

# ADB REVIEW

NEWS FROM THE ASIAN DEVELOPMENT BANK

August 2009

## ADB Board Approves New Policy to Strengthen Safeguard Protections

**A**DB's Board of Directors approved on 20 July a Safeguard Policy Statement that will strengthen protections already in place to avoid or minimize the adverse impacts of ADB-supported projects on the environment and affected people.

As a central part of ADB's mission to promote environmentally sustainable and inclusive economic growth, the new Safeguard Policy Statement consolidates and builds upon cur-

(Continued on page 2)

## Asia's Pension Funds Can Lead Responsible Investing, Says Study

**A**sia's pension funds are set to expand rapidly and can become global leaders in the use of environmental, social, and corporate governance (ESG) guidelines, said a new study commissioned by ADB.

The report, titled *The Time to Lead is Now: The Adoption of ESG Analysis by Asian Government Pension Funds* and written

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## What's Inside

### ADB President Calls for More Aid for Trade, Cautions against Protectionism

ADB President Haruhiko Kuroda talks about how vital increased assistance for trade-led development is for economic recovery and long-term growth. Read the story on p. 3.

### PAPUA NEW GUINEA Freedom at the Frontier

Improved feeder roads in the highlands of Papua New Guinea provide better access to markets, schools, and hospitals, giving subsistence farmers greater freedom of choice. Read the features on pages 5–6.



AP/China Xtra

An investor checks his share prices at a security firm in Hankou, People's Republic of China. Emerging East Asia's stock markets rebounded strongly in the first half of 2009, says ADB's *Asia Economic Monitor* July 2009.

## Emerging East Asia Enters Transition to Recovery

**A**lthough economic growth is continuing to slow this year, emerging East Asia has already entered the transition from recession to recovery, said a new report by ADB.

Deep recessions in the United States, Europe, and Japan will continue to hurt emerging East Asian economies, especially the smaller ones that are highly reliant on exports. But larger economies in the region that have implemented major fiscal packages are beginning to see results from the domestic stimulus, most notably the People's Republic of China (PRC), said the July issue of the *Asia Economic Monitor* (AEM).

"Emerging East Asia could see a V-shaped recovery, with growth dipping sharply in 2009 before regaining last year's pace in 2010," said Jong-Wha Lee, ADB chief

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Jupiterimage

The study predicts unprecedented growth for pension funds in Asia as they seek to meet the retirement income needs of rapidly growing and ageing populations.

**Asia's Growing Pension Funds...** (Continued from page 2)

by the Hong Kong, China-based Association for Sustainable and Responsible Investment in Asia (ASrIA), provides an overview of the use of ESG guidelines by the region's pension funds and outlines a road map to facilitate adoption of the guidelines by all investment managers around the region.

Pension funds in Asia are set to post unprecedented growth in coming years as they seek to meet the retirement income needs of rapidly growing and aging populations. The number of people in the region aged 65 years and over is estimated to more than double between 1995 and 2050, put-

ting huge pressure on governments and funds to provide adequate income for their elderly.

Development of successful pension funds in the region is also key to long-term economic growth in Asia. "A rebalancing of the global economy depends on Asians consuming more than they do currently. That will only occur if they are confident that pensions will provide for them in their old age. Pensions that generate sustainable long-term returns will help cover these needs and will promote increased consumption," said Philip Erquiaga, director general of ADB's Private Sector Operations Department.

Responsible investing involves active engage-

**ADB Board Approves...** (Continued from page 1)

ment by investors with companies to encourage the adoption of higher environmental, social, and governance standards.

ment by investors with companies to encourage the adoption of higher environmental, social, and governance standards. A number of Asian pension funds have already adopted ESG guidelines, but most are lagging. Nevertheless, since most Asian pension fund assets are invested largely in domestic government or corporate bonds, they can incorporate ESG strategies into their equity investment processes more easily than their global peers. That should allow them to leapfrog and lead the way in fostering the use of ESG best practices, the study said.

"Asian pension funds will increasingly be able to spur the use of ESG best practices through their investment policies and via tenders," said Wai-Shin Chan, executive director of ASrIA. "They should also actively use their voting rights at shareholder meetings to ensure investee companies behave responsibly."

By prioritizing sustainable and long-term investment, pension funds can also influence strategic decision making, a significant issue in Asia which is in urgent need of hefty infrastructure investment to support medium- and long-term economic growth. ADB estimates that the region needs to spend \$3 trillion over the next decade on infrastructure.

ASrIA is a not-for-profit, membership association dedicated to promoting corporate responsibility and sustainable investment practice in Asia and the Pacific. ■

the projects we support, as well as strengthen more generally the safeguard systems of DMCs and develop their own capacity to fully manage environmental and social impacts and risks of development projects."

The policy ensures that ADB's safeguards are harmonized with those of other multilateral development banks and remain relevant to the evolving needs of DMCs and private sector clients that continue to face environmental and social challenges. An innovative feature of the policy is the selective application of country safeguard systems when borrowers have the necessary capacity and requirements equivalent to ADB's.

**“An innovative feature of the policy is the selective application of country safeguard systems when borrowers have the necessary capacity and requirements equivalent to ADB’s”**

The policy contains new provisions on biodiversity conservation, community health and safety, and physical cultural resources. It also introduces requirements for ADB's new and innovative financing modalities that were not covered by previous safeguards adopted more than a decade ago. Key features include emphasis on capacity development of borrowers and more attention to safeguard implementation and supervision.

