

## ADB Reorganization Benefits Country Operations

As of 1 January 2002, the Asian Development Bank (ADB) implemented a new organizational structure to better deliver its mandate of poverty reduction and respond to the needs of developing member countries (DMCs). "The reorganization will also improve our work environment, raise our output and enhance the efficient and effective management of our knowledge and information resources", said ADB President Tadao Chino.

In the new reorganized ADB, five regional departments were created— East and Central Asia, Mekong, Pacific, South Asia, and Southeast Asia. Kazakhstan belongs to the East and Central Asia Department together with Azerbaijan; People's Republic of China; Hong Kong, China; Kyrgyz Republic; Republic of Korea; Mongolia; Tajikistan; Taipei, China;

Turkmenistan; and Uzbekistan. The new structure will facilitate a greater country focus and promote subregional cooperation.

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A new Regional and Sustainable Department was created to provide sector and thematic expertise, develop policies and guidelines, and monitor their implementation. This department will

strengthen ADB's role in linking the Asia and Pacific region to the global environment.

The Private Sector Group was upgraded to the Private Sector Department to provide effectively assistance in the private sector development in DMCs and integrate private sector operations into country programs.

Recognizing the importance of knowledge management, the Economics and Development Resource Center was also upgraded to the Economics and Research Department. The Office of External Relations was placed under the knowledge management group to ensure greater sharing of knowledge.

Mr. Geert van der Linden is Director General, East and Central Asia Department. Mr. Hong Wang is Country Director, ADB Resident Mission in Kazakhstan. ■

## ADB Facilitates Private Sector Development

The Asian Development Bank (ADB) supports development of the private sector in its developing member countries (DMCs). The private sector is the largest source of employment and investment leading to sustained growth and thereby reducing poverty. ADB helps its DMCs by creating enabling conditions for business within ADB-financed public sector projects; generating business opportunities in public sector operations; and catalyzing private investments through direct financing, credit enhancements, and risk mitigation instruments within ADB-financed private sector projects.

Recognizing the importance of the private sector development in DMCs, ADB upgraded its Private Sector Group into the Private Sector Operations Department (PSOD) under the reorganization from 1 January 2002 to respond effectively to country needs. PSOD is responsible for all nongovernment guaranteed ADB operations in DMCs. PSOD

mobilizes and processes funds for private sector projects including build-own-operate (BOO) and build-operate-transfer (BOT), monitors the portfolio and manages risks, and provides advisory service to entrepreneurs and corporations.

### What projects are eligible for ADB funding?

ADB's private sector operations concentrates on two types of projects: financial and infrastructure. Financial projects include banking, leasing, venture capital financing, merchant banking, microcrediting, small and medium enterprises, private equity funds, mutual funds, insurance, securization, credit enhancement, and credit rating. Infrastructure projects include telecommunications, power and energy, water supply and sanitation, ports, airports, and toll roads. In addition, ADB can finance private sector projects in health

care, education, and agrobusiness.

### What criteria does ADB use for evaluating projects?

Projects must be financially viable with a significant economic and social development impact.

Projects should contribute to poverty reduction and environmental protection. (continued on page 2)

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# ADB Promotes Customs Cooperation in Central Asia

The Central Asia Customs Cooperation Meeting was held on 30-31 January 2002 at the headquarters of the Asian Development Bank (ADB) in Manila, Philippines. The representatives from Kazakhstan, Kyrgyz Republic, People's Republic of China (PRC), Tajikistan, and Uzbekistan participated in the Meeting with observers from Azerbaijan and Mongolia.

Customs cooperation, a focus of the partnership between ADB and the participating countries, is vital in facilitating trade and supporting economic cooperation in Central Asia. The Meeting provided a forum to exchange experience in customs modernization in the context of regional economic cooperation and discuss the role of enhanced customs coop-

eration in strengthening trade in Central Asia.

The participants confirmed the need for improved customs cooperation and supported the establishment of a mechanism to facilitate this cooperation. A proposed mechanism was discussed, particularly the creation of a Customs Coordinating Committee at the decision-making level, and Working Groups, if necessary, at the implementation level. The participants agreed that proposed mechanism could help facilitate customs cooperation and coordination with other parties interested in supporting customs cooperation in Central Asia.

The Meeting discussed possible key initiatives to be addressed through the proposed cooperation mechanism. They

include holding a Regional Seminar on the Revised Kyoto Convention to familiarize the Central Asian Customs agencies with the provisions of the Convention; and joint processing routines at selected border crossings. They also called for conducting regional training to develop common approaches, understand customs operations, and introduce new skills and technologies; developing simplified transit systems to facilitate transit traffic; and convening a donor support meeting to discuss trade facilitation activities of different funding agencies in the region.

