the project, which will be carried out over the next 3 years. ■

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Private Sector Operations Second Quarter 2006 (In \$ millions)

	Loan	Equity Investment	Total ADB Funds	Complementary Loan	Partial Credit Guarantee	Political Risk Guarantee	Total ADB Approvals	Project Cost
Afghanistan								
Roshan Phase II Expansion	40.00	–	40.00	30.00	–	15.00	85.00	210.20
India								
Blue River Capital	–	25.00	25.00	–	–	–	25.00	100.00
Kazakhstan								
Alliance Bank	50.00	–	50.00	–	–	–	50.00	50.00
Bank TuranAlem	75.00	–	75.00	–	–	–	75.00	75.00
Regional								
AIF Capital Asia III	–	30.00	30.00	–	–	–	30.00	300.00
Mekong Enterprise Fund II	–	10.00	10.00	–	–	–	10.00	50.00
East West Capital Partners-Asia Healthcare Fund	–	20.00	20.00	–	–	–	20.00	200.00
Aureos South Asia Fund	–	17.50	17.50	–	–	–	17.50	70.00
Kula Fund II	–	5.00	5.00	–	–	–	5.00	25.00
Total	165.00	107.50	272.50	30.00	–	15.00	317.50	1,080.20

Australia and New Zealand Provide \$7 Million for AIDS Project in PNG

Australia and New Zealand signed on 5 June 2006 an agreement with the Asian Development Bank (ADB) and the Government of Papua New Guinea to contribute grants of \$3.5 million each to a project that will help contain the spread of HIV/AIDS in PNG.

ADB approved a \$15 million grant in April for the HIV/AIDS Prevention and Control in Rural Development Enclaves Project, for which the PNG Government is also providing counterpart funding of about \$3 million.

As of mid-2004, around 47,000 people were infected with HIV virus in Papua New Guinea. The epidemic has reached a critical stage in its infection patterns.

The project will focus on combating the disease in rural areas where communities are centered on mines, plantations, fisheries, or other private sector operations.

In these HIV/AIDS hotspots, the project will seek higher levels of coordination among government, the private sector, development partners, nongovernment organizations (NGOs), community-based organizations, private sector organizations, and affected communities.

An important element of the project will be to work with communities and NGOs to bring about long-term behavioral change and monitor progress.

The Australian and New Zealand contributions will help contract a nonprofit company to market and distribute condoms for an initial 4 years on a country-wide basis.

The project's total cost is estimated at \$25 million. ADB's grant is provided from its Asian Development Fund, which provides concessional loans and grants for its poorest developing member countries. ■

Grant Signed... (cont'd. from page 1)

operations need to develop sound financial operations for their poor clients.

The project will help improve the performance of financial cooperatives by strengthening their compliance with CDA's regulatory requirements, and support CDA's institutional strengthening.

"In this manner, the project aims to promote the healthy development of the microfinance industry in the Philippines to increase household incomes and reduce poverty and the vulnerability of the poor to shocks," adds Mr. Sasaki.

The project complements ADB's \$150 million Microfinance Development Program for the Philippines, approved in October 2005, which focuses on building viable microfinance institutions and strengthening regulatory capacity for a sound microfinance sector.

The Government and beneficiary cooperatives will contribute the balance needed to meet the total project cost of \$1.12 million. The National Credit Council, an interagency body chaired by the Department of Finance, is the executing agency for the project, which will be carried out over 4 years.

JFPR was set up in 2000 with an initial contribution of ¥10 billion (about \$90 million), followed by additional contributions of \$155 million and a commitment of \$50 million. ■

Loan Approvals Second Quarter 2006

Country/Project Title	Fund Type	Amount (\$ million)	Term	Interest	Date Approved
Afghanistan					
Roshan Phase II Expansion ^a	OCR	40.00	6 (2)	LIBOR ^b	29 June
China, People's Republic of					
Shandong Hai River Basin Pollution Control	OCR	80.00	25 (5)	LIBOR	21 June
Guangxi Nanning Urban Environmental Upgrading	OCR	100.00	25 (5)	LIBOR	26 June
Wuhan Wastewater and Stormwater Management	OCR	100.00	25 (5)	LIBOR	26 June
Hunan Flood Management Sector	OCR	200.00	26 (6)	LIBOR	29 June
Kazakhstan					
JSC Alliance Bank ^a	OCR	50.00	5 ^c	^d	15 June
Bank TuranAlem JSC ^a	OCR	75.00	^c	^d	15 June
Mongolia					
Third Education Development	ADF	13.00	32 (8)	1.0/1.5	21 June
Pakistan					
Federally Administered Tribal Areas Rural Development	ADF	42.00	32 (8)	1.0/1.5	25 April
Papua New Guinea					
Road Maintenance and Upgrading (Sector) Project (Supplementary Loan)	OCR	35.00	24 (4)	LIBOR	29 June
Road Maintenance and Upgrading (Sector) Project (Supplementary Loan)	ADF	18.00	32 (8)	1.0/1.5	29 June
Total		753.00			

a Private sector loan.
 b London interbank offered rate.
 c Garce period to be determined.
 d Fixed or floating rate to be determined by the ADB interest rate committee.