With the approval of the new Safeguard Policy Statement, a very extensive and highly consultative policy update process has been concluded. More than 15 multistakeholder workshops were conducted in Asia and the Pacific, North America, Europe, and Japan between November 2007 and November 2008, and involved independent evaluations of the safeguard policies.

"We have benefited from consultations with all stakeholders, and the result is a robust and relevant Safeguard Policy Statement," said Xianbin Yao, director general of ADB's Regional and Sustainable Development Department and ADB's chief compliance officer.

The new Safeguard Policy Statement may be downloaded at [www.adb.org/Safeguards](http://www.adb.org/Safeguards). ■

# ADB President Calls for More Aid for Trade, Cautions against Protectionism



ADB President Haruhiko Kuroda

Increased assistance for trade-led development is vital for Asia and the world to recover from the latest economic crisis and ensure long-term growth, ADB President Haruhiko Kuroda said at the Second Global Review of Aid for Trade in Geneva, Switzerland in July.

At the same time, he said it is "critically important" that countries refrain from taking protectionist measures to try to insulate themselves from the effects of falling global demand.

The gathering brought together Pascal Lamy, director-general of the World Trade Organization; Robert Zoellick, president of the World Bank; and Dominique Strauss-Kahn, managing director of the International Monetary Fund, with the heads of various multilateral development banks and other top trade and development officials to discuss progress on Aid for Trade since the first review in November 2007.

Aid for Trade, conceived in December 2005,

is aimed at helping the least-developed countries around the world put in place the policies, infrastructure, and skills necessary to bolster trade which, in turn, boosts economic growth and helps reduce poverty.

Asia and the Pacific's trade performance is mixed. While some countries are integrated into global business networks, the region's 22 least-developed and smaller economies still account for just 0.3% of world exports, a level that has barely changed in the last 25 years.

The global economic crisis has worsened the situation, with the sharp drop in the region's exports expected to cause aggregate growth to decline to around 3.4% this year. While growth is anticipated to pick up to 6% in 2010, lower-income countries and small states are likely to lag behind, and rising poverty remains a major concern.

"Rebalancing growth toward greater domestic and regional demand is an important key to the region's recovery. This will foster increased intra-regional trade, help the region recover faster, and strengthen Asia's approach to open regionalism. Aid for Trade is also vital for economic recovery and for long-term development and structural change," Mr. Kuroda said.

ADB continues to support increased trade within Asia and the Pacific. In the Greater Mekong Subregion, for example, it has financed roads across the six-country region and standardized border regulations. Earlier this year, ADB also expanded its Trade Finance Facilitation Program from \$150 million to \$1 billion. The program, which extends loans and guarantees to support trade in frontier markets, could generate \$15 billion in trade finance through 2013. ■

## Emerging East Asia... (Continued from page 1)

economist and head of the Office of Regional Economic Integration.

However, given the tentative nature of the expected recovery, it is critical that authorities stay the course in supporting domestic demand and growth. Monetary and fiscal policies in the region need to remain accommodative until the recovery gains substantial traction, said the AEM.

It is also important that the region looks beyond the crisis and focuses on longer-term issues related to financial regulatory reform. In a special chapter, the AEM underscores the need to maintain financial stability in the region.

"Regulatory reform should eliminate gaps and overlaps, avoid regulatory arbitrage,

increase transparency, and improve coordination among relevant authorities," Mr. Lee said. "Emerging East Asia should reinforce cooperation in enhancing financial stability by accelerating regional initiatives, and actively participate in designing the new global financial architecture."

Emerging East Asia covers the 10 members of the Association of Southeast Asian Nations, plus the PRC; Hong Kong, China; Republic of Korea; and Taipei, China.

AEM is available on the Asia Regional Integration Center (ARIC) website at [aric.adb.org](http://aric.adb.org). ■

**“ Emerging East Asia could see a V-shaped recovery, with growth dipping sharply in 2009 before regaining last year's pace in 2010 ”**

Jong-Wha Lee  
Chief Economist, ADB



ADB Photo Library

Ursula Schaefer-Preuss, ADB Vice-President, Knowledge Management and Sustainable Development

# ADB's Investments in Social Protection

*The following excerpt is from the opening remarks delivered by ADB Vice-President Ursula Schaefer-Preuss at the Regional Forum on Social Assistance and Conditional Cash Transfer in Manila, Philippines on 23 July:*

For two decades, Asia and the Pacific region has been remarkably successful in sustaining growth, reducing poverty, and improving living standards. Many people in the region are richer, healthier, and better educated because of this unparalleled growth. Incidence of extreme poverty has gone down significantly. Life expectancy increased dramatically. Adult literacy also improved substantially from 40% in 1970 to about 90% in 2008.

But even before the current global economic slowdown, Asia and the Pacific has been confronted with major challenges of poverty, inequity, and social inclusion. This region is still home to 1.6 billion women, men, and children who live on less than \$2 a day; and 950 million live in extreme poverty. The region has some of the world's poorest

individuals who would have been lifted above extreme poverty will remain trapped in absolute poverty because of the crisis. The number may rise to 80 million in 2009 and 130 million by 2010 if the impact on the vulnerable is considered.

