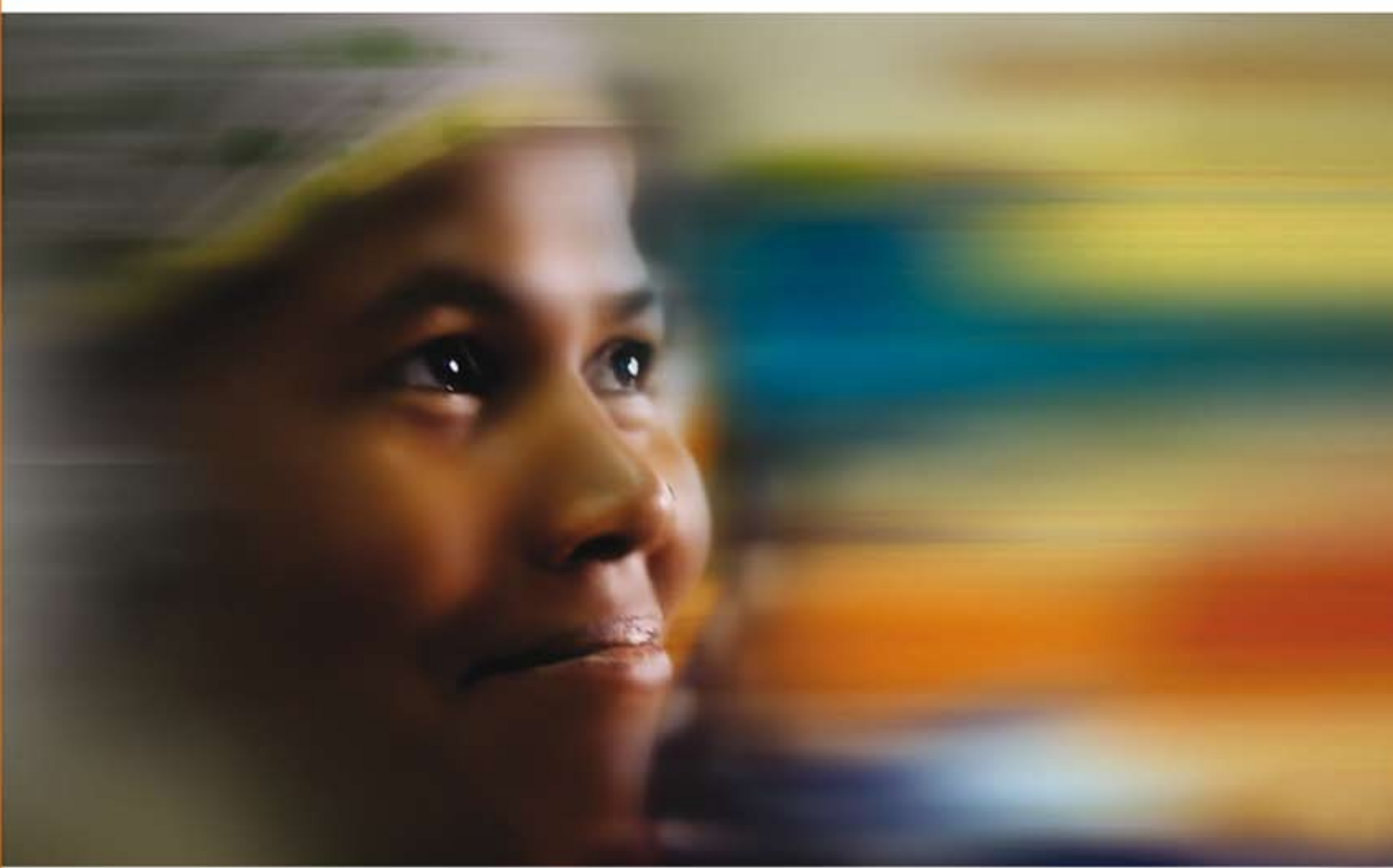


ADB

ANNUAL REPORT  
2007



Volume 2 | Financial Report

Asian Development Bank



ANNUAL REPORT  
2007

Volume 2 | Financial Report

Asian Development Bank

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A photograph of a woman in a red jacket and blue headscarf, looking down at a small object in her hands. In the background, a child in a red jacket is visible. The image has a soft, artistic feel with some motion blur.

# Management's Discussion and Analysis

The Asian Development Bank (ADB) is an international development financial institution whose vision is to make Asia and the Pacific region free of poverty. ADB was established in 1966 through the Agreement Establishing the Asian Development Bank (the Charter), ratified by 31 countries to promote the social and economic development of the region and reduce poverty.



As of 31 December 2007, ADB had 67 members, 48 of which are in the region. ADB provides various forms of financial assistance to its developing member countries. The main instruments are loans, technical assistance, grants, guarantees, and equity investments. These instruments are financed through ordinary capital resources (OCR), Special Funds, and various trust funds. OCR and Special Funds are used to finance operations that are solely under ADB administration. Trust funds are externally funded and are administered by ADB on behalf of donors. The Charter requires that funds from each resource be kept separate from the others.

ADB also provides policy dialogues and advisory services and mobilizes financial resources through its cofinancing operations tapping official, commercial, and export credit sources to maximize the development impact of its assistance. Cofinancing for ADB projects can be in the form of external loans, grants for technical assistance and components of loan projects, and credit enhancement products such as guarantees and syndications.

## ORDINARY CAPITAL RESOURCES

Funding for OCR operations comes from three distinct sources: funds borrowed from private placements and capital markets, paid-in capital provided by shareholders, and accumulated retained income (reserves). The financial strength of OCR is largely based on the support of shareholders and on financial policies and practices. Shareholder support is reflected in the form of capital backing from members and in the record of borrowing members in meeting their debt service obligations.

Borrowed funds, together with equity, are used to fund OCR lending and investment activities as well as other general operations. Loans are generally made to developing member countries that have attained a higher level of economic development and to private and other nonsovereign borrowers. Sovereign loans are priced on a cost pass-through basis in which the cost of funding the loans plus a lending spread is passed through to the borrowers. Nonsovereign loans are priced based on market practice.

In addition to direct lending, ADB also provides guarantees to assist governments of developing member countries and nonsovereign borrowers in securing commercial funds for ADB-assisted projects. ADB experienced a strong and growing demand for guarantees as credit enhancement products.

## Basis of Financial Reporting

**Statutory Reporting.** Table 1 presents selected financial data for 2007. ADB prepares its financial statements in accordance with accounting principles generally accepted in the United States (US). ADB complies with

Financial Accounting Standards (FAS) 133, Accounting for Derivative Instruments and Hedging Activities, and its related amendments (collectively referred to as FAS 133), including FAS 155 (Accounting for Certain Hybrid Financial Instruments, an amendment to FAS 133 and 140). FAS 133 allows hedge accounting only if certain qualifying criteria are met. An assessment of those criteria indicated that most of ADB's derivative transactions are highly effective in hedging the underlying transactions and are appropriate for reducing funding costs. However, applying FAS 133 hedge criteria will not entirely reflect ADB's risk management and hedging strategies. Compliance with hedge accounting will impose undue constraints on future borrowings, loans, and hedge programs and will likely detract ADB's efforts to effectively and efficiently minimize the funding costs for its borrowing member countries. Accordingly, ADB elects not to adopt hedge accounting and reports all derivative instruments on the balance sheet at fair value while recognizing changes in the fair value of derivative instruments for the year as part of net income.

**Supplemental Reporting.** ADB manages its balance sheet by selectively using derivatives to minimize the interest rate and currency risks associated with its financial assets and liabilities. Derivative instruments are used to enhance asset/liability management of individual positions and overall portfolios, and to reduce borrowing costs. Certain financial instruments (including all derivatives, structured borrowings, and certain investments) are recorded at their fair value while loans, the majority of borrowings, and certain investments are recorded at carrying book value.

ADB uses derivatives to convert fixed rate borrowings into floating rate borrowings. These borrowing-related derivatives are considered to be equivalent to fixed rate assets; in general, the value of the derivatives decline (loss) when market interest rate increases and vice versa. These derivatives would generally economically offset the contractual obligations resulting from the debts. However, as most of these bonds are accounted for at their carrying book value, the reported values are not affected by interest rate movements. Because of the different methods used to account for the bonds and their associated derivatives, the application of FAS 133 creates volatility in the reported earnings. In addition, applying FAS 133 does not fully reflect the overall economic value of ADB's financial positions.

The adoption of FAS 155 on 1 January 2006 to a degree alleviates the volatility in the reported earnings as only certain financial instruments can be fair valued. FAS 155 allows fair value measurement for hybrid financial instruments that contain embedded features that would otherwise be required to be treated as separate derivative instruments (bifurcated) in the

**TABLE 1 Selected Financial Data**  
( 31 December, amounts in \$ million )

	Statutory Basis				
	2007	2006	2005	2004	2003
Revenue					
From Loan	1,442.3	1,210.1	1,036.3	1,038.3	1,383.3
From Investments	683.2	564.5	377.4	265.6	251.2
From Guarantees	5.1	4.1	4.1	3.5	2.3
From Other Sources	77.7	60.2	14.6	5.7	20.6
<b>Total Revenue</b>	<b>2,208.3</b>	<b>1,838.9</b>	<b>1,432.4</b>	<b>1,313.1</b>	<b>1,657.4</b>
Expenses					
Borrowings and Related Expenses	1,389.8	1,116.3	893.2	861.7	993.2
Administrative Expenses <sup>a</sup>	127.3	127.7	135.7	118.3	118.5
Technical Assistance to Member Countries	(0.7)	(1.2)	(3.4)	(2.4)	(0.4)
Provision for Losses	(0.6)	(32.5)	(3.5)	2.2	12.9
Other Expenses	4.0	3.7	4.2	3.1	3.7
<b>Total Expenses</b>	<b>1,519.8</b>	<b>1,214.0</b>	<b>1,026.2</b>	<b>982.9</b>	<b>1,127.9</b>
Net Realized Gains	22.9	80.6	16.9	59.4	87.4
Net Unrealized Gains (Losses)	53.8	(135.4)	(309.2)	41.0	(178.4)
Cumulative Effect of Change in Accounting Principle	–	–	(4.6)	–	–
Net Income	765.2	570.1	109.3	430.6	438.2
Average Earning Assets <sup>b</sup>	42,780	37,904	36,092	36,364	37,540
Annual Return on Average Earning Assets	1.79%	1.50%	0.30%	1.18%	1.17%
Return on Loans	5.00%	4.98%	4.35%	4.16%	4.56%
Return on Investments	4.68%	4.18%	2.96%	2.21%	3.74%
Cost of Borrowings	4.32%	4.81%	5.04%	3.37%	4.65%
Equity-to-Loan Ratio <sup>d</sup>	44.54%	47.51%	49.36%	51.64%	
<b>Pre-FAS 133 Basis</b>					
Net Income	711.4	705.5	415.6	389.6	616.6
Average Earning Assets <sup>b</sup>	42,757	37,859	36,076	36,306	37,524
Annual Return on Average Earning Assets <sup>c</sup>	1.66%	1.86%	1.15%	1.07%	1.64%
Return on Loans	5.14%	4.94%	4.35%	4.16%	4.56%
Return on Investments	4.72%	4.27%	2.99%	2.34%	3.13%
Cost of Borrowings	4.68%	4.31%	3.75%	3.58%	3.70%
Equity-to-Loan Ratio <sup>d</sup>	44.68%	47.72%	49.48%	50.54%	
<b>Current Value Basis</b>					
Net Income	1,159.0	544.1	93.7	562.8	1,363.3
Average Earning Assets <sup>b</sup>	43,726	39,130	37,948	39,391	40,244
Annual Return on Average Earning Assets	2.65%	1.31%	0.23%	1.47%	3.39%
Return on Loans	6.40%	2.58%	(1.18%)	4.25%	4.97%
Return on Investments	7.77%	5.48%	(1.11%)	3.51%	5.88%
Cost of Borrowings	5.32%	3.51%	(1.34%)	3.56%	2.55%
Equity-to-Loan Ratio <sup>d</sup>	45.13%	47.90%	49.72%	50.27%	

– = 0, () = negative, \$ = US dollar, % = percent.

a Net of administration expenses allocated to the Asian Development Fund and loan origination costs that are deferred.

b Composed of investments and related swaps, outstanding loans (excluding unamortized front-end fees) and related swaps, and equity investments.

c Represents net income before net unrealized gains/losses on derivatives, over average earning assets.

d Approved and established in February 2004 to measure ADB's risk-bearing capacity.



**TABLE 2 Condensed Current Value Balance Sheets as at 31 December 2007 and 31 December 2006**  
(\$ thousand)

	31 December 2007				31 December 2006	
	Statutory Basis	Reversal of FAS 133	Pre-FAS 133 Basis	Current Value Adjustments	Current Value Basis	Current Value Basis
Due from banks	\$ 108,821	\$ –	\$ 108,821	\$ –	\$ 108,821	\$ 205,418
Investments and accrued income	13,440,728	–	13,440,728	–	13,440,728	12,891,140
Securities transferred under securities lending arrangement	5,041,387	–	5,041,387	–	5,041,387	1,922,901
Securities purchased under resale arrangement	427,132	–	427,132	–	427,132	432,963
Loans outstanding and accrued interest	30,576,306	(538)	30,575,768	858,515	31,434,283	27,176,109
Provision for loan losses and unamortized net loan origination costs	27,087	–	27,087	–	27,087	(14,324)
Equity investment	808,157	–	808,157	–	808,157	655,819
Receivable from members	174,805	–	174,805	(69,778)	105,027	108,822
Receivable from swaps						
Borrowings	17,968,867	923,370	18,892,237	(923,370)	17,968,867	12,986,831
Others	512,089	27,410	539,499	(27,410)	512,089	655,151
Other assets	463,793	–	463,793	–	463,793	480,870
<b>TOTAL</b>	<b>\$ 69,549,172</b>	<b>\$ 950,242</b>	<b>\$ 70,499,414</b>	<b>\$ (162,043)</b>	<b>\$ 70,337,371</b>	<b>\$ 57,501,700</b>
Borrowings and accrued interest	\$ 31,959,300	\$ 617,924	\$ 32,577,224	\$ (553,555)	\$ 32,023,669	\$ 27,972,473
Payable for swaps						
Borrowings	16,936,964	274,601	17,211,565	(274,601)	16,936,964	12,502,403
Others	583,320	14,255	597,575	(14,255)	583,320	655,461
Payable under securities lending arrangement	5,092,316	–	5,092,316	–	5,092,316	1,954,409
Accounts payable and other liabilities	722,402	–	722,402	–	722,402	683,814
<b>Total Liabilities</b>	<b>55,294,302</b>	<b>906,780</b>	<b>56,201,082</b>	<b>(842,411)</b>	<b>55,358,671</b>	<b>43,768,560</b>
Paid-in capital	3,842,293	–	3,842,293	–	3,842,293	3,652,800
Net notional maintenance of value receivable	(661,197)	–	(661,197)	–	(661,197)	(672,899)
Ordinary reserve	9,245,332	(2,500)	9,242,832	399,622	9,642,454	9,555,260
Special reserve	202,847	–	202,847	–	202,847	197,799
Loan loss reserve	182,100	–	182,100	–	182,100	130,100
Surplus	616,300	–	616,300	–	616,300	330,117
Cumulative revaluation adjustments account	(110,959)	110,959	–	–	–	–
Net income <sup>a</sup> – 31 December 2007	760,174	(53,814)	706,360	447,543	1,153,903	–
Net income <sup>a</sup> – 31 December 2006	–	–	–	–	–	539,963
Accumulated other comprehensive income	177,980	(11,183)	166,797	(166,797)	–	–
<b>Total Equity</b>	<b>14,254,870</b>	<b>43,462</b>	<b>14,298,332</b>	<b>680,368</b>	<b>14,978,700</b>	<b>13,733,140</b>
<b>TOTAL</b>	<b>\$ 69,549,172</b>	<b>\$ 950,242</b>	<b>\$ 70,499,414</b>	<b>\$ (162,043)</b>	<b>\$ 70,337,371</b>	<b>\$ 57,501,700</b>

– = 0, ( ) = negative, \$ = US dollar.

a Net income after appropriation of guarantee fees to Special Reserve.

reported financial statements under FAS 133. As of 31 December 2007, ADB holds a small portion of hybrid financial instruments in its borrowing portfolio.

Because of the continued inconsistent accounting treatment as described above, ADB has decided to continue issuing two non-US GAAP supplemental

financial reports to better reflect its financial positions and risk management: current value and pre-FAS 133. Applications of consistent approaches on these statements allow better analysis for management information and decision making.

**TABLE 3 Condensed Current Value Income Statements for the Years Ended 31 December 2007 and 31 December 2006**  
(\$ thousand)

	31 December 2007					31 December 2006
	Statutory Basis	Reversal of FAS 133 Effects	Pre-FAS 133 Basis	Current Value Adjustments	Current Value Basis	Current Value Basis
<b>REVENUE</b>						
From loans	\$ 1,442,338	\$ –	\$ 1,442,338	\$ –	\$ 1,442,338	\$ 1,210,071
From investments	683,212	–	683,212	–	683,212	564,495
From guarantees	5,049	–	5,049	–	5,049	4,169
From other sources – net	77,732	–	77,732	–	77,732	60,204
<b>Total Revenue</b>	<b>2,208,331</b>	<b>–</b>	<b>2,208,331</b>	<b>–</b>	<b>2,208,331</b>	<b>1,838,939</b>
<b>EXPENSES</b>						
Borrowings and related expenses	1,389,778	–	1,389,778	–	1,389,778	1,116,326
Administrative expenses	127,327	–	127,327	–	127,327	127,669
Technical assistance to member countries	(683)	–	(683)	–	(683)	(1,220)
Provision for losses	(579)	–	(579)	579	–	–
Other expenses	3,998	–	3,998	–	3,998	3,767
<b>Total Expenses</b>	<b>1,519,841</b>	<b>–</b>	<b>1,519,841</b>	<b>579</b>	<b>1,520,420</b>	<b>1,246,542</b>
Net realized gains	22,905	–	22,905	–	22,905	80,614
Net unrealized gains	53,828	(53,814) <sup>a</sup>	14	–	14	8
Current value adjustments <sup>b</sup>	–	–	–	447,543	447,543	(161,402)
Provision for losses	–	–	–	579	579	32,515
<b>NET INCOME</b>	<b>\$ 765,223</b>	<b>\$ (53,814)</b>	<b>\$ 711,409</b>	<b>\$ 447,543</b>	<b>\$ 1,158,952</b>	<b>\$ 544,132</b>

– = 0, () = negative, \$ = US dollar.

a FAS 133 adjustments are reversed as the current value adjustments incorporate the effect of net unrealized gains/losses on derivatives.

b Current value adjustments include the effect of FAS 133 adjustments.

**TABLE 4 Summary of Current Value Adjustments**  
(\$ thousand)

	Balance Sheet Effects as of 31 December 2007					Income Statement Effects Year to Date	
	Loans After Swaps	Investments	Borrowings After Swaps	Other Assets	Less Prior Year Effects <sup>a</sup>	31 December 2007	31 December 2006
Total Current Value Adjustments on Balance Sheet	\$ 824,682	\$ 20,678	\$ (95,214)	\$ (69,778)	\$ (532,290)	\$ 148,078	\$ (295,567)
Unrealized Gains on Investments <sup>b</sup>						232,792 <sup>c</sup>	170,487
Accumulated Translation Adjustments						126,844 <sup>d</sup>	40,298
Pension and Post Retirement Benefit Liability Adjustments						(60,171) <sup>c</sup>	(76,620)
<b>Total Current Value Adjustments</b>						<b>\$ 447,543</b>	<b>\$ (161,402)</b>

– = 0, () = negative, \$ = US dollar.

a Prior Year Effects include cumulative current value adjustments on all financial instruments made in the prior years.

b Relates to unrealized gains/losses of investments and equity investments classified as available for sale.

c These are included in other comprehensive income under the statutory basis forming part of current value adjustments for current value reporting.

d Relates to the accumulated translation adjustments for the period and net current translation effects from FAS 133 reversals.

## Discussion and Analysis on Current Value

Table 2 presents estimates of the economic value of OCR's financial assets and liabilities taking into consideration changes in interest rates, exchange rates, and credit risks. Current value reflects the exit price

for financial instruments with liquid markets and is the estimated fair value. For financial instruments with no market quotations, current value is estimated by discounting the expected cash flows by applying the appropriate market data. The current value results may differ from the actual net realizable value in the

event of liquidation. The reversal of the effects of FAS 133 removes its impact, as these effects are part of current value adjustments (Tables 3 and 4).

## Current Value Balance Sheet

**Loans and Related Swaps.** Most loans are made to or guaranteed by ADB members. ADB does not sell its loans believing that there is no market for them. The current value of loans incorporates management's best estimate of expected cash flows including interest. Estimated cash flows from principal repayments and interest are discounted by the applicable market yield curves for ADB's funding cost plus lending spread.

The current value also includes an appropriate credit risk assessment. To recognize the risk inherent in these and other potential overdue payments, the loan value is adjusted through loan loss provisioning. ADB has never suffered a loss on sovereign loans except opportunity losses resulting from the difference between payments for interest and charges not in accordance with the loan's contractual terms.

The positive adjustment of \$0.8 billion indicates that the average interest rates on loans on an after-swap basis are higher than ADB would currently originate on similar loans.

**Investments and Related Swaps.** Under both the statutory and current value bases, investment securities and related derivatives are reported at fair values based on market quotations when available. Otherwise, the current value is calculated using market-based valuation models incorporating observable market data. The net positive adjustment of \$20.7 million resulted from unrealized gains on asset swaps due to increasing interest rates in certain markets.

**Equity Investments.** Under both statutory and current value bases, equity investments are reported at fair value when market values are readily determinable; by applying equity method for investments in limited partnership and certain limited liability companies, or for investments where ADB has the ability to exercise significant influence; or at cost less permanent impairment, if any, which represents a fair approximation of the current value.

**Receivable from Members.** These consist of promissory notes which may be restricted by member countries. The current value is based on the cash flow of the projected encashment of the promissory notes discounted using appropriate interest rates.

**Borrowings after Swaps.** The current value of these liabilities includes the fair value of the borrowings and associated financial derivative instruments, and is cal-

culated using market-based valuation models incorporating observable market data.