Management, Board of Directors and Staff as of 30 June 2006

Management	5
Board of Directors	23
Professional Staff ^a	872
National Officers ^b	421
Administrative Staff ^c	1,139
Total	2,460
Nationalities	53

a Includes 24 Director's Advisors and 52 staff on special leave without pay/secondment status
 b Includes 6 staff on SLWOP status
 c Includes 7 staff on SLWOP status

ADB to Offer Indonesia up to \$900 Million in 2006 and More Than \$1 Billion in 2007

The Asian Development Bank (ADB) is prepared to provide \$800 million to \$900 million in new loans to Indonesia in 2006, and \$1 billion to \$1.1 billion in 2007, said Edgar Cua, ADB's Country Director in Indonesia, today before the meeting of the Consultative Group on Indonesia scheduled on 14 June.

The funds will be sourced from ADB's ordinary capital resources and its concessional funding window.

"This proposed scale of assistance is a vote of confidence in Indonesia's macroeconomic performance and the Government's commitment to policy reforms. Our support will focus on infrastructure and social sectors, with the aim of increasing public and private investment in development," said Mr. Cua.

The Consultative Group on Indonesia, including ADB and other development partners, met on 14 June to assess the country's needs and formulate the best forms of financial assistance. Indonesia came to the meeting in a relatively stronger position than in years past. "The Government's macroeconomic management has helped bring the country's economic indicators back to favorable pre-1997 Asian financial crisis levels," said Mr. Cua.

ADB is also assisting with the country's reconstruction needs after the 27 May earthquake with an initial offer of \$10 million in immediate grant assistance and \$50 million reprogramming of ongoing soft loans, for a total of \$60 million.

ADB has worked closely with the Government of Indonesia and development partners to assess the damage caused by the earthquake, and coordinates with other donors and organizations to provide the most effective assistance.

Indonesia is a founding member of ADB and its sixth largest shareholder. By the end of 2005, it had received 272 public sector loans amounting to \$20.7 billion, along with 480 technical assistance (TA) projects amounting to \$240.449 million. Measured by public sector loan approvals, Indonesia is ADB's largest client, and its second largest recipient of TA support. ■

ADB Continues Waivers of Loan Charge

The Asian Development Bank (ADB) will continue the 0.2% waiver of the lending spread on public sector loans outstanding from 1 July 2006 to 30 June 2007 for all ordinary capital resources borrowers that do not have arrears with ADB.

This reflects an effective lending spread of 0.4% per annum (contractual lending spread of 0.6% less the 0.2% waiver). Additionally, ADB will continue to waive the entire 1.0% front-end fee on all new public sector loans approved during 1 July 2006–30 June 2007. ■

ADB, Netherlands Formalize \$14 million Grant for Mekong Environment Program

The Asian Development Bank (ADB) and the Government of Netherlands exchanged documents last 31 May, formalizing the \$14 million Dutch financial support to the Greater Mekong Subregion (GMS) Core Environment Program (CEP), and its flagship component, the Biodiversity Conservation Corridors Initiative (BCI).

Present during the ceremony held at ADB's Viet Nam Resident Mission (VRM) in Hanoi were Andre Haspels, Royal Netherlands Embassy Ambassador to Viet Nam, Arjun Thapan, Deputy Director General of the ADB's Southeast Asia Department, and Ayumi Konishi, VRM Country Director. Officials from the Viet Nam Ministry of Natural Resources and Environment were also in attendance.

All parties called on the GMS countries and partners in the development community to join in the effort to safeguard livelihoods and economic development by halting and reversing the accelerating pace of biodiversity loss and environmental degradation in the subregion.

Endorsed by the GMS Summit of Leaders held in Kunming in 2005, the CEP/BCI was developed as a joint initiative of GMS countries (comprising Cambodia, People's Republic of China [PRC], Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam). It is an integrated approach to help GMS countries to sustainably manage their shared natural resources for enhanced connectivity, improved economic competitiveness, and a better sense of community.

The Dutch co-funding (others are the Government of Sweden, the Poverty Reduction Cooperation Fund from the Government of the United Kingdom, and ADB) will specifically support the implementation of the BCI's first phase over the next 3 years. The Netherlands already supports the forestry and water sectors, as well as the health sector in Viet Nam, and increasingly puts more importance to regional, transboundary issues.

