

ADB's Assistance to PDMC Financial Sector Development

ADB has assisted financial sector development in the PDMCs since the 1970s, through both loans and technical assistance (TA). Between 1970 and the end of 1999, ADB extended 32 loans totaling US\$193.0 million, and 62 TA grants for US\$15.7 million (Appendix Tables 1 and 2). However, the success rate of these initiatives was limited. Of 14 lending projects supporting development finance institutions and evaluated by the Bank's Operations Evaluation Office, only two (14.5 percent) were rated as generally successful, while 10 were rated as partly successful (71 percent), and two as unsuccessful (14.5 percent). In terms of overall lending to the PDMCs, 48.6 percent of projects were rated as successful, 29.7 percent as partly successful, and 21.7 percent as unsuccessful.

With the virtual cessation of lending to development financial institutions (DFI), present ADB involvement in the financial sectors is mainly through TA and policy lending:

- In the Fiji Islands, TA has been provided in support of capital market development and the establishment of the Capital Market Development Authority.
- In PNG, TA support is being provided for microfinance development.
- In Nauru, under the Fiscal and Financial Reform Program, ADB is assisting the Government in restoring confidence in banking and reviving the function of financial intermediation.

- In Samoa, under a Financial Sector Program Loan, ADB is assisting the Government in implementing financial sector liberalization in the areas of (i) development of financial markets, (ii) strengthening of the central bank, (iii) improvement of financial sector supervision, and (iv) strengthening of the National Provident Fund and Development Bank of Samoa.
- In Vanuatu, as a part of the Comprehensive Reform Program, the ADB is assisting in strengthening the Reserve Bank, restructuring and supporting the merger of National Bank of Vanuatu and Development Bank of Vanuatu, and restoring the viability of the Vanuatu National Provident Fund.

Appendix Table 1

Lists of ADB Loans to PDMCs' Financial Sectors, 1970–1999

Country	Title	Amount Approved US\$	Approval Date
Cook Islands	Cook Islands Development Bank	1,500,000	25 Mar 1982
	Second Cook Islands Development Bank	1,500,000	14 Jan 1992
	Third Cook Islands Development Bank	3,000,000	26 Sept 1995
	Economic Restructuring Program	5,000,000	5 Sep 1996
Fiji	Fiji Development Bank	2,000,000	21 Dec 1973
	Second Fiji Development Bank	7,000,000	16 July 1985
Kiribati	Development Bank of Kiribati	1,000,000	18 Oct 1990
Papua New Guinea	Papua New Guinea Development Bank	4,500,000	14 Dec 1971
	Second Papua New Guinea Development Bank	7,000,000	1 June 1978
	Third Papua New Guinea Development Bank	11,000,000	9 Dec 1982
	Financial Management for Development Bank	25,800,000	21 Oct 1999
Marshall Islands	Public Sector Reform Program	12,000,000	30 Jan 1997
Micronesia, F.S.	Public Sector Reform Program	18,000,000	29 Apr 1997
Nauru	Fiscal and Financial Sector Program	5,000,000	25 Nov 1998
Samoa	Development Bank of Western Samoa	1,000,000	18 Mar 1975
	Second Development Bank of Western Samoa	3,000,000	16 Dec 1976
	Third Development Bank of Western Samoa	4,000,000	21 Nov 1978
	Fourth Development Bank of Western Samoa	4,000,000	29 Sep 1981
	Fifth Development Bank of Western Samoa	4,000,000	15 Nov 1984
Solomon Islands	Financial Sector Program	7,500,000	19 Feb 1998
	Development Bank of Solomon Islands	2,000,000	19 Apr 1979
	Second Development Bank of Solomon Islands	2,000,000	22 Dec 1980
	Public Sector Reform Program	25,000,000	27 Aug 1998
Tonga	Public Sector Reform Program - TA Loan for Privatization of State-Owned Enterprises	1,000,000	27 Aug 1998
	Small Industries Center	370,000	27 Dec 1977
Tonga	Tonga Development Bank	1,500,000	7 Dec 1978
	Second Multiproject and Second Tonga Development Bank	840,000	17 Nov 1981
	Third Multiproject and Third Tonga Development Bank ^a	1,500,000	19 Jun 1986
Vanuatu	Fourth Tonga Development Bank	5,000,000	21 Nov 1989
	Development Bank of Vanuatu	1,000,000	14 Dec 1982
	Development Financing	5,000,000	24 Oct 1991
	Comprehensive Reform Program	20,000,000	16 Jul 1998
	Total for Development Bank Loans	72,210,000	
	Total	193,010,000	

a. 50 percent of the Loan was assumed to be for Multiproject and 50 percent for TDB.