### ADB's Programs and Projects

ADB is responding in a number of ways to meet these challenges. We have significantly enhanced our lending and guarantee operations, and stepped up our support for policy advice and regional cooperation. New initiatives are planned to provide quick-disbursing financial support. A Countercyclical Support Facility (CSF) of up to \$3 billion for 2 years, to provide crisis assistance and maintain credit flows to the real economy, has recently been approved. In partnership with other agencies, we will help developing member countries protect, expand, and improve public expenditure

2020 of promoting inclusive growth. Between 1998 and 2000, social protection projects represented 13% of the total ADB lending. In 2007–2008, some 6% of ADB's lending consisted of projects categorized as social protection stand-alone projects and another 18% of projects with social protection components. In addition, we have been working very closely with a number of stakeholders to enhance our own capacity. For instance, we have been holding a series of training activities with the International Labour Organization on core labor standards. This is a clear example that ADB has been working to enhance our own capacity and build solid partnerships.

### Conditional Cash Transfers

In conditional cash transfer (CCT) programs, vulnerable families receive cash payment in exchange for complying with a set of socially and developmentally beneficial activities such as continued participation in antenatal care programs, nutrition programs, or school attendance. CCTs are particularly attractive policy options during economic downturns because they provide countercyclical funds into the hands of the most vulnerable, who are likely to spend the money on essential items such as food and housing. CCTs are also attractive policy options to governments because experience in Latin America suggests they can be operated at large—and even national—scale, and for relatively little cost.

There are clear indications that CCTs can work effectively to protect the poor: in Nicaragua, for example, the percentage of children taken to a health center increased from 70% to 92% after CCTs. Immunization rates almost doubled from 36% to 71%. Actual health outcomes and impacts are, of course, much harder to measure but some studies suggest infant mortality fell 11% under Mexico's *Progressa* program.

This also means that they represent an important policy tool for our region to address the increasing incidences of poverty during this economic crisis. ■

**“ CCTs are particularly attractive policy options during economic downturns ”**

nations such as Nepal, Bangladesh, Solomon Islands, and Papua New Guinea; some 500 million people, equivalent to some 60% of the world's are undernourished; 4 million children in the region die before they reach the age of five; over half of the 450 newborn babies who die every hour in the world die in just six Asian countries: Afghanistan, Bangladesh, the People's Republic of China, India, Indonesia, and Pakistan; 250,000 women die each year during childbirth or from pregnancy-related complications. And while primary education is one of the region's great successes, our performance is less impressive when it comes to reducing the dropout rates, especially for young girls.

With the global economic slowdown spreading to Asia and the Pacific, the achievement of the Millennium Development Goals in the region is even more challenged. It is estimated that more than 60 million

on health, education and social assistance. Currently, discussions are under way to design the CSF loans to provide support to a number of developing member countries, based on properly designed, targeted interventions. Furthermore, ADB has continued to process supporting projects for the vulnerable groups. For example, in December 2008, ADB approved a \$400 million program loan focused on maternal and child health in Punjab, Pakistan. This year, ADB approved loans on social protection measures for Mongolia, the Philippines, the Peoples' Republic of China, and Viet Nam worth more than \$1.1 billion. Grant support to Bangladesh, Indonesia, Mongolia, and Nepal worth \$55M has already been approved this year.

Investments in social protection remain an important feature of ADB's priority especially in the light of the new Strategy



Steven Pup says law and order has improved among the tribes.

## PAPUA NEW GUINEA

# Freedom at the Frontier

By Ian Gill

Improved feeder roads in the highlands of Papua New Guinea are reducing the isolation of tribal communities in a valley that was hidden from the world until a few decades ago. Better access to markets, schools, and hospitals are giving subsistence farmers greater freedom of choice

To see the difference a paved road can make to people's lives, take a ride with Steven Pup along the highways and byways around Mount Hagen, a former gold prospectors' camp that still has the feel of a frontier town.

Pup, a strongly built man of 34, is well known among the tribal communities of the Wahgi Valley, a fertile plateau between soaring, forested mountains that hid its inhabitants from the outside world until 1933.

The people of the valley are proud of their native son—Pup is from one of the smaller tribes, the Wali—who, exceptionally, earned a master's degree and is already a "big man" with the Department of

Works. He was the engineer and now the director of a project, financed by loans of \$115 million from the Asian Development Bank (ADB), to rehabilitate 575 kilometers (km) of mainly feeder roads in five mountain provinces. Many of these roads, including bridges, had been washed away by heavy rain or ruined through lack of maintenance over decades.

In the Western Highlands, one of the newly upgraded roads includes much of a 35 km stretch between Mount Hagen and Kotna Station, a settlement near the foot of a mountain range.

Pup's first stop is at Komaorang village, where members of the Rolgaki clan interrupt a volleyball game to crowd around his Land Cruiser.

**“At the end of the smooth gray ribbon of road lies Kotna, a settlement that is growing quickly, partly as a result of improved access. Largely due to the road, more teachers are willing to move to Kotna these days and the enrollment of pupils from the surrounding region jumped in recent years”**

Tepra Bimti, a small man with a white beard covering much of his face, has been running a roadside store here for several years. Before this road was asphalted in 2006, he says, he had little competition and could charge higher prices for his wares, which include flour, dripping, cooking oil, razor blades, Dispirin, and cans of corned beef.

Since the road was surfaced, other stores have sprung up nearby, says Bimti, forcing him to be more competitive. On the other hand, he gets more business from the greatly increased traffic, including public motor vehicles that rarely passed by when the road was a muddy track.

A few kilometers further on, at the village of Meti, home of the Kombulga tribe, dozens turn out to greet Pup, bedecking him with a garland of orange flowers.