The \$95.2 million unfavorable current value adjustment is due to the fact that the average cost of the borrowings on an after-swap basis is higher than the market rate at which ADB can currently obtain new funding.

## Current Value Income Statement

For 2007, current value net income is \$1,158.9 million compared with pre-FAS 133 net income of \$711.4 million and statutory reported net income of \$765.2 million (Table 3).

**Current Value Adjustments.** The total current value adjustment of \$447.5 million (\$161.4 million in 2006) represents the change in the current value of all ADB financial instruments during the year. The adjustment reflects changes in interest rates, currency exchange rates, and credit risks. This comprised a net favorable adjustment of \$148.1 million from the change in the valuation of all outstanding financial instruments, \$126.8 million from translation adjustments, \$160.7 million and \$72.1 million from unrealized gains on investments, and equity investments, respectively, offset by \$60.2 million additional pension and postretirement benefit liability (Table 4).

**Impact of Changes in Interest Rates.** The net increase in the current value adjustments on the balance sheet during 2007 was \$148.1 million. It was a result of a decrease in unrealized losses in the borrowing portfolio of \$52.5 million, increase in unrealized gains for loans of \$103.7 million, offset by unfavorable results for investment and other asset swaps of \$3.2 million and \$4.9 million, respectively.

**Impact of Changes in Exchange Rates.** Translation adjustments, reported under the statutory basis as part of "accumulated other comprehensive income," are presented as current value adjustments. The general weakening of the US dollar against most of the major currencies in 2007 resulted in a positive translation adjustment of \$126.8 million compared to \$40.3 million in 2006.

## Operating Activities

In pursuing its objectives, ADB provides financial assistance through loans, technical assistance, guarantees, and equity investments to its developing member countries to help them meet their development needs. These assistance can be provided to sovereign and nonsovereign entities. ADB also actively promotes cofinancing of its development projects and programs

to complement its own assistance with funds from both official and commercial sources including export credit agencies.

**Loans.** Until 30 June 2001, ADB's three windows for loans from OCR were the pool-based multicurrency loan, the pool-based single-currency loan in US dollars, and the market-based loan. With the introduction of LIBOR-based loan on 1 July 2001, the pool-based multi-currency loan and market-based loan are no longer offered, and on 1 July 2002, the pool-based single-currency loan in US dollars was retired. Effective January 2004, the pool-based multi-currency loans were transformed into pool-based single-currency loans in Japanese yen. The LIBOR-based loan is a timely response to borrowers demand for loan products that suit project needs and effectively manage their external debt. LIBOR-based loan products give borrowers a high degree of flexibility in managing interest rate and exchange rate risks and at the same time provide low intermediation risk to ADB. Since November 2002, ADB has been offering local currency loans to nonsovereign borrowers and expanded this to the sovereign borrowers in August 2005.

**Loan Approvals, Disbursements, Repayments, and Prepayments.** In 2007, the Board of Directors approved 38 sovereign and 22 nonsovereign loans totaling \$7.3 billion and \$0.9 billion, respectively, compared with 2006 approvals of 26 sovereign and 9 nonsovereign loans totaling \$5.5 billion and \$0.6 billion, respectively. Disbursements in 2007 totaled \$5.2 billion (\$4.7 billion for sovereign loans and \$0.5 billion for nonsovereign loans) representing an increase of 18.0% from the \$4.4 billion disbursements in 2006. Regular principal repayments for the year were \$1.4 billion (\$1.3 billion in 2006) while prepayments amounted to \$0.1 billion (\$0.5 billion in 2006). In 2007, six loans were fully prepaid. As of 31 December 2007, the total loans outstanding after provision for losses and net unamortized loan origination cost amounted to \$30.3 billion, of which \$29.0 billion is for sovereign loans and \$1.3 billion is for nonsovereign loans.

In 2005, ADB established the multitranché financing facility (MFF), a debt financing facility that allows ADB to deliver financial resources for a specific program or investment in a series of separate financing tranches over a fixed period. Financing tranches may be provided as loans, guarantees, equity, or any combination of these instruments based on periodic financing requests submitted by the borrower. In 2007, seven MFFs totaling \$4.0 billion (eight MFFs totaling \$3.8 billion in 2006), were approved under OCR. Periodic financing requests under MFFs amounting to \$2.0 billion were approved in 2007 (\$931.0 million in 2006).

Starting September 2005, ADB provided lending without sovereign guarantee to entities that can be considered public sector borrowers but are structurally separate from the sovereign or central government. Such entities include state-owned enterprises, government agencies, municipalities, and local government units. In 2007, three loans to state-owned enterprises without sovereign guarantee totaling \$105.0 million were approved (two loans totaling \$150.0 million in 2006).

**Status of Loans.** One sovereign loan and four nonsovereign loans with total principal outstanding balance of \$2.3 million (\$6.1 million - 2006) and \$16.5 million (\$29.7 million - 2006) respectively, were in non-accrual status. In total they represented 0.1% of the total OCR loans outstanding. The \$13.2 million decline in nonsovereign loans is mainly attributed to the sale of two nonsovereign loans which were in non-accrual status.

**Loan Charges.** LIBOR-based loans carry a floating lending rate that consists of 6-month LIBOR and an effective contractual spread fixed over the life of the loan. The lending rate is reset every 6 months on each interest reset date and can be converted to fixed rate at borrower's request. The lending rates for pool-based single-currency loans are based on the previous semester's average cost of borrowings. Interest rates for market-based loans are either fixed or floating. The floating rates are determined based on 6-month LIBOR with reset dates of either 15 March and 15 September or 15 June and 15 December. Effective 2000, all sovereign loans without specific provisions in the loan agreements were charged with lending spread of 60 basis points over the base lending rate. In 2004, 20 basis points of the lending spread were waived on sovereign loans outstanding from 1 July 2004 to 30 June 2005 for borrowers that did not have loans in arrears. Subsequently, the policy was extended to cover the period up to June 2008. In December 2007, the Board of Directors revised the lending rates for all sovereign LIBOR-based loans negotiated on or after 1 October 2007 by reducing the effective contractual spread to 20 basis points over the base lending rate and eliminating the waiver mechanism for such loans.

ADB's variable lending rates for pool-based single-currency loans in US dollars and in Japanese yen are shown in Table 5.

For nonsovereign loans, the lending spread is determined based on market practices, which is intended to cover ADB's risk exposure to specific borrowers and projects.

ADB also charges a front-end fee of 1.0% on sovereign loans and 0.5–1.0% on nonsovereign loans to cover the administrative costs incurred in loan origination.

**TABLE 5 Lending Rates<sup>a</sup>**  
(% per annum)

	2007	2006	PSCLs
1 January	1.31	1.49	Japanese yen
	5.91	5.94	US dollar
1 July	1.69	1.46	Japanese yen
	6.34	5.86	US dollar

% = percent, PSCL = Pool-based single currency loan.

a Lending rates are set on 1 January and 1 July every year and are valid for 6 months and are represented net of 20 basis points lending spread waiver.

In 2004, the Board of Governors approved the waiver of the entire front-end fee on all new sovereign loans approved from 1 January 2004 to 30 June 2005. Subsequently, the policy was extended to cover the period up to June 2008. In December 2007, the Board of Directors approved the elimination of front-end fees for sovereign LIBOR-based loans negotiated on or after 1 October 2007.

ADB applied a progressive commitment fee of 75 basis points on undisbursed loan balances for sovereign project loans and a flat commitment fee of 75 basis points for sovereign program loans. In October 2006, as part of the enhancement of ADB's loan and debt management products, all sovereign project loans negotiated after 1 January 2007 carried a flat commitment fee of 35 basis points on the full amount of undisbursed loan balances. In April 2007, the Board also approved the waiver of 10 basis points of the commitment charge on the undisbursed balances of sovereign project loans negotiated after 1 January 2007 and 50 basis points of the commitment charge on the undisbursed balances of sovereign program loans. The waiver is applicable to all interest periods starting from 1 January 2007 up to and including 30 June 2008. In December 2007, the Board of Directors approved the reduction of the commitment charge from 75 basis points for sovereign program loans and 35 basis points for sovereign project loans to 15 basis points for both sovereign program and project loans negotiated on or after 1 October 2007, and eliminated the waiver mechanism for such loans. For nonsovereign loans, ADB charges a commitment fee of about 50–75 basis points on the full amount of undisbursed loan balances.

Rebates and surcharges are standard features of sovereign LIBOR-based loans. To maintain the principle of cost pass-through pricing, ADB returns the

**TABLE 6 Rebate Rates**  
(% per annum)

	US dollar	Japanese yen
1 January 2007	0.30	0.36
1 July 2007	0.31	0.45

% = percent.

actual sub-LIBOR funding cost margin to its LIBOR-based loans sovereign borrowers through rebates. A surcharge could arise if ADB's funding cost exceeds the 6-month LIBOR, which is a remote possibility unless ADB experiences serious credit deterioration. Rebate or surcharge rates are set on 1 January and 1 July every year and are based on the actual average funding cost margin for the preceding 6-month period. Effective 1 July 2007, rebates or surcharges are passed on to the borrowers by incorporating them into the interest rate for the succeeding interest period, rather than retroactively. Based on rebate rates, ADB returned an actual sub-LIBOR funding cost margin of \$38.1 million to its LIBOR-based loan sovereign borrowers in 2007.

**Official Cofinancing for Loans.** In 2007, \$3.6 million from the OPEC Fund for International Development was mobilized in loan cofinancing with partial administration by ADB for a loan project of \$60.0 million.

**Technical Assistance.** From 1967 to 1991, technical assistance (TA) expenses were charged to OCR and other technical assistance funding resources—the Technical Assistance Special Fund, the Japan Special Fund, and trust/grant funds. From 1992 to 2000, no TA expenses were charged to OCR. In 2001, the Board of Directors approved the financing of high-priority TA programs out of OCR current income within a rolling 4-year financing framework. The amount of financing required varies between years and is subject to the approval of the Board of Directors. In 2003, the Board reverted to the practice of allocating OCR net income to the Technical Assistance Special Fund and of financing technical assistance activities through it and other various funding resources.

**Guarantees.** ADB provides guarantees<sup>1</sup> as credit enhancements for eligible projects to cover risks that the project and its commercial cofinancing partners cannot easily absorb or manage on its own. Reducing these risks can make a significant difference in

1 ADB offers two types of guarantee products—political risk and partial credit—designed to facilitate cofinancing by mitigating risk exposure of commercial lenders and capital market investors. A political risk guarantee covers against specifically defined political risks. A partial credit guarantee provides comprehensive cover (of commercial and political risks) for a specific portion of the debt service provided by cofinanciers. These guarantees are provided only for projects in which ADB participates.



mobilizing debt funding for projects. ADB has used its guarantee instruments successfully for infrastructure projects, financial institutions, capital markets, and trade finance. These instruments generally are not recognized in the balance sheet and have off-balance sheet risks. For guarantees issued and modified after 31 December 2002 in accordance with Financial Accounting Standards Board Interpretation No. 45 (FIN 45), “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others,” ADB recognized at the inception of a guarantee the noncontingent aspect of its obligations. ADB’s total exposure on signed and effective loan guarantees is disclosed in Note F of OCR Financial Statements. In 2007, ADB provided \$376.0 million for four guarantee operations.

**Syndications.** Syndications enable ADB to mobilize cofinancing by transferring some or all of the risks associated with its loans and guarantees to other financing partners.<sup>2</sup> Syndications thus decrease and diversify the risk profile of ADB’s financing portfolio. Syndications may be on a funded or unfunded basis and may be arranged on an individual, portfolio, or any other basis consistent with industry practices. In 2007, \$425.0 million for syndications through B-loans<sup>3</sup> was provided for two projects.

**Equity Investments.** In accordance with ADB’s Charter which mandates that its nonsovereign operations promote the investment of private capital in the region for development, ADB provides assistance in the form of equity investments, in addition to loans without government guarantees, and other financing schemes. The Charter allows the use of OCR for equity investments in private enterprises up to 10% of its unimpaired paid-in capital together with reserves and surplus, exclusive of special reserves. The total equity investment portfolio for OCR for both outstanding and undisbursed approved facilities amounted to \$1,152.2 million at year-end of 2007. This represented about 78.0% of the ceiling defined by the Charter.

As of 31 December 2007, the total exposure of non-sovereign operations in equity investments amounted to about \$1.1 billion.

In 2007, 5 equity investments totaling \$79.8 million were approved compared with 13<sup>4</sup> equity investments totaling \$250.5 million<sup>4</sup> in 2006. In the same year, ADB disbursed a total of \$115.6 million in equity investments, 11.0% decrease from \$129.9 million

disbursed in 2006, and received a total amount of \$112.2 million from capital distributions and divestments, whether in full or in part, in 30 projects. The divestments were carried out in a manner consistent with good business practices, after ADB’s development role in its investments have been fulfilled, and without destabilizing the companies concerned.

## Capital and Resources

**Capital.** Total shareholders’ equity on a statutory basis increased from \$13.1 billion as of 31 December 2006 to \$14.3 billion as of 31 December 2007. This was due primarily to net income for the year of \$765.2 million; net increase in other comprehensive income of \$260.1 million (unrealized gain on investments and equity investments of \$232.8 million, favorable translation adjustments of \$86.6 million, amortization of FAS 133 adjustment of \$0.9 million, offset by additional pension/post retirement benefit obligation of \$60.2 million); the net effect of change in special drawing rights value on capital and reserves of \$159.3 million; and additional capital subscription received of \$7.4 million. These were offset by allocations to the Asian Development Fund (ADF) and the Regional Cooperation and Integration Fund, of \$40.0 million each.

In February 2007, Georgia became ADB’s 67th member, subscribing 12,081 shares. This brought the total authorized and subscribed capital to 3,546,311 shares valued at \$55,977.8 million as of 31 December 2007. Of the subscribed capital, \$3,937.1 million was paid-in and \$52,040.7 million was callable. Callable capital can be called only if required to meet ADB’s obligations incurred on borrowings or guarantees under OCR. No call has ever been made on ADB’s callable capital.

To ensure it has adequate risk-bearing capacity, ADB reviews its income outlook annually. Based on that review, the Board of Directors allocates a portion of the previous year’s net income to reserves to ensure that the level is commensurate with the income planning framework. In addition, to the extent feasible, it allocates part of the net income to support development activities in its developing member countries. In May 2007, the Board of Governors approved that the 2006 net income of \$565.9 million together with \$138.5 million transferred from the cumulative revaluation adjustments account be allocated to loan loss reserve for \$52.0 million, Surplus and Ordinary reserves for

2 Depending on whether ADB retains risk or not, there may or may not be a contingent liability to ADB.

3 A B-loan is a tranche of a direct loan nominally advanced by ADB, subject to eligible financial institutions’ taking funded risk participations within such a tranche and without recourse to ADB. It complements an A-loan funded by ADB.

4 Net of subsequent cancellations.



\$286.2 million each, and to ADF and Regional Cooperation and Integration Fund for \$40.0 million each.

In February 2004, the Board of Directors reviewed ADB's lending and borrowing limitations and approved the following policies: gross outstanding borrowings are limited to no more than the sum of callable capital from nonborrowing members, paid-in capital, and reserves (including surplus), subject to the Charter limit of 100% of callable capital; and outstanding loan commitments measured by the sum of outstanding disbursed and undisbursed loans, equity investments, and guarantees<sup>5</sup>, are limited to no more than the sum of the subscribed capital and reserves (including surplus but excluding special reserve).

In April 2007, the Board of Directors reviewed the resource position of OCR. The review followed a medium-term capital management approach within the approved financial framework, for assessing the adequacy of current and prospective lending and borrowing headrooms. The review concluded that ADB's capital position is sufficient to support projected lending operations through 2009. As of 31 December 2007, headrooms for lending and borrowings were \$15.4 billion and \$14.4 billion, respectively (compared with \$18.3 billion and \$15.9 billion, in 2006).

**Borrowings.** ADB's primary borrowing objective is to ensure availability of funds at the lowest possible cost for its operations. Thus in this respect ADB seeks to diversify its funding sources across markets, instruments, and maturities. To achieve the objective, ADB continued in 2007 a strategy of issuing liquid benchmark bonds to maintain its strong presence in key currency bond markets, and raising funds through cost-efficient, opportunistic and private placement transactions to minimize borrowing costs. In addition, ADB continued to pursue its objective of contributing to the development of regional bond markets and of providing local currency financing for ADB's projects through local currency bond issues. All proceeds from new funding transactions are invested until they are required for ADB's ordinary operations, including loan disbursements and refinancing of maturing funding obligations.

**2007 Funding Operations.** In 2007, ADB completed 94 borrowing transactions raising about \$8.9<sup>6</sup> billion in long- and medium-term funds compared with \$5.4 billion in 2006. The new borrowings were raised in 13 currencies: Australian dollar, Canadian dollar, Euro, Hong Kong dollar, Japanese yen, Kazakhstan tenge, Malaysian ringgit, Philippine peso, Pound sterling, Singapore dol-

**TABLE 7 Borrowings**  
(\$ million)

	2007	2006
<b>Long Term</b>		
Total Principal Amount	8,854.3	5,397.2
Average Maturity to First Call (years)	5.2	5.9
Average Final Maturity (years)	9.4	6.7
Number of Transactions		
Public Offerings	10	8
Private Placements	84	43
Number of Currencies (before swaps)		
Public Offerings	8	5
Private Placements	9	10
<b>Short Term<sup>a</sup></b>		
Total Principal Amount <sup>b</sup>	3,139.1	1,642.8
Number of Transactions	24	23
Number of Currencies	3	3

\$ = US dollar.

a All euro-commercial papers.

b At year-end, the outstanding principal amount was nil in 2007 and \$179 million in 2006.

**TABLE 8 Local Currency Bond Issues**

Market	Principal Amount (million)	Coupon Rate (%)	Maturity (years)
Hong Kong, China	HK\$ 1,500	4.00	5
Singapore	S\$ 250	3.27	5
Malaysia	MYR 500	4.00	10
Philippines	PHP 5,000	5.23	5

% = percent, HK\$ = Hong Kong dollar, S\$ = Singapore dollar, MYR = Malaysian ringgit, PHP = Philippine peso.

lar, South African rand, Turkish lira, and US dollar. After swaps, \$8.4 billion or 95.0% of the 2007 borrowings were in US dollar, \$0.4 billion or 4.5% were in Japanese yen and the remaining \$0.05 billion or 0.5% were in Kazakhstan tenge. The average maturity of 2007 borrowings was 5.2 years compared with 5.9 years in 2006. Of the total 2007 borrowings, \$4.0 billion was raised through 10 public offerings, and 84 private placements amounting to \$4.8 billion. In addition, ADB raised \$3.1 billion in short-term funds under its Euro commercial paper program to enhance its presence in the market and to meet temporary cash needs. Table 7 shows details of 2007 borrowings compared to borrowings in 2006.

5 ADB's financial policies require that political risk guarantee be charged against lending limitations at the nominal value of the guaranteed obligation, plus interest that will be accrued for the succeeding interest period and partial credit guarantee at the present value of the guaranteed obligation.

6 Total amount does not tally to the breakdown due to rounding of the principal amount.

FIGURE 1 Effect on Currency Composition

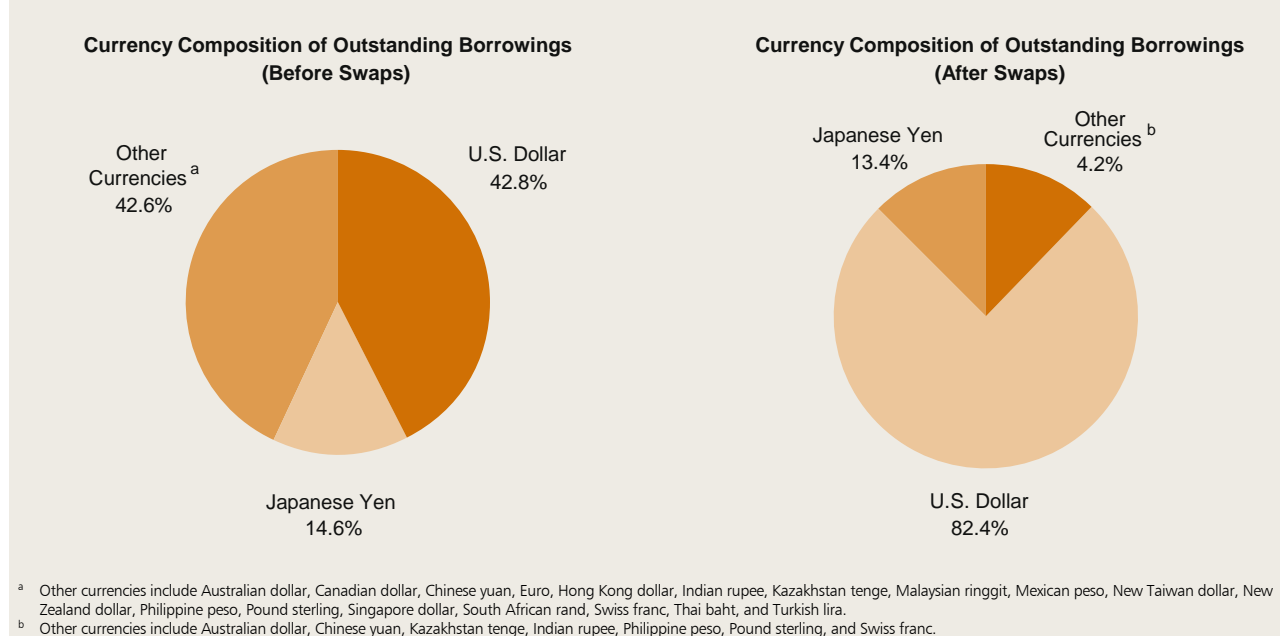
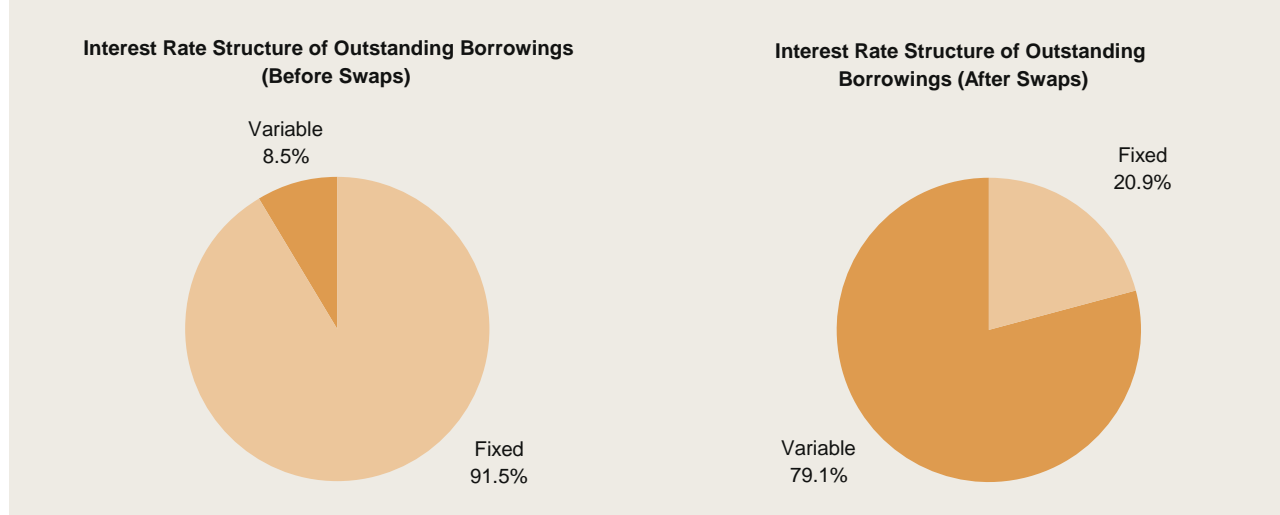


FIGURE 2 Effect on Interest Rate Structures



**Local Currency Bond Issues.** ADB's local currency bond issuances in 2007 are shown in Table 8. During the first quarter, ADB originated three local currency bond issues denominated in Hong Kong dollar, Singapore dollar, and Malaysian ringgit. The Hong Kong dollar note issue has a principal amount of HK\$1.5 billion (\$192.3 million equivalent), a coupon of 4.0% per annum and a 5-year maturity. The Singapore dollar issue has a principal amount of S\$250.0 million (\$162.5 million equivalent), a coupon of 3.3% per annum and a maturity of 5 years. Both were issued under the Asian Currency Note Programme. In February 2007, ADB returned to the bond market of Malaysia and launched its second note issue under

the 15-year MYR3.8 billion Medium Term Note Program. The issue has a principal amount of MYR500 million (\$142.9 million equivalent), a coupon of 4.0% per annum and a maturity of 10 years. Additionally, in May, ADB returned to the Philippine bond market and launched its second Philippine peso-denominated bond issue. It had a principal amount of PHP5 billion (\$108.0 million), a maturity of about 5 years, and carried a fixed rate of 5.2% per annum.

