

Asian Growth to Accelerate in 2002–2003, But Pace Will Be Moderate

After a turbulent 1997–2001 period, developing Asia is returning to a more sustainable pace of economic growth in 2002–2003. The region's average gross domestic product (GDP) growth is projected to rise to 4.8% in 2002 and 5.8% in 2003 from 3.7% posted in 2001, according to the *Asian Development Outlook 2002 (ADO)*, released in April by the Asian Development Bank.

"A gradual recovery in global trade and a moderate improvement in capital flows to the region should provide a stimulus to all subregions of developing Asia," said ADB Vice-President Myoung-Ho Shin.

A strengthening United States (US) economy, emerging from a milder-than-predicted recession, is proving beneficial to the outlook of other economies worldwide, including the euro area, Japan, and developing Asia, says ADO, an annual publication analyzing and forecasting economic trends in the Asian and Pacific region.

Domestic demand in many of ADB's developing member countries (DMCs) is responding to macroeconomic stimulus and emerging as a source of growth. Falling risk spreads on Asian securities and, in early 2002, strengthening equity markets reveal renewed investor interest in the region.

"The region will slowly return to a more balanced and sustainable pace of development after a turbulent 1997–2001 period," added Mr. Shin.

The ADO notes that challenges still exist. One risk that could spark slower-than-expected growth is that the export demand recovery for Asian products could be sluggish. This could occur if the global recovery were hampered by prolonged weakness in investment. A current account adjustment in the US or

an increase in trade costs because of security concerns could also reduce its appetite to import goods and thus dilute recovery in developing Asia by curtailing exports. Another set of challenges includes a reemergence of inflation. For example, disruptive events in the Middle East could cause skittish oil markets to send prices higher.

ADB's DMCs need to accelerate structural reforms. This is especially so given the increased global competition in traditional export markets and the possibility of reduced import growth over the medium term in industrialized countries.

Some export sectors that fuel economic growth in the region include information and communication technology (ICT), textile and clothing, and commodities. The ICT sector experienced a boom-bust cycle that carried many developing countries up in 1999–2000 and down in 2001. For 2002–2003, chip demand and the ICT sector are expected to recover slowly.

Commodity exports are vital to several countries including Indonesia, the Mekong countries, and Central Asian nations. Because of weaker world demand, commodity prices fell sharply in 2001, especially after September 11, 2001. But prices are rebounding as the pace of



Photo: WIDER

VICE-PRESIDENT JOHN LINTJER presented the *Asian Development Outlook* in Helsinki to an audience invited by the World Institute for Development Economics Research

global economic activity accelerates.

The ADO notes that there will be considerable variance in economic performance among subregions:

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PRESIDENT TADAO CHINO delivered a speech to business leaders in Zurich on the challenges of the Asian economy in the 21st century

ADB President Visits Three Countries in Europe

The President of the Asian Development Bank, Mr. Tadao Chino, visited Belgium, Switzerland, and Austria from 7 to 14 February and met with high-ranking government officials, business executives, and the media. In Brussels, he also met with European Union Commissioners and discussed possibilities of a closer cooperation between the EU and ADB in Asia.

In Belgium, Austria, and Switzerland, Mr. Chino discussed with senior government officials the economic situation in developing Asia after the September 11 terrorist attacks on the United States, ADB's role in reconstructing Afghanistan, as well as ADB's initiatives for regional cooperation in Asia, particularly for subregional cooperation in the Central Asian republics.

In Switzerland, Mr. Chino also signed an agreement for an additional Swiss contribution of 1 million Swiss francs to the Swiss Cooperation Fund for Consulting Services.

In all three countries, Mr. Chino held press conferences and delivered speeches to business leaders. In his speeches to the business community, he spoke on the

challenges for the Asian economy in the 21st century. One major challenge was, according to Mr. Chino, the response to ongoing globalization.