### Longer Life

One tribal elder, Ruk Dat, barefoot and wearing a gray-striped jacket and black hat, recalls how this area was not long ago "a large swamp, cut off from the rest of the world, where many people died of malaria and typhoid—but now the new road is bringing a longer life for my grandchildren."

The road has also brought more cash to thousands of subsistence farmers. For example, Thomas Pana and his wife Lam used to stand by the road selling home-grown coffee beans, as well as fruit and vegetables. Pana, a slim man with a shy smile, sold coffee either as red cherries at 1 kina (\$0.40) per kilogram (kg) or as dried beans at 5 kina (\$2) per kg, but buyers thinned out when rain turned the road into a quagmire, as it did frequently.

Nowadays, Pana carries a large bag of dried beans in a bus to Mount Hagen and sells them directly to a factory at 7.5 kina (\$3) per kg. It is little wonder that locals call coffee "green gold." Similarly, his wife takes cash crops like bananas and pineapples to the market.

Lam also says she was once terrified when their 3-year-old daughter, Doris, developed malaria-like symptoms, but they could not take her to hospital because the road was in such bad condition. Such fears have subsided now that Mount Hagen is only a 30-minute ride away from the village.

At the end of the smooth gray ribbon of road lies Kotna, a settlement that is growing quickly, partly as a result of improved access. Largely due to the road, says Robert Kauna, headmaster of the secondary school for boarders, more teachers are willing to move to Kotna these days and the enrollment of pupils from the surrounding region jumped in recent years.

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## PRC's Xinjiang Region Gets \$100 Million Loan to Improve Roads, Environment

Xinjiang, a poor region in northwest People's Republic of China (PRC), will receive a \$100 million loan for urban living improvements designed to spur sustainable growth and improve the environment.

ADB's Board of Directors approved the loan from its ordinary capital resources for the Xinjiang Urban Transport and Environmental Improvement Project. Counterpart funds of \$87.2 million are being provided by the cities of Altay, Changji, Hami, Kuytun, and Turpan—the target beneficiaries.

Xinjiang, which shares borders with eight countries and provides a gateway between the PRC and Central Asia, has 46 minority groups, which make up over 60% of its population. It also has some of PRC's highest poverty rates and has lagged coastal regions in benefiting from the country's economic boom. Poor ur-

ban infrastructure has deterred investment, degraded the environment, and limited growth opportunities, especially in the promising tourism sector.

"The project will generate employment opportunities, and improve urban living standards and the environment for residents in the project cities, particularly for ethnic minorities and the poor," said Raushan Mamatkulov, urban development specialist in ADB's East Asia Department.

The loan will be used to build or upgrade over 100 kilometers of roads; install traffic signals and

other road safety systems; and construct public toilets and other sanitation facilities. The project complements other ADB-financed initiatives to improve urban infrastructure in Xinjiang, and supports PRC's own drive to spur economic development and environmental improvements in the west of the country. Since 1992, ADB has provided more than 39 loans worth nearly \$4.9 billion to the PRC for urban infrastructure and environment projects.

The loan will have a 25-year term, including a 5-year grace period, with pricing set in accordance with ADB's LIBOR-based lending facility. The funds make up around 53% of the total project cost of \$187.2 million. The executing agency is the Xinjiang Uygur Autonomous Region government and the project is expected to be completed by June 2014. ■

**Target beneficiaries are the cities of Altay, Changji, Hami, Kuytun, and Turpan**

Freedom at the Frontier... (Continued from page 5)

Similarly, Reverend James Koi, head of a simple, Lutheran Church-run health center that serves a region of 50,000 people, says the new road can get emergency cases to Mount Hagen hospital much more quickly than in the past. It was common in the old days for pregnant women with delivery complications to die on the way to Mount Hagen.

In contrast, people living in areas without proper roads still find their lives restricted by rain and mud.

At his home beside a deeply potholed track a few kilometers beyond Kotna, Wakandi Raka watches his workers as they unload bags of red cherries and pulp them before they become dry beans. Against stiff competition from other cherry processors, Wakandi Raka reckons he processes up to 100 bags—each bag weighs 50 kg—a month. "But in the rainy season, I just stay home," he says, because the muddy paths hamper movement of both workers and produce.

### Law and Order

Significantly, the penetration of roads into the hinterland has also strengthened law and order among the tribes, says Pup, whose uncle's father was killed in a tribal fight. "Better road access enables peacemakers or the surrounding communities to visit a trouble-torn area easily and quickly, and make peace before many lives are lost in tribal fights," he says. As a result, tribal

fighting that was pervasive a generation ago is limited to sporadic outbreaks that are usually resolved by negotiation.

In addition to helping tens of thousands of people living alongside feeder roads in the Highlands—where nearly half of Papua New Guinea's 6.2 million people live—ADB is discussing with the government and other development partners a multimillion-dollar project to sustain the core road network in the Highlands region by rehabilitating a further 1,400 km of roads, including sections of the Highlands Highway. Crucially, the project will include policy and institutional reforms—including a large capacity-building component—to ensure that the roads are better planned, constructed, and maintained.

The Highlands Highway is a 700 km lifeline that has had a precarious existence since it was first built in the 1970s. In February 2008, for example, the highway was closed in different locations for half the month due to heavy rain and blocked drains that caused landslides and landslips. Some sections of the road simply fell away.

Over the years, roads have been added to connect the Highlands' five provinces to the Highlands Highway—providing access to remote but heavily populated areas—and this core network has grown to about 2,500 km.