**Use of Derivatives.** ADB undertakes currency and interest rate swaps to raise, on a fully hedged basis, currencies needed for operations in a cost efficient way while maintaining its borrowing presence in major cap-

ital markets. Figures 1 and 2 show the effects of swaps on the interest rate structure and currency composition of ADB's outstanding borrowings as of 31 December 2007. Interest rate swaps are also used for asset/liability management purposes to match the liabilities to the interest rate characteristics of loans.

## Liquidity Portfolio

The liquidity portfolio helps ensure the uninterrupted availability of funds to meet loan disbursements, debt servicing, and other cash requirements. It also contributes to ADB's earning base. ADB's Investment Authority governs liquid asset investments. Its primary objective is to maintain the security and liquidity of funds invested. Subject to these two parameters, ADB seeks to maximize the total return on its investments. In compliance with its Charter, ADB does not convert currencies for investment; investments are made in the same currencies in which they are received. At present, liquid investments are held in 21 currencies.

Liquid assets are held in government and government-related debt instruments, time deposits, and other unconditional obligations of banks and financial institutions, and, to a limited extent, in corporate bonds, mortgage-backed securities, and asset-backed securities of high credit quality. They are held in four sub-portfolios—prudential liquidity, operational cash, cash cushion, and discretionary liquidity—all of which have different risk profiles and performance benchmarks. The year-end balance of the portfolios in 2007 and 2006, including receivables for securities repurchased under resale arrangements, and excluding securities transferred under securities lending arrangements and pending sales and purchases, is presented in Table 9.

The prudential liquidity portfolio is invested to ensure that the primary objective of a liquidity buffer is met. Cash inflows and outflows are minimized to maximize the total return relative to a defined level

of risk. The portfolio is funded largely by equity, and performance is measured against external benchmarks with an average duration of about 2 years. ADB revised the liquidity policy in October 2006 to bring up to date its financial and risk management policies and practices in line with ADB's business activities and initiatives and to harmonize its liquidity policy with other multilateral development banks. Under the new policy, the duration for the prudential liquidity portfolio can be extended up to 4 years for the portfolio funded by equity. The remaining part of the prudential liquidity portfolio is funded by debt and is invested to maximize the spread earned between borrowing cost and investment income on high-quality investments.

The operational cash portfolio is designed to meet net cash requirements over a 1-month horizon. It is funded by equity and invested in short-term, highly liquid money market instruments. The portfolio performance is measured against short-term external benchmarks.

The cash cushion portfolio holds the proceeds of ADB's borrowing transactions pending disbursement. It is invested in short-term instruments, and the performance is measured against short-term external benchmarks.

The discretionary liquidity portfolio is used to support medium-term funding needs and is funded by debt to provide flexibility in executing the funding program over the medium-term to permit borrowing ahead of cash flow needs and bolster ADB's access to short-term funding through continuous presence in the market.

## Contractual Obligations

In the normal course of business, ADB enters into various contractual obligations that may require future cash payments. Table 11 summarizes ADB's significant contractual cash obligations at 31 December 2007 and 2006. Long-term debt includes direct medium- and long-term borrowings excluding swaps but does not include any adjustment for unamortized premiums, discounts, or effects of applying FAS 133. Other long-

**TABLE 9 Year-End Balance of Liquidity Portfolio<sup>a</sup>**  
(\$ million)

	2007	2006
Prudential Liquidity Portfolio	9,209.3	7,763.9
Operational Cash Portfolio	395.1	587.2
Cash Cushion Portfolio	778.8	953.9
Discretionary Liquidity Portfolio	2,550.5	3,830.6
Other Portfolio	645.7	–
<b>Total</b>	<b>13,579.4</b>	<b>13,135.6</b>

– = 0, \$ = US dollar.

a The composition liquidity portfolio may shift from 1 year to another as part of ongoing liquidity management.

**TABLE 10 Return on Liquidity Portfolio**  
(%)

	Annualized Financial Return	
	2007	2006
Prudential Liquidity Portfolio	5.84	4.25
Operational Cash Portfolio	3.95	3.82
Cash Cushion Portfolio	4.67	4.21
Discretionary Liquidity Portfolio <sup>a</sup>	0.28	0.30
Other Portfolio	3.64	–

– = 0, % = percent.

a Spread over funding cost at 31 December.

**TABLE 11 Contractual Cash Obligations**  
(\$ million)

	2007	2006
Long-Term Debt	32,187.2	27,602.5
Undisbursed Loan Commitments	19,011.3	16,768.2
Undisbursed Equity Investment Commitments	344.0	391.6
Guarantee Commitments	1,460.6	1,293.7
Other Long-Term Liabilities	450.6	373.4
<b>Total</b>	<b>53,453.7</b>	<b>46,429.4</b>

\$ = US dollar.

term liabilities correspond to accrued liabilities, including pension and postretirement medical benefits.

## Financial Risk Management

In its development banking operations, ADB faces various credit, market (interest rate and foreign exchange), liquidity, and operational risks. Sovereign loans and guarantees to its developing member countries constitute the large majority of ADB's portfolio. ADB has adopted an integrated risk management framework designed to ensure that credit and other risks are appropriately identified, measured, monitored, and managed. In November 2005, ADB established the Risk Management Unit, which is independent of the business units and mandated to manage credit risk of the sovereign and nonsovereign loan and guarantee portfolios as well as market- and treasury-related risks. The unit has been implementing risk management tools and methodologies under the said framework.

**Asset and Liability Management.** The objectives of asset and liability management for ADB is to safeguard ADB's net worth and overall capital adequacy, promote steady growth in ADB's risk bearing capacity, and define sound financial policies to undertake acceptable levels of financial risks in order to provide resources for developmental lending purposes at the lowest and most stable funding cost to the borrowers along with the most reasonable lending terms, while safeguarding ADB's financial strength. The asset and liability management safeguards net worth from foreign exchange rate risks, protects net interest margin from fluctuation in interest rates, and provides sufficient liquidity to meet ADB's operations. ADB also adheres to cost pass-through pricing policy for the loans to sovereign borrowers, and allocates the most cost efficient borrowings to fund the loans. The asset and liability management objectives and practices were clarified and formalized in 2006 through the Board-approved comprehensive asset and liability management policy framework. The framework has formalized the guiding principles

for managing the financial assets and liabilities of the OCR and provided the governing framework to guide all asset and liability management-related financial policies, including liquidity, investments, equity management, and capital adequacy.

**Capital Adequacy.** ADB's capital adequacy framework adopts the equity-to-loan ratio as the key measure of ADB's available capital. The available capital should be adequate to absorb any unexpected losses from its loan and guarantee portfolios. ADB utilizes an internally developed credit risk model to estimate the unexpected loss in its loan and guarantee portfolios. In addition to that, the available capital should be able to absorb loss of loan income due to a major and protracted nonaccrual shock in the loan and guarantee portfolios while matching growth in the portfolios. Under the present policy, ADB ensures that the equity-to-loan ratio is maintained above a fixed target of 35.0%.

In determining equity-to-loan ratio, ADB's equity capital is defined as the sum of usable paid-in capital, ordinary reserve, special reserve, and surplus. At 31 December 2007, equity-to-loan ratio was 44.7% under the pre-FAS 133 basis (47.7% on 31 December 2006). The higher-than-target equity-to-loan ratio represents a strong equity capital position relative to the credit risk assumed in its loan and guarantee portfolios indicating that both net income and equity capital are adequate to sustain significant credit event.

Under its capital adequacy framework, ADB utilizes the loan loss reserve to absorb expected losses from its loan and guarantee portfolios. Hence, both expected and unexpected losses for its loans and guarantees are addressed through adequate loan loss reserve and equity-to-loan ratio. On the other hand, loan loss provisions are made against impaired loans and recognized in the net income.

**Country Credit Risks.** The capital adequacy framework also links the adequacy of net income and equity capital to the country credit risk of the sovereign loan and guarantee portfolios. A credit risk model is used to estimate expected and unexpected losses in these portfolios, incorporating borrower's default probability, loss given default, projected exposure, and default correlations. In addition, ADB stress-tests net income projections to ensure that net income is adequate to absorb the loss of loan income due to credit shocks and to support sufficient growth. To assess the creditworthiness of its developing member countries independently, ADB adopted an internal country credit risk rating system.

**Credit Risk of Nonsovereign Operations.** Aside from providing loans and guarantees to its developing member countries, ADB provides loans and guarantees to

nonsovereign entities. These entities include private sector firms, state-owned enterprises, and local governments. ADB could also make equity investments in private sector firms and state-owned enterprises. ADB's nonsovereign investments are usually not backed by government guarantees and are exposed to commercial and political risks. Currently, the nonsovereign investment portfolio is subject to an overall limit of \$5 billion. Managing and monitoring the risk are important aspects in the project cycle. ADB evaluates not only the development impact of a project but also analyzes its credit strength; financial, commercial, and technical viability; and good corporate governance. Each nonsovereign project undergoes an in-depth credit analysis and appraisal prior to approval with emphasis being given to the project's financial sustainability and ability to repay its debt. The nonsovereign operations are subject to Board-approved prudential limits in respect of exposures to a single as well as group of entities, industry sectors, and countries.

The current private sector strategy focuses on the infrastructure and financial market sectors. Nevertheless, ADB remains responsive to the changing needs of developing member countries and private investment opportunities in other sectors. The objective is to build a diversified nonsovereign portfolio in terms of both countries and sectors, while managing concentration risks by establishing appropriate limits for countries, industries, and groups of related companies.

The total amount of ADB assistance to a single project, including equity investments, loans, and guarantees, must not exceed 25% of the total project cost or \$250 million, whichever is lower. This limit ensures that exposure to a single project or obligor on net basis is limited at any time to a maximum of 5% of the targeted portfolio size of the nonsovereign portfolio.

ADB streamlined approval of private sector investment recovery operations. They generally involve negotiations for financial restructuring, foreclosure, or other remedies, including liquidation. Restructuring is undertaken only when it is expected to improve ADB's prospects for recovery. If the financial condition of the entity has deteriorated beyond recovery, ADB may have to proceed with liquidation or other legally permissible forms of recovery.

**Issuer and Counterparty Credit Risks.** Treasury-related transactions also give rise to credit risk, or the risk of loss if an issuer or counterparty does not honor its financial obligations to ADB.

To control issuer and counterparty credit risk, ADB has established stringent eligibility criteria that impose minimum credit ratings provided by at least two reputable international credit rating agencies on its investments, and require that such investments be

placed with approved issuers or counterparties that meet required credit criteria. Furthermore, ADB has set single-issuer limits to its corporate investments, maximum credit exposure to its depository banks, and other limits for controlling exposure to varied asset classes.

To mitigate counterparty credit risk arising from derivative transactions, ADB has strict counterparty eligibility criteria. In general, ADB will undertake swap transactions with counterparties that have met the required minimum counterparty credit rating, executed an International Swaps and Derivatives Association Master Agreement, and signed a credit support annex. Under the credit support annex arrangements, derivatives' positions of ADB are marked-to-market daily, while collateral calls, transfers, and adjustments with counterparties are made in coordination with an external collateral manager. ADB also sets exposure limits on individual swap counterparties based on their credit ratings and equity, and daily monitors current and potential counterparty exposure against the limits.

**Market Risks.** ADB manages the market risk of its liquid asset investments by adopting investment policy guidelines which allow for investments only in government and government-related debt instruments, time deposits, and other unconditional obligations of banks and financial institutions, and to a limited extent in corporate bonds, mortgage-backed securities, and asset-backed securities of high credit quality. The principal source of investment risk arises from income volatility due to interest rate movements. ADB monitors and manages interest rate risks by employing various quantitative methods. All positions are marked-to-market, and risk-sensitive measures, including potential exposure, are calculated and compared to internally established risk limits. On the other hand, ADB mitigates the market risks associated with its loan portfolio by employing derivatives to closely match the characteristics of such loans with those of borrowings.

ADB manages its currency risk to ensure that exchange risk sensitivity is mitigated to minimize volatility in the equity-to-loan ratio as the measure of equity capital adequacy and risk-bearing capacity. This can be achieved by matching the currency of its liabilities and investments with the currency of its loans and equity, thus, ensuring that fluctuations in exchange rates would have similar effects on both, and periodically aligning the currency composition of its balance sheet. ADB measures such foreign exchange translation risk in its liquidity investment portfolio by setting an aggregate value-at-risk limit at 7% as maximum tolerance for bearing both the interest and foreign exchange translation risks.

ADB manages its market risks by employing market standard risk parameters and assumptions in the valua-



tion and risk analysis of its treasury activities, enhanced performance measurements and attribution methodologies and systems for its investment portfolios, supplementary risk management tools such as stress testing and scenario analysis, and a computer system that values both plain vanilla as well as highly structured borrowings and their related swap transactions.

ADB engages external asset managers to invest in mortgage-backed securities and asset-backed securities with minimum ratings of AAA and in corporate bonds with minimum rating of A, totaling \$1.3 billion. ADB determined, through its due diligence and review, that \$117.0 million of these asset-backed securities invested in tranches of securitized home equity loans could be considered as sub-prime related holdings. ADB's assessment indicated that the current sub-prime credit crisis had minimal impact to the overall portfolio value through this particular investment. On an aggregate basis, ADB's investments have increased in value due to the declining US dollar yield and flight to quality. ADB utilizes a custodian to provide the valuation of the externally managed investments and appropriate diligence revealed that the custodian adopted market acceptable practice by obtaining valuation from various independent pricing service providers including broker's quotation.

**Liquidity Risks.** The objective of ADB's liquidity policy is to ensure the availability of sufficient cash flows to meet all financial and operational commitments despite uncertain conditions in the capital markets. The policy establishes minimum levels of liquidity to maintain expected operation, even if access to capital markets is temporarily denied. ADB's liquidity requirements are primarily determined by expected lending volumes and disbursements, redemption of current borrowings, repayments and prepayments of loans, and cash from net income. The policy defines ADB's annual net cash requirement to meet large contractual obligations for loan disbursements and debt redemption.

In addition, ADB can raise discretionary liquidity, funded entirely by borrowings, to provide flexibility in the funding and debt redemption schedule over time. The transition to the new liquidity policy, which may result in a higher level of prudential minimum liquidity level, will be managed carefully to avoid an unnecessary surge in borrowing needs or negative implications on the financial ratios. Levels of liquidity and net cash requirement are monitored on an ongoing basis and reviewed by the Board of Directors quarterly.

**Operational Risks.** Operational risk represents the potential for loss resulting from inadequate or failed internal processes or systems, human factors, or exter-

nal events including business disruptions and system failure, transaction processing failures, and failure in execution of legal, fiduciary, and agency responsibilities. ADB is exposed to many types of operational risks, which are mitigated by maintaining a sound system of internal controls and processes. In addition, ADB has a rigorous process for approving transactions that requires reviews and authorization by all relevant parties to ensure that all transactions are properly approved, documented, monitored, and controlled. ADB has put in place a strategy to strengthen the business continuity plan to reduce the impact of disruption affecting business processes.

## Summary of Financial Performance

**Net Income.** Net income before net unrealized gains was \$711.4 million, compared with \$705.5 million in 2006. The slight increase of \$5.9 million (0.8%) was predominantly due to the following:

- \$236.7 million increase in net loan income, mostly associated with increase in interest income and other loan charges resulting from higher interest rates and average outstanding loan portfolio (\$28.1 billion - 2007; \$24.3 billion - 2006);
- \$107.3 million increase in investment income resulting mainly from increase in average investment portfolio (\$14.4 billion - 2007; \$13.4 billion - 2006), due to higher liquidity requirement to meet projected loan disbursements, as well as relatively higher interest rates in most invested currencies (for the US dollar, there is a time lag for interest to adjust, thus on average, US dollar rate of return is comparatively higher in 2007);
- \$0.3 million decrease in net administrative expenses, associated with \$5.6 million increase in deferred loan origination costs related to new loans and guarantees, offset by \$3.8 million decrease in expenses charged to ADF, caused by lesser operational activities for ADF compared to OCR; and \$1.5 million increase in overall administrative expenses of ADB;
- \$282.5 million increase in borrowings and related expenses, including \$9.0 million increase in realized losses on purchase/redemption of bonds, due to the increase in the borrowing portfolio and higher interest rates;
- \$25.5 million net increase in provision for loan losses mainly attributed to the release of provisions in 2006 resulting from the change in provisioning methodology for nonsovereign operations;
- \$17.9 million decrease in income from equity investments resulting mainly from \$35.3 mil-



lion decrease in net realized gains on disposal of equity investments, offset by \$15.5 million increase in proportionate gains on equity investments accounted for under equity method; and \$2.0 million increase in dividend income for the year.

**Net Unrealized Gains and Losses on Derivatives, as required by FAS 133 and 155.** ADB posted net unrealized gains on derivatives, which are used for hedging transactions, of \$57.5 million, compared to net unrealized losses of \$138.5 million in 2006, due primarily to significant downward shift of the US dollar yield curve at 2007 year-end, especially in the short to medium term, and the strengthening of most major currencies against the US dollar, compared to last year. The effect of declining interest rates coupled with continued weakening of the US dollar during the period had a net effect of increasing the borrowing related derivatives value, i.e., swaps. The impact was largely felt on the nonstructured debts and their related derivatives, as the asset portion of the swaps are designed to behave as long-term fixed assets denominated in the hedged-borrowings original currencies. The liability portion of the swaps would behave similar to long-term US dollar LIBOR-based liabilities. Because of the asymmetrical accounting treatment between the nonstructured debts and their swaps, the net unrealized gains on the swaps were not offset by the increase in the value of the nonstructured debts, which are not fair valued but recorded at their carrying book value. A fair valuation of the nonstructured debts would have offset some of the unrealized gains on the swaps. In addition, the declining interest rate environment would have increased the value of the debts, mainly fixed rate US dollar bonds, which do not have any derivatives transactions attached to them.

The appreciation of certain currencies against the US dollar in 2007 specifically the Japanese yen also affected the structured debt (hybrid instruments) portfolios to a certain extent. The increase in value of the underlying debts outweighed the increase in the value of the embedded derivatives, which are highly sensitive to the expected foreign exchange rates movements. On an after-swap basis, the change in fair value of the structured debts led to an unrealized loss of \$5.3 million for the year ended 31 December 2007, as required by FAS 155. The unrealized losses were due mainly to movements of foreign exchanges and interest rates. As the hybrid instruments are fully hedged, however, the swaps would economically offset any foreign exchange and interest rate risks of the instruments (*Note M of OCR Financial Statements*).

## Critical Accounting Policies and Estimates

Significant accounting policies are contained in Note B of OCR's financial statements. As disclosed in the financial statements, Management estimates the fair value of financial instruments. Estimates by their nature are based on judgment and available information; therefore, actual results may differ and might have a material impact on the financial statements.

**Fair Value of Financial Instruments.** Under statutory reporting, ADB carries its financial instruments and derivatives, as defined by FAS 133 and its related amendments, including FAS 155, on a fair value basis. These financial instruments include embedded derivatives that are valued and accounted for in the balance sheet as a whole. Fair values are usually based on quoted market prices. If market prices are not readily available, fair values are usually determined using market-based pricing models incorporating readily observable market data and require judgment and estimates.

The pricing models used for determining fair values of ADB's financial instruments are based on discounted expected cash flows using observable market data. ADB reviews the pricing models to assess the appropriateness of assumptions to reasonably reflect the valuation of the financial instruments. In addition, the fair values derived from the models are subject to ongoing internal and external verification and review. The models use market-sourced inputs such as interest rates, exchange rates, and option volatilities. Selection of these inputs may involve some judgment and may impact net income. ADB believes that the estimates of fair values are reasonable given existing controls and processes.

