

ADB

NARO NEWS

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Asia's Growth and Recovery : A Regional Update

Excerpted from the [Asia Recovery Report 2001, September Update](#). The full report can be obtained on-line at Asian Recovery Information Center site at www.aric.adb.org.

Since the second half of 2000, with the notable exception of the People's Republic of China (PRC), growth has slowed across East Asia (i.e., the 10 countries of the Association of Southeast Asian Nations [ASEAN], plus the Republic of Korea and the PRC). Predictably, the stronger a country's links to the global economy through trade and capital flows, the greater the impact on domestic growth. Similarly, countries with heavier dependence on electronics exports have seen a larger dip in growth.

In the first half of this year, the five crisis-affected countries (Indonesia, Korea, Malaysia, Philippines, and Thailand) taken together grew by 2.9 percent. This represents a deceleration from the 5.6 percent growth they achieved in the preceding six months and the average growth of 6.9 percent reached in the previous two years.

Outside these five, Singapore saw its gross domestic product (GDP) growth plummet to 1.8 percent in the first half of 2001 from 10.7 percent in the preceding six months and an average growth of close to 8 percent in the previous two years.

The impact of the global slowdown on the PRC has been limited, partly because of its lower dependence on exports, especially information technology exports, and fiscal stimulus measures. As a result, it posted strong growth of 7.9 percent in the first half of the year.

Quarterly or half-yearly data on GDP are not available for the other ASEAN members

(Brunei, Darussalam, Cambodia, Lao People's Democratic Republic, Myanmar, and Viet Nam). As they are less dependent on external trade and investment, it is possible that these countries have weathered the global slowdown better than most other East Asian countries. Yet, it is unlikely that these countries have been completely insulated from the regional slowdown as they have significant trade and investment links with the rest of East Asia.

The sharp cuts in growth rates were caused by external fac-

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The Downturn is Hitting Asians Hard

The following article, written by ADB's President, Tadao Chino, originally appeared in the *International Herald Tribune* on Thursday, 25 October 2001.

The repercussions from the terrorist attacks in New York and Washington have been felt around the world, but nowhere more profoundly than in Asia and the Pacific. It is too early to gauge the full impact on all countries, but across the region, from Afghanistan to remote atolls of the South Pacific, developing countries are showing ominous signs of the fallout.

Exports, the lifeblood of so many Asian nations, are slowing. A sharp drop in air travel has hit tourism, an important source of foreign exchange. Consumer and investor confidence is weakening. In East Asia, some currencies and equity markets have declined precipitously.

Aside from the harsh realities of armed conflict, Pakistan and some of the Central Asian countries must now cope with higher spending on security and refugees. The Asian and Pacific regions now lie in the shadow of a deeper and longer-than-expected economic slowdown. Pervasive uncertainty is cause for deep concern.

September 11 will have a direct impact on Asia's poor. It will be especially severe in Afghanistan, Pakistan and nearby Central Asian Republics.

Even before the attacks in the United States, an estimated 900 million Asians were struggling to survive on less than \$1 a day. The economic consequences of the attacks, including lower incomes, reduced foreign investment and job losses, will only make matters worse. As key economic indicators slide, the number of absolute poor will inevitably rise. These developments will require serious responses from international financial institu-

tions. The Asian Development Bank will do all it can to help all its developing member countries overcome the current crisis. This will require finely balanced judgments and decisions. As Asia's "family doctor," we are intensifying dialogue with each of these countries. Some of them will require immediate and short-term emergency assistance; others, longer-term projects or programs. As post-conflict perspectives become clearer, we will continue to further adjust our operations to meet emerging needs. These could range from providing village wells, schools and health clinics to rehabilitating power plants and highways or supporting legislation against money laundering.

In addition to helping mitigate the immediate suffering, the ADB is prepared to assist in reconstruction wherever this is needed, as we have done in Cambodia and East Timor. We will continue to work closely with our shareholders (Asian and Pacific governments) as well as with nongovernment organizations and civil society, the private sector and other bilateral and multilateral institutions. Resources and expertise are being pooled.