"The problem is that the soil is unstable in mountainous areas like Chimpu province, and the mountains get very heavy rain—up to 5 meters a year or nearly three times more than in Europe," says Antonello Pucci, a consultant working on the ADB road project.

These problems are compounded by capacity issues in both the Department of Works and among local construction companies.

"On the one hand, there is little maintenance and, on the other hand, sophisticated drainage and soil consolidation technology are not available locally, while foreign companies that have the technology are deterred from coming here because of law and order issues, land ownership claims, and the high costs of mobilizing equipment," says Salvatore Garilli, team leader of the ADB project.

Garilli, who has been working in the Highlands since 2003, is referring to cases where traditional landowners demand compensation for areas affected by the road project. Land ownership disputes are frequent in a country that has no land titling office. In one province, adds Pucci, some people have reinforced the compensation claims by digging trenches right across the road. In other areas, bandits or "rascals" can hold up road users.

All these hamper vital exports and imports—the transport of copper, coffee, and tea down the mountain, and fuel, heavy machinery, and food up the other way—and deter investors.

Mike Jackson, general manager of WR Carpenter, which has large coffee and tea estates in Western Highlands, observes, "We export 99% of our products through Lae, and when the road is closed, we miss our ship and have to wait another 30 days. This road is a nightmare for investors."

Clearly, the hopes of local communities and overseas investors are pinned on the government's top-priority plans to upgrade the highway network and ensure that it is safe and durable. ■

## ADB, UK Provide \$45 Million to Boost Social Services in Pakistan



Children cool off in a canal in Jalandhar, Punjab province. Pakistan's most populous province receives funds for a program that helps support the improved delivery of health, education, water, and sanitation services.

Punjab, Pakistan's most populous province, has received fresh funds of \$45 million equivalent for a program that is helping support improvements in the delivery of health, education, water, and sanitation services in the region.

ADB's Board of Directors has approved the release of the third tranche of the Punjab Devolved Social Services Program. A total of \$25 million will come from ADB's concessional Asian Development Fund and \$15 million from its ordinary capital resources. Cofinancing in the form of a \$5 million grant is being provided by United Kingdom's Department for International Development (DFID). The first and second tranches of \$80 million and \$55 million equivalent were disbursed in December 2005 and November 2007 respectively.

Punjab, which contributes more than 50% of Pakistan's gross domestic product and is home to 56% of its population, has suffered, like other parts of the country, from a lack of access to social

services in the past, resulting in a high level of poverty, low levels of literacy and school enrollment, and other development problems. In a bid to improve service delivery for the poor, Punjab's government devolved responsibility for education and health to districts, and water supply and sanitation to town municipalities. Recently, Punjab adopted a medium-term development framework (2008–2011) to strengthen the allocation of resources and promote fiscal discipline.

ADB's program, which is closely tied to the development framework, set out a challenging

reform agenda for improving social services. Achievement of the policy actions was linked to the release of loan funds. To date, the province has made significant progress in complying with key actions including strategic sector planning at the provincial and local government levels, the establishment of minimum standards for social services, the strengthening of accountability, and the promotion of public-private partnerships (PPPs).

Despite facing fiscal constraints, which have been exacerbated by the global economic crisis, the province has boosted per capita health spending in the public sector, progressively since fiscal year 2005 through fiscal year 2008. Reforms in the education sector have increased the number and quality of schools. Punjab has also benefited from an expansion of district inspection in education.

"Over 2 million more children are in school because of these investments with the enrollment rate among females in middle school rising from 43% in 2003 to 53% in 2005 and the share of female enrollment in government primary and middle schools increasing from 45% to 50%," said Linda Arthur, social sector specialist at ADB's Pakistan Resident Mission.

Plans to increase and improve water supply and sanitation services are also on track, while PPP models have been drawn up, paving the way for private sector investments.

"PPPs are expected to improve the quality of services, particularly for the poor, while helping to reduce the cost burden of full public service delivery," said Ms. Arthur. ■

“The additional funds will go to the **social services program of Punjab**, which is home to **56% of Pakistan's population**”

## Tajikistan Gets \$20 Million Grant to Improve Key Highway

Tajikistan is obtaining an additional \$20 million grant from ADB to improve sections of a major road that links its capital Dushanbe to neighbor Kyrgyz Republic.

ADB's Board of Directors has approved a supplementary grant to be sourced from its concessional Asian Development Fund (ADF) to help upgrade over 120 kilometers of the Dushanbe-Kyrgyz Border Road. The Government of Tajikistan is providing an additional \$5 million for the road works.

ADB has been funding several rehabilitation works for the highway, which passes through

Central Asia, spurring regional connectivity, trade, and jobs. In 2005, ADB approved an ADF loan and a grant totaling \$30 million for the Dushanbe-Kyrgyz Border Road.

The surge in trade and traffic along the route has sharply exceeded original project forecasts, leading to premature deterioration of the road surface.

"The rehabilitated road will reduce travel time and transport costs as well as improve access and prices for agricultural goods, create job opportunities, encourage commercial activities, and improve the delivery of services, especially to the poor, women, and children,"

said Hee Young Hong, financial specialist for ADB's Central and West Asia Department. The project will generate employment for returning migrant workers from the Russian Federation and Kazakhstan.

The supplementary fund will be used to improve several areas of the highway, including an emergency bypass road, and a section near the border with the Kyrgyz Republic that is prone to landslides.