"Globalization opens up opportunities for developing countries, facilitating wider and faster access to resources, capital, technologies, as well as know-how and markets," he said. "On the other hand, globalization also comes with associated risks." In this respect, he emphasized that—although globalization may bring financial volatility, and even social and economic disruptions—Asian countries should not turn their backs on globalization. Instead, they should try preparing themselves to ease the integration into the global market. For this purpose, both the public and private sectors would need to meet international standards in accountability, transparency, and disclosure.

Mr. Chino pointed out that ADB has been assisting its developing member countries in maximizing the benefits of globalization by strengthening the financial sector, developing capital markets, improving banking supervision, promoting regional cooperation, and providing adequate social protection,

education, and training to minimize the associated risks.

Mr. Chino described promoting regional cooperation as another challenge for Asia in the 21st century. He saw a need and scope for greater regional cooperation and integration to meet the challenges of globalization and maximize the benefits of recent progress in market-oriented reforms in the region.

As far as the Asian and Pacific region is concerned, there has been increasing interdependence in terms of trade, investment, and finance between countries. He said that regional cooperation beyond national boundaries contributed to realizing economies of scale, enhancing complementarity among neighboring countries, and ensuring peace and stability. In his speeches, Mr. Chino explained how ADB has been actively supporting various regional and subregional initiatives.

Another major challenge was fighting terrorism according to the ADB President. The events of September 11 hit the world hard. Mr. Chino said that although there may be many different causes of terrorism—and poverty itself

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East Asia

Growth moderated in the People's Republic of China in 2001, decelerated in the Republic of Korea and Hong Kong, China and dipped into recession in Taipei, China. Mongolia struggled with low growth because of severe weather conditions and low commodity prices.

East Asia's economic performance is expected to strengthen, with GDP growth projected to rise to 5.2% in 2002 and 6.2% in 2003 from 3.9% in 2001. Exports will grow moderately in 2002 before rebounding to nearly 9% in 2003.

Southeast Asia

In 2001, the Philippines and Indonesia experienced a modest slowdown in economic growth. Singapore's economy contracted by 2%. Growth in Malaysia and Thailand decelerated substantially. In contrast, Cambodia, Lao People's Democratic Republic, and Viet Nam sustained growth rates of over 5% in 2001 because exports and agriculture were buoyant in these Mekong countries.

The outlook is for strengthening of

	Gross Domestic Product Growth Rate, %				
	1999	2000	2001	2002	2003
DMCs	6.4	7.0	3.7	4.8	5.8
China, People's Republic of	7.1	8.0	7.3	7.0	7.4
Hong Kong, China	3.0	10.5	0.1	2.1	4.8
India	6.1	4.0	5.4	6.0	6.8
Indonesia	0.9	4.8	3.3	3.0	3.6
Korea, Republic of	10.9	9.3	3.0	4.8	6.0
Malaysia	6.1	8.3	0.4	4.2	5.8
Philippines	3.4	4.0	3.4	4.0	4.5
Singapore	6.9	10.3	-2.0	3.7	6.5
Taipei, China	5.4	5.9	-1.9	2.8	4.0
Thailand	4.4	4.6	1.8	2.5	3.0

Source: Asian Development Outlook

economic growth in the medium term that will be somewhat lower than the region's past robust performance. This is because external demand will recover slowly and domestic demand will remain relatively weak in Indonesia, Philippines, and Thailand. Conversely, the Mekong nations—Cambodia, Lao People's Democratic Republic, Myanmar and Viet

Nam—will continue to improve both economic performance and their capacity to reduce poverty. Malaysia and Singapore will post higher growth.

South Asia

Higher growth is expected, with GDP rates projected at 5.4% in 2002 and 6.4% in 2003, compared with 4.9% in 2001. Bangladesh and India will maintain high growth, while Nepal's growth will slow slightly. The economies of Pakistan and Sri Lanka will pick up, recovering from the global slowdown, the impact of terror attacks on exports and tourism, and domestic disturbances. Afghanistan will likely experience rapid growth over the next few years as rehabilitation, renewed confidence, and reestablished external economic relationships boost productive capacity.