"We are well aware of the stress that accelerated economic development, which is evident in the GMS countries

such as Viet Nam, can put on our natural environment," says Arjun Thapan, Deputy Director General of the ADB's Southeast Asia Department.

"Indeed one of the main causes of biodiversity loss in the region is the destruction of habitat, and the fragmentation and impoverishment of our ecosystems. We are concerned that in the absence of anticipatory environmental and natural resource management, the effectiveness of our development interventions and investments could be undermined. This can potentially have serious implications for poverty reduction and sustainable development of the region."

The CEP's biodiversity corridors initiative addresses the urgent issue of fragmented landscapes arising from economic development, and the impact this fragmentation has had on biodiversity and associated environmental benefits in the GMS. BCI's vision is that by 2015, the GMS countries will have established priority biodiversity conservation landscapes and corridors for maintaining the ecosystems, ensuring sustainable use of shared natural resources, and improving the livelihoods of people.

The five specific outputs of the BCI implementation are: poverty alleviation through sustainable use of natural resources and development of livelihoods; harmonization of ecosystem governance and management regimes; restoration and maintenance of ecosystem connectivity; capacity building in local communities and government staff; and sustainable financing mechanisms integrated with government planning and budgeting procedures.

The agreement is yet another milestone in the long-standing and fruitful partnership between ADB and the Government of Netherlands in their fight against poverty and environmental degradation in the GMS. The European nation is the 19th largest shareholder of the ADB, and has official development assistance programs in the PRC, Indonesia, Mongolia, and Viet Nam, among others. ■

Grant-financed Projects Second Quarter 2006

Country/Project Name	Amount (\$'000)	Source	Date Approved
Bhutan			
Rural Electricians Training Program	1,000.00		25 May
India			
Restoration and Diversification of Livelihoods for Tsunami-affected Poor and Marginalized People in the States of Tamil Nadu and Kerala	5000.00	JFPR	21 June
Papua New Guinea			
HIV/AIDS Prevention and Control in Rural Development Enclaves	22000.00	Australia/ New Zealand	25 April
Sri Lanka			
Tsunami-affected Areas Rebuilding Project (Supplementary)	8,735.00	Netherlands	26 June
Viet Nam			
HIV/AIDS Prevention Among Youth	20,000.00		30 June
	56,735.00		

Technical Assistance Second Quarter 2006

Country/Project Title	Type	Amount (\$'000)	Sources	Date Approved
Bangladesh				
Skills Development Project	PP	500.00		15 June
Cambodia				
Dormitories and Learning Centers for Secondary Schoolgirls	AO	800.00	PRF	3 April
Capacity Building for SME Development Phase II	AO	800.00		10 May
China, People's Republic of				
Facility for Reform Support and Capacity Building	AO	500.00		22 May
Strengthening Flood Management Sustainability in Hunan Province	AO	500.00	Spain	29 June
National Strategy for Rural Biomass Renewable Energy Development	AO	400.00		29 June
Establishment of the Clean Development Mechanism Fund	AO	600.00		30 June
Sustainable Rural Transport Services	AO	400.00		28 June
Central Yunnan Roads Development Project	PP	500.00		28 April
Gansu Heihe Hydropower Development Project	PP	500.00		28 April
Guangxi Longlin-Baise Expressway	PP	500.00		26 May
Jilin Urban Infrastructure Project	PP	500.00		22 June
Xinjiang Municipal Infrastructure and Environmental Improvement	PP	800.00		23 June
Kunming Qingshuihai Water Supply Project	PP	600.00		29 June
India				
Project Implementation and Urban Management Improvement in the North Eastern Region (Phase 1)	AO	1,520.00	CFWS	11 April
Knowledge Management and Capacity Building	AO	2,000.00	UK	17 April
TA Cluster for Project Processing and Capacity Development	PP	15,000.00	UK	30 June
Indonesia				
Integrated Citarum Water Resources Management (Supplementary)	PP	275.00		22 June
Kyrgyz				
Development of a Monitoring and Evaluation System at Oblast Level	AO	300.00	MfDR-CF	16 June
Second Community-based Early Childhood Development	PP	400.00		7 June
Lao, People's Democratic Republic of				
Revitalizing Community Demand for Immunization	AO	140.00	PRF	10 May
Marshall Islands				
Pilot Collaborative Public Services Delivery	AO	250.00		30 May
Micronesia, Federated States of				
Implementation of the Public Sector Capacity Building Development Road Map	AO	600.00		16 May
Mongolia				
Development of a Sector Wide Approach (SWAp) in Education	AO	150.00		21 June
Western Regional Road Development Project	PP	650.00		10 May
Pakistan				
Community Water Storage and Irrigated Agriculture Development Sector	PP	900.00		16 June
Papua New Guinea				
Demographic and Health Survey in Papua New Guinea	AO	2,232.00	AUS/NZ	9 June
Lae Port Development Project - Tidal Basin Phase I	PP	900.00		30 May
Philippines				
Local Governance and Fiscal Management Project	AO	1,800.00		3 April
Government Owned and Controlled Corporation Reform	AO	750.00		29 June
Samoa				
Preparing the Power Sector Expansion Program	PP	750.00	Australia	25 May
Sri Lanka				
Agribusiness Development	PP	800.00		16 June
Tajikistan				
Dushanbe-Kyrgyz Border Road Rehabilitation Project, Phase III	PP	650.00		10 May
Second Education Sector Reform	PP	400.00		7 June
Khatlon Province Management Project	PP	500.00		29 June
Uzbekistan				
Djizzak and Surkhandarya Rural Water Supply and Sanitation Sector Project	PP	400.00		28 June
Viet Nam				
Capacity Strengthening of Viet Nam's Regional Cooperation Coordination and Public Investment Planning	AO	430.00		11 May
Phu My Bridge Approach Roads Project	AO	230.00		5 June
Preparing the Small and Medium-Sized Enterprise Development Program – Subprogram II	PP	600.00		20 April
Central Region Water Resources Sector (Supplementary)	PP	79.00		30 May
		38,374.00		