Appendix Table 2
List of ADB Technical Assistance to PDMCs' Financial Sectors,
1970–1999

Country	Title	Amount Approved US\$	Approval Date
Cook Islands	National Development Corporation	91,000	17 May 1977
	Improving the Mechanism for Delivering Development Finance to Private Sector	97,000	9 Oct 1989
	Strengthening of Business Advisory Services	250,000	26 Sept 1995
	Institutional Support to the Development Investment Board	251,000	26 Sept 1996
	Management of the Cook Islands Development Bank and Business Ventures Development	740,000	26 Sept 1996
Fiji	Fiji Development Bank	90,000	22 Dec 1970
	Fiji Development Bank - Extension	37,000	8 Aug 1972
	Fiji Development Bank	100,000	21 Dec 1973
	Review of the Role and Function of Fiji Development Bank	100,000	16 Feb 1983
	Privatization of Government Shipping Fleet and Commercialization of Government Shipyard	346,500	2 Jun 1986
	Study of Development of Capital Market	71,000	19 Jun 1986
	Institutional Support to Fiji Development Bank	290,000	9 Oct 1989
	Preparation of Operational Strategies and a Corporate Plan for Fiji Development Bank	130,000	31 Dec 1992
	Development of the Capital Market	450,000	23 Dec 1993
	Capital Market Development Authority	600,000	5 Nov 1996
	Strengthening Public Enterprise Report (Phase I)	150,000	5 Jan 1999
Kiribati	Public Enterprise Reform Program (Phase II)	600,000	16 Aug 1999
	Technical Assistance to Development Bank of Kiribati for External Training of Dep. Gen. Manager	12,500	5 Apr 1990
	Institutional Strengthening of the Development Bank of Kiribati and the Office of Director of Audit	234,000	18 Oct 1990
	Commercialization and Privatization of Public Enterprises	589,000	20 Apr 1992
	Commercialization and Privatization of Government Enterprises (Supplementary)	11,000	14 Dec 1993
Marshall Islands	Small Enterprise Development	297,000	23 Nov 1994
	Institutional Strengthening of the Marshall Islands Development Bank — Phase II	202,000	23 Nov 1994
Micronesia	Support of the Private Sector Unit	760,000	30 Jan 1997
	Institutional Strengthening and Staff Development of Federated States of Micronesia Development Bank	153,000	26 Dec 1990
	Institutional Strengthening of the Federated States of Micronesia Development Bank	385,000	2 Dec 1994
Papua New Guinea	Privatization of Public Enterprises and Corporate Governance Reforms	450,000	9 Jun 1999
	Private Sector Development Program	150,000	19 Oct 1999
	Development Bank Staff Training Scheme	3,600	15 Feb 1973
	Papua New Guinea Development Bank	210,000	9 Dec 1982

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Appendix Table 2 (cont.)

**List of ADB Technical Assistance to PDMCs' Financial Sectors,
1970–1999**

Country	Title	Amount Approved US\$	Approval Date
Samoa	Institutional Strengthening of Agricultural Bank of Papua New Guinea	582,000	15 Jan 1992
	Microfinance and Employment	150,000	29 Nov 1999
	Development Financing Institution	217,000	11 Jan 1973
	Development Bank of Western Samoa	90,000	18 Mar 1975
	Second Development Bank of Western Samoa	40,000	16 Dec 1976
	Review of the Role and Functions of the Development Bank of Samoa	100,000	30 Mar 1984
	Fifth Development Bank of Western Samoa	300,000	15 Nov 1984
	Privatization of State-Owned Enterprises	365,000	28 Nov 1989
	Rehabilitation of Development Bank of Western Samoa	203,000	25 Oct 1990
	Banking Supervisory Assistance to the Central Bank of Samoa	222,500	2 Apr 1991
Solomon Islands	Implementation of Privatization Exercise	320,000	24 Dec 1991
	Implementation of Privatization Strategy	600,000	7 May 1997
	Institutional Strengthening of Government Financial Institutions	950,000	14 Feb 1998
	Small Business Development	150,000	24 Sep 1999
	Agricultural and Industrial Loans Board	45,000	23 May 1974
	Second Agricultural and Industrial Loans Board	250,000	25 Mar 1976
	Development Bank of Solomon Islands	130,000	19 Apr 1979
	Privatization and Commercialization Policies and Strategies	267,000	3 May 1988
	Institutional Strengthening of the Development Bank of Solomon Islands	263,000	20 Feb 1991
	Privatization of State-Owned Enterprises	150,000	20 Apr 1998
Tonga	Tonga Development Bank	135,000	26 Apr 1983
	Third Tonga Development Bank	160,000	19 Jun 1986
	Tonga Development Bank	328,000	21 Nov 1989
	Privatization of the Commodities Board	385,000	18 Oct 1990
	Privatization of the Commodities Board (Supplementary)	55,500	23 Jan 1992
	Creating Banking Supervision Unit in National Reserve Bank of Tonga (NRBT)	100,000	30 Sep 1993
Tuvalu Vanuatu	Preparation & Implementation of a Strategic Plan for Tonga Development Bank	280,000	2 Sep 1997
	Development Bank of Tuvalu	100,000	23 Aug 1993
	Development Bank of Vanuatu	100,000	14 Dec 1982
	Technical Assistance to Development Bank of Vanuatu for Preparation of Operating Strategy and Business Plans for 1991–1993	58,000	6 Jun 1990
	Institutional Development of the Development Bank of Vanuatu	650,000	24 Oct 1991
	Strategic Plan for the National Bank of Vanuatu	150,000	12 Dec 1997
Total for Development Finance Institutions		8,793,600	
Total		15,746,600	