Central Asia

Economic growth in the Central Asian republics is forecast to remain buoyant in 2002–2003, with GDP growth rates of 5.7% and 6.4%, respectively, after 10.7% in 2001. Growth is expected to be double digit in Turkmenistan and Azerbaijan in 2002–2003, and 4–7% in Kazakhstan and Tajikistan.

Pacific Countries

The economies of the Pacific countries are expected to grow 1.9% in 2002 and 2.6% in 2003 after contracting by 0.8% in 2001. ■

(ADB President Visits Three Countries in Europe...continued from page 2)

had no direct link with strife and terrorism—poverty, together with inequality, exclusion, lack of access to opportunities for a better life, and loss of hope, could be a breeding ground for severe strife and terrorism.

Fighting poverty was one of the most important challenges in the 21st century, according to Mr. Chino. The challenge was particularly acute in Asia, where two thirds of the world's poor live. Mr. Chino stressed that empirical evidence clearly showed that poverty had been reduced at a more rapid pace during periods of faster economic growth.

The private sector, through investment and job creation, could play a vital role in meeting the challenge of poverty reduction in Asia. Mr. Chino said that ADB, in cooperation with the governments and the private sector, would continue its best efforts to fight poverty—its overarching objective—and make Asia a place where all people could live with dignity and hope for a better tomorrow.

One of the most effective channels

for ADB's collaboration with the private sector was, according to the ADB President, through commercial cofinancing of ADB projects. Mr. Chino also spoke about ADB's new Private Sector Development Strategy designed to emphasize three mutually reinforcing and complementary strategic thrusts.

First, ADB supports governments' efforts to create enabling conditions for the private sector through regulatory, legal, and judiciary reforms; privatization; capital market development; competition policy; and labor market policies.

Second, ADB is playing a direct role in "crowding in" the private sector by generating business opportunities through its public sector activities.

Third, ADB's private sector window is designed to catalyze private investments. Mr. Chino said that ADB supported direct private sector investments in infrastructure, financial institutions, and investment funds. European companies invested in many ADB-supported private sector projects. ■

ADB and NGOs Forge Closer Ties

Various initiatives launched

ADB recognizes nongovernment organizations (NGOs) as significant actors in the development process. Accordingly, ADB has been strengthening its cooperation with NGOs to improve the impact, sustainability, and quality of its services. NGOs in Europe and elsewhere collaborate with ADB in areas such as

- loan and technical assistance activities
- programming and country-level work
- policy development
- NGO capacity building.

Last year witnessed major steps forward in the ADB-NGO relationship. One key development was approval of the Task Force Report on Institutional Arrangements for Cooperation with NGOs. The report, prepared by a high-level committee appointed by ADB President Tadao Chino, presents the findings of a comprehensive review of ADB's institutional arrangements with NGOs.

NGO Center Established

Among other things, the task force recommended the creation of a central unit within ADB to manage and coordinate NGO relations. This unit, the NGO Center, was launched in February 2001. Robert Dobias was assigned to head the unit, which now operates with a small team based in the new Regional and Sustainable Development Department.

The NGO Center is recognized both internally and externally as the authoritative focal point for ADB's institutional interaction with NGOs. It seeks to integrate NGO knowledge and experience into ADB operations, engage NGOs in a continuing dialogue, and improve ADB's institutional capacity to interact proactively with NGOs. The center also directs a cooperation network comprising staff assigned responsibility for NGO issues in ADB operational departments, resident missions, and representative offices.

Among the diverse group of non-profit groups with which the center works

are humanitarian and relief agencies, community-based organizations, advocacy NGOs, mobilization networks, foundations, professional associations, and trade unions. Several of these groups have formal or indirect links to NGOs operating in Europe.

New Partnership for the Environment

Another noteworthy development was the signing, in September 2001, of a memorandum of understanding (MOU) between ADB and the World Wide Fund for Nature (WWF). Headquartered in Gland, Switzerland, WWF is a well-respected conservation organization with nearly five million members worldwide, and growing involvement in the Asian and Pacific region.