In September 2006 and February 2007, the Financial Accounting Standards Board (FASB) issued FAS 157, Fair Value Measurements, and FAS 159, Fair Value Option for Financial Assets and Financial Liabilities, respectively. FAS 157 emphasizes the definition and methods for measuring fair value, and expands disclosure requirements for financial reporting purposes, while FAS 159 expands the scope of financial instruments that may be carried at fair value. These are discussed in more detail in Note B of OCR's financial statements. These statements will be effective for financial statements to be issued after 31 December 2007.

**Provision for Loan Losses.** Provision against loan losses for impaired loans reflects management's judgment and estimate of the present value of expected future cash flows discounted at the loan's effective

interest rate. ADB considers a loan impaired when, based on current information and events, it is probable that ADB will be unable to collect all the amounts due according to the loan's contractual terms.

In 2006, the Board approved the revision of the loan loss provisioning methodology for ADB's nonsovereign operations to a risk-based model. The assessment applies the concept of expected loss to establish loss provision and loss reserve, similar to the concept applied to ADB's sovereign operations approved in 2004. The provisioning estimate is performed by the Risk Management Unit on a quarterly basis.

In the revised methodology, ADB uses an internal risk rating system to estimate the probability of default based on its past loan loss experience and various tools available in the market. Loans that are considered impaired based on the probability of default are provisioned through the income statement. Those that are not impaired will be provisioned through the establishment of a loss reserve in the equity section as an allocation of net income subject to the approval of the Board of Governors.

At 31 December 2007, provision for loan losses was \$15.0 million (\$28.3 million - 2006), the reduction resulting mainly from the sale of two nonsovereign loans which were previously provisioned.

## SPECIAL FUNDS

ADB is authorized by its Charter to establish and administer special funds. These are the Asian Development Fund (ADF), Technical Assistance Special Fund, Japan Special Fund, ADB Institute Special Fund, the Asian Tsunami Fund, the Pakistan Earthquake Fund, and the Regional Cooperation and Integration Fund. Financial statements for each fund are prepared in accordance with generally accepted accounting principles except for ADF's which are special purpose financial statements prepared in accordance with ADF Regulations.

### Asian Development Fund

The ADF is ADB's concessional financing window for developing member countries with low per capita gross national product and limited debt repayment capacity. It is the only multilateral source of concessional assistance dedicated exclusively to reducing poverty and to improving the quality of life in Asia and the Pacific. Thirty-one donor members (regional and nonregional) have contributed to the fund. Cofinancing with bilateral and multilateral development partners complement ADB's ADF resources.

**TABLE 12 ADF Commitment Authority<sup>a</sup>**  
31 December 2007 and 2006  
(\$ million)

	2007	2006
Carryover from ADF VIII <sup>b</sup>	126.9	120.9
ADF IX Contributions <sup>c</sup>	2,144.4	1,292.9
ADF VIII Contributions	164.6	157.8
OCR Net Income Transfer	120.0	80.0
Loans Savings and Cancellation	890.8	316.5
Expanded Advance Commitment Authority	2,979.7	1,893.2
Provision for Disbursement Risk <sup>d</sup>	(157.9)	(120.1)
Total ADF IX Commitment Authority	6,268.5	3,741.4
Loans and Grants Committed	(5,833.1)	(3,240.3)
<b>ADF Commitment Authority Available for Future Commitments</b>	<b>435.4</b>	<b>501.1</b>

( ) = negative, \$ = US dollar.

a The schedule reflects cumulative commitment authority for ADF IX.

b The US dollar equivalent of SDR 80.39 million at each year-end exchange rates.

c Contributions received to finance forgone interest of grants are excluded as they have been incorporated as cash inflows in the computation of Expanded Advance Commitment Authority.

d Applies to contribution and net income transfer received prior to the adoption of the new ADF Financial Framework in December 2007.

Note: Totals may not add due to rounding.

**Contributed Resources.** During the eighth replenishment of the ADF (ADF IX), donors recommended a replenishment of \$7.0 billion, consisting of \$3.3 billion in new contributions from donors and \$3.7 billion from internal resources based on the exchange rate specified in the Resolution of the Board of Governors. ADF IX, which covers the 4-year period from 2005 to 2008, became effective in April 2005 after instruments of contribution deposited with ADB for unqualified contribution exceeded 50% of all pledged contributions. As of 31 December 2007, 28 donors have submitted their Instruments of Contribution to ADF IX totaling \$3.5 billion including Ireland's contribution of \$34.0 million. Total deposited installment payments amounting to \$2.5 billion include \$2.1 billion for ADF operations, \$0.2 billion for Technical Assistance Special Fund, and \$0.1 billion for financing forgone interest of grants. The remaining unpaid contributions under ADF VIII as of 31 December 2007 amounted to \$171.9<sup>7</sup> million. *(For details of amounts released for operational commitment in 2007, see the column labeled "Addition" in Statistical Annex 23).*

In May 2007, the Board of Governors approved the transfer of \$40.0 million to ADF as part of OCR's net income allocation (\$40.0 million — 2006). In addition, a total of \$890.8 million from loan savings and cancellations have been included in the commitment authority.

<sup>7</sup> US dollar equivalent at 31 December 2007 exchange rates.

This resulted from management's continuous assessment of opportunities for freeing committed resources through cancellations of unused loan balances. During 2007, promissory notes totaling \$882.0 million have been encashed, \$53.2 million of which was transferred to the Technical Assistance Special Fund.

**Financial Framework.** In December 2007, the Board of Directors approved a new ADF financial framework which aims to enhance the long-term financial capacity of ADF and improve prudential financial management practices. The new framework establishes tranching of liquidity to improve the liquidity management and prudential minimum liquidity level ADF should maintain. The new framework allows ADF to have a higher and more stable commitment authority for future replenishments and ensure that liquidity is managed in a transparent and efficient manner.

**Currency Management.** Effective 1 January 2006, the new currency management framework for ADF, which was approved by the Board of Directors in October 2005, was implemented. Under this new framework, the practice of managing ADF resources in as many as 15 currencies was discontinued, and an approach based on special drawing rights (SDR) basket of currencies was introduced. ADF donor contributions and loan reflows received in currencies that do not constitute SDR are immediately converted into one of SDR currencies to maintain SDR-based liquidity portfolio. In addition, the borrower's obligations for new ADF loans are now determined in SDR.

**Loan Conversion.** In July 2007, as an application of the Board-approved new currency management framework, ADB offered a full-fledged special drawing rights (SDR) approach to ADF legacy loans by providing ADF borrowers the option to convert their existing liability (i.e., disbursed and outstanding loan balance) in various currencies into SDR, while the undisbursed portions will be treated as new loans. The conversion will shorten the time horizon to achieve the full benefits, reduce exchange rate volatility associated with legacy ADF loans, and provide a consistent debt portfolio management framework across peer multilateral banks and all ADF loans. The conversion was made available beginning 1 January 2008.

**Revised Framework for Grants and Hard-Term Facility.** In September 2007, the Board of Directors approved the revised ADF grant framework which limits grants eligibility to ADF-only countries and introduced a

new hard-term ADF lending facility. The facility will have a fixed interest rate of 150 basis points below the weighted average of the 10-year fixed swap rates of the special drawing rights component currencies plus the OCR lending spread, or the current ADF rate, whichever is higher. Other terms are similar to those of regular ADF loans. In general, blend countries with per capita income not exceeding the International Development Association operational cutoff for more than 2 consecutive years and an active ordinary capital resources lending program are eligible to borrow from this new facility. The interest rate will be reset every January through a Board information paper. The rate will apply to all hard-term loans approved that year and will be fixed for the life of the loan. For hard-term ADF loans approved in 2007, the interest rate was set at 3.85%. No loans were approved under this new facility in 2007.

**Loan Approvals, Disbursements, and Repayments.** In 2007, 36 ADF loans totaling \$1.9 billion were approved compared with 45 loans totaling \$1.3 billion in 2006. Disbursements during 2007 totaled \$1.6 billion, an increase of 20.9% from \$1.3 billion in 2006. At the end of the year, cumulative disbursements from ADF resources were \$25.1 billion. Loan repayments during the year amounted to \$586.4 million. At year-end, outstanding ADF loans amounted to \$24.0 billion.

**Status of Loans.** At the end of the year, 28 sovereign loans to Myanmar (\$488.9 million) were in non-accrual status representing about 2.0% of the total outstanding ADF loans.

**Investment Portfolio Position.** The ADF investment portfolio<sup>8</sup> amounted to \$7.0 billion at 31 December 2007 compared with \$6.4 billion in 2006. About 88.0% of the portfolio was invested in bank deposits and 12.0% was invested in fixed income securities. The annualized rate of return on ADF investments in 2007 and 2006 was 4.7% and 4.0%, respectively. At the end of 2007, ADF investments were denominated in six currencies, 98.3% of which were in special drawing rights currencies—US dollar (USD), Japanese yen (JPY), euro (EUR), and pound sterling (GBP).

**Grants.** With the introduction of grant financing in ADF IX, 24 grants (16 – 2006) were approved in 2007 totaling \$519.3 million (\$274.9 million – 2006), while 17 grants (22 – 2006) totaling \$377.8 million (\$346.5 million – 2006) became effective.

8. Includes securities purchased under resale arrangement.

**Cofinancing for Loans and Grants.** In 2007, \$82.0 million was mobilized in official loan cofinancing for four loan projects totaling \$186.1 million and \$34.9 million for three grant projects totaling \$92.4 million.

**Heavily Indebted Poor Countries (HIPC) Debt Relief.** ADF donors requested ADB's participation in the HIPC debt relief. In line with this, Management proposed to the Board of Directors the "Policy for Providing Heavily Indebted Poor Countries (HIPC) Relief from Asian Development Fund Debt and Proposed Debt Relief to Afghanistan" which will be considered in March 2008. In this paper Management recommends to the Board of Directors the submission of a resolution to the Board of Governors for ADB to participate in the HIPC debt relief, and to provide Afghanistan with debt relief upon the adoption of the resolution by the Board of Governors.

The HIPC Initiative was launched in 1996 by the International Development Association and International Monetary Fund (IMF) to reduce the excessive debt burden faced by the world's poorest countries. A "sunset clause" was stipulated to prevent the HIPC debt relief from becoming a permanent facility, minimize moral hazard and encourage early adoption of reform programs. This has been extended several times with the latest "sunset clause" being end-2006 with a "ring-fence" of its application to countries satisfying the income and indebtedness criteria using end-2004 data. Thus far, Afghanistan is the only ADF borrower that has qualified for HIPC debt relief. The estimated principal amount of Afghanistan's ADF debt to be forgiven is \$81.5 million.<sup>9</sup> While other ADF borrowers have met the HIPC indebtedness criteria, it is not possible to currently estimate whether these countries will qualify for HIPC debt relief.

Under the policy, upon approval of debt relief for a country by the Board of Directors, the principal component of the estimated debt relief costs will be recorded as a reduction of the disbursed and outstanding loans on a provisional basis and charged against ADF income. The IDA and IMF Boards will decide when a country has satisfied the conditions for reaching the completion point. Upon reaching the completion point the debt relief will become irrevocable. The accumulated provision for HIPC debt relief will be reduced when debt relief is provided on the loan service payment date.

## Technical Assistance Special Fund

**Review of Activities.** With the effectivity of ADF IX and the third regularized replenishment of Technical Assistance Special Fund, contributions of \$212.6 million from 27 donors have been committed and \$148.7

**TABLE 13 Technical Assistance Special Fund  
Cumulative Resources**  
(\$ million)

	2007	2006
Regularized Replenishment		
Contributions	425.7	425.7
Allocations from OCR Net Income	683.0	683.0
Direct Voluntary Contributions	88.8	88.8
Income from Investment and Other Sources	167.3	152.9
Transfers from the TASF to the ADF	(3.5)	(3.5)
<b>Total</b>	<b>1,361.3</b>	<b>1,346.9</b>

( ) = negative, \$ = US dollar.

ADF = Asian Development Fund, OCR = Ordinary Capital Resources, TASF = Technical Assistance Special Fund.

million have been received. In addition, India made a wholly untied direct voluntary contribution amounting to Rs2.25 million (\$50,000 equivalent). At the end of 2007, total Technical Assistance Special Fund resources amounted to \$1,361.3 million, of which \$1,168.2 million was committed (Statistical Annex 24).

**Operations and Resource Position.** Technical assistance (TA) commitments (approved and effective) declined from \$91.8 million in 2006 to \$77.5 million in 2007 for 107 TA projects that were made effective during the year, net of \$11.9 million (\$9.4 million – 2006) write back of undisbursed commitments for completed and cancelled TA projects. Income from investments increased from \$11.8 million in 2006 to \$14.2 million in 2007 because of higher yields in some capital markets. In addition, foreign exchange gains also increased by \$28.3 million, from \$7.4 million in 2006 to \$35.7 million in 2007, due to the appreciation of most currencies against the US dollar. The uncommitted balance available for future commitments decreased from \$220.5 million in 2006 to \$193.1 million in 2007. Technical Assistance Special Fund financed 41.6% of all TA activities approved in 2007.

At the end of the year, Technical Assistance Special Fund investments stood at \$295.1 million, up by 7.1% from 2006. Other assets—due from banks and contributors, advances to consultants, and others—totaled \$81.8 million.

## Japan Special Fund

**Review of Activities.** The technical assistance (TA) grants financed by Japan Special Fund continued to support ADB operations aimed at reducing poverty. In January 2007, Japan contributed ¥3.3 billion (\$27.7

9 Based on the disbursed and outstanding debt as of 20 March 2006, converted to US dollar using the exchange rate as of end of March 2006.



**TABLE 14 Japan Special Fund  
Technical Assistance by Sector, 2007<sup>a</sup>**

	\$ Million <sup>b</sup>	%
Transport and Communications	10.4	24
Law, Economic Management, and Public Policy	8.6	20
Energy	8.3	19
Water Supply, Sanitation, and Waste Management	3.4	8
Agriculture and Natural Resources	3.4	8
Multisector	3.3	8
Finance	2.6	6
Education	1.8	4
Health, Nutrition, and Social Protection	1.3	3
<b>Total</b>	<b>43.1</b>	<b>100</b>

% = percent, \$ = US dollar.

a Includes approved but not yet effective.

b Totals may not add due to rounding.

million equivalent) as a regular contribution. As of 31 December 2007, Japan's cumulative contribution to the fund since its inception in 1988 amounted to ¥111.0 billion (about \$956.4 million equivalent) comprising regular contributions of ¥92.9 billion (\$805.6 million equivalent) and supplementary contributions of ¥18.1 billion (\$150.8 million equivalent). In 2007, ADB approved 55 TA projects financed by the Japan Special Fund totaling \$43.1 million inclusive of those that were approved but not yet effective (Table 14). The uncommitted balance including approved technical assistance not yet effective as of 31 December 2007 was \$103.8 million.

**Sector Activities.** In 2007, the Japan Special Fund financed 18.0% of the total amount of technical assistance that ADB approved, including 52.0% of the total amount of project preparatory technical assistance during the year. Table 14 illustrates the breakdown of Japan Special Fund approvals by sector.

### ADB Institute Special Fund

The costs for operating the ADB Institute are met from the ADB Institute Special Fund which is administered by ADB in accordance with the Statute of ADB Institute. In 2007, Japan committed its 12th contribution in the amount of ¥1.32 billion (\$11.7 million equivalent) which was reported as Due from Contributors.

As of 31 December 2007, cumulative contributions committed amounted to ¥15.8 billion (about \$133.0 million equivalent) excluding translation adjustments. Of the total contributions received, \$114.8 million had been used by the end of the year mainly for research and capacity-building activities including organizing

symposia, forums, and trainings; preparing research reports, publications, and websites; and for associated administrative expenses. The balance of net current assets (excluding property, furniture, and equipment) available for future projects and programs was about \$18.2 million.

### Asian Tsunami Fund

The Asian Tsunami Fund was established on 11 February 2005 in response to the special circumstances surrounding the developing member countries that were stricken by the effects of the tsunami on 26 December 2004. ADB contributed \$600.0 million to the fund, of which, \$50.0 million unutilized funds were transferred back to OCR (\$40.0 million in November 2005 and \$10.0 million in June 2006). In addition, Australia and Luxembourg contributed \$3.8 million and \$1.0 million, respectively.

**Review of Activities.** No technical assistance/grants were approved or made effective during the year. As of 31 December 2007, the uncommitted resources of the fund amounted to \$40.0 million, an increase of \$20.5 million from 2006 which is mainly from investments income.

### Pakistan Earthquake Fund

The Pakistan Earthquake Fund was established in November 2005 in response to the special needs of Pakistan subsequent to the earthquake on 8 October 2005. The dedicated fund is to deliver emergency grant financing for investment projects and technical assistance to support immediate reconstruction, rehabilitation, and associated development activities. ADB contributed \$80.0 million to the fund. In addition, Australia, Belgium, Finland, and Norway committed \$15.0 million, \$9.1 million, \$12.3 million and \$15.0 million, respectively.

The contributions of Belgium and Norway were in the form of debt-for-development swap agreements. The agreements involved the conversion of Pakistan's loan service payments to the two countries for their loans to Pakistan of up to €9.9 million and \$20.0 million, respectively, into Belgium's and Norway's contributions to the Pakistan Earthquake Fund. Belgium's contributions will be made in three equal installments of €3.3 million from 2007 to 2008, while Norway's contributions will be undertaken in four equal installments of \$5.0 million in 2006–2008. As of 31 December 2007, the amounts of €6.6 million and \$15.0 million have been received from Belgium and Norway, respectively. These form part of the Contributed Resources of Pakistan Earthquake Fund. The remaining commitments are expected to be received in the next 5 months.

**Review of Activities.** In 2007, one technical assistance and one supplementary grant amounting to \$2.0 million and \$30.0 million, respectively, were approved and became effective. As of 31 December 2007, total amount committed exceeded cumulative resources by \$3.5 million. This is expected to be covered by the additional resources from Norway and Belgium, as detailed above.

## Regional Cooperation and Integration Fund

The Regional Cooperation and Integration Fund was established in February 2007 in response to the increasing demand for regional cooperation and integration activities among ADB's member countries in Asia and the Pacific. Its main objective is to improve regional cooperation and integration (RCI) in Asia and the Pacific by facilitating the pooling and provision of additional financial and knowledge resources to support RCI activities. ADB contributed \$40.0 million to the fund as part of the 2006 OCR net income allocation.

**Review of Activities.** In 2007, four technical assistance (TA) and one supplementary TA totaling \$7.4 million became effective. Total resources of the fund as of 31 December 2007 amounted to \$41.2 million, leaving an uncommitted balance of \$33.8 million.

## TRUST FUNDS MANAGED BY ADB

In addition to OCR and the Special Funds, ADB also manages and administers the Japan Scholarship Program, Japan Fund for Poverty Reduction, Japan Fund for Information and Communication Technology, Japan Fund for Public Policy Training, and trust funds provided by bilateral donors through channel financing arrangements and financing partnership facilities to support technical assistance and soft components of loans. These funds do not form part of ADB's own resources.

### Japan Scholarship Program

The Japan Scholarship Program was established in 1988 to provide an opportunity for well-qualified citizens of developing member countries to undertake postgraduate studies in economics, management, science and technology, and other development-related fields at selected educational institutions in Asia and the Pacific. The Japan Scholarship Program is funded by Japan and administered by ADB. Currently, 20 institutions in 10 countries participate.

Between 1988 and 2007, Japan contributed \$92.6 million. A total of 2,235 scholarships have been awarded to recipients from 35 members. Recently, an average of about 150 scholarships has been awarded

each year. Of the total, 1,890 have completed their courses. Women have received 752 scholarships. ([www.adb.org/JSP](http://www.adb.org/JSP))

### Japan Fund for Poverty Reduction

The Japan Fund for Poverty Reduction was established in May 2000 as a trust fund to support poverty reduction and social development activities that can add substantial value to ADB projects. Since 2000, Japan has contributed \$360.4 million in total. To date, \$266.3 million for 103 projects has been approved, of which 13 projects valued at \$22.0 million were approved in 2007 ([www.adb.org/JFPR](http://www.adb.org/JFPR); Statistical Annex 27). A number of projects have been completed, and these have been the subject of knowledge-sharing sessions organized by ADB. A special evaluation study on JFPR was conducted in 2007 and the report may be downloaded from [www.adb.org/evaluation](http://www.adb.org/evaluation).

## GRANT COFINANCING ACTIVITIES

Official grant cofinancing plays a vital role in ADB operations, particularly in view of the continuing constraints on Technical Assistance Special Fund and ADF resources. These grant funds finance mostly soft components of loan projects and support technical assistance. Most grants are provided by bilateral donors under channel financing arrangements and financing partnership facilities with multidonors including instruments of contributions (Table 15). ADB acts as administrator of the funds and applies its own guidelines and procedures in recruiting consultants, making disbursements, and supervising projects.

Efforts continued to mobilize grant funds not only from official sources but also from private sector entities. Funds mobilized from private sector entities mostly cofinanced regional technical assistance (TA) projects in the environment sector. In 2007, a total of \$191.1 million in grants was mobilized comprising \$101.4 million for 10 investment projects and \$89.7 million in TA for 60 projects.

### Channel Financing Arrangements

Under a channel financing arrangement, the donor enters into a comprehensive agreement with ADB whereby the donor provides an untied grant fund to be administered by ADB, but the fund does not become part of ADB's own resources. The donor indicates its preferred sectors and recipient countries. ADB regularly provides a list and description of proposed technical assistance projects that satisfy the donor's preferences, and they agree on the specific activities to be financed. Funds provided under a channel financ-



ing arrangement are usually transferred to an interest-bearing account and may also be invested by ADB pending disbursement. Donors are provided with regular financial statements and progress reports on the use of the funds. ADB is responsible for project preparation, processing, and administration. Channel financing arrangements may be replenished with additional funds at the donor's discretion.

The primary advantage of channel financing arrangements is that funding for several individual technical assistance projects may be provided under a single agreement. Accordingly, they minimize the need for detailed negotiations on a case-by-case basis and foster administrative efficiency. The first channel financing arrangement was negotiated in 1980. Since then, ADB has entered into channel financing arrangements with the following bilateral development partners: Australia, Belgium, Canada, Denmark, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, People's Republic of China, Republic of Korea, Spain, Sweden, Switzerland, and United Kingdom.

In 2007, Spain and Luxembourg made an additional contribution of \$2.6 million and \$0.2 million, respectively, while Finland channeled an additional \$1.0 million for the Tonle Sap Initiative in Cambodia.