Cofinancing Arrangements Second Quarter 2006

	\$ million	Source
<i>Loans</i>		
Afghanistan		
Roshan Phase II Expansion	30.00	Commercial banks under ADB's Complementary Financing Scheme
	10.00	Germany
	20.00	Netherlands
	15.00	Commercial banks under ADB's Political Risk Guarantee
	10.00	PROPARCO
China, People's Republic of		
Guangxi Nanning Urban Environmental Upgrading	11.10	Domestic banks in PRC
Wuhan Wastewater and Stormwater Management	94.14	Domestic banks in PRC
Sri Lanka		
Tsunami-Affected Areas Rebuilding Project	8.74	Netherlands
Subtotal Loans	198.97	
<i>Technical Assistance</i>		
Cambodia		
Dormitories and Learning Centers for Secondary School Girls	0.80	Poverty Reduction Cooperation Fund (PRF)
China, People's Republic of		
Strengthening Flood Mgt Sustainability in Hunan Province (Hunan Flood Management Sector Project)	0.50	Spain
India		
Knowledge Management and Capacity Building	2.00	United Kingdom
Project Implementation and Urban Management Improvement in the North Eastern Region (Phase I)	0.12	Cooperation Fund for the Water Sector
Project Processing and Capacity Building Development (TA Cluster)	15.00	United Kingdom
Kyrgyz Republic		
Development of a Monitoring and Evaluation Systems at the Oblast Level	0.30	Managing for Development Results
Lao People's Democratic Republic		
Revitalizing Community Demand for Immunization (SSTA)	0.14	PRF
Papua New Guinea		
Demographic and Health Surveys	1.32	Australia
	0.66	New Zealand
Samoa		
Preparing the Power Sector Expansion Program	0.30	Australia
Regional		
Asian Development Community Broadcasting Initiative	0.15	PRF
Expansion of Subregional Cooperation in the Agricultural Sector in the GMS	0.60	PRC
Fighting HIV/AIDS in Asia and the Pacific	8.67	Cooperation Fund for Fighting the HIV/AIDS in Asia and the Pacific
GMS Phnom Penh Plan for Development Management II (Supplementary)	0.50	New Zealand
Remittances and Poverty in Central Asia and South Caucasus	1.00	PRF
Subtotal Technical Assistance	32.06	
Grants		
HIV/AIDS Prevention and Control in Rural Development Enclaves	3.50	Australia
	3.50	New Zealand
Subtotal Grants	7.00	
TOTAL	238.03	

\$100 Million Loan to Help Improve Urban Environment in Nanning City, PRC

A \$100 million loan will help enhance the urban environment and public health in Nanning City, the capital of the Guangxi Zhuang Autonomous Region in the People's Republic of China (PRC).

In recent years, the city has experienced rapid economic growth along with a booming urban population. It is addressing three major development opportunities—its role as a gateway to the landlocked southwestern region of the PRC, its designation as a target city under the Government's Western Region Development Strategy, and its role as a gateway to Southeast Asia.

Nanning, however, suffers from inadequate flood protection for new urban areas, poor wastewater and solid waste management, and degradation of the green environment throughout the city.