The war against poverty is likely to be long and hard. If it is to be defeated, the major battles will have to be won, and won quickly, in Asia. In far too many countries there is still persistent, degrading, dehumanizing poverty. It must be eradicated within a generation. The international crisis and the economic downturn threaten to set back the development efforts of many Asian and Pacific countries. This should make us redouble our efforts to reduce poverty and thus contribute to peace and stability. ■

Asia's Growth and Recovery

(continued from p. 1)

tors. A slowing world economy and decelerating world trade growth have created a decreased demand for East Asian exports.

Exports played a key role in reviving the region's growth in the aftermath of the 1997 financial crisis, but are now leading the economic downturn. Taken together, the dollar value of exports of the five crisis-affected countries, which account for about 60 percent of East Asia's exports, declined by 3.8 percent in the first half of this year, compared to 19 percent growth in 2000.

Outside the five crisis-affected countries, Singapore saw its export growth fall to 4.8 percent in the first half of 2001 from more than 15 percent during the preceding six quarters. For some time, the PRC's exports did hold up against the regional slump, but in more recent months they have been showing distinct signs of slowing.

For up-to-the-minute information on the economic impacts of the 11 September events in the US on Asia and the Pacific, the Asia Recovery Information Center web site, www.aric.adb.org, has launched a new page entitled "**Aftermath of Attacks on US**". This page contains *Market Watch*, which shows the latest movements in major international and regional stock markets and currencies, and world commodity prices. It also contains *Economic Impacts on Asia*, which provides links to Op/Eds and news headlines. ■

Updated information is now available at:

www.aric.adb.org

Business Focus

NARO On the Road: Business Opportunities Seminars

November 1: Environmental Business Opportunities Seminar

The North American Development Bank hosted the fourth annual seminar on environmental business opportunities with multilateral development banks (MDBs) at the Hyatt Regency West Hotel in San Antonio, Texas. The seminar was designed for contractors, suppliers and consultants who are interested in working with the Asian Development Bank, the Inter-American Development Bank, the North American Development Bank and the World Bank.

Participants learned how environmental projects are developed through the MDB's process, including bidding and other proce-

dures for obtaining contracts. Opportunities to meet one-on-one with procurement staff from the four MDBs and the U.S. Department of Commerce Export Assistance Center were also available.

For more information, please contact the Free Trade Alliance San Antonio by phone at (210) 229-9036 or by fax at (210) 229-9724. ■

November 8: Ontario Trade Days

Ontario Exports hosted Ontario Trade Days in Ottawa. This one day seminar was geared to small and medium-sized

Canadian companies that are interested in participating in MDB projects.

The event featured presentations and one-on-one meetings with Asian Development Bank, Inter-American Development Bank and World Bank. In addition, the Department of Foreign Affairs and International Trade (DFAIT) and the Canadian International Development Agency (CIDA) gave presentations and were available for consultations with participating companies.

For more information, please contact Ms. Rowena Dias at Ontario Exports at (416) 314-8242 or toll-free at 1-877-468-7233. ■

Consulting Firms Required to Register on ADB-DACON

Registration in ADB-DACON (ADB-Data on Consulting Firm) is now a requirement for consulting firms/organizations to be considered for shortlisting for a technical assistance project.

As new firms/organizations are formed in the consulting services industry, ADB needs to know some basic information about such firms to consider them for shortlisting. Firms or organizations which are not registered will not be shortlisted even though they may have expressed interest in a project.

The new Expression of Interest (EOI) format found under new and current (proposed) projects in the Business Opportu-

nities Section of the ADB's web site requires all firms to indicate their DACON registration number.

ADB assists borrowers' executing agencies from time to time by providing them with a list of qualified firms generated from the ADB-DACON database. These agencies use the longlists to prepare shortlists. ADB, however, will not suggest which firms are more suitable for shortlisting.

Firms/organizations should maintain their registration up-to-date, and ensure that it contains current contact information and details of projects undertaken for the last five years.

Large firms with specialized expertise in certain sectors may reg-

ister their divisions or departments in such sectors in addition to the firm's general registration. This will give these firms an opportunity to compete in those sectors within the quota system.