In addition to the traditional type of channel financing arrangement which may be used for several sectors, thematic channel financing arrangements with bilateral agencies have increased sharply in recent years in such areas as renewable energy, climate change, poverty reduction, governance, water, gender and development, and poverty and environment. Several thematic channel financing arrangements have been packaged as umbrella facilities to allow more than one donor to contribute. In addition, replenishments were made to the Governance (\$1.2 million from Ireland and \$0.9 million from Norway) and Gender and Development Cooperation Funds (\$1.5 million from Canada and \$1.0 million from Ireland).

### Financing Partnership Facilities

Financing partnership facilities have been established to expand the scope of partnership between ADB and its financial partners. Instruments of contribution to be

executed by donors contributing to certain multi-donor trust funds have also been introduced whereby the donor shall agree to contribute amounts to be administered by ADB, substantially in accordance with the terms of the related Board paper. Under these instruments partners shall be deemed to have accepted the objectives of the activity described in Board papers.

In 2006, ADB approved an innovative Water Financing Partnership Facility aiming to raise \$100.0 million by 2008 to support its water financing program. Resources from the facility may be provided for water projects through grants, concessional loans, guarantees, or other forms of assistance under framework agreements.

ADB will manage the Asia Pacific Carbon Fund, also established in 2006, to acquire future flows of certified emission reduction credits on behalf of participants, in return for upfront cofinancing payments. So far, a total of \$151.8 million have been remitted to this fund through Instruments of Contributions from Belgium, Finland, Luxembourg, Portugal, Spain, Sweden, and Climate Cent Foundation. The use of channel financing arrangement, if preferred by a specific donor, may be allowed for future contributions.

Following the establishment of the Water Financing Partnership Facility and the Asia Pacific Carbon Fund, two more facilities were established in 2007. These are the Clean Energy Financing Partnership Facility, with Australia and Norway having contributed \$5.9 million and \$5.6 million, respectively; and the Regional Cooperation and Integration Financing Partnership Facility (classified as Special Fund).

Another initiative successfully negotiated in 2007 is the loan buy-down mechanism whereby Australia shall provide a A\$4.0 million grant into a fund managed by ADB to buy down a portion of the ADF loan for the Samoa Pier Sector Project. The loan buy down mechanism will be triggered by certain milestones during project implementation. The use of this pilot mechanism constitutes an innovative approach to promoting reforms in developing countries, especially in the Pacific region. This is the first time ADB is engaging in such a loan buy-down mechanism.

**TABLE 15 Schedule of Contributions and Net Assets**  
**Grants from External Sources**  
 As of 31 December 2007  
 (\$ million)

	Contribution	Net Assets <sup>a</sup>
<b>Administered by ADB</b>		
Country		
Australia	180.6	109.9
Austria	1.0	–
Belgium	29.2	26.5
Canada	100.1	52.0
China, People's Republic of	20.1	12.5
Denmark	23.8	6.0
European Community	263.7	124.6
Finland	50.1	28.9
France	31.4	6.5
Ireland	2.2	1.0
Italy	2.7	0.9
Japan	486.8	188.3
Korea, Republic of	20.1	18.4
Luxembourg	17.9	16.4
Netherlands	343.3	116.7
New Zealand	30.9	0.5
Norway	128.8	66.9
Portugal	15.0	14.8
Spain	37.6	33.7
Sweden	143.9	61.8
Switzerland	40.0	27.3
United Kingdom and Northern Ireland	500.8	181.8
United States	1.8	0.4
Subtotal	2,472.0	1,095.9
<b>Others</b>		
Cities Alliance	0.5	(0.0)
Global Environment Fund	63.8	31.7
Private Sector/Foundations	2.8	0.1
Public Private Infrastructure Advisory Facility	0.5	0.0
Trust Fund for Forest (Viet Nam)	17.9	2.2
United Nation Development Programme	111.2	0.3
Subtotal	196.6	34.3
<b>Not Administered by ADB</b>		
Country		
Switzerland	25.4	6.3
Kuwait	15.0	1.0
Subtotal	40.4	7.3
<b>Grand Total</b>	<b>2,708.9</b>	<b>1,137.6</b>

Note: Figures may not add due to rounding.  
 – = 0, ( ) = negative, 0.0 = less than \$50,000.

a Excludes projects approved not yet effective.

**PricewaterhouseCoopers**

8 Cross Street #17-00  
PWC Building  
Singapore 048424  
Telephone (65) 6236 3388  
Facsimile (65) 6236 3300  
[www.pwc.com/sg](http://www.pwc.com/sg)

GST No: 52-871777-D  
Co. Reg. No.: 52871777D

**Report of Independent Auditors to the Asian Development Bank**

In our opinion, the accompanying balance sheets and the related statements of income and expenses, cash flows, and changes in capital and reserves present fairly, in all material respects, the financial position of the Asian Development Bank—Ordinary Capital Resources at 31 December 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of the Asian Development Bank. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying summary statements of loans and of borrowings as at 31 December 2007 and 2006, and of statement of subscriptions to capital stock and voting power as at 31 December 2007 are presented for purposes of additional analyses and are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



PricewaterhouseCoopers  
Certified Public Accountants

Singapore  
5 March 2008

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### BALANCE SHEET

31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	A S S E T S			
	2007		2006	
DUE FROM BANKS (Notes B and C)	\$	108,821	\$	205,418
INVESTMENTS (Notes B, C, D, and L)				
Government and government-guaranteed obligations	\$	2,343,130	\$	2,994,321
Time deposits		7,491,886		6,137,931
Other securities		3,461,927		3,632,180
		13,296,943		12,764,432
SECURITIES TRANSFERRED UNDER SECURITIES LENDING ARRANGEMENT (Note B)		5,041,387		1,922,901
SECURITIES PURCHASED UNDER RESALE ARRANGEMENT (Note B)		427,132		432,963
LOANS OUTSTANDING (OCR-5) (Notes A, B, E, and Q) (Including FAS 133 adjustment of \$538 - 2007 and \$643 - 2006, net unamortized loan origination costs of \$42,130 - 2007 and \$14,015 - 2006)				
Sovereign		29,008,793		25,326,875
Nonsovereign		1,289,129		878,870
		30,297,922		26,205,745
Less—provision for loan losses		15,043		28,339
		30,282,879		26,177,406
EQUITY INVESTMENTS (Notes A, B, and G)		808,157		655,819
ACCRUED REVENUE				
On investments		143,785		126,708
On loans		320,514		267,652
		464,299		394,360
RECEIVABLE FROM MEMBERS (Note K) Nonnegotiable, noninterest-bearing demand obligations (Note C)		174,805		173,667
RECEIVABLE FROM SWAPS (Notes B, H, and Q)				
Borrowings		17,968,867		12,986,831
Others		512,089		655,151
		18,480,956		13,641,982
OTHER ASSETS				
Property, furniture, and equipment (Notes B and I)		154,239		158,699
Investment related receivables		138,149		188,335
Unamortized issuance cost of borrowings		58,869		43,747
Miscellaneous (Note N)		112,536		90,089
		463,793		480,870
<b>TOTAL</b>		<b>\$69,549,172</b>		<b>\$56,849,818</b>

The accompanying notes are an integral part of these financial statements (OCR-8).

OCR-1

LIABILITIES, CAPITAL, AND RESERVES				
	2007		2006	
BORROWINGS (OCR-6) (Notes B and J)				
At amortized cost	\$28,615,661		\$25,495,393	
At fair value	2,954,704	\$31,570,365	2,112,378	\$27,607,771
ACCRUED INTEREST ON BORROWINGS		388,935		303,061
PAYABLE FOR SWAPS (Notes B, H, J, and Q)				
Borrowings	\$16,936,964		\$12,502,403	
Others	583,320	17,520,284	655,461	13,157,864
PAYABLE UNDER SECURITIES LENDING ARRANGEMENT (Note B)		5,092,316		1,954,409
ACCOUNTS PAYABLE AND OTHER LIABILITIES				
Investment related payables	230,114		270,550	
Undisbursed technical assistance commitments (Note M)	2,318		4,727	
Accrued pension and postretirement medical benefit costs (Note O)	368,284		288,517	
Miscellaneous (Notes B, F, I, and N)	121,686	722,402	120,020	683,814
TOTAL LIABILITIES		55,294,302		43,706,919
CAPITAL AND RESERVES (OCR-4)				
Capital stock (OCR-7) (Notes B and K)				
Authorized and subscribed (SDR35,463,110,000 - 2007, SDR35,342,300,000 - 2006)	55,977,810		53,168,956	
Less—"callable" shares subscribed	52,040,702		49,429,394	
"Paid-in" shares subscribed	3,937,108		3,739,562	
Less—subscription installments not due	19,664		15,138	
Subscription installments matured	3,917,444		3,724,424	
Less—capital transferred to the Asian Development Fund	75,151		71,624	
	3,842,293		3,652,800	
Net notional amounts required to maintain value of currency holdings (Notes B and K)	(661,197)		(672,899)	
Ordinary reserve (Note L)	9,245,332		8,993,737	
Special reserve (Note L)	202,847		197,799	
Loan loss reserve (Note L)	182,100		130,100	
Surplus (Note L)	616,300		330,117	
Cumulative revaluation adjustments account (Note L)	(110,959)		27,519	
Net income after appropriation (OCR-2) (Note L)	760,174		565,886	
Accumulated other comprehensive income (OCR-4) (Notes B and L)	177,980	14,254,870	(82,160)	13,142,899
TOTAL		\$69,549,172		\$56,849,818

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007		2006	
REVENUE (Note M)				
From loans (Notes B and E)				
Interest	\$1,385,036		\$1,148,306	
Commitment charge	55,206		52,709	
Other	2,096	\$1,442,338	9,056	\$1,210,071
From investments (Notes B and D)				
Interest		683,212		564,495
From guarantees (Notes B and F)		5,049		4,169
From other sources—net (Notes E and R)		77,732		60,204
TOTAL REVENUE		\$2,208,331		\$1,838,939
EXPENSES (Note M)				
Borrowings and related expenses (Note J)		1,389,778		1,116,326
Administrative expenses (Note M)		127,327		127,669
Technical assistance to member countries		(683)		(1,220)
Provision for losses (Notes B and E)		(579)		(32,515)
Other expenses		3,998		3,767
TOTAL EXPENSES		1,519,841		1,214,027
NET REALIZED GAINS (LOSSES)				
From loans		3,980		(424)
From investments (Note M)		(2,801)		8,612
From equity investments		21,793		63,476
From borrowings		(106)		8,888
Others		39		62
NET REALIZED GAINS		22,905		80,614
NET UNREALIZED GAINS (LOSSES) (Note M)		53,828		(135,471)
NET INCOME		\$ 765,223		\$ 570,055

The accompanying notes are an integral part of these financial statements (OCR-8).



## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### STATEMENT OF CASH FLOWS

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest and other charges on loans received	\$ 1,202,933	\$ 1,035,357
Interest on investments received	635,459	538,145
Interest received for securities purchased under resale arrangement	17,080	13,118
Interest and other financial expenses paid	(1,236,490)	(971,038)
Administrative expenses paid	(95,784)	(66,237)
Technical assistance disbursed	(1,477)	(3,427)
Others—net	13,452	26,136
Net Cash Provided by Operating Activities	535,173	572,054
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	8,205,482	8,880,620
Maturities of investments	176,587,583	118,449,848
Purchases of investments	(184,797,477)	(128,860,072)
Net payments on future contracts	(372)	(198)
Net receipts from securities purchased under resale arrangement	1,990	696,945
Principal collected on loans	1,454,419	1,735,521
Loans disbursed	(5,074,927)	(4,299,176)
Net currency and interest rate swaps	(8,329)	19,588
Property, furniture, and equipment acquired	(9,569)	(8,365)
Purchases of equity investments	(115,603)	(129,836)
Sales of equity investments	112,107	134,704
Net Cash Used in Investing Activities	(3,644,696)	(3,380,421)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds of new borrowings	11,874,946	6,995,869
Borrowings redeemed	(9,137,838)	(4,155,679)
Matured capital subscriptions collected <sup>1</sup>	4,618	16,338
Borrowing issuance expenses paid	(30,506)	(19,773)
Demand obligations of members encashed	8,068	9,881
Net currency and interest rate swaps	368,067	140,715
Resources transferred to ADF	(40,000)	(40,000)
Resources transferred to RCIF	(40,000)	—
Resources transferred to TASF	—	(20,000)
Resources transferred from ATF	—	10,000
Net Cash Provided by Financing Activities	3,007,355	2,937,351
Effect of Exchange Rate Changes on Due from Banks	5,571	(5,228)
Net (Decrease) Increase in Due from Banks	(96,597)	123,756
Due from Banks at Beginning of Year	205,418	81,662
Due from Banks at End of Year	\$ 108,821	\$ 205,418
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net Income (OCR-2)	\$ 765,223	\$ 570,055
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	81,127	75,471
Provision for losses written back	(579)	(32,515)
Net realized gain from investments and other borrowings	(18,886)	(80,977)
Proportionate share of earnings on equity investments	(47,827)	(32,338)
Net unrealized (gains) losses	(53,828)	135,471
Change in accrued revenue from loans, investments and other swaps	(252,022)	(193,627)
Change in receivable from ADF – allocation of administrative expenses	(2,902)	6,095
Change in accrued interest on borrowings and swaps, and other expenses	144,002	204,060
Change in undisbursed technical assistance commitments	(2,409)	(5,004)
Change in pension and postretirement benefit liability	(60,171)	(76,620)
Others—net	(16,555)	1,983
Net Cash Provided by Operating Activities	\$ 535,173	\$ 572,054

<sup>1</sup> Supplementary disclosure of noncash financing activities:

Nonnegotiable, noninterest-bearing demand promissory notes amounting to \$2,738 (\$2,731 – 2006) were received from members.

The accompanying notes are an integral part of these financial statements (OCR-8).

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### STATEMENT OF CHANGES IN CAPITAL AND RESERVES

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Notes B and K)

	Capital Stock	Net Notional Maintenance of Value	Ordinary Reserve	Special Reserve	Loan Loss Reserve	Surplus	Cumulative Revaluation Adjustments Account	Net Income After Appropriations	Accumulated Other Comprehensive Income	Total
Balance- 1 January 2006	\$3,449,154	\$(586,105)	\$8,957,392	\$193,629	\$167,000	\$117	\$234,833	\$105,202	\$(224,082)	\$12,297,140
Cumulative effect of FAS 155 adjustments			(2,967)				101,430		20,108	118,571
Comprehensive income for the year 2006 (Note L)								570,055	121,814	691,869
Appropriation of guarantee fees to Special Reserve (Note L)				4,169				(4,169)		—
Change in SDR value of paid-in shares subscribed	189,309									189,309
Change in subscription installments not due	(2,871)									(2,871)
Additional paid-in shares subscribed during the year	20,785									20,785
Change in SDR value of capital transferred to Asian Development Fund	(3,577)									(3,577)
Change in notional maintenance of value (Note K)		(86,794)								(86,794)
Allocation of 2005 net income to ordinary reserve and surplus and transfer from cumulative revaluation account and loan loss reserve (Note L)			70,845		(36,900)	320,000	(308,743)	(45,202)		—
Allocation of 2005 net income to ADF and TASF (Note L)								(60,000)		(60,000)
Transfer of unutilized contributions from ATF to Surplus (Note L)						10,000				10,000
Charge to ordinary reserve for change in SDR value of capital stock (Note L)			(31,533)							(31,533)
Balance- 31 December 2006	\$3,652,800	\$(672,899)	\$8,993,737	\$197,799	\$130,100	\$330,117	\$27,519	\$565,886	\$(82,160)	\$13,142,899

OCR-4

	Capital Stock	Net Notional Maintenance of Value	Ordinary Reserve	Special Reserve	Loan Loss Reserve	Surplus	Cumulative Revaluation Adjustments Account	Net Income After Appropriations	Accumulated Other Comprehensive Income	Total
Balance- 31 December 2006	\$3,652,800	\$(672,899)	\$8,993,737	\$197,799	\$130,100	\$330,117	\$27,519	\$565,886	\$(82,160)	\$13,142,899
Comprehensive income for the year 2007 (Note L)								765,223	260,140	1,025,363
Appropriation of guarantee fees to Special Reserve (Note L)				5,049				(5,049)		–
Change in SDR value of paid-in shares subscribed	185,667									185,667
Change in subscription installments not due	(2,889)									(2,889)
Additional paid-in shares subscribed during the year	10,242									10,242
Change in SDR value of capital transferred to Asian Development Fund	(3,527)									(3,527)
Change in notional maintenance of value (Note K)		11,702								11,702
Allocation of 2006 net income to ordinary reserve, loan loss reserve and surplus and transfer from cumulative revaluation account (Note L)			286,183		52,000	286,183	(138,479)	(485,886)		–
Allocation of 2006 net income to ADF and RCIF (Note L)								(80,000)		(80,000)
Charge to ordinary reserve for change in SDR value of capital stock (Note L)			(34,587)							(34,587)
Balance- 31 December 2007	\$3,842,293	\$(661,197)	\$9,245,332	\$202,847	\$182,100	\$616,300	\$(110,959)	\$760,174	\$177,980	\$14,254,870

Note: Figures may not add to total due to rounding.

**Accumulated Other Comprehensive Income (Note L)****For the Years Ended 31 December 2007 and 2006**

Expressed in Thousands of United States Dollar (Note B)

	FAS 133 Adjustments and Amortization		Accumulated Translation Adjustments		Unrealized Investment Holding Gains		Pension/ Postretirement Liability Adjustment- FAS 158		Accumulated Other Comprehensive Income	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Balance, 1 January	\$(1,154)	\$(2,566)	\$(200,039)	\$(246,682)	\$200,584	\$30,097	\$(81,551)	\$(4,931)	\$(82,160)	\$(224,082)
Cumulative effect of FAS 155 adjustments	–	–	–	20,108	–	–	–	–	–	20,108
Adjusted balance, 1 January	(1,154)	(2,566)	(200,039)	(226,574)	200,584	30,097	(81,551)	(4,931)	(82,160)	(203,974)
Amortization	865	1,412	–	–	–	–	–	–	865	1,412
Other comprehensive income for the year	–	–	86,654	26,535	232,792	170,487	(60,171)	(76,620)	259,275	120,402
Balance, 31 December	<u>\$ (289)</u>	<u>\$(1,154)</u>	<u>\$(113,385)</u>	<u>\$(200,039)</u>	<u>\$433,376</u>	<u>\$200,584</u>	<u>\$(141,722)</u>	<u>\$(81,551)</u>	<u>\$177,980</u>	<u>\$(82,160)</u>

The accompanying notes are an integral part of these financial statements (OCR-8).

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### SUMMARY STATEMENT OF LOANS

31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

Borrowers/Guarantors	Loans Outstanding <sup>1</sup>	Undisbursed Balances of Effective Loans <sup>2</sup>	Loans Not Yet Effective	Total Loans	Percent of Total Loans
Afghanistan	\$ 58,439	\$ 5,385	\$ —	\$ 63,824	0.13
Azerbaijan	47,944	57,496	190,000	295,440	0.60
Bangladesh	406,476	965,524	—	1,372,000	2.79
Cambodia	—	—	8,000	8,000	0.02
China, People's Rep. of	7,369,841	3,810,097	1,610,991	12,790,929	25.97
Fiji Islands	85,361	34,386	—	119,747	0.24
Georgia	25,000	—	—	5,000	0.05
India	4,995,982	3,941,617	871,368	9,808,967	19.91
Indonesia	9,425,282	682,105	168,036	10,275,423	20.86
Kazakhstan	247,183	33,440	50,000	330,623	0.67
Korea, Rep. of	108,998	—	—	108,998	0.22
Lao People's Dem. Rep.	58,232	11,768	—	70,000	0.14
Malaysia	237,503	—	—	237,503	0.48
Maldives	1,500	3,000	—	4,500	0.01
Marshall Islands	3,389	—	—	3,389	0.01
Micronesia, Fed. States of	20	4,780	—	4,800	0.01
Mongolia	4,500	10,000	—	14,500	0.03
Nauru	2,300	—	—	2,300	0.01
Nepal	24,403	—	—	24,403	0.05
Pakistan	2,777,724	2,113,722	1,352,300	6,243,746	12.67
Papua New Guinea	119,829	70,857	60,000	250,686	0.51
Philippines	3,368,054	254,490	305,055	3,927,599	7.96
Sri Lanka	226,419	285,996	317,500	829,915	1.68
Thailand	59,724	—	—	59,724	0.12
Uzbekistan	412,566	253,058	96,000	761,624	1.55
Viet Nam	178,624	420,943	968,860	1,568,427	3.18
Regional	30,245,293	12,958,664	5,998,110	49,202,067	99.87
TOTAL – 31 December 2007	10,499	13,001	41,500	65,000	0.13
Provision for loan losses	30,255,792	12,971,665	6,039,610	49,267,067	100.00
Unamortized loan origination cost – net	(15,043)	—	—	(15,043)	
	42,130	—	—	42,130	
<b>NET BALANCE – 31 December 2007</b>	<b>\$30,282,879</b>	<b>\$12,971,665</b>	<b>\$6,039,610</b>	<b>\$49,294,154</b>	
Made up of:					
Sovereign Loans	\$ 29,003,104	\$ 12,814,137	\$ 5,061,815	\$ 46,879,056	
Non-sovereign Loans:					
Private Sector	1,248,775	113,528	797,795	2,160,098	
Public Sector	31,000	44,000	180,000	255,000	
Net balance – 31 December 2007	<u>\$ 30,282,879</u>	<u>\$ 12,971,665</u>	<u>\$ 6,039,610</u>	<u>\$ 49,294,154</u>	
TOTAL – 31 December 2006	26,191,730	12,304,171	4,463,992	42,959,893	
Provision for loan losses	(28,339)	—	—	(28,339)	
Unamortized front-end fee – net	14,015	—	—	14,015	
<b>NET BALANCE – 31 December 2006</b>	<b>\$26,177,406</b>	<b>\$ 12,304,171</b>	<b>\$4,463,992</b>	<b>\$42,945,569</b>	
Made up of:					
Sovereign Loans	\$ 25,320,759	\$ 11,915,734	\$ 4,073,684	\$ 41,310,177	
Non-sovereign Loans:					
Private Sector	855,647	314,437	315,308	1,485,392	
Public Sector	1,000	74,000	75,000	150,000	
Net balance – 31 December 2006	<u>\$ 26,177,406</u>	<u>\$ 12,304,171</u>	<u>\$ 4,463,992</u>	<u>\$ 42,945,569</u>	

1 Amounts outstanding on the multicurrency fixed lending rate loans totaled \$38,049 (\$49,647 - 2006), on pool-based loans totaled \$10,861,527 (\$11,589,503 - 2006) and on LIBOR-based loans and market-based loans totaled \$19,356,215 (\$14,552,580 - 2006). The average yield on loans was 5% (4.98% - 2006).