"To accelerate social and economic development, improve the quality of life for urban residents, and upgrade the urban environment, basic urban infrastructure and services need to be expanded and upgraded in Nanning City," says Eri Honda, an ADB urban development specialist.

The project comprises four subprojects that together will improve flood control, wastewater and solid waste management, and expand the city's green environment.

It will construct and rehabilitate embankments, create permanent lakes to serve as flood storage, and install sewerage pipelines and pumping stations around the Xinxujiang River and Kelijiang River, which both suffer from gross pollution levels due to uncontrolled wastewater and solid waste discharge.

It will strengthen the city's domestic solid waste management and improve cleanliness of the streets by constructing transfer stations and providing waste management and street cleaning equipment.

Last, it will improve the environmental conditions and facilities of Qingxiushan Park, a major tourism and recreational center in the city, through reforestation, provision of a seedling base and forest protection facilities, and construction of sewers systems and pumping stations, among others.

More than 3 million residents will benefit, of which about 217,000 are poor. The incidence of waterborne and vector-borne diseases is expected to be reduced by 10% from the 2004 level.

The total cost of the project is estimated at \$262.6 million. ADB's loan, which covers 38% of the total cost, comes from its ordinary capital resources. It carries a 25-year term, including a grace period of 5 years. Interest will be determined in accordance with ADB's LIBOR-based lending facility.

The Municipal Government of Nanning, the project's executing agency, will shoulder \$151.6 million of the project cost, while loans from local banks will cover the balance of \$11.1 million. The project is due for completion around December 2010. ■

Loan Disbursements Second Quarter 2006 (Amounts in Million \$)

	OCR	ADF	TOTAL	%
Afghanistan	–	25.81	25.81	3.28
Azerbaijan	–	0.37	0.37	0.05
Bangladesh	18.61	64.97	83.58	10.60
Bhutan	–	1.24	1.24	0.16
Cambodia	–	9.20	9.20	1.17
China, People's Democratic Republic of	207.81	–	207.81	26.37
Cook Islands	–	0.18	0.18	0.02
Fiji Islands	0.35	–	0.35	0.04
India	120.22	–	120.22	15.25
Indonesia	37.77	11.99	49.77	6.31
Kazakhstan	50.24	–	50.24	6.37
Kiribati	–	–	–	–
Korea, Republic of	–	–	–	–
Kyrgyz Republic	–	6.83	6.83	0.87
Lao People's Democratic Republic	2.21	19.12	21.33	2.71
Malaysia	–	–	–	–
Maldives	–	1.30	1.30	0.16
Marshall Islands	–	–	–	–
Micronesia, Federated States of	–	0.68	0.68	0.09
Mongolia	–	2.44	2.44	0.31
Myanmar	–	–	–	–
Nauru	–	–	–	–
Nepal	–	15.28	15.28	1.94
Pakistan	17.71	36.18	53.89	6.84
Papua New Guinea	3.38	1.29	4.68	0.59
Philippines	18.99	0.33	19.32	2.45
Regional	1.00	–	1.00	0.13
Samoa	–	0.68	0.68	0.09
Solomon Islands	–	0.67	0.67	0.08
Sri Lanka	1.98	35.05	37.03	4.70
Tajikistan	–	6.36	6.36	0.81
Thailand	4.65	–	4.65	0.59
Tonga	–	–	–	–
Tuvalu	–	0.04	0.04	0.00
Uzbekistan	15.47	–	15.47	1.96
Vanuatu	–	–	–	–
Viet Nam	0.08	47.66	47.74	6.06
Total	500.49	287.65	788.14	100.00

ADB Boosting Civil Society's Role in the Fight Against Corruption

The Asian Development Bank (ADB) will help strengthen the role of civil society in the fight against corruption through a technical assistance (TA) grant of \$150,000.

The TA will provide small grants to civil society organizations (CSOs) to demonstrate their role in improving transparency and accountability, and fighting corruption.

It will be undertaken in 4 of the 26 countries that have endorsed the ADB-OECD Anti-Corruption Action Plan - India, Mongolia, Pakistan, and the Philippines. The TA will serve as a demonstration project for CSOs that has the potential for broader application in ADB operations.

"Over the last decade, societies have come to realize the extent to which corruption and bribery have undermined their welfare and stability, and hindered development efforts. Governments, the private sector, and civil society alike have declared the fight against corruption to be of the highest priority," says ADB Vice President Geert van der Linden.

"The fight against corruption cannot be won without citizens' support, participation, and vigilance. The media, civic and business associations, trade unions, and other nongovernmental actors play a crucial role in fostering public discussion of corruption and increasing awareness about the negative impacts of corruption."

Many countries participating in the ADB-OECD Initiative are seeking ways to strengthen the role CSOs can play in combating corruption, as encouraged by the Action Plan.