It was agreed that each country would submit a draft Action Plan, indicating the objective, output and implementation methodology for each of its proposed initiatives. ■



Delegations from Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, People's Republic of China, Tajikistan and Uzbekistan participate in the Central Asia Customs Cooperation Meeting on 30-31 January 2002 at the headquarters of ADB in Manila, Philippines.

## ADB Facilitates Private Sector Development

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How much assistance does ADB give?

ADB provides equity investments and hard currency loans with the LIBOR-based lending rate. The loan maturity is up to 15 years with a grace period of 3-5 years. ADB can finance only up to 25% of the total project cost or up to \$50 million. ADB's equity investments must be less than 25% of the total share capital. If ADB mobilizes additional resources from other spon-

sors through parallel financing, cofinancing or guarantees, ADB's total assistance may be up to 50% of the total project cost.

How can ADB assistance be obtained?

Applicant should submit an application with a description of the project, information about the sponsors, costs estimates, implementation plan, market prospects, environmental impact, finan-

cing plan, corporate governance system, and key risks. Application should be submitted to ADB Kazakhstan Resident Mission (address is shown on the first page) for transmittal to PSOD. After receiving these documents, PSOD reviews them and makes a decision.

In Kazakhstan, ADB is conducting a private sector assessment. The Final Report, which is expected to be completed soon, will serve as inputs for the preparation of ADB's new Country Strategy and Program for Kazakhstan. ■

# ADB Improves Rural Water Supply and Sanitation System in Kazakhstan

Rural water supply systems in Kazakhstan are in a serious state of disrepair. Poor water quality due to insufficient treatment, high mineralization and contamination of water sources pose significant health risks. A lot of people have to rely on water from private wells, handpumps, and local surface water sources irrespective of its quality. Agricultural production in the main grain producing areas (especially Akmola and North-Kazakhstan oblasts) is at risk since farmers are moving due to lack of sufficient safe drinking water

ADB is preparing a Rural Water Supply and Sanitation Sector Project to assist Kazakhstan to improve the rural water supply and sanitation system. The scope of the Project includes providing basic water supply and sanitation (WSS) infrastructure services in Akmola, Karaganda, North-Kazakhstan and South-



Kazakhstan oblasts; and improving the institutional, organizational, and managerial capabilities of the sector agencies. The

project area will cover about 500 villages and benefit about 0.6 million people.

ADB is expected to provide a loan of \$40 million from its ordinary capital resources to finance the Rural Water Supply and Sanitation Sector Project. The loan is expected to have an amortization period of 25 years including a grace period of 5 years. The loan project is expected to be submitted to ADB's Board of Directors in 2002. The Islamic Development Bank plans to cofinance \$8.7 million for the Project.

The loan will be supplemented by an advisory technical assistance (TA) grant in the amount of \$650,000 for institutional strengthening for rural water supply and sanitation services. The TA will help the Government refine and implement appropriate management systems for rural WSS services for water consumers groups, and village local governments. ■

## ADB Loans to Kazakhstan (US\$ million, as of 28 February 2002)

Project Title	Date of Approval	Loan Amount	Amount Disbursed	Disbursement as % of Loan
Education Rehabilitation and Management Improvement	11 Jan 96	20.0	19.7	98.5
Road Rehabilitation	27 Aug 96	50.0	41.9	83.8
Basic Education	24 Sep 97	45.0	34.3	76.2
Water Resources Management and Land Improvement	17 Dec 97	40.0	3.9	9.7
Almaty-Bishkek Regional Road Rehabilitation (Kazakhstan Component)	31 Oct 00	52.0	–	–
Farm Restructuring Sector Development Program	14 Nov 00	45.0	–	–

## ADB Grant Assistance to Kazakhstan (US\$ '000, as of 28 February 2002)

Project Title	Type of Grants	Date of Approval	Grant Amount	Date of Completion
A Comprehensive Medium-Term Poverty Reduction Strategy	ADTA	23 Nov 00	830	Apr 02
Capacity Building for Public Investment Programming	ADTA	18 Dec 00	720	Apr 02
Technology and Institutional Development for Sustainable Locust Management	ADTA	23 Apr 01	1,080	Oct 02
Energy Sector Study	ADTA	25 Jun 01	245	May 02
Early Childhood and Women's Development Project	PPTA	12 Oct 01	600	Jun 02
Governance Study and Capacity Building for Administrative Reform	ADTA	22 Oct 01	150	Mar 03
Audit Training Program for Central Asian Republics	RETA	28 Sep 00	500	Aug 02
Regional Economic Cooperation in Central Asia (Phase II, Year Three)	RETA	Jul 01	950	Jun 02
Improving Nutrition for Poor Mothers and Children in Central Asia	JFPR	5 Apr 01	6,850	Aug 02

ADTA – advisory technical assistance; PPTA – project preparatory technical assistance; RETA – regional technical assistance, JFPR - Japan fund for poverty reduction.