2 Of the undisbursed balances, ADB has made irrevocable commitments to disburse various amounts totalling \$361,280 (\$237,230 - 2006).

## MATURITY OF EFFECTIVE LOANS

Twelve Months Ending 31 December	Amount	Five Years Ending 31 December	Amount
2008	\$ 1,657,214	2017	12,605,156
2009	1,876,845	2022	10,387,866
2010	2,213,235	2027	6,577,334
2011	2,438,209	2032	2,827,701
2012	2,590,802	over 2032	53,095
		Total	<u>\$43,227,457<sup>3</sup></u>

## SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

Currency	2007	2006	Currency	2007	2006
Chinese yuan	\$ 23,001	\$ –	Kazakhstan tenge	49,776	–
Euro	920	2,475	Philippine peso	42,856	35,844
Japanese yen	4,607,011	4,481,354	Swiss franc	3,502	4,153
Indian rupee	143,024	87,042	United States dollar	25,385,702	21,580,862
			Total	<u>\$30,255,792</u>	<u>\$26,191,730</u>

<sup>3</sup> Includes undisbursed commitment relating to Revolving Credit Facility of Trade Finance Facilitation Program amounting to \$13,001.

The accompanying notes are an integral part of these financial statements (OCR-8)



## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### SUMMARY STATEMENT OF BORROWINGS

31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	Borrowings		Swap Arrangements <sup>2</sup>	
	Principal Outstanding <sup>1</sup>		Payable (Receivable) <sup>3</sup>	
	2007	2006	2007	2006
Australian dollar	\$ 5,729,446	\$ 3,582,906	\$(5,463,460)	\$(3,462,298)
Canadian dollar	1,526,591	749,339	(1,521,721)	(758,086)
Chinese yuan	136,909	128,121	14,363	(207)
Euro	47,117	1,041,315	(45,819)	(1,061,792)
Hong Kong dollar	345,983	295,713	(353,274)	(295,850)
Indian rupee	126,791	112,969	16,384	18,384
Japanese yen	4,607,002	3,370,259	2,706,761	3,251,006
			(3,220,956)	(1,895,947)
Kazakhstan tenge	49,776	—	—	—
Malaysian ringgit	421,941	255,102	(421,221)	(258,811)
Mexican peso	155,913	157,135	(153,378)	(157,708)
New Taiwan dollar	146,437	144,056	(146,437)	(144,056)
New Zealand dollar	463,271	750,304	(464,535)	(754,639)
Philippine peso	168,824	36,723	(130,271)	(5,966)
Pound sterling	695,816	241,923 <sup>5</sup>	(517,914)	(1,982)
Singapore dollar	380,307	325,119	(392,574)	(325,726)
South African rand	1,850,334	799,400	(1,742,132)	(757,546)
Swiss franc	374,924	333,137		
Thai baht	349,708	296,192	(356,683)	(296,803)
Turkish lira	474,746	163,292	(483,611)	(161,084)
United States dollar	13,517,474	14,817,561 <sup>6</sup>	14,199,456	9,233,012
			(2,554,881)	(2,648,329)
Subtotal	31,569,310	27,600,566	(1,031,903)	(484,428)
Unamortized discounts/premiums and transition adjustments	1,055	7,205		
FAS 133 Adjustments				
Total	\$31,570,365	\$27,607,771		

### MATURITY STRUCTURE OF BORROWINGS OUTSTANDING<sup>7</sup>

Twelve Months Ending 31 December		Five Years Ending 31 December	
	Amount		Amount
2008	\$5,826,045	2017	7,471,254
2009	6,056,594	2022	1,085,893
2010	4,716,724	2027	1,192,196
2011	2,122,046	2032	428,470
2012	2,655,473	over 2033	14,615
		Total	\$31,569,310

1 Includes zero coupon and deep discount borrowings which have been recorded at their discounted values. The aggregate face amounts and discounted values of these borrowings (in United States dollar equivalents) are:

Currency	Aggregate Face Amount		Discounted Value	
	2007	2006	2007	2006
Australian dollar	\$1,506,016	\$1,040,886	\$1,258,707	\$ 802,084
Canadian dollar	814,913	686,165	660,746	534,913
Philippine peso	60,643	51,010	47,538	36,722
South African rand	161,672	14,273	125,014	11,523
Swiss franc	434,223	401,149	286,703	251,636
Turkish lira	255,334	69,148	217,699	57,453
United States dollar	1,977,963	1,804,588	1,229,074	1,154,161

2 Include currency and interest rate swaps. At 31 December 2007, the remaining maturity of swap agreements ranged from less than one year to 30 years. Approximately 81.07% of the swap receivables and 83.58% of the payables are due before 1 January 2013.

3 Adjusted by the cumulative effect of the adoption of FAS 133 effective 1 January 2001.

Net Currency Obligation <sup>3</sup>		Weighted Average Cost (%) After Swaps <sup>4</sup>
2007	2006	
\$ 265,986	\$ 120,608	0.51
4,870	(8,747)	1.41
151,272	127,914	2.98
1,298	(20,477)	2.31
(7,291)	(137)	0.01
143,175	131,353	6.79
4,092,807	4,725,318	1.27
49,776	—	7.12
720	(3,709)	11.25
2,535	(573)	0.54
—	—	44.59
(1,264)	(4,335)	(0.04)
38,553	30,757	6.49
177,902	239,941	7.17
(12,267)	(607)	(1.97)
108,202	41,854	0.09
374,924	333,137	5.38
(6,975)	(611)	(0.64)
(8,865)	2,208	(0.46)
25,162,049	21,402,244	5.24
<u>30,537,407</u>	<u>27,116,138</u>	<u>4.65</u>
		<u>(0.33)</u>
		<u>4.32</u>

## INTEREST RATE SWAP ARRANGEMENTS

	Notional Amount	Average Rate (%)			Maturing Through <sup>9</sup>
		Receive	Pay		
			Fixed	Floating <sup>8</sup>	
Receive Fixed Swaps:					
Australian dollar <sup>10</sup>	\$ 44,530	2.64		0.52	2027-2032
Chinese Yuan	136,909	3.34		4.26	2015
Euro <sup>11</sup>	89,059	4.40	3.62		2010
Indian rupee	126,791	5.40		7.83	2014
Philippine peso	39,605			6.60	2010
United States dollar	8,443,518	3.80		4.86	2008-2037
United States dollar <sup>12</sup>	44,530	2.14		0.56	2016-2027
Receive Floating Swaps:					
Japanese yen	597,141	4.11	0.62	0.63	2009-2032
Total	\$9,522,083				

4 Calculation is based on average carry book value of borrowings net of fair value of swaps. Thus, the weighted average cost may be negative if the related swaps payable exposure is in a different currency and the fair value of swaps receivable exceeds the carry book value of borrowings.

5 Consist of long-term borrowings of \$192,951 and short-term borrowings of \$48,972.

6 Consist of long-term borrowings of \$14,687,561 and short-term borrowings of \$130,000.

7 Bonds with put and call options were considered maturing on the first put or call date.

8 Represent average current floating rates, net of spread.

9 Swaps with early termination date were considered maturing on the first termination date.

10 Consists of dual currency swaps with interest receivable in Australian dollar and interest payable in Japanese yen.

11 Consists of a dual currency swap with interest receivable in Euro and interest payable in Japanese yen.

12 Consists of dual currency swaps with interest receivable in United States dollar and interest payable in Japanese yen.

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

31 December 2007

Expressed in Thousands of United States Dollars (Note B)

MEMBERS	SUBSCRIBED CAPITAL					VOTING POWER	
	Number of Shares	Percent of Total	Par Value Of Shares			Number of Votes	Percent of Total
			Total	Callable	Paid-in		
REGIONAL							
Afghanistan	1,195	0.034	\$ 18,863	\$ 12,833	\$ 6,030	14,427	0.325
Armenia	10,557	0.298	166,640	154,928	11,712	23,789	0.537
Australia	204,740	5.773	3,231,780	3,005,457	226,322	217,972	4.917
Azerbaijan	15,736	0.444	248,390	230,916	17,474	28,968	0.653
Bangladesh	36,128	1.019	570,273	530,338	39,936	49,360	1.114
Bhutan	220	0.006	3,473	3,110	363	13,452	0.303
Brunei Darussalam	12,462	0.351	196,710	182,883	13,827	25,694	0.580
Cambodia	1,750	0.049	27,623	22,920	4,704	14,982	0.338
China, People's Rep. of	228,000	6.429	3,598,934	3,346,835	252,099	241,232	5.442
Cook Islands	94	0.003	1,484	1,389	95	13,326	0.301
Fiji Islands	2,406	0.068	37,978	35,311	2,668	15,638	0.353
Georgia	12,081	0.341	190,696	177,295	13,401	25,313	0.571
Hong Kong, China	19,270	0.543	304,173	282,864	21,309	32,502	0.733
India	224,010	6.317	3,535,953	3,288,337	247,616	237,242	5.352
Indonesia	192,700	5.434	3,041,731	2,828,731	213,000	205,932	4.646
Japan	552,210	15.571	8,716,524	8,106,095	610,430	565,442	12.756
Kazakhstan	28,536	0.805	450,435	418,881	31,554	41,768	0.942
Kiribati	142	0.004	2,241	2,084	158	13,374	0.302
Korea, Republic of	178,246	5.026	2,813,577	2,616,567	197,010	191,478	4.320
Kyrgyz Republic	10,582	0.298	167,035	155,338	11,697	23,814	0.537
Lao PDR	492	0.014	7,766	6,930	837	13,724	0.310
Malaysia	96,350	2.717	1,520,865	1,414,350	106,516	109,582	2.472
Maldives	142	0.004	2,241	2,084	158	13,374	0.302
Marshall Islands	94	0.003	1,484	1,389	95	13,326	0.301
Micronesia, Fed. States of	142	0.004	2,241	2,084	158	13,374	0.302
Mongolia	532	0.015	8,398	7,813	584	13,764	0.310
Myanmar	19,270	0.543	304,173	282,864	21,309	32,502	0.733
Nauru	142	0.004	2,241	2,084	158	13,374	0.302
Nepal	5,202	0.147	82,113	76,351	5,761	18,434	0.416
New Zealand	54,340	1.532	857,746	797,685	60,061	67,572	1.524
Pakistan	77,080	2.174	1,216,692	1,131,486	85,206	90,312	2.037
Palau	114	0.003	1,799	1,673	126	13,346	0.301
Papua New Guinea	3,320	0.094	52,406	48,759	3,646	16,552	0.373
Philippines	84,304	2.377	1,330,722	1,237,544	93,178	97,536	2.200
Samoa	116	0.003	1,831	1,642	189	13,348	0.301
Singapore	12,040	0.340	190,049	176,742	13,307	25,272	0.570
Solomon Islands	236	0.007	3,725	3,473	253	13,468	0.304
Sri Lanka	20,520	0.579	323,904	301,221	22,683	33,752	0.761
Taipei, China	38,540	1.087	608,346	565,759	42,587	51,772	1.168
Tajikistan	10,134	0.286	159,963	148,709	11,255	23,366	0.527
Thailand	48,174	1.358	760,417	707,159	53,258	61,406	1.385
Timor-Leste	350	0.010	5,525	5,130	395	13,582	0.306
Tonga	142	0.004	2,241	2,084	158	13,374	0.302
Turkmenistan	8,958	0.253	141,400	131,456	9,944	22,190	0.501
Tuvalu	50	0.001	789	726	63	13,282	0.300
Uzbekistan	23,834	0.672	376,215	349,870	26,345	37,066	0.836
Vanuatu	236	0.007	3,725	3,473	253	13,468	0.304
Viet Nam	12,076	0.341	190,617	168,755	21,862	25,308	0.571
Total Regional (Forward)	2,247,995	63.390	\$35,484,151	\$32,982,403	\$2,501,749	2,883,131	65.040

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MEMBERS	SUBSCRIBED CAPITAL					VOTING POWER	
	Number of Shares	Percent of Total	Par Value Of Shares			Number of Votes	Percent of Total
			Total	Callable	Paid-in		
Total Regional (Forward)	2,247,995	63.390	\$35,484,151	\$32,982,403	\$2,501,749	2,883,131	65.040
<b>NONREGIONAL</b>							
Austria	12,040	0.340	190,049	176,742	13,307	25,272	0.570
Belgium	12,040	0.340	190,049	176,742	13,307	25,272	0.570
Canada	185,086	5.219	2,921,545	2,716,959	204,587	198,318	4.474
Denmark	12,040	0.340	190,049	176,742	13,307	25,272	0.570
Finland	12,040	0.340	190,049	176,742	13,307	25,272	0.570
France	82,356	2.322	1,299,973	1,208,926	91,047	95,588	2.156
Germany	153,068	4.316	2,416,148	2,246,935	169,213	166,300	3.752
Ireland	12,040	0.340	190,049	176,679	13,370	25,272	0.570
Italy	63,950	1.803	1,009,438	938,738	70,700	77,182	1.741
Luxembourg	12,040	0.340	190,049	176,679	13,370	25,272	0.570
The Netherlands	36,294	1.023	572,894	532,784	40,109	49,526	1.117
Norway	12,040	0.340	190,049	176,742	13,307	25,272	0.570
Portugal	12,040	0.340	190,049	176,679	13,370	25,272	0.570
Spain	12,040	0.340	190,049	176,742	13,307	25,272	0.570
Sweden	12,040	0.340	190,049	176,742	13,307	25,272	0.570
Switzerland	20,650	0.582	325,956	303,116	22,841	33,882	0.764
Turkey	12,040	0.340	190,049	176,742	13,307	25,272	0.570
United Kingdom	72,262	2.038	1,140,641	1,060,770	79,871	85,494	1.929
United States	552,210	15.571	8,716,524	8,106,095	610,430	565,442	12.756
Total Nonregional	1,298,316	36.610	20,493,658	19,058,299	1,435,359	1,549,724	34.960
<b>TOTALS</b>	<b>3,546,311</b>	<b>100.000</b>	<b>\$55,977,810</b>	<b>\$52,040,702</b>	<b>\$3,937,108</b>	<b>4,432,855</b>	<b>100.000</b>

Note: Figures may not add due to rounding.

The accompanying notes are an integral part of these financial statements (OCR-8).

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### NOTE A—NATURE OF OPERATIONS AND LIMITATIONS ON LOANS, GUARANTEES AND EQUITY INVESTMENTS

##### *Nature of Operations*

The Asian Development Bank (ADB), a multilateral development financial institution, was established in 1966 with its headquarters in Manila, Philippines. ADB and its operations are governed by the Agreement Establishing the Asian Development Bank (the Charter). Its purpose is to foster economic development and co-operation in the Asian and Pacific region and to contribute to the acceleration of the process of economic development of the developing member countries (DMCs) in the region, collectively and individually. With the adoption of its poverty reduction strategy at the end of 1999, ADB made reducing poverty in the region its main goal. ADB provides financial and technical assistance (TA) for projects and programs, which will contribute to achieving this purpose.

Mobilizing financial resources, including cofinancing, is an integral part of ADB's operational activities. In addition, ADB, alone or jointly, administers on behalf of donors, including members, their agencies and other development institutions, funds restricted for specific uses, which include TA grants as well as regional programs.

ADB's ordinary operations comprise loans, equity investments, and guarantees. During the years 2001 and 2002, limited technical assistance to member countries to support high priority TA programs was included. ADB finances its ordinary operations through borrowings, paid-in capital, and reserves.

##### *Limitations on Loans, Guarantees, and Equity Investments*

Article 12, paragraph 1 of the Charter provides that the total amount outstanding of loans, equity investments, and guarantees made by ADB shall not exceed the total of ADB's unimpaired subscribed capital, reserves, and surplus, exclusive of the special reserve. At 31 December 2007, the total of such loans, equity investments, and guarantees aggregated approximately 76.9% (71.1% – 2006) of the total subscribed capital, reserves, and surplus as defined.

Article 12, paragraph 3 of the Charter provides that equity investments shall not exceed 10% of the

unimpaired paid-in capital together with reserves and surplus, exclusive of the special reserve. At 31 December 2007, such equity investments represented approximately 7.8% (7.7% – 2006) of the paid-in capital, reserves, and surplus, as defined.

#### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Functional Currencies and Reporting Currency*

The currencies of members are all functional currencies as these are the currencies of the primary economic environment in which ADB generates and expends cash. The reporting currency is the United States dollar (USD), and the financial statements are expressed in thousands of current United States dollars.

##### *Translation of Currencies*

ADB adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions in currencies other than USD to be translated to the reporting currency using exchange rates applicable at the time of transactions. At the end of each accounting month, translations of assets, liabilities, capital, and reserves denominated in non-USD are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments, other than those relating to the non-functional currencies (Note M) and to the maintenance of Special Drawing Right (SDR) capital values (Notes K and L), are charged or credited to "Accumulated translation adjustments" and reported in "CAPITAL AND RESERVES" as part of "Accumulated other comprehensive income".

##### *Valuation of Capital Stock*

The authorized capital stock of ADB is defined in Article 4, paragraph 1 of the Charter "in terms of United States dollars of the weight and fineness in effect on 31 January 1966" (the 1966 dollar) and the value of each share is defined as 10,000 1966 dollars. The capital stock had historically been translated into the current United States dollar (ADB's unit of account) on the basis of its par value in terms of gold. From 1973 until 31 March 1978, the rate arrived at on this basis was \$1.20635 per 1966 dollar. Since 1 April 1978,



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at which time the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, currencies no longer have par values in terms of gold. Pending ADB's selection of the appropriate successor to the 1966 dollar, the capital stock has been valued for purposes of these financial statements in terms of the SDR at the value in current United States dollars as computed by the IMF, with each share valued at SDR10,000.

As of 31 December 2007, the value of the SDR in terms of the current United States dollar was \$1.57848 (\$1.50440 – 2006) giving a value for each share of ADB's capital equivalent to \$15,784.80 (\$15,044.00 – 2006). However, ADB could decide to fix the value of each share at \$12,063.50 based on the 31 March 1978 par value of the United States dollar in terms of gold.

#### *Derivative Financial Instruments*

ADB reports all derivative transactions in accordance with Statement of Financial Accounting Standards (FAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," along with its amendments, collectively referred as FAS 133. FAS 133 requires that derivative instruments be recorded in the Balance Sheet as either assets or liabilities measured at fair value. The initial application of FAS 133 in January 2001 gave rise to a transition loss of \$81,657,000 in other comprehensive income and a gain of \$34,656,000 was reported in net income. The amount recorded in other comprehensive income as transition loss is being reclassified into earnings in the same period or periods in which the underlying transactions affect earnings.

In applying FAS 133 for purposes of financial statement reporting, ADB has elected not to define any qualifying hedging relationships. Rather, all derivative instruments, as defined by FAS 133, have been marked to fair value, and all changes in fair value have been recognized in net income. ADB has elected not to define any qualifying hedging relationships, not because economic hedges do not exist, but rather because the application of FAS 133 hedging criteria does not make fully evident ADB's risk management strategies.

In February 2006, the Financial Accounting Standards Board issued FAS 155, "Accounting for Certain Hybrid Financial Instruments, an amendment of FASB Statements No. 133 and 140". ADB has decided to early adopt the provisions which allow hybrid financial

instruments that contain embedded derivatives requiring bifurcation under FAS 133 to be measured at fair value, effective 1 January 2006. With this, FAS 133 as presented in ADB's financial statements incorporates the provisions of FAS 155.

ADB issues hybrid instruments, i.e. structured debts, to lower its cost of borrowings, which are generally fully hedged through derivative transactions. ADB measures and reports any of its qualified bifurcable structured debts and their corresponding derivatives at fair value with changes in fair value recognized in net income. This consistent accounting treatment would fully capture the economic hedging relationship between the hybrid instruments and their derivatives. The cumulative effects of FAS 155, upon its adoption on 1 January 2006, are reported as net increase in Ordinary Reserves, Cumulative Revaluation Adjustments, and net Accumulated Other Comprehensive Income of \$118,571,000, comprising of gross gains and losses of \$126,276,000 and \$7,705,000, respectively.

#### *Investments*

All investment securities and negotiable certificate of deposits held by ADB other than derivative instruments are considered by Management to be "Available for Sale" and are reported at estimated fair value, which represents their fair market value. Time deposits are reported at cost, which is a reasonable estimate of fair value. Unrealized gains and losses are reported in "CAPITAL AND RESERVES" as part of "Accumulated other comprehensive income." Realized gains and losses are included in income from investments and are measured by the difference between amortized cost and the net proceeds of sales. With respect to exchange traded futures, realized gains or losses are reported based on daily settlement of the net cash margin.

Interest income on investment securities and time deposits is recognized as earned and reported, net of amortizations of premiums and discounts.

Unrealized losses on investment securities are assessed to determine whether the impairment is deemed to be other than temporary. If the impairment is deemed to be other than temporary, the investment is written down to the impaired value, which becomes the new cost basis of the investments. Impairment losses are not reversed for subsequent recoveries in the value of the investments, until it is sold.

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### *Securities Transferred Under Securities Lending Arrangement and Securities Purchased Under Resale Arrangement*

ADB accounts for transfers of financial assets in accordance with FAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement of FAS 125." In general, transfers are accounted for as sales when control over the transferred assets has been relinquished. Otherwise the transfers are accounted for as repurchase/resale agreements and collateralized financing arrangements. Under securities lending arrangements, securities transferred are recorded as assets and reported at estimated fair value and cash collateral received are recorded as liabilities. Under resale arrangements, securities purchased are recorded as assets, while securities received are not recorded as liabilities and are not re-pledged under securities lending arrangements. ADB monitors the fair value of the securities received under resale arrangements, and if necessary, requires additional collateral.

#### *Loans*

ADB's loans are made to or guaranteed by members, with the exception of nonsovereign loans, and have maturities ranging between 3 and 30 years. ADB requires its borrowers to absorb exchange risks attributable to fluctuations in the value of the currencies which it has disbursed. Loan interest income and loan commitment fees are recognized on accrual basis. In line with ADB's principle of cost pass through pricing, any variation in the actual cost of borrowings is passed to LIBOR-based borrowers as surcharge or rebate.