Under the MOU, the two agencies formed a partnership for sustainable management of natural resources in the region. ADB and WWF will develop collaborative ventures to address poverty and environmental challenges. Stakeholders such as local communities, government agencies, and NGOs will be involved in this process through forums and stakeholder consultations.

To be reviewed annually, the agreement will also include information sharing, knowledge management, and capacity building through, for example, transfer of skills and tools to target groups, and exchange of staff and documentation.

Participation in Loans and Technical Assistance

For the fourth year in a row, NGOs played a role in over half of ADB's projects (43 of 76, or 57% during 2001). Most participating NGOs were local and community-based groups, which can contribute to project quality by identifying the specific needs of their community, and by generating participation of direct beneficiaries. National and international NGOs also

contributed to loan projects, although to a lesser degree.

NGO involvement in projects were primarily through consultation workshops and meetings, although in many instances NGOs performed technical tasks. Social infrastructure and agriculture and natural resource projects accounted for over half of the loan projects in which NGOs participated.

NGOs also played an important role in implementing ADB technical assistance projects (TAs). As in the case of loan projects, the social infrastructure and agriculture and natural resources sectors accounted for the majority of the TAs involving NGOs. ADB carried out a total of 36 TA projects with NGO involvement in 15 developing member countries.

Reaching Out

During 2001 ADB participated in several forums involving NGOs. These workshops, conferences, and consultation missions—including some in EU Member States—provided the opportunity for ADB staff and Management to solicit NGO views; raise awareness of ADB policies, practices, and development objectives; and explore avenues of cooperation.

For example, the NGO Center organized a series of topic-specific consultations at the 34th Annual Meeting of the ADB Board of Governors in Honolulu, Hawaii, 8–11 May 2001. Ninety-two NGO representatives received accreditation to participate in the meeting. In a private session with the NGOs, ADB President Chino reaffirmed ADB's commitment to strengthen its partnership with NGOs. He also accepted an invitation to meet with antiglobalization protesters on the street outside the conference center in which the Annual Meeting took place, an unprecedented move by a head of a multi-lateral development bank.

Among the Europe-based NGOs participating in the Annual Meeting were the Dutch organizations Both Ends, a member of the World Conservation Union,



CRITICAL WORK NGOs play a significant role in the process of reducing poverty in the Third Small Farmers Development Project in Nepal

and the Foundation for European Development Assistance. The British NGOs Action Aid and Islamic Relief also took part in the meeting.

Improving Communications

ADB recognizes that an essential ingredient in strengthening its partnership with NGOs is building good communications. ADB has taken several steps to improve dissemination of information and to build two-way communications with civil society.

Shortly after the NGO Center began work, a centralized e-mail account was created to receive general queries from NGOs wishing to learn, for example, about how to participate in ADB projects. At the same time, the NGO section on the ADB Internet site was redesigned and expanded to provide more information and helpful links. The revamped site now contains minutes of consultations, annual reports of cooperation with NGOs, studies, calendar of events, articles, speeches, and other documentation. Files on the NGO pages of the ADB web site are now among the most frequently accessed, reflecting high interest in ADB cooperation with NGOs.

In September, ADB published the first

issue of *Partnership*, an electronic news bulletin for NGOs. The publication, distributed free of charge bimonthly, informs NGO readers about ADB policy developments and projects, as well as conferences, documentation, and educational and training opportunities in Asia and the Pacific. Each issue profiles an NGO working in the region and lists the latest ADB documents available to the public.

Moving Forward

In the spirit of ADB's commitment to strengthen relations with civil society, the NGO Center has engaged a representative of an NGO, Wilas Techo, to work with ADB staff during the first half of 2002 in devising operational solutions to impediments to effective ADB-NGO cooperation. Mr. Wilas is on leave from the Population and Community Development Association of Thailand.