The TA capitalizes on the role of CSOs as innovators, mobilizers, and monitors in support of effective measures to combat corruption. It will give voice to civil society, and demonstrate the value of partnerships between government, civil society, and ADB.

The Partnership for Transparency Fund, an international anticorruption nongovernment organization managed entirely by volunteers, is being tapped to help implement the TA, which is being carried out over 18 months beginning in May 2006. ■

ADB Prices MYR500 Million 5-Year Bond Issue

The Asian Development Bank (ADB) today successfully priced MYR500 million 5-year bond issue under its MYR3.8 billion Medium Term Note (MTN) Program. AmMerchant Bank Berhad is the lead arranger of the program and sole lead manager for the bond issue. This is the first time that ADB has set up an Asian currency MTN program. ADB opened the Putra bond market in 2004 with its inaugural issuance of MYR400 million 3.94% bonds due 2009.

"ADB wishes to congratulate the Malaysian Government on the success of its capital market development program," says ADB Treasurer Mikio Kashiwagi.

"Malaysia now has one of the most vibrant bond markets in the region and the program will enable ADB to develop an active borrowing presence in the country with the objective of building a liquid yield curve."

Priced at 99.40%, the issue carries a semiannual coupon of 4.265% per annum. Prior to pricing, ADB and AmMerchant Bank conducted a roadshow presentation in Kuala Lumpur to present the program and the issue to institutional investors.

Offered through a book-building process, the issue generated strong demand with total bids of over two times the issue amount. A broad range of local and foreign investors participated including fund managers, insurance companies, and financial institutions.

"ADB is pleased to have come back to the Malaysian capital market and is honored to be given the opportunity to be the first supranational to have established the program in Malaysia. The program shows ADB's full commitment to contribute to the further development of the Malaysian bond market," Mr. Kashiwagi adds.

"AmMerchant is privileged to be part of this landmark transaction. We are pleased to have successfully priced the issue for ADB in spite of current market volatility. The success can be attributed to a well-coordinated execution strategy and market timing," says TC Kok, Managing Director of AmMerchant Bank.

In connection with the issue, ADB entered into a USD/MYR cross currency swap arrangement with Deutsche Bank, Labuan Branch. This is the first time such swap has been executed in Labuan which is another key milestone in promoting Labuan as a financial hub in line with the Malaysian Government's policy. The after-swap proceeds of the issue will be included in ADB's ordinary capital resources and will be used in its operations.

The program represents another milestone in ADB's quest to develop the region's bond markets. Since early 2004, ADB has completed five other market-opening transactions in the region's local currency bond markets, including India, Malaysia, People's Republic of China, the Philippines, and Thailand.

The program will offer ADB greater flexibility in terms of the issuance process in Malaysia as it includes standard borrowing documentation for each note issuance and necessary government approvals have been secured upfront. Consequently, ADB can issue local currency notes in Malaysia at a short notice and take advantage of favorable opportunities as and when they arise. Importantly, the program will allow multiple issues of varying sizes and maturities. ■

ADB to Consider Expanding Assistance to Fiji Islands

Under its updated strategy for the country, the Asian Development Bank (ADB) might expand its assistance program to the Fiji Islands to improve the strategic value of its assistance and to promote new growth opportunities.

For 2006–2008, ADB lending is now programmed at about \$220 million for five projects that would upgrade roads, develop rural and outer islands, rehabilitate airports, and develop the natural resource base and renewable energy sources, according to its new Country Strategy and Program (CSP) Update.

This will be accompanied by a grant program comprising 12 technical assistance projects totaling \$8.15 million that will strengthen partnerships with the Government and help prepare loan projects.

"ADB's updated strategy focuses on building public sector reforms, supporting private sector development, overcoming infrastructure bottlenecks and supporting structural change in the economy by developing alternative livelihoods," says Sirpa Jarvenpaa, ADB's Country Director based in the South Pacific Subregional Office in the Fiji Islands.

"The proposed assistance could be further increased, subject to progress in the country's fiscal and policy reforms and improvement of the investment climate."

"As a central focus, ADB will continue work to expand private sector participation in the economy, particularly through the development of private public partnerships and supporting reforms that improve the enabling environment for private investment, and through initiatives that would promote structural changes toward alternative livelihoods and reforms in the state-owned enterprises and utilities," adds Phillip Erquiaga, Director General of ADB's Pacific Department.

Poverty remains a growing concern in the Fiji Islands, despite the overall level of development and moderately high average incomes. The most recent official figures available indicate that more than 28% of the population does not earn an adequate income to meet basic needs.

Fiji Islands's economic performance has been mixed in recent years, its growth averaging 2.5% per year in 1999–2004. With the country losing its garments quota for the US market at the start of 2005, job losses are expected.