It is the policy of ADB to place loans in non-accrual status for which principal, interest, or other charges are overdue by six months. Interest and other charges on non-accruing loans are included in income only to the extent that payments have been received by ADB. ADB maintains a position of not taking part in debt rescheduling agreements with respect to sovereign loans. In the case of nonsovereign loans, ADB may agree to debt rescheduling only after alternative courses of action have been exhausted.

ADB determines that a loan is impaired and therefore subject to provisioning when principal or interest is in arrears for one year for sovereign loans (unless there is clear and convincing evidence warranting the

deferment or acceleration of such provisioning) and six months for nonsovereign loans. If the present value of expected future cash flows discounted at the loan's effective interest rate is less than the carrying value of the loan, a valuation allowance is established with a corresponding charge to provision for loan losses.

ADB's periodic evaluation of the adequacy of the provision for loan losses is based on its past loan loss experience, known and inherent risks in existing loans, and adverse situations that may affect a borrower's ability to repay.

In December 2006, the Board approved the application of the concept of expected loss for non-sovereign credit exposure to establish loss provision and loss reserve, the same concept that was applied to sovereign operations in 2004. In line with generally accepted accounting principles, the amount of expected loss pertaining to credit exposures that are impaired and rated substandard or worse is charged to the income statement, following the discounted cash flow method described above, while those that are better are recorded as loss reserve in the equity section of the balance sheet. The implementation resulted to a decrease of \$28,218,000 to the provision for loans losses of nonsovereign loans, with the corresponding decrease to the expense account. Any adjustment to loan loss reserve following this new methodology is subject to the approval of the Board of Governors.

Effective 2000, ADB levies front-end fees on all new sovereign loans. These fees are deferred and amortized over the life of the loans after offsetting deferred direct loan origination costs. In 2004, ADB waived the entire front-end fee on all new sovereign loans approved during the year. Subsequently, the policy was extended to cover the period up to June 2008. In December 2007, the Board approved the elimination of front-end fees on sovereign LIBOR-based loans negotiated on and after 1 October 2007.

ADB levies a commitment charge on the undisbursed balance of effective loans. Unless otherwise provided by the loan agreement, the charges take effect commencing on the 60<sup>th</sup> day after the loan signing date and are credited to loan income.

#### *Guarantees*

ADB extends guarantees to sovereign and nonsovereign borrowers. Guarantees are regarded as outstanding

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when the underlying financial obligation of the borrower is incurred. ADB would be required to perform under its guarantees if the payments guaranteed were not made by the debtor, and the guaranteed party called the guarantee by demanding payments from ADB in accordance with the term of the guarantee.

Prior to 1 January 2003, guarantees in the absence of any call, were not reflected in the financial statements but disclosed as a note to the financial statements (Note F) in accordance with the provisions of FASB No. 5, Accounting for Contingencies, FASB Interpretation No. 45 (FIN 45), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others", which came into effect in 2003, requires the recognition of two types of liabilities that are associated with guarantees: (a) the stand-by ready obligation to perform, and (b) the contingent liability. ADB recognizes at the inception of a guarantee, a liability for the stand-by ready obligation to perform on guarantees issued and modified after 31 December 2002. The liability is included in "Miscellaneous liabilities."

Front-end fee income on guarantees received is deferred and amortized over the term of the guarantee contract and the unamortized balance of deferred front-end fee of guarantee is included in "Miscellaneous liabilities."

#### *Equity Investments*

All equity investments are considered as "Available for Sale" and are reported at estimated fair value.

Investments in equity securities with readily determinable market price are reported at fair value, with unrealized gains and losses reported in "CAPITAL AND RESERVES" as part of "Accumulated other comprehensive income."

Investments in equity securities without readily determinable fair values are reported at cost or at impaired value, for investments where the impairment is deemed other than temporary. These investments are assessed each quarter to reflect the amount that can be realized using valuation techniques appropriate to the market and industry of each investment. To the extent that the fair values of these investments are below the base cost, the amount of expected loss is charged to loss reserve in the equity section of the balance sheet. When impairment is identified and is deemed to be

other than temporary, the equity investment is written down to the impaired value, which becomes the new cost basis of the equity investments. Impairment losses are not reversed for subsequent recoveries in the value of the equity investments, until it is sold.

ADB applies the equity method of accounting to investments where ADB has the ability to exercise significant influence, limited liability partnerships (LLPs) with larger than 3% ownership, and to certain limited liability companies (LLCs) that maintain a specific ownership account for each investor.

#### *Variable Interest Entities*

ADB complies with FIN 46, "Consolidation of Variable Interest Entities – an interpretation of ARB No. 51, Consolidated Financial Statements." FIN 46 requires an entity to consolidate and provide disclosures for any VIE for which it is the primary beneficiary. An entity that will absorb a majority of VIE's expected losses or receive a majority of expected residual return is deemed to be the primary beneficiary of the VIE. Variable interests can arise from equity investments, loans, and guarantees. ADB is required to disclose information about its involvement in VIE where ADB holds significant variable interest (Note S).

#### *Property, Furniture, and Equipment*

Property, furniture, and equipment are stated at cost and, except for land, depreciated over estimated useful lives on a straight-line basis. Maintenance, repairs, and minor betterments are charged to expense.

#### *Borrowings*

Borrowings are generally reported on the balance sheet at their carrying book value, adjusted for any unamortized discounts or premium. As part of its borrowing strategy, ADB issues various types of contractual obligations, which include structured debts containing embedded derivatives in order to minimize the cost of borrowings. ADB simultaneously enters into currency and/or interest rate swaps to fully hedge the debt.

Upon the adoption of FAS 155 on 1 January 2006, ADB no longer bifurcates and fair values the embedded derivatives (the debt was valued at its carrying book value) in the structured debt portfolio that

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meet the bifurcation criteria under FAS 133. Instead, ADB measures and reports at fair value any structured debt that contains embedded derivatives that would otherwise be bifurcated under FAS 133 as a whole, with changes in fair value reported in net income.

#### *Accounting Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires Management to make reasonable estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the end of the year and the reported amounts of revenues and expenses during the year. The actual results could differ from those estimates.

#### *Accounting and Reporting Developments*

In September 2006, FASB issued FAS 157, "Fair Value Measurements". This statement emphasizes the definition of fair value (FV) for financial reporting purposes to mean a market-based measure and not an entity-specific measure. It also prescribes methods for measuring FV including a FV hierarchy that ranks the quality and reliability of information used in FV measurements giving the highest priority to quoted prices in active markets and the lowest to unobservable inputs. This statement expands disclosure requirements to focus on the inputs used to measure FV, especially those using significant unobservable inputs. This statement will be effective for financial statements to be issued after 31 December 2007.

In February 2007, FASB issued FAS 159, "Fair value Option for Financial Assets and Financial Liabilities". This statement expands the scope of financial instruments that may be carried at fair value. It offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. This statement will be effective for financial statements to be issued after 31 December 2007.

#### *Statement of Cash Flows*

For the purposes of the Statement of Cash Flows, ADB considers that its cash and cash equivalents are limited to "DUE FROM BANKS."

#### *Reclassification*

Certain non-material reclassifications of prior year's amounts and information have been made to conform to the current year's presentation.

### NOTE C—RESTRICTIONS ON USE OF CURRENCIES AND DEMAND OBLIGATIONS OF MEMBERS

In accordance with Article 24, paragraph 2(i) of the Charter, the use by ADB or by any recipient from ADB of certain currencies may be restricted by members to payments for goods or services produced and intended for use in their territories. With respect to the currencies of 43 DMCs for 2007(44 – 2006), cash in banks (due from banks) and demand obligations totaling \$65,490,000 (\$63,381,000 – 2006) and \$174,805,000 (\$172,396,000 – 2006), respectively, may be, but are not currently so restricted.

In accordance with Article 24, paragraphs 2(i) and (ii) of the Charter, one member (one – 2006) has restricted the use by ADB or by any recipient from ADB of its currency to payments for goods or services produced in its territory. As such, cash in banks (due from banks) and investments totaling \$20,000 (\$20,000 – 2006) and \$3,082,000 (\$2,965,000 – 2006), respectively, have been restricted. None of the demand obligations held by ADB in 2007 and in 2006 was restricted.

### NOTE D—INVESTMENTS

The main investment management objective is to maintain security and liquidity. Subject to these parameters, ADB seeks the highest possible return on its investments. Investments are governed by the Investment Authority approved by the Board of Directors in 1999, and reviewed in 2006. The review endorsed a portfolio strategy that is largely consistent with the 1999 approach. ADB is restricted by its Investment Authority to invest in government and government-related debt instruments and in time deposits. In the US dollar portfolio only and up to limited amounts, investments may be made in corporate bonds rated A or better, AAA-rated asset-backed securities, and AAA-rated mortgage-backed securities. Securities may be lent and borrowed.

In addition, ADB may purchase and sell exchange traded financial futures and option contracts, and enter

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into currency and interest rate swaps, and forward rate agreements. Exposure to interest rate risk may be adjusted within defined bands to reflect changing market conditions. These adjustments are made through the purchase and sale of securities, and financial futures. Accordingly, financial futures are held for risk management purposes. At 31 December 2007, the notional amount of outstanding purchase and sales futures contracts were \$99,300,000 and \$54,200,000, respectively, (\$115,700,000 and \$31,700,000 – 2006).

Included in “Other securities” as of 31 December 2007 were corporate bonds and other obligations of banks amounting to \$2,622,373,000 (\$2,896,471,000 – 2006), asset/mortgage-backed securities of \$838,716,000 (\$735,709,000 – 2006), and options of \$838,000 (nil – 2006).

The currency compositions of the investment portfolio as of 31 December 2006 and 2005 expressed in United States dollars are as follows:

Currency	2007	2006
Australian dollar	\$ 462,654,000	\$ 396,798,000
Canadian dollar	306,592,000	239,893,000
Euro	854,590,000	734,178,000
Japanese yen	928,670,000	1,621,421,000
Pound sterling	288,721,000	286,273,000
Swiss franc	457,381,000	250,470,000
United States dollar	9,480,057,000	8,755,071,000
Others	518,278,000	480,328,000
Total	<u>\$13,296,943,000</u>	<u>\$12,764,432,000</u>

The estimated fair value and amortized cost of the investments by contractual maturity at 31 December 2007 are as follows:

	Estimated Fair Value	Amortized Cost
Due in one year or less	\$ 8,502,633,000	\$ 8,502,934,000
Due after one year through five years	3,003,797,000	2,973,726,000
Due after five years through ten years	1,790,513,000	1,785,289,000
Total	<u>\$13,296,943,000</u>	<u>\$13,261,949,000</u>

Additional information relating to investments in government and government-guaranteed obligations and other securities are as follows:

	2007	2006
<b>As of 31 December:</b>		
Amortized cost	\$5,770,063,000	\$6,668,502,000
Estimated fair value	5,805,057,000	6,626,502,000
Gross unrealized gains	60,811,000	11,870,000
Gross unrealized losses	(25,817,000)	(53,870,000)
<b>For the years ended 31 December:</b>		
Change in net unrealized gains from prior year	76,994,000	2,034,000
Proceeds from sales	8,205,482,000	8,880,620,000
Gross gain on sales	13,466,000	8,404,000
Gross loss on sales	(19,411,000)	(75,151,000)

As of 31 December 2007, gross unrealized losses amounted to \$25,817,000 (\$53,870,000 – 2006) from government and government-guaranteed obligations, corporate bonds, mortgage/asset-backed securities, and options resulting from the market movement. There were 12 government and government-guaranteed obligations (27 – 2006), 32 corporate obligations (39 – 2006), 75 mortgage/asset-backed security positions (217 – 2006) that sustained unrealized losses for over one year, representing 9.34% (10.87% – 2006) of the investments. Comparative details for 2007 and 2006 are shown on the next page.

**Asset/Mortgage-backed Securities:** Asset/Mortgage-backed securities are instruments whose cash flow is based on the cash flows of a pool of underlying assets or mortgage loans managed by a trust.

**Exchange Traded Futures:** Futures are contracts for delayed delivery of securities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument at a specified price or yield. Initial margin requirements are met with cash or securities, and changes in the market prices are generally settled daily in cash. ADB generally closes out open positions prior to maturity. Therefore, cash receipts or payments are limited to the change in market value of the future contracts. As of 31 December 2007, net payments on future contracts amounted to \$372,000 (\$198,000 – 2006).



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	One year or less		Over one year		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>For the year 2007</b>						
Government and government-guaranteed obligations	\$ 290,291,000	\$ 5,814,000	\$ 460,364,000	\$ 6,816,000	\$ 750,655,000	\$12,630,000
Corporate bonds	507,085,000	3,835,000	627,532,000	3,301,000	1,134,617,000	7,136,000
Mortgage/Asset-backed securities	119,347,000	2,980,000	153,954,000	3,021,000	273,301,000	6,001,000
Options	300,000	50,000	—	—	300,000	50,000
<b>Total</b>	<b>\$ 917,023,000</b>	<b>\$12,679,000</b>	<b>\$1,241,850,000</b>	<b>\$13,138,000</b>	<b>\$2,158,873,000</b>	<b>\$25,817,000</b>
	One year or less		Over one year		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>For the year 2006</b>						
Government and government-guaranteed obligations	\$1,176,620,000	\$ 8,935,000	\$ 910,033,000	\$19,770,000	\$2,086,653,000	\$28,705,000
Corporate bonds	1,596,435,000	14,151,000	167,617,000	3,484,000	1,764,052,000	17,635,000
Mortgage/Asset-backed securities	237,962,000	1,471,000	310,202,000	6,059,000	548,164,000	7,530,000
<b>Total</b>	<b>\$3,011,017,000</b>	<b>\$24,557,000</b>	<b>\$1,387,852,000</b>	<b>\$29,313,000</b>	<b>\$4,398,869,000</b>	<b>\$53,870,000</b>

### NOTE E—LOANS

#### Loans

ADB does not currently sell its loans, nor does it believe there is a market for its loans. The estimated fair value of all loans is based on the estimated cash flows

from principal repayments, interest and other charges discounted at the applicable market yield curves for ADB's borrowing cost plus lending spread.

The carrying amount and estimated fair value of loans outstanding at 31 December 2007 and 2006 are as follows:

	2007		2006	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Fixed rate multicurrency loans	\$ 22,462,000	\$ 28,279,000	\$ 27,377,000	\$ 34,289,000
Pool-based single currency (JPY) loans	3,138,612,000	3,594,501,000	3,370,025,000	3,798,200,000
Pool-based single currency (US\$) loans	7,716,536,000	8,537,918,000	8,212,633,000	8,779,759,000
LIBOR-based loans	19,135,910,000	19,012,074,000	14,425,615,000	14,405,210,000
Fixed rate loans	15,587,000	17,811,000	19,349,000	24,277,000
Local currency loans	253,772,000	270,787,000	122,407,000	120,050,000
<b>Total</b>	<b>\$30,282,879,000</b>	<b>\$31,461,370,000</b>	<b>\$26,177,406,000</b>	<b>\$27,161,785,000</b>

Prior to 1 July 1986, the lending rate of ADB was based on a multicurrency fixed lending rate system under which loans carried interest rates fixed at the time of loan approval for the entire life of the loans.

Effective 1 July 1986, ADB adopted a multicurrency pool-based variable lending rate system. In addition, in July 1992, ADB introduced a United States dollar pool-based variable lending rate system, and in November

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1994, a market-based lending rate system was made available to financial intermediaries of sovereign and nonsovereign borrowers.

The outstanding balances of pool-based multicurrency loans were subsequently transformed into pool-based single currency loans in Japanese yen, effective 1 January 2004.

Commencing 1 July 2001, ADB offered LIBOR-based loans (LBLs) in the following currencies – Euro, Japanese yen, and United States dollar. The LBL lending facility offers borrowers the flexibility of (i) choice of currency and interest rate basis; (ii) change the original loan terms (currency and interest rate basis) at any time during the life of the loan; and (iii) options to cap or collar the floating lending rate at any time during the life of the loan. With the introduction of LBLs, all other loan windows are no longer offered to borrowers. In November 2002, ADB offered local currency loans (LCLs) to nonsovereign borrowers. In August 2005, ADB also offered LCLs to sovereign borrowers. In November 2006, ADB introduced series of enhancements to sovereign LBLs negotiated after 1 January 2007, offering additional major currencies that ADB can efficiently intermediate, and additional repayment options including (i) annuity method with various discount factors, (ii) straight-line repayment, (iii) bullet repayment, and (iv) custom-tailored repayment.

In 2007, ADB received prepayments for 6 loans (24 – 2006) amounting to \$80,139,000 (\$460,314,000 – 2006) and collected prepayment premiums of \$210,000 (\$7,236,000 – 2006) which were included in "Other income from loans". 87.0% percent of the prepaid amounts in 2007 were LIBOR-based loans compared to 84.0% for pool-based single currency US dollar loans in 2006.

### *Loan Charges*

Since 1988, ADB has charged front-end fees for nonsovereign loans. Effective 1 January 2000, ADB levied front-end fee of 1% for sovereign loans for which the loan negotiations are completed after that date. In addition, a flat commitment fee of 0.75% was charged for new program loans and a progressive commitment fee of 0.75% was maintained for project loans. Effective 1 January 2000, the lending spread applied to all outstanding pool-based sovereign loans

and new sovereign market-based loans was increased from 0.4% to 0.6%.

In 2004, the Board approved the waiver of the entire 1% front-end fee on all new sovereign loans approved during 1 January 2004 to 30 June 2005 (waiver of 50 basis points on sovereign loans approved in 2003) and waiver of 20 basis points of the lending spread on sovereign loans outstanding from 1 July 2004 – 30 June 2005 for borrowers that do not have loans in arrears. Subsequently, the policy was extended to cover the period up to June 2008.

The front-end fees received on nonsovereign loans for the year ended 31 December 2007 were \$4,576,000 (\$4,293,000 – 2006). Administrative expenses relating to direct loan origination of \$34,080,000 for the year ended 31 December 2007 (\$28,434,000 – 2006) were deferred and offset against front-end fees received. The excess, if any, is amortized over the life of each loan.

In November 2006, the Board approved a change in the commitment charge policy for all sovereign project LIBOR-based loans negotiated after 1 January 2007, from 75 basis points on a progressive structure of undisbursed loan balances to a flat fee of 35 basis points on the full amount of undisbursed balances. Further to this, the Board also approved in April 2007, the waiver of 10 basis points of the commitment charge on the undisbursed balances of sovereign project loans negotiated after 1 January 2007 and 50 basis points of the commitment charge on the undisbursed balances of sovereign program loans.

In December 2007, the Board approved the revision of loan charges for sovereign LIBOR-based loans negotiated on and after 1 October 2007 by (a) providing a credit of 0.4% for the duration of the loan, resulting to an effective contractual spread of 0.2%; (b) reducing the commitment charge from 0.75% and 0.35% for sovereign program and project loans to 0.15% for both sovereign program and project loans; and (c) eliminating front-end fees.

Undisbursed loan commitments and an analysis of loans by borrowing member countries as of 31 December 2007 are shown in OCR-5. The carrying amounts of loan outstanding by loan products at 31 December 2007 and 2006 are shown on the next page.

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	2007	2006
Sovereign Loans		
Fixed rate multicurrency loans	\$ 22,462,000	\$ 27,377,000
Pool-based single currency (JPY) loans	3,136,766,000	3,367,414,000
Pool-based single currency (US\$) loans	7,722,916,000	8,219,478,000
LIBOR-based loans	18,078,713,000	13,694,950,000
	<u>28,960,857,000</u>	<u>25,309,219,000</u>
Less: Provision for loan losses	(5,689,000)	(6,116,000)
Unamortized direct loan origination cost	47,936,000	17,656,000
	<u>42,247,000</u>	<u>11,540,000</u>
Sub-total	<u>29,003,104,000</u>	<u>25,320,759,000</u>
Nonsovereign Loans		
Pool-based single currency (JPY) loans	1,846,000	2,611,000
Fixed rate loans	15,586,000	22,269,000
LIBOR-based loans	1,018,846,000	734,744,000
Local currency loans	258,657,000	122,887,000
	<u>1,294,935,000</u>	<u>882,511,000</u>
Less: Provision for loan losses	(9,354,000)	(22,223,000)
Unamortized front-end fee	(5,806,000)	(3,641,000)
	<u>(15,160,000)</u>	<u>(25,864,000)</u>
Sub-total	<u>1,279,775,000</u>	<u>856,647,000</u>
Total	<u>\$30,282,879,000</u>	<u>\$26,177,406,000</u>

– 2006) of which \$9,659,000 (\$21,820,000 – 2006) was overdue. Loans in non-accrual status resulted in \$3,223,000 (\$7,784,000 – 2006) not being recognized as income from nonsovereign loans for the year ended 31 December 2007. The accumulated interest and other charges on these loans, net of loan charges of \$15,077,000 which were waived due to sale of one Indonesian loan and one Philippine loan on 24 July 2007 and 19 September 2007, respectively, that were not recognized as income as of 31 December 2007 would have totaled \$8,314,000 (\$20,168,000 – 2006).

#### Loan Loss Provision

ADB has not suffered any losses of principal on sovereign loans. During the year, \$427,000 loan loss provision was written back on one sovereign loan (provision of \$3,816,000 – 2006). Accumulated loan loss provision for sovereign loans as of 31 December 2007 was \$5,689,000 (\$6,116,000 – 2006). Loan loss provisions for nonsovereign loans totaling \$12,869,000 were written back/off mainly due to the sale of two loans. This resulted to a significant decrease in the balance of accumulated loan loss provision for nonsovereign loans to \$9,354,000 as of 31 December 2007 (\$22,223,000 – 2006).

Information pertaining to loans which were subject to loan loss provisions at 31 December 2007 and 2006 is as follows:

#### Loans in Non-accrual Status

One sovereign loan was in non-accrual status as of 31 December 2007 (two – 2006). The principal outstanding at that date was \$2,300,000 (\$6,116,000 – 2006) of which \$906,000 (\$1,056,000 – 2006) was overdue. The loan in non-accrual status resulted in \$140,000 (\$312,000 – 2006) not being recognized as income from sovereign loans for the year ended 31 December 2007. The accumulated interest and other charges on this loan, that were not recognized as income as of 31 December 2007 totaled \$1,130,000 (\$1,158,000 – 2006).