One of the center's major plans for 2002 is to launch a broad-based stakeholder dialogue on developing a new framework for ADB-NGO collaboration. Through a proposed regional technical assistance (RETA) project, the center aims to forge a consensus among ADB staff and Management, representative seg-

ments of the NGO community, governments, and the private sector in developing member countries on modes of cooperation between ADB and NGOs. As envisioned, several meetings would be organized around the region to solicit the inputs of different parties. The RETA's main output would be a medium-term cooperation action plan.

For information on how European NGOs can work with ADB, contact Carola Molitor at ADB's European Representative Office in Frankfurt. Tel: (49.69) 2193 6400. E-mail: cmolitor@adb.org Additional background on ADB cooperation with NGOs is available at the following Internet site: <http://www.adb.org/ngos>. ■

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New Nutrition and Development Series

ADB's *Nutrition and Development Series*, begun in 2001, covers the impact of malnutrition on poverty and depressed human and economic development in Asia and the Pacific.

The Series stresses three themes:

- targeting nutrition improvements at poor women and children, with benefits to families, communities, and nations throughout the life cycle;
- reviewing and applying scientific evidence about nutrition impact for policies, programs, and developmental assistance that will raise the quality of human resources; and
- creating opportunities for public, private, and civil sector partnerships that can raise the dietary quality of the poor, and enhance the learning and earning capability of poor children.

The Series is intended for ADB member countries, development partners, and scholars interested in applying science and technology to investment decisions.

The series comprises the following publications:

- *Investing in Child Nutrition in Asia*
- *Manila Forum 2000: Strategies to Fortify Essential Foods in Asia and the Pacific*
- *Improving Child Nutrition in Asia*
- *Attacking the Double Burden of Malnutrition in the Asia and the Pacific*
- *What Works? A Review of the Efficacy and Effectiveness of Nutrition Interventions*
- *The Nutrition Transition and Prevention of Diet-Related Chronic Disorders* ■

Building Capacity to Combat Poverty in Viet Nam's Central Region

United Kingdom Provides US\$2.31 Million Grant

The Asian Development Bank (ADB) is providing a US\$800,000 technical assistance grant for a project to build capacity in fighting poverty in Viet Nam's Central Region. The grant is from the Japan Special Fund, financed by the Japanese Government.

The Government of the United Kingdom is cofinancing the project with a US\$2.31 million grant and the Government of Viet Nam is meeting local currency costs equivalent to US\$622,000.

The project will focus on eight typical communes—which are clusters of villages—to study how projects are planned and financed, and how accountable they are. It will address skills deficiencies through intensive capacity building, including designing better training curricula, training local government staff and trainers, and strengthening training institutions. In this way, it aims to provide better services in microfinance, agriculture extension, infra-

structure development, and land use planning. Planning will also be sensitive to gender and environmental concerns as well as to ethnic minorities.

Although Viet Nam's living standards have improved, certain groups—including ethnic minorities in upland areas of the central region—have not shared in the benefits. Surveyed communes have poverty rates of up to 75%, compared with the national average of 37%. Weak institutions are responsible for the poor delivery of public services. The causes

include a lack of accountability, incentives, and sanctions; a low skills level; and limited funds.

The project likewise aims at key policy and practice changes to improve service delivery. "This will also

help the Government maintain the momentum of its own efforts to encourage more decentralized and accountable services," says ADB Rural Development Specialist Donneth Walton. ■

Although Viet Nam's living standards have improved, certain groups have not shared in the benefits

ADB to Administer Danish Fund to Promote Renewable Energy and Energy Efficiency

The Asian Development Bank (ADB) will administer a Cooperation Fund to promote renewable energy and energy efficiency in small towns and rural areas in the Asian and Pacific region.

The Government of Denmark will provide an initial contribution of 30 million Danish kroner (equivalent to US\$3.58 million) to the Fund.