Meanwhile, the sugar industry, which has relied on a subsidy from the European Union, is expected to gradually shrink over the next four years by almost 40% in compliance with its World Trade Organization commitments. In the process, many farming households will be displaced and will need to identify alternative sources of livelihoods.

A planned alternative livelihoods project is aimed at generating jobs for those displaced by the contraction of the sugar and garment industries. This would be complemented by a similar program for rural and outer islands development that would address the limited economic opportunities outside the main urban areas.

The CSP Update adopts a new results-based approach to improve monitoring of the impact of ADB's development work in the country—from strategic planning through to completion of projects. It aims to strengthen the results orientation in the Government's planning by including a results framework that identifies outcomes and indicators. ■

ADB Partnering with Australian Govt on Private Sector Development Initiative

The Asian Development Bank (ADB) has strengthened its long-term commitment to the Pacific region by partnering with the Australian Government to boost a private sector development (PSD) initiative in the region.

At the launch of the Pacific 2020 Conference in Sydney last May, Australian Foreign Minister Alexander Downer announced a A\$10 million dollar assistance over 5 years toward working with ADB on private sector reform programs in the Pacific. Australia's contribution will be instrumental for establishing the new initiative designed to enable ADB to rapidly respond to reform opportunities, leverage policy dialogue, enhance knowledge management and communication, and foster regional integration.

"Working with development partners such as the Australian Government is key to improving outreach and service delivery to the Pacific Islands," said Philip Erquiaga, Director General of ADB's Pacific Department. "Private sector development is all about creating the right environment and incentives to stimulate private sector investment in the region, giving people better access to income opportunities and basic social services."

Mr. Erquiaga added that the development challenges in the Pacific are considerable and private sector development is an essential means of addressing these. "An enabling business environment is critical for economic growth which, in turn, leads to income opportunities, better service delivery and, ultimately, prosperity," he said. "Sustainable economic growth is impossible without a strong private sector."

The new private sector initiative will focus mainly on improving the performance of state-owned enterprises such as utilities and telecommunication, strengthening business laws, and improving access to finance for Pacific islanders in rural as well as urban areas.

"ADB looks forward to working with Pacific islands governments and business organizations to boost private sector reform activities," said Mr. Erquiaga. He also highlighted the importance of coordinating and cooperating closely with other development partners with a view to leveraging local engagement, resources, and expertise. ■

Improving Productivity in Pakistan's Federally Administered Tribal Areas

A \$42 million loan will help improve the lives of the people in Pakistan's federally administered tribal areas (FATA) by promoting the sustainable and productive use of the areas' natural resources.

The project will be undertaken in three of the northern districts of Bajaur, Khyber, and Mohmand, where dry and rocky land is mostly not suitable for farming yet the poorest families must earn their living as sharecroppers or through agricultural labor.

"The poor and inefficient management of available natural resources contributes to the pervasive poverty in the tribal areas," says S. Ranawana, an ADB environment specialist.

"Poor farm and livestock productivity in the area holds back the potential for better livelihoods, while poor access to infrastructure such as irrigation, roads, and water supply, restricts their ability to explore other opportunities."

To address these issues, the project will promote integrated resource management to improve productivity and arrest the degradation of the environment in the tribal areas. It will help improve farming and livestock-rearing practices by selecting appropriate technologies and training farmers, and will promote effective forestry and range management. In addition, it will conduct work to improve the availability of irrigation and drinking water supplies, as well as roads to improve accessibility between adjacent valleys and villages.

The project is projected to increase the productivity of about 52,500 hectares of rain-fed lands and benefit about 37,500 households.

ADB's loan, from its concessional Asian Development Fund, carries a 32-year term, a grace period of 8 years, and

an interest rate of 1% per annum during the grace period and 1.5% thereafter.

The Government will contribute \$15.4 million toward the project's total estimated cost of \$60.4 million, while the beneficiaries will shoulder the balance of \$3 million.

The Ministry of States and Frontier Regions is the executing agency for the project, which is due for completion in June 2011. ■

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Project Planned to Boost Quality Education for Poor in Tajikistan

The Asian Development Bank (ADB) will prepare a project to improve the quality and responsiveness of Tajikistan's education system to meet the needs of a modern economy and supportive of poor, disadvantaged children—particularly girls and those with special needs—with the help of a technical assistance grant of \$400,000.

The proposed project would address key issues facing the country's education sector including producing a curriculum development policy, planning for developing and providing textbooks and materials, modernizing learning assessment and teacher development, and preparing a school development plan.

The technical assistance will help the Government review policies and sector needs, and outline recommendations for actions plans for the planned project. It will also assess achievements, progress, and remaining priorities of the education sector.