The highway passes through some of Tajikistan's poorest parts. Its dilapidated condition has left many areas isolated and unable to easily transport goods to market. ■

# Better Health Care Access for Mongolia's Poor Affected by Global Financial Crisis



Raul Del Rosario

The medicard program being developed for Mongolia will provide free health care services at designated hospitals, pharmacies, family group practices, and health centers.

**A**DB and the Government of Japan are financing a health and nutrition program in Mongolia to improve health care access by poor households affected by the global financial crisis.

The Japan Fund for Poverty Reduction is providing a \$3 million grant, to be coursed through ADB, for the design and implementation of a medicard program that will enable the poor to avail of free health services. Under the grant, micronutrients will also be distributed to at least 15,000 children under 3 years old in eight *aimags* or provinces to combat malnutrition.

"Ensuring the poor free access to essential health services is necessary to mitigate the impact of the global economic crisis," said Claude Bodart, senior health specialist of ADB's East Asia Department.

Declining prices in mineral exports brought

about by the global economic crisis have sharply cut Mongolia's revenues, resulting in reduced public spending. This will particularly impact the poor who rely on affordable health and social assistance as basic coping strategies, especially in times of economic turmoil.

"The proposed medicard program will ensure free care for a range of services at designated primary health care facilities including hospitals, pharmacies, family group practices, and health

centers," said Wendy Walker, social development specialist of ADB's East Asia Department.

The grant will identify beneficiaries of the medicard program and prepare its design, which will include a capacity development package and monitoring and evaluation tools to ensure its proper implementation. It will use existing institutional arrangements of the health insurance system to reimburse participating health facilities. The medicard program is a temporary program to cover the deficiencies of the current health insurance system.

The incidence of underweight children, under-5 mortality, stunting, wasting, anemia, and rickets is high in Mongolia compared with the rest of Asia. Recent household surveys have shown that rapid increases in food prices and unstable supply have worsened maternal and child under-nutrition. In many instances, mothers starve themselves to protect their children. The grant will finance skills training and counseling on improving maternal, infant, and child nutrition.

The micronutrient distribution component will complement existing government programs in 13 out of the 21 *aimags* to prevent mother and child micronutrient deficiency. The distribution in the eight *aimags* will result in nationwide coverage of micronutrient supplements.

The grant is linked to the Mongolia Social Sectors Support Program, a recently approved ADB-funded project. ■

**Recent household surveys have shown that rapid increases in food prices and unstable supply have worsened maternal and child undernutrition in Mongolia**

## ADB Funds Technology Development to Cut Greenhouse Gas Emissions in the PRC

**A**DB will help develop a new technology that will substantially reduce greenhouse gas (GHG) emissions in the People's Republic of China (PRC).

ADB will provide \$1.25 million in technical assistance to fund the bulk of the \$1.55 million

project. The balance will come from the PRC Government.

The technical assistance will produce a comprehensive road map for carbon dioxide capture and storage (CCS) demonstration projects, as well as policies and legal and

regulatory frameworks to promote CCS use. It will also identify priority demonstration projects and their financing needs, and undertake capacity assessment and comprehensive capacity development in critical areas of CCS demonstration.

The CCS application on high-efficiency coal-fired power plants allows the capture and permanent storage of almost all carbon dioxide

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# Poor Households in Cambodia's Tonle Sap Basin to Undergo Livelihood Training

**A**DB is providing a \$3.45 million technical assistance grant to Cambodia to help diversify and boost the incomes of thousands of marginal farmers, small landholders, and poor householders living in and around the resource-rich Tonle Sap Basin.

The technical assistance will be funded by a \$2.7 million grant from the Government of Finland; a \$500,000 grant from the Republic of Korea e-Asia and Knowledge Partnership Fund; and a \$250,000 grant from ADB. ADB will manage the funds. The Government of Cambodia will provide funds equivalent to \$200,000.

The project will support training programs, demonstrations of modern agricultural practices, and the introduction of communication facilities in remote rural communities to provide access to internet-based agricultural knowledge banks.

Tonle Sap is the largest freshwater lake in Southeast Asia and provides an irreplaceable source of livelihood for more than 1 million people, or a third of the country's total population. Despite its plentiful resources, the region remains one of



Cambodia's Tonle Sap is the largest freshwater lake in Southeast Asia and provides an irreplaceable source of livelihood for more than 1 million people, or a third of the country's total population.

The technical assistance will be used to support training sessions and demonstrations of high-yielding farming techniques in four provinces—Banteay Meanchey, Kampong Cham, Kampong

"The technical assistance will help diversify and improve the incomes of small landholders, marginal farmers, and poor households in the Tonle Sap Basin by increasing their access to good agricultural practices, technologies, and information," said Giap Minh Bui, rural development economist in ADB's Southeast Asia Department.

The cofinancing from Finland is coming from the Channel Financing Agreement, a joint technical assistance program between the Government of Finland and ADB. The Republic of Korea e-Asia and Knowledge Partnership Fund, administered by ADB, supports projects that boost knowledge development and information technology in the region.

The project will be carried out from September this year until August 2012 with the Ministry of Agriculture, Forestry and Fisheries as the executing agency. ■

**“Despite being rich in natural resources, the Tonle Sap region remains one of the poorest in Cambodia, with almost 40% of its residents living on less than \$1.25 a day”**

the poorest in Cambodia, with almost 40% of its residents living on less than \$1.25 a day. A reliance on old, unproductive farming practices and a lack of resources and access to information on modern techniques have left many households eking out a subsistence living.