The Fund will finance technical assistance, including project preparation, training and advisory services, and institutional support. It will help convert energy supply systems toward cleaner fuel use

and increased efficiency as well as promote conservation among end users. The Fund will also be used to review national policies, develop a policy agenda, and help strengthen the institutional capacity and technical capability of organizations to promote renewable energy and energy efficiency. It will also support efforts to build institutional capacity for promoting green house gas abatement.

ADB developing member countries with an annual per capita gross national product of less than US\$2,500 will be eligible for grants. ■

Is Volatility Built into the World Economy?

Economic crisis might be a way for world financial systems to clear out the excesses that are an inevitable product of human nature and expanding globalization

This is a view put forward in ADB's most recent Policy Brief, *Is Volatility Built into Today's World Economy?*

J. Malcolm Dowling and J. P. Verbiest, of ADB's Economics and Research Department, argue that, "speculation, greed, and increasingly risky behavior go with the search for higher rates of return." And that "there is a 'hard instinct' that keeps markets going up when there may be no fundamental reason for it."

The policy brief examines the bursting of recent economic bubbles in East Asia and the United States, and concludes that the two bubbles have in common a quick-spreading euphoria that flies in the face of logic. At the same time, the brief notes that legal and prudential regulations intended to control such excesses have not always been effective, in both industrialized and developing countries. The brief says that barriers to movement of capital and technology have been dramatically reduced in the past 20 years, and finds correspondence between recent crises and deregulation of financial markets.

Concluding that processes of globalization will continue, the brief suggests possible steps to reduce volatility, including

- strengthening the financial sector to prevent the formation of speculative bubbles
- internationalizing the banking sector to upgrade risk management capacity

Other Titles in the Policy Brief Series

- **Is Growth Good Enough for the Poor?**

Ernesto M. Pernia

- **India's Economic Reforms: What Has Been Accomplished, What Remains to Be Done?**

Arvind Panagariya

- **Unequal Benefits of Growth in Viet Nam**

Indu Bushan, Erik Bloom, and Nguyen Minh Thang

- developing stock and bond markets more carefully
- strengthening monetary and fiscal institutions, better management of reserves, and adopting exchange rate policies to create a stable system that will discourage speculation and reduce volatility. ■

The views expressed in these papers are entirely those of the authors and do not necessarily reflect the views or policies of ADB, or its Board of Directors, or the governments they represent.

ADB to Administer Multidonor Funds for Poverty Reduction and Governance

The Asian Development Bank will administer two cooperation funds to strengthen its poverty reduction and governance activities in collaboration with international and bilateral organizations.

The Government of the Netherlands will make the first contribution of US\$6 million to the Cooperation Fund in Support of the Formulation and Implementation of National Poverty Reduction Strategies. The Fund is an umbrella facility for multiple donors to help ADB's developing member countries design and implement such strategies and to strengthen ADB's role in this process.

The main objectives of the Fund are to facilitate the in-country processes of poverty reduction strategy formulation, prioritization, implementation, monitoring, and reformulation. The activities of the Fund will be complementary to the activities of other international and bilateral organizations.

The Canadian Government will make an initial grant contribution of C\$2.5 million to the Governance Cooperation Fund, which will help ADB attract support for its Agenda and Action Plan on Governance. At present, ADB has no facility to solicit or accept donor funds targeted at governance activities to improve transparency, accountability, and predictability in the public sector. There is growing interest among donors to support governance initiatives.

Both funds will be held by ADB on behalf of participating donors and will be administered separately from ADB's resources. ■

Portugal is a New Member of the Asian Development Bank

Portugal has been admitted as the 60th member of the Asian Development Bank as of 2 April 2002. Portugal has subscribed to 12,040 shares of the capital stock. ADB's authorized capital stock is 3,490,994 shares equivalent to US\$43.5 million.