"Although Tajikistan has taken significant steps to reform its education sector and boost equity and equality of education, major challenges remain," says Raikhan Sabirova, an ADB social sectors specialist.

"Building on the experience gained under previous ADB-supported projects, the TA will focus on improving access to education particularly in rural mountainous areas, and strengthening the Ministry of Education planning and management capacity in assessing education financing priorities, and improving system efficiency."

Since gaining independence in 1991, Tajikistan has had increasing difficulties maintaining universal primary education and high literacy achieved during the Soviet period, in the face of declining budgets and rising poverty.

The curriculum is overloaded and in need of modernization while, despite external support, textbooks and learning materials are still insufficient, particularly in secondary education, and in the languages of ethnic groups. Learning systems lack modern approaches to improve quality of education and student learning assessments.

Further, teacher pay and incentives are low, making it difficult to attract and retain teachers, particularly in rural areas. Stronger support for strengthening teachers' professional development, including in-service teacher training, is required to support and carry out reforms in the curriculum and learning assessment system.

The Government's goal is to establish an education system that provides universal access to quality schooling for the country's children and young people, according to the country's needs.

The technical assistance will closely coordinate with ADB's ongoing projects in the country, as well as with the Education for all Fast Track Initiative administered by the World Bank, USAID, and other external agencies.

The assistance will be conducted over about 6 months to February 2007. The Government is contributing \$71,000 in kind to the technical assistance's total cost of \$471,000. ■

ADB Taking New Directions in Ensuring Water and Sanitation for Asian Cities

The Asian Development Bank (ADB) is embracing new directions to help improve water and sanitation in the region, a senior ADB official told a session at the World Urban Forum (WUF) yesterday.

"To solve the issues affecting the proper delivery of water and sanitation, ADB knows it must understand its clients' needs and offer them cost-effective solutions," Arjun Thapan, Deputy Director General of ADB's Southeast Asia Department, said.

"ADB has updated its products in a direct response to what our government clients have said they needed from us. We now offer a variety of new financial products, such as subsovereign and nonsovereign public sector lending, multitranches financing, local currency financing for the public sector, refinancing, financing syndications, and risk sharing situations."

He was speaking at a networking event on Financing Water and Sanitation in Asia Cities organized jointly with UN-HABITAT, main sponsor of WUF.

The session, involving a panel of government, private sector, and NGO officials, discussed ways of financing water and sanitation initiatives specifically for the poor that would ultimately help alleviate poverty and reduce inequalities.

ADB is concentrating its efforts on water because the sector is so important for reducing poverty and increasing economic development, Mr. Thapan told the session. It is seeking to raise awareness of the need for reform and will assist in the reforms themselves through demonstration projects, while building organizational capacity and partnerships with the private sector and civil society.

He added that ADB had recently introduced benchmarking approaches to assist key water organizations identify their

performance gaps and initiate improvement programs.

ADB has prioritized water as part of its core business as stated in its Water Financing Program announced at the 4th World Water Forum in Mexico in March. Under the Program, ADB is expected to double investments in the water sector between 2006 and 2010, focusing on three areas: rural and urban water services, and management of water in river basins.

The Water Financing Program will contribute more than \$2 billion annually to meet the region's investment needs in the water sector, Mr. Thapan pointed out.

"The program aims, among others, to provide 200 million people in the region with access to safe and affordable drinking water and sanitation," he said.

According to the recent Asia Water Watch 2015 study, jointly commissioned by ADB, World Health Organization, United Nations Development Programme, and Economic and Social Commission for Asia and the Pacific, annual investments of at least \$8 billion will be needed over the next decade to meet the Millennium Development Goal (MDG) targets for safe drinking water and sanitation alone. And about 670 million Asians still lack access to improved water supplies while 2 billion lack access to decent sanitation, despite some pockets of impressive results.

In the case of sanitation, although many countries are on track to meet their MDG commitments, millions of people will still be without adequate sanitation by 2015, he added.

At WUF, thousands of experts, politicians and activists are meeting to discuss the world's growing urban problems. On the agenda are the challenges of tackling urban poverty, protecting the environment and creating healthy, pleasant cities as the world's urban population soars. ■

Cofinancing by Category Second Quarter 2006

	\$ Million	%
For Investment Projects		
Commercial	190.24	79.92
Official Loans		—
Grants	8.74	3.67
For Technical Assistance Projects		
Grants	39.06	16.41
Total	238.03	100.00

Loan Disbursements Second Quarter 2006

	\$ Million	%
Private Sector	56.75	7.20
Program	39.85	5.06
Project	550.93	69.90
Sector	140.61	17.84
Total	788.14	100.00