Thom, and Siem Reap. Funds will also be used for a pilot communication project that will establish internet-linked e-kiosks and other facilities, providing updated information on modern crop, livestock, and aquaculture production practices, as well as best practices for water management.

**ADB Funds Technology...** (Continued from page 8)

emissions. CCS application is particularly suited to the integrated gasification combined cycle (IGCC) power plant, which turns coal into synthetic gas to power gas turbines. The impurities from synthetic gas, including carbon dioxide, can be removed or captured before its combustion, which allows low-cost capture from a power plant.

The technical assistance supports PRC's plan to develop its first IGCC demonstration power plant in Tianjin city, which is lined up

for possible ADB financing under the Country Programming Mission (2009–2011).

"CCS is in its early stage of development globally, and demonstrations projects need to be undertaken," said Ashok Bhargava, senior energy specialist of ADB's East Asia Department. "The full benefit of such a technology cannot be achieved unless it is used in major coal-based developing economies such as India and the PRC."

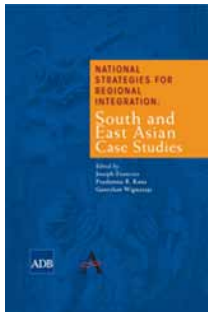
The PRC is the world's second-largest energy consumer after the United States and has the fastest-growing energy sector globally in terms of

consumption and generation. As of 2007, nearly 83% of the country's total generation came from burning coal.

Globally, electricity generation accounts for nearly 30% of carbon dioxide emissions. The PRC Government has prioritized diversifying the country's energy mix to include more renewable, nuclear, and other alternative sources. However, coal will remain the dominant source for electricity production until at least 2030.

ADB's technical assistance will be sourced from the Climate Change Fund and technical assistance special fund. ■

# New Publications



**National Strategies for Regional Integration: South and East Asian Case Studies**

Asia is at an important crossroads in its development path. Having successfully integrated into the global economy through outward-oriented development strategies, Asia has embarked on a process of closer regional cooperation and integration. These closer ties are important for sparking trade-led recovery. This book offers vital lessons for building and strengthening inter- and intra-regional ties from the experience of eight countries in East and South Asia.



**ADB Economics Working Paper Series: Aging Asia's Looming Pension Crisis**

Old-age income support is a growing concern throughout Asia, mainly due to population aging and weaker family ties. This is especially true in East and Southeast Asia where the demographic transition is already under way. This paper provides an overview of the state of the pension systems in the People's Republic of China, Indonesia, Republic of Korea, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam, and identifies their major structural weaknesses.



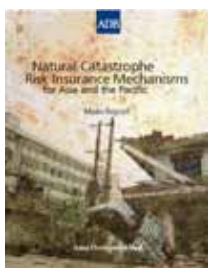
**Aid for Trade in Asia and the Pacific: An Update**

This report provides an update on Aid for Trade initiatives in Asia and the Pacific, highlighting the ongoing and evolving need for trade support to help the region overcome the global crisis and to bring lagging nations up to speed.



**East Asia Department Knowledge Management Initiatives in 2008**

This annual publication showcases the results from knowledge management initiatives of the East Asia Department for each year. It is a compendium of abstracts from 38 strategic knowledge products and services completed in 2008 and provides web links to select full reports.



**Natural Catastrophe Risk Insurance Mechanisms for Asia and the Pacific: Main Report**

Natural catastrophes are a major threat to sustainable development, especially in Asia and the Pacific. ADB's developing member countries are particularly vulnerable. Catastrophe risk could be transferred through a regional public-private insurance partnership. This is the key finding of the ADB Conference on Natural Catastrophe Risk Insurance Mechanisms for Asia and the Pacific held in Tokyo in November 2008.

For more information, visit [www.adb.org/publications](http://www.adb.org/publications)

# UPCOMING EVENTS

**September 2009**

**7-11**  
6th CITYNET Congress  
Yokohama, Japan  
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**15**  
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[www.adb.org/news/calendar](http://www.adb.org/news/calendar)

# Business Opportunities

The proposed ADB projects below offer business opportunities for contractors, consultants, and investors:

### Agriculture and Natural Resources

- PRC, Loan: Forestry and Ecological Restoration Project in Three Northwest Provinces (former names: Ecosystem Restoration in Three Northwest Provinces, Silk Road Ecosystem Restoration)

### Education

- Bangladesh, TA: Teaching Quality Improvement in Secondary Education II
- Viet Nam, Loan: Secondary Education Sector Development Project

### Energy

- Mongolia, TA: Ulaanbaatar Low Carbon Energy Supply Project Using Public–Private Partnership Model
- Sri Lanka, TA and Loan: Sustainable Power Sector Support II (formerly Power Sector Generation)

### Finance

- India, TA: Municipal Finance Study
- Nepal, Grant: Rural Finance Sector

### Development Cluster Program 2

- Philippines, Loan: Development Policy Support Program, Subprogram 3

### Health, Nutrition, and Social Protection

- Cambodia, TA: Capacity Development for Income Restoration Programs
- Lao PDR, Grant: Health Sector Development Project
- India, TA: Engaging Infrastructure Sector Response to HIV Prevention in Selected North East States (Assam, Meghalaya, Mizoram, Manipur, and Nagaland)

### Industry and Trade

- India, Loan: SME Development Project (formerly SME Enterprise Development Facility)

### Law, Economic Management, and Public Policy

- Cambodia, TA: Developing an Effective Institutional Framework for Decentralized Reforms (formerly Support

to Fiscal Decentralization/Public Financial Management for Decentralized Services)