Fourth Asia Forum Held at the European Representative Office

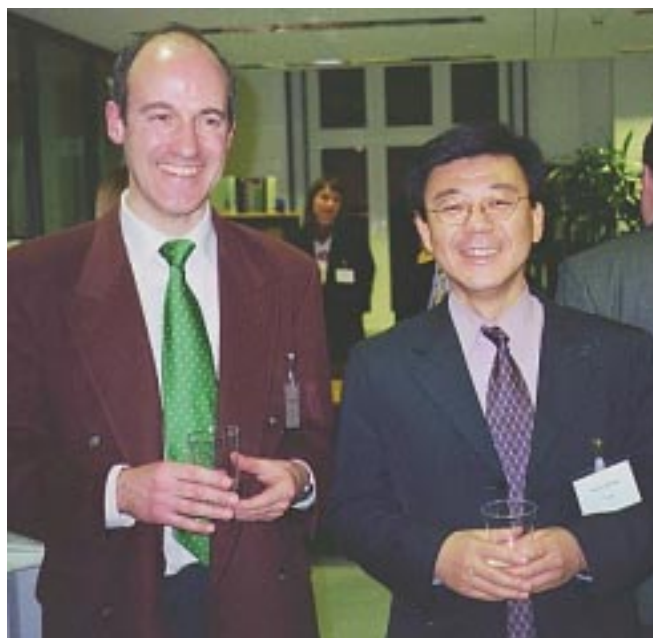
Regional cooperation among Central Asian republics is being encouraged to enhance private sector development and contribute to sustainable economic growth

Regional cooperation among Central Asian republics was the theme of the Fourth Asia Forum that was held on 25 February in Frankfurt at the European Representative Office and resulted in a lively discussion after the presentations. The Forum had two guest speakers. Mr. Kunio Senga, Director, Operations Coordination Division, East and Central Asia Department, ADB, made a presentation on the rationale for and the challenges of regional cooperation in Central Asia, as well as on the potential for economic cooperation between Central Asia and Afghanistan. Mr. Martin Raschen, Chief Economist, South and Central Asia, KfW (the German Development Bank), highlighted the characteristics of the Central Asian republics (CARs) now and a decade ago and the remaining reform agenda.

In his speech, Mr. Raschen explained that important reforms in several Central Asian republics such as Kazakhstan, Kyrgyz Republic, and Uzbekistan had been completed. Compared with a decade ago when the CARs were still suffering from the economic burdens inherited from the former Soviet Union—gross domestic product growth (GDP) as well as GDP per head had increased, inflation rates were lowered, and unemployment and poverty reduced. He said, however, that there was still a large reform agenda remaining, including financial sector reform, effective environmental protection, priva-

tizing large enterprises, passing and implementing laws, as well as the reliability of the jurisdiction. He pointed out that KfW was focusing primarily on the financial sector, health, water supply, and energy in its financial cooperation with the CARs.

Mr. Senga explained that ADB's approach is to encourage regional cooperation among the CARs as it can enhance private sector development, contribute to sustainable economic growth, and serve as an important means to achieving stability. Mr. Senga saw the main development constraints in Central Asia as the landlocked and remote location, relatively small domestic markets, and the need for rational use of resources, especially energy and water. According to Mr. Senga, the sectoral focus of ADB in regional cooperation with the CARs was on energy, transport (to lessen the economic isolation of the region), and trade—within, to and from the region—free from barriers especially nontariff barriers.



SPEAKERS AT THE FOURTH ASIA FORUM Mr. Martin Raschen (left), KfW, and Mr. Kunio Senga, ADB

For the reconstruction of Afghanistan, an economic cooperation between Central Asia and Afghanistan was, according to Mr. Senga, necessary. He emphasized that ADB's approach was to develop concrete subregional projects to make supplies and services available to the Afghan people, provide transit outlets for Central Asia's natural resources, and restore trade links between the subregions. ■

For details, go to <http://www.adb.org/ero>

ADB NEWS FROM ERO

The quarterly newsletter of the Asian Development Bank (ADB) European Representative Office (ERO) aims to enhance communications between ADB and its client groups. *News from ERO* disseminates information on ADB activities and provides a forum on development issues in Europe. Articles in the newsletter, however, do not necessarily reflect the official ADB view. We welcome readers' comments and suggestions.

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