Registration in the DACON system must be done on-line. To register, send expressions of interest, or learn more about eligibility requirements, log on to: adb.org/consulting/DACON.asp

In addition, ADB has recently updated its video CD on "Consulting Opportunities with ADB". This video, available for US\$10.00, provides an overview of the selection and recruitment of consulting firms and individual consultants. Contact NARO to obtain a copy. ■

News Briefs

Tadao Chino Re-Elected President of ADB

On 20 September, the Board of Governors of Asian Development Bank unanimously re-elected President Chino for a new five-year term beginning on 24 November 2001. Mr. Chino, a Japanese national, became the ADB's seventh President when he succeeded Mr. Mitsuo Sato on 16 January 1999.

Under Mr. Chino's tenure, ADB has approved several significant strategies to enhance the economic and social progress of its developing member countries. These include:

- the poverty reduction strategy (1999), establishing poverty reduction as ADB's overarching goal;
- the private sector development strategy (2000), aiming to strengthen the role of the private sector as the growth engine in the region; and
- the long-term strategic framework (2001) setting the agenda for implementing the poverty reduction strategy until 2015.

After the Board's announcement, Mr. Chino said he was gratified by the trust and confidence placed in him by the Board of Gov-

ernors and that, with their continued support and cooperation, he would endeavor to maximize the ADB's contribution to freeing the region of poverty. ■

Tackling the HIV/AIDS Epidemic

In a bid to decrease the impact of the HIV/AIDS epidemic in the Asian region, ADB is implementing community-based prevention activities in Cambodia, Lao People's Democratic Republic and Viet Nam through a US\$8 million grant from the Japan Fund for Poverty Reduction. HIV/AIDS infection is one of the major public health challenges in these countries, affecting almost all provinces. Within the sub-region, HIV/AIDS related illnesses are expected to triple in the next 20 years unless preventive measures are undertaken.

The project will provide a comprehensive range of HIV/

AIDS prevention activities in strategic areas — "hot spots" — where HIV is easily transmitted. High-risk groups to be targeted include migrants and mobile groups within the sex, hospitality and transport industries. These groups are most vulnerable to infection due to their work, living environment and lack of social support.

For more information, contact: Omana Nair in Manila, Philippines at Tel: (63-2) 632-5178 or Email at onair@adb.org ■

ADB Signs First Cooperation Agreement with an NGO

On September 26, Asian Development Bank and the World Wide Fund for Nature (WWF), a conservation organization, signed a memorandum of understanding that paves the way for joint activities. The partnership's objectives will focus on sustainable management of natural resources in the Asia and Pacific region. Local communities, government agencies and non-governmental organizations will also be involved in this process through forums and stakeholder consultations.

WWF and ADB believe that it is the world's poor who are most immediately dependent upon the environment for their livelihoods. They are also most at risk from the impacts of climate change, pollution, biodiversity loss and uncontrolled resource use.

The first joint activity will involve preparation for the World Summit on Sustainable Development ("Rio+10") in Johannesburg, South Africa in September 2002. ■

In Other News

News Releases on the Web: <http://www.adb.org/news/>

- Increased Direct Assistance for the Private Sector (3 September 2001)
- President Chino Offers Strong Encouragement to Indonesian President (12 September 2001)
- Landmark Social Protection Strategy Approved (13 September 2001)
- Educating Teachers to Improve Nepal's Primary Education (2 October 2001)
- Independent Panel Appointed for Inspection of Samut Prakarn Wastewater Management Project (10 October 2001)

ADB Statistical Report Illustrates Growth and Change in Asia and the Pacific

Noted for being one of ADB's most popular publications, *Growth and Change in Asia and the Pacific: Key Indicators 2001* provides comprehensive annual statistics on Asia's national accounts, foreign direct investment, and other key social and economic indicators. The publication gives a historical overview of social and economic trends based on statistical data up to the year 2000. This year's publication, developed prior to the events of September 11, reflects positive development trends but also highlights some trends that require vigilance such as the increasing strain put on essential infrastructure and resulting health fears from rapid urbanization.

The report notes that, prior to 2001, Asia and the Pacific had accumulated the highest growth rates in the world, expanding by over six percent per annum during the past decade, excluding the first year of the Asian financial crisis in 1998.