## News in Brief

### ADB Promotes Renewable Energy and Energy Efficiency

ADB promotes renewable energy and energy efficiency in small towns and rural areas in the Asia and Pacific region through the administration of the Cooperation Fund financed by the Government of Denmark. The Fund will finance technical assistance to prepare project preparation, training and advisory services, and institutional support. Developing Member Countries (DMCs) with GDP per capita less than \$2,500 per year can apply for grants financed from the Cooperation Fund. ■

### ADB and the World Bank Sign Agreement for Closer Cooperation

ADB and the World Bank signed a Memorandum of Understanding on 21 January 2002 to broaden and deepen mutual cooperation. The two institutions agreed to improve the coordination of their assistance in the Asia-Pacific region to avoid duplications, harmonize operational procedures and processes, and strengthen efficiency and effectiveness of assistance to developing countries of the region. ■

### ADB Announces Lending Rates for Multicurrency and US Dollar Loans for the First Half of 2002

ADB's lending rate on pool-based US dollar loans is 6.69% per annum and the lending rate on pool-based multicurrency loans is 5.08% per annum for the first half of 2002. The interest rates on the ADB's pool-based multi-cur-

rency and US dollar loans are adjusted on 1 January and 1 July each year. ADB introduced a new loan product - a London interbank offered rate - (LIBOR-) based loan, which applies to loans from ADB's ordinary capital resources from 1 July 2001. Based on 6-month LIBOR rates for US dollars of around 1.98% per annum as of 26 December 2001, the new ADB product will offer significantly lower interest rates than its current lending rate for pool-based US dollar loans. ■

### ADB Administers Multidonor Funds for Poverty Reduction and Governance

ADB will strengthen its poverty reduction and governance activities by administering two funds on behalf of participating funding agencies. The Fund for Poverty Reduction supports DMCs in designing and implementing their strategies on poverty reduction and strengthening ADB's role in this process. The Governments of Netherlands contributes \$6 million to the Fund. The Governance Cooperation Fund, financed by the Government of Canada (its initial grant contribution is \$2.5 million) helps promote transparency and accountability in the public sector. ■

### ADB Director Visits Kazakhstan

Kunio Senga, ADB's Director, Operations Coordination Division for East and Central Asia Department visited Astana on 18 February 2002 to discuss policy and operational issues with the Government of Kazakhstan. Mr. Senga met Deputy

Prime Minister Alexander Pavlov, Minister of Agriculture A. Esimov, Chairman of Strategic Planning Agency I. Beisembetov, and other government officials. Mr. Senga expressed ADB's willingness to help Kazakhstan implement the country's strategic development plan up to 2010 and promote regional economic cooperation in Central Asia. The Government appreciated ADB's role in the development of Kazakhstan. ■

### ADB Resumes Operations in Afghanistan

"ADB will play a crucial role in the rehabilitation and reconstruction of Afghanistan", said President Tadao Chino at the International Conference on Reconstruction Assistance to Afghanistan in Tokyo on 21 January 2002. In next two years, ADB will provide \$500 million for concessional loans and grants in three areas: agriculture, infrastructure, and social sectors. In early February, ADB fielded a mission to Afghanistan to prepare projects for reconstructing and rehabilitating the country. ■

### Workshop on poverty reduction held

Two workshops were held during 26 January - 15 February 2002 in Jambyl and Karaganda oblasts, pilot regions for ADB's technical assistance project for helping Kazakhstan develop a comprehensive medium-term poverty reduction strategy. Representatives of regional governments, small and medium enterprises, nongovernment organizations together with the technical assistance team discussed the preparation of regional poverty reduction programs. ■

# ADB

## NEWS FROM Kazakhstan

The quarterly newsletter of the Asian Development Bank (ADB) Kazakhstan Resident Mission (KARM) aims to enhance communication between ADB and its client groups. News from Kazakhstan disseminates information on ADB activities and provides a forum on development issues in Kazakhstan. Articles in the newsletter, however, do not necessarily reflect the official ADB view. We welcome readers' comments and suggestions.

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