### Transport and Communications

- Armenia, Loan: MFF – North–South Road Corridor Investment Program
- Armenia, Loan: Yerevan Urban Transport
- Armenia, TA: Yerevan Sustainable Urban Transport Project
- Nepal, TA: Road Connectivity Project (formerly Road Connectivity Sector II)
- Regional, TA: Pacific Regional ICT Development

### Water Supply, Sanitation, and Waste Management

- Afghanistan, Grant: MFF – Water Resources Development Project
- Uzbekistan, Loan: MFF – Water Supply and Sanitation Services Improvement Investment Program

For more information, visit [www.adb.org/Business/Opportunities/new.asp](http://www.adb.org/Business/Opportunities/new.asp)

ICT=information and communication technology  
MFF = multitranchise financing facility, PRC = People's Republic of China, TA = technical assistance  
SME = small and medium-sized enterprises  
TA= technical assistance.

# Career Opportunities

## Transport Specialist

South Asia Department (SARD)/Transport and Communications Division (SATC)

### Job Purpose

Identify, develop, implement, and administer loans, technical assistance projects, and nonlending products and services to contribute to ADB's goal of reducing poverty. Contribute to the development of transport sector policy in the national poverty reduction strategies of developing member countries (DMCs), and evaluate project impact on poverty reduction. Work with broad policies and objectives, working directly with clients, with supervision for critical tasks.

Deadline: 24 August 2009

## Urban Development Specialist

South Asia Department (SARD)/Urban Development Division (SAUD)

### Job Purpose

Implement and administer loans, and nonlending products and services, including technical assistance, in the urban sector. Contribute to project identification and development, and carry out policy dialogue with the government agencies for sector reforms and capacity building. Actively participate in generation and dissemination of knowledge products related to urban development. Promote private sector participation through designing and implementing innovative projects. Work within broad policies and objectives with supervision for unfamiliar or critical tasks.

Deadline: 24 August 2009

## Environment Specialist

South Asia Department (SARD)/Transport and Communications Division (SATC)

### Job Purpose

Support the identification, development, implementation, and administration of loans, technical assistance projects, and nonlending products and services in transport and communications, ensuring compliance with ADB's environmental safeguard, and follow the principles in managing the environment and natural resources. Assist in development of project and ADB-assisted activities in addressing environmental concerns including those related to climate change of DMCs. Work within broad policies and objectives with supervision for unfamiliar or critical tasks.

Deadline: 24 August 2009

For more career opportunities and information, visit [www.adb.org/employment](http://www.adb.org/employment)

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## Operations Updates, 2009<sup>a</sup>

### Sovereign Lending

ADB has approved this year 28 loans to 12 developing member countries totaling \$3.83 billion. Approved loans from ADB's ordinary capital resources (OCR) total about \$3.08 billion, while \$754.1 million came from ADB's concessional Asian Development Fund (ADF).

### Nonsovereign Operations

ADB has approved seven nonsovereign projects worth \$750.82 million.<sup>b</sup>

### Grants

ADB has approved 22 grant-financed projects totaling \$268.1 million, and 125 technical assistance grants worth \$109.0 million.

### Recipients of ADB Loans, 2009 (\$ million)

Country	Amount	ADF	OCR
Armenia	80.00	80.00	–
China, People's Rep. of	500.00	–	500.00
Fiji Islands	36.10	–	36.10
Georgia	110.00	110.00	–
India	876.60	–	876.60
Indonesia	1,100.00	–	1,100.00
Kyrgyz Republic	28.00	28.00	–
Mongolia	43.10	43.10	–
Pakistan	500.00	150.00	350.00
Philippines	81.10	–	81.10
Sri Lanka	160.00	25.00	135.00
Viet Nam	318.00	318.00	–
<b>Total</b>	<b>3,832.90</b>	<b>754.10</b>	<b>3,078.80</b>

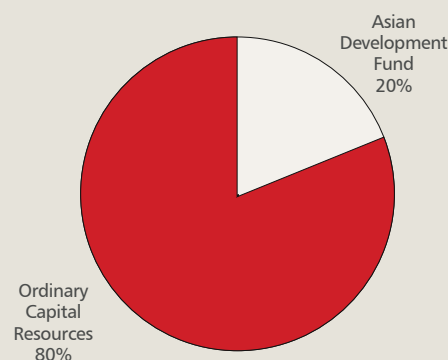
### Source of Grant-Financed Projects, 2009 (\$ million)

ADF	167.50
ATF/PEF	–
Other Sources	100.60
<b>Total</b>	<b>268.10</b>

### Source of Technical Assistance Grants, 2009 (\$ million)

TASF	50.44
Japan Special Fund	19.38
RCIF	7.00
CCF	8.23
Other Sources	23.95
<b>Total</b>	<b>109.00</b>

### Source of ADB Loans, 2009



### Nonsovereign Operations, 2009 (\$ million)

Sector	Equity	Loan	Total	Political Risk Guarantee	B-loan
Energy	65.00	97.87	162.87	–	176.20
Finance	140.00	–	140.00	–	–
Water Supply and Other Municipal Infrastructure and Services	–	100.00	100.00	–	100.00
<b>Total</b>	<b>205.00</b>	<b>197.87</b>	<b>402.87</b>	<b>–</b>	<b>276.20</b>

<sup>a</sup> As of 31 July 2009.

<sup>b</sup> Excludes the approval of an additional \$850.00 million for the Trade Finance Facilitation Program. Totals may not add up because of rounding.