The best performing economies had sound macroeconomic policies and an export-led strategy and continued to attract foreign direct investment. These included the PRC; the Newly Industrialized Economies of Hong Kong, China, the Republic of Korea, Singapore, and Taipei, China, and Southeast Asia's Malaysia, Indonesia, Philippines and Thailand. They achieved significantly higher and sustained GDP growth, employment growth, a rise in real earnings, and sizeable reductions in the number of poor. The major risk to this scenario is if both the US and global slowdown continue for longer than

expected.

Notable trends highlighted in the publication include:

- Population growth in developing Asia slowed markedly in the 1990s. The average population growth rate for developing Asia was only 1.45 percent per annum.

- The strong underlying economic growth rates and the decline in population growth rates maximized the rise in per capita income and is predicted to spur higher standards of living.

- Demographic trends, such as a rising number of people over 65, are likely to highlight issues of health care, pensions and social security schemes.

- Improvements in social indicators such as literacy, health and nutrition were sharpest in countries that followed market-friendly policies and took advantage of globalization.

Overall, Asia continued to show great diversity in performance, both economically and socially, but the region's growing middle class and the emergence of consumer societies promise a significant expansion of the region's markets. High domestic savings rates, coupled with an ability to absorb technology, may continue to make export-led economies attractive to foreign investors. Sustained economic growth is likely to contribute to further improvements in living standards and a reduction in the incidence of poverty.

Growth and Change in Asia and the Pacific: Key Indicators 2001 can be obtained free of charge online at adb.org/Documents/Books/Key_Indicators/2001/default.asp. Hard copies can also be purchased through NARO for US \$38.00 by calling (202) 728-1500 or sending an e-mail to naro@adb.org. ■

Also Available Through NARO

The following complimentary publications are available by calling NARO at (202) 728-1500 or emailing naro@adb.org:

- *Searching for New Regulatory Frameworks for the Intermediate Financial Market Structure in Post-Crisis Asia* by Sayuri Shirai (ADB Institute Research Paper #24). This paper focuses on advantages and disadvantages that arise from banks' engagement in securities businesses and also examines regulatory frameworks that apply to the intermediate financial market structure.

- *Overview of Financial Market Structures in Asia Cases of the Republic of Korea, Malaysia, Thailand and Indonesia* by Sayuri Shirai (ADB Institute Research Paper #25). This paper gives an overview of the financial market structures in Asia with an emphasis on the banking sector and bond markets.

- The ADB's *Annual Report 2000* is now available in either paperback or CD-ROM versions. ■

Board Approves Reorganization of ADB

On 9 October 2001, ADB's Board of Directors approved the reorganization of Asian Development Bank representing the broadest changes within ADB since the last reorganization in 1995.

The overall objective of the organizational change is to enhance ADB's development impact by strengthening its capacity to deliver its strategic agenda through a carefully planned, selective, country-focused, and technically excellent program of assistance to its developing member countries (DMCs) and sub-regions.

The main features of the reorganization include:

Enhancing country focus through the development of new regional departments: Combining project and program departments

into four new regional departments will enable ADB to better implement its strategic agenda in individual DMCs by placing country focus at the center of ADB's operational programs.

Establishment of a new Regional and Sustainable Development Department (RSDD): This new department will have four major responsibilities: (i) maintain quality and technical excellence across ADB; (ii) develop and monitor policies and guidelines for all thematic and sector areas; (iii) monitor compliance with all sector, thematic and safeguard policies; and (iv) support ADB's regional development functions and develop and strengthen ADB's role in linking the region to global networks and partnerships.

Upgrading the Private Sector Group to a Private Sector Operations Department (PSOD): ADB recognizes the importance of catalyzing the private sector and private capital flows as part of the long-term solution to poverty reduction. Upgrading private sector operations will enable PSOD to effectively fulfill the new challenges presented by the changing environment, implement the private sector operations strategy, address the span of control issue and enable PSOD to respond flexibly to client needs.

The reorganization will take place beginning 1 January 2002.

Copies of "Reorganization of the Asian Development Bank" may be downloaded from ADB's web site at: www.adb.org/Documents/Policies/Reorganization_ADB/default.asp ■

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