In 2007, one sovereign loan was restored to accrual status and loan charges of \$168,000 for 2006 was recognized as income for the current year.

Four nonsovereign loans were in non-accrual status as of 31 December 2007 (six – 2006). The principal outstanding at that date was \$16,507,000 (\$29,741,000

	2007	2006
Loans not subject to loss provisions	\$30,233,596,000	\$26,155,874,000
Loans subject to loss provisions	<u>22,196,000</u>	<u>35,856,000</u>
Total	<u>\$30,255,792,000</u>	<u>\$26,191,730,000</u>
Average amount of loans subject to loss provisions	\$ 30,019,000	\$ 35,856,000
Related interest income on such loans recognized in the year	\$ 921,000	\$ 69,000
Cash received on related interest income on such loans	\$ 782,000	\$ 215,000

## CONTINUED

The changes in the provision for loan losses during 2007 and 2006 are as follows:

	2007			2006		
	Sovereign Loans	Nonsovereign Loans	Total	Sovereign Loans	Nonsovereign Loans	Total
Balance 1 January	\$6,116,000	\$22,223,000	\$28,339,000	\$2,300,000	\$77,164,000	\$79,464,000
Provision (written back) charged	(427,000)	(152,000)	(579,000)	3,816,000	(36,331,000)	(32,515,000)
Provision written off	—	(12,717,000)	(12,717,000)	—	(18,450,000)	(18,450,000)
Translation adjustment	—	—	—	—	(160,000)	(160,000)
Balance 31 December	\$5,689,000	\$ 9,354,000	\$15,043,000	\$6,116,000	\$22,223,000	\$28,339,000

### Cofinancing

ADB functions as lead lender in cofinancing arrangements with other participating financial institutions who also provide funds to ADB's sovereign and nonsovereign borrowers. In such capacity, ADB provides loan administration services, which include loan disbursements and loan collections. The participating financial institutions have no recourse to ADB for their outstanding loan balances.

Loans administered by ADB on behalf of participating institutions as at 31 December 2007 and 2006 are as follows:

	2007	
	Amount	No. of Loans
Sovereign loans	\$527,247,000	32
Nonsovereign loans	432,865,000	12
Total	\$960,112,000	44

	2006	
	Amount	No. of Loans
Sovereign loans	\$577,636,000	38
Nonsovereign loans	295,290,000	11
Total	\$872,926,000	49

During the year ended 31 December 2007, a total of \$490,000 (\$989,000 – 2006) was received as compensation for arranging and administering such loans. This amount has been included in "Income from other sources."

### NOTE F—GUARANTEES

ADB extends guarantees to public sector and private sector borrowers. Such guarantees include (i) partial credit guarantees where only certain principal and/or interest payments are covered; and (ii) political risk guarantees, which provide coverage against well-defined sovereign risks. While counterguarantees from the host government are required for all public sector guarantees, guarantees for private sector projects may be provided with or without a host government counterguarantee. A counterguarantee takes the form of a member government agreement to indemnify ADB for any payments it makes under the guarantee. In the event that a guarantee is called, ADB has the contractual right to require payment from the government, on demand, or as ADB may otherwise direct.

Guaranteed payments under partial credit guarantees are generally due 10 or more years from the loan inception date. ADB's political risk guarantee is callable when a guaranteed event has occurred and such an event has resulted in debt service default to the guaranteed lender.

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The committed and outstanding amounts of these guarantee obligations as of 31 December 2007 and 2006 covered:

	2007		2006	
	Committed Amount	Outstanding Amount	Committed Amount	Outstanding Amount
Partial Credit Guarantees				
with counter guarantee	\$1,001,492,000	\$ 962,160,000	\$1,004,095,000	\$ 976,434,000
without counter guarantee	280,863,000	271,881,000	111,660,000	110,180,000
	<u>1,282,355,000</u>	<u>1,234,041,000</u>	<u>1,115,755,000</u>	<u>1,086,614,000</u>
Political Risk Guarantees				
with counter guarantee	146,813,000	134,210,000	146,494,000	120,943,000
without counter guarantee	30,462,000	27,306,000	30,507,000	28,695,000
	<u>177,275,000</u>	<u>161,516,000</u>	<u>177,001,000</u>	<u>149,638,000</u>
Others	950,000	950,000	950,000	950,000
Total	<u>\$1,460,580,000</u>	<u>\$1,396,507,000</u>	<u>\$1,293,706,000</u>	<u>\$1,237,202,000</u>

None of these amounts were subject to call as of 31 December 2007 and 2006. The committed amount represents the maximum potential amount of undiscounted future payment that ADB could be required to make, inclusive of standby portion for which ADB is committed but not currently at risk. The outstanding amount represents the guaranteed amount utilized under the related loans, which have been disbursed as of the end of a reporting period, exclusive of the standby portion. ADB estimates that the present value of guarantees outstanding at 31 December 2007 was \$965,849,000 (\$825,363,000 – 2006).

As of 31 December 2007, a total liability of \$13,668,000 (\$10,544,000 – 2006) relating to stand-by ready obligation for five partial credit risk guarantees (three – 2006) and two political risk guarantees (two – 2006) has been included in "Miscellaneous liabilities" on the balance sheet for all guarantees issued after 31 December 2002.

#### NOTE G—EQUITY INVESTMENTS

ADB's investments in equity securities issued by private enterprises located in DMCs include \$212,463,000 (\$123,081,000 – 2006) investments in limited liability partnership and limited liability companies under the provision of Emerging Issues Task Force 03-16. Such

equity investments are accounted for under the equity method.

As of 31 December 2007, there were six (eight – 2006) equity investments which were reported at fair value totaling \$462,115,000 (\$389,976,000 – 2006). None of these sustained unrealized losses as of year end of 2007 and 2006.

Accumulated net unrealized gains on equity investments reported at market value were \$340,958,000 at 31 December 2007 (\$268,882,000 – 2006) and were reported in "CAPITAL AND RESERVES" as part of "Accumulated other comprehensive income."

Approved equity investment facility that has not been disbursed was \$344,046,000 at 31 December 2007 (\$391,618,000 – 2006).

#### NOTE H—DERIVATIVE INSTRUMENTS

The fair value of outstanding currency and interest rate swap agreements is determined at the estimated amount that ADB would receive or pay to terminate the agreements using market-based valuation models. The basis of valuation is the present value of expected cash flows based on observable market data.

**Interest rate swaps:** Under a typical interest rate swap agreement, one party agrees to make periodic



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payments based on a notional principal amount and an interest rate that is fixed at the outset of the agreement. The counterparty agrees to make floating rate payments based on the same notional principal amount. The terms of ADB's interest rate swap agreements usually match the terms of particular borrowings.

**Currency swaps:** Under a typical currency swap agreement, one party agrees to make periodic payments in one currency while the counterparty agrees to make periodic payments in another currency. The payments may be fixed at the outset of the agreement or vary based on interest rates. A receivable is created for the currency swapped out, and a payable is created for the currency swapped in. The terms of ADB's currency swap agreements usually match the terms of particular borrowings.

Included in Receivable/Payable from Swaps-Others are interest rate and currency swaps that ADB has entered into for the purpose of hedging specific investments and loans. The loan related swaps were executed to better align the composition of certain outstanding loans with funding sources and provide borrowers with financial risk management tools.

#### NOTE I—PROPERTY, FURNITURE, AND EQUIPMENT

In 1991, under the terms of an agreement with the Philippines (Government), ADB returned the former headquarters premises, which had been provided by the Government. In accordance with the agreement as supplemented by a memorandum of understanding, ADB was compensated \$22,657,000 for the return of these premises. The compensation is in lieu of being provided premises under the agreement and accordingly, is deferred and amortized over the estimated life of the new headquarters building as a reduction of occupancy expense. The amortization for the year ended 31 December 2007 amounted to \$387,000 (\$354,000 – 2006) reducing depreciation expense for the new headquarters building from \$4,471,000 (\$4,471,000 – 2006) to \$4,084,000 (\$4,117,000 – 2006). At 31 December 2007, the unamortized deferred compensation balance (included in "ACCOUNTS PAYABLE AND OTHER LIABILITIES - Miscellaneous") was \$9,529,000 (\$8,766,000 – 2006). At 31 December 2007 accumulated depreciation for property, furniture, and equipment was \$147,999,000 (\$136,254,000 – 2006).

#### NOTE J—BORROWINGS

The key objective of ADB's borrowing strategy is to raise funds at the lowest possible cost for the benefit of its borrowers. ADB uses financial derivative instruments in connection with its borrowing activities to increase cost efficiency, while achieving risk management objectives. Currency swaps enable ADB to raise operationally needed currencies in a cost-efficient way and to maintain its borrowing presence in the major capital markets. Interest rate swaps are used generally to reduce interest rate mismatches arising from lending operations.

#### NOTE K—CAPITAL STOCK, CAPITAL TRANSFERRED TO ASIAN DEVELOPMENT FUND, MAINTENANCE OF VALUE OF CURRENCY HOLDINGS, AND MEMBERSHIP

##### *Capital Stock*

The authorized capital stock of ADB as of the end of 2007 consists of 3,546,311 shares (3,534,230 – 2006), all of which have been subscribed by members (3,534,230 – 2006). Of the subscribed shares, 3,296,887 (3,285,655 – 2006) are "callable" and 249,424 (248,575 – 2006) are "paid-in." The "callable" share capital is subject to call by ADB only as and when required to meet ADB's obligations incurred on borrowings of funds for inclusion in its Ordinary Capital Resources (OCR) or on guarantees chargeable to such resources. The "paid-in" share capital has been paid or is payable in installments, partly in convertible currencies and partly in the currency of the subscribing member which may be convertible. In accordance with Article 6, paragraph 3 of the Charter, ADB accepts non-negotiable, non-interest-bearing demand obligations in satisfaction of the portion payable in the currency of the member, provided such currency is not required by ADB for the conduct of its operations. The settlement of such amounts is not determinable and, accordingly, it is not practicable to determine a fair value for these receivables.

As of 31 December 2007, all matured installments amounting to \$3,917,444,000 (\$3,724,424,000 – 2006) were received. Installments not due aggregating \$19,664,000 (\$15,138,000 – 2006) are as follows:

For the Year ending 31 December:

2008	\$9,621,000	2009	\$6,693,000	2010	\$3,350,000
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## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### *Capital Transferred to Asian Development Fund*

Pursuant to the provisions of Article 19, paragraph 1(i) of the Charter, the Board of Governors has authorized the setting aside of 10% of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) of the Charter and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) of the Charter as of 28 April 1973 to be used as a part of the Special Funds of ADB. The resources so set aside amounting to \$75,151,000 as of 31 December 2007 (\$71,624,000 – 2006) expressed in terms of the SDR on the basis of \$1.57848 (\$1.5044 – 2006) per SDR (\$57,434,000 in terms of \$1.20635 per 1966 dollar—Note B), were allocated and transferred to the Asian Development Fund.

#### *Maintenance of Value of Currency Holdings*

Prior to 1 April 1978, the effective date of the Second Amendment to the IMF Articles, ADB implemented maintenance of value (MOV) in respect of holdings of member currencies in terms of 1966 dollars, in accordance with the provisions of Article 25 of the Charter and relevant resolutions of the Board of Directors. Since then, settlement of MOV has been put in abeyance.

In as much as the valuation of ADB's capital stock and the basis of determining possible MOV obligations are still under consideration, notional amounts have been calculated provisionally as receivable from or payable to members in order to maintain the value of currency holdings in terms of the SDR. In view thereof, the notional MOV amounts of receivables and payables are offset against one another and shown as net notional amounts to maintain value of currency holdings in the "CAPITAL AND RESERVES" portion of the Balance Sheet. The carrying book value for such receivables and payables approximates its fair value.

The net notional amounts as of 31 December 2007 consisted of (a) the increase of \$806,160,000 (\$655,080,000 – 2006) in amounts required to maintain the value of currency holdings to the extent of matured and paid capital subscriptions due to the increase in the value of the SDR in relation to the United States dollar during the period from 1 April 1978 to 31 December 2007 and (b) the net increase of \$144,963,000 (decrease of \$17,819,000 – 2006) in the value of such currency holdings in relation to the United States dollar during

the same period. In terms of receivable from and payable to members, they are as follows:

	2007	2006
Notional MOV Receivables	\$853,546,000	\$841,500,000
Notional MOV Payables	192,349,000	168,601,000
Total	\$661,197,000	\$672,899,000

#### *Membership*

As of 31 December 2007, ADB's shareholders consist of 67 member countries, 48 countries from the region and 19 countries from outside the region (OCR-7). During 2007, Georgia subscribed to 12,081 shares of ADB's capital stock.

### NOTE L—RESERVES

#### *Ordinary Reserve and Net Income*

Under the provisions of Article 40 of the Charter, the Board of Governors shall determine annually what part of the net income shall be allocated, after making provision for reserves, to surplus and what part, if any, shall be distributed to the members.

In May 2007, the Board of Governors approved the allocation of 2006 net income of \$565,886,000 and additions from Cumulative Revaluation Adjustments account of \$138,479,000, to Loan Loss Reserve for \$52,000,000, to Surplus and Ordinary Reserve for \$286,183,000 each, and to Asian Development Fund (ADF) and Regional Cooperation and Integration Fund (RCIF) for \$40,000,000 each. In 2006, the 2005 net income of \$105,202,000 and additions from Cumulative Revaluation Adjustments account and Loan Loss Reserve of \$308,743,000 and \$36,900,000, respectively, were allocated to Surplus for \$320,000,000, to Ordinary Reserve for \$70,845,000, and to ADF and Technical Assistance Special Fund (TASF) for \$40,000,000 and \$20,000,000, respectively.

The restatement of the capital stock for purposes of these financial statements on the basis of the SDR instead of the 1966 dollar (Note B) resulted in a net charge of \$34,587,000 to the Ordinary Reserve during the year ended 31 December 2007 (\$31,533,000 – 2006). That charge is the increase in the value of the matured and paid capital subscriptions caused by the change

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during the year in the value of the SDR in relation to the United States dollar not allocated to members as notional maintenance of value adjustments in accordance with resolutions of the Board of Directors.

#### *Cumulative Revaluation Adjustments Account*

In May 2002, the Board of Governors approved the allocation of net income representing the cumulative net unrealized gains (losses) on derivatives, as required by FAS 133 to a separate category of Reserves – "Cumulative Revaluation Adjustments Account." During the year, the 2006 net unrealized losses on derivatives of \$138,479,000 resulted to a decrease in the balance of the Cumulative Revaluation Adjustments account at 31 December 2007 (decrease of \$207,313,000 – 2006) to \$110,959,000 (\$27,519,000 – 2006).

#### *Special Reserve*

The Special Reserve includes commissions on loans and guarantee fees on guarantees set aside pursuant to Article 17 of the Charter. Special Reserve assets consist of term deposits and government and government-guaranteed obligations and are included under the heading "INVESTMENTS." For the year ended 31 December 2007, guarantee fees amounting to \$5,049,000 (\$4,169,000 – 2006) were appropriated to Special Reserve.

#### *Loan Loss Reserve*

In 2004, the Board of Directors approved the creation of Loan Loss Reserve through an allocation of \$218,800,000 out of prior year net income. The Loan Loss Reserve forms part of Capital and Reserves to be used as a basis for capital adequacy against the estimated expected loss in ADB's sovereign loans and guarantees portfolio. In December 2006, the Board of Directors approved the adoption of this policy to nonsovereign credit exposures.

In 2007, the estimated loan loss reserve requirement was \$182,100,000 resulting to an increase of \$52,000,000. The estimated expected loss is determined using ADB's credit risk model net of loan loss provisions taken up in accordance with generally accepted accounting principles.

#### *Surplus*

Surplus represents funds for future use to be determined by the Board of Governors. In the first half of 2007, the Board of Governors approved the allocation of \$286,183,000 out of 2006 net income to Surplus (\$320,000,000 – 2006).

#### *Comprehensive Income*

Comprehensive income has two major components: net income and other comprehensive income comprising gains and losses affecting equity that, under generally accepted accounting principles, are excluded from net income. Other comprehensive income includes such items as the effects of the implementation of FAS 133, unrealized gains and losses on available-for-sale securities and listed equity investments, currency translation adjustments, and pension and post-retirement liability adjustment.

#### **NOTE M—INCOME AND EXPENSES**

Total income from loans for the year ended 31 December 2007 was \$1,446,319,000 (\$1,210,071,000 – 2006). The average yield on the loan portfolio during the year was 5.00% (4.98% – 2006), excluding premium received on prepayment and other loan income. Premium on prepaid loans during 2007 amounted to \$232,000 (\$7,236,000 – 2006).

Total income from investments including net realized losses on sales, net unrealized losses on derivatives, and interest earned for securities transferred under securities lending and resale arrangements for the year ended 31 December 2007 was \$676,230,000 (\$563,249,000 – 2006). The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month, was 4.68% (4.18% – 2006) excluding unrealized gains and losses on investments and 5.79% (4.27% – 2006) including unrealized gains and losses on investments.

Income from other sources primarily includes dividends received for the year ended 31 December 2007 amounting to \$10,942,000 (\$8,952,000 – 2006), share in the net gain of equity investments of \$47,827,000 (\$32,338,000 – 2006) accounted for under the equity method, and income received as executing agency of \$9,843,000 (\$11,611,000 – 2006).

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

Total interest expense incurred for the year ended 31 December 2007 amounted to \$1,368,177,000 (\$1,099,541,000 – 2006). Other borrowings and related expenses consist of amortization of borrowings' issuance costs and other expenses of \$21,601,000 (\$16,785,000 – 2006).

Administrative expenses (other than those pertaining directly to ordinary operations and special operations) for the year ended 31 December 2007 were apportioned between OCR and ADF in proportion of the relative volume of operational activities of each fund. Of the total administrative expenses of \$347,803,000 (\$346,336,000 – 2006), \$186,396,000 (\$190,233,000 – 2006) was accordingly charged to ADF. The balance of administrative expenses after allocation was reduced by the deferral of direct loan origination costs of \$34,080,000 (\$28,434,000 – 2006) related to new loans that became effective for the year ended 31 December 2007 (Notes B and E).

Following the approval by the Board of Directors in June 2003 of the resumption of direct net income allocation to TASF to finance technical assistance (TA) operations, no new TA commitments during the year were charged to OCR current income as "TECHNICAL ASSISTANCE TO MEMBER COUNTRIES". The write-back in the amount of \$683,000 (\$1,220,000 – 2006) for the year represented cancellations of the undisbursed amounts of completed TA projects committed in prior periods.

As of 31 December 2007, the net cumulative amount of TA commitments that had been charged to OCR net income in the prior years amounted to \$67,848,000 (\$68,531,000 – 31 December 2006) out of which \$65,530,000 (\$63,804,000 – 2006) had been disbursed.

For the year ended 31 December 2007, total write-back of provision for losses amounted to \$579,000 (\$32,515,000 – 2006). This corresponded to \$427,000 for one sovereign loan and \$152,000 for nonsovereign loans, resulting from repayments during the year.

Other expenses of \$3,998,000 (\$3,767,000 – 2006) included non-borrowings related financial expenses such as fees paid to external asset managers and bank charges.

Net unrealized gains incorporate \$3,680,000 net losses (\$3,008,000 net gains – 2006) from the translation adjustments of financial instruments denominated in non-functional currencies (South African Rand and Mexican Peso), and net unrealized gains on derivatives

of \$57,508,000 (\$138,479,000 net loss – 2006), which were made up of:

	2007	2006
Unrealized (losses) gains on:		
Hybrid financial instruments and related swaps	\$ (5,322,000)	\$ (3,007,000)
Borrowings related swaps	108,028,000	(138,160,000)
Investments related swaps	(4,182,000)	(9,858,000)
Loan related swaps	(38,089,000)	8,629,000
FX Forward	(1,958,000)	5,522,000
Amortization of the FAS 133 transition adjustment	(969,000)	(1,605,000)
Total	<u>\$ 57,508,000</u>	<u>\$(138,479,000)</u>

### NOTE N—OTHER ASSETS AND LIABILITIES—MISCELLANEOUS

At 31 December 2007 and 2006, ADB had the following receivables from/payables to special funds and trust funds resulting from administrative arrangements and operating activities:

	2007	2006
Amounts receivable from:		
Asian Development Fund (Note M)	\$28,750,000	\$25,970,000
Technical Assistance Special Fund	14,000	97,000
Japan Special Fund	159,000	125,000
Asian Tsunami Fund	343,000	253,000
Pakistan Earthquake Fund	5,000	–
Asian Development Bank Institute Special Fund	341,000	254,000
Staff Retirement Plan	11,012,000	–
Agency Trust Funds (net)	1,984,000	686,000
Total	<u>\$42,608,000</u>	<u>\$27,385,000</u>
Amounts payable to:		
Staff Retirement Plan	–	451,000
Total	<u>\$ –</u>	<u>\$ 451,000</u>

### NOTE O—STAFF RETIREMENT PLAN AND POSTRETIREMENT MEDICAL BENEFITS

#### Staff Retirement Plan

ADB has a contributory defined benefit Staff Retirement Plan (the Plan). Every employee, as defined under the Plan, shall, as a condition of service, become a participant from the first day of service, provided that at

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such a date, the employee has not reached the normal retirement age of 60. The Plan applies also to members of the Board of Directors who elect to join the Plan. Retirement benefits are based on length of service and highest average remuneration during two years of eligible service. The Plan assets are segregated and are not included in the accompanying Balance Sheet. The costs of administering the Plan are absorbed by ADB, except for fees paid to the investment managers and related charges, including custodian fees, which are borne by the Plan.

Participants hired on or before 30 September 2006 are required to contribute 9 1/3% of their salary to the Plan while those hired after that date do not anymore contribute to the plan. Participants may also make additional voluntary contributions. ADB's contribution is determined at a rate sufficient to cover that part of the costs of the Plan not covered by the participants' contributions.

#### Expected Contributions

The expected amount of contributions to the Plan for 2008 amounts to \$43,291,000 (\$58,763,000 – 2006) representing ADB's contributions of \$22,902,000 (\$21,422,000 – 2006), based on budgeted contribution rate of 16% (16% – 2006), participants' mandatory contributions of \$11,889,000 (\$12,341,000 – 2006) and discretionary contributions of \$8,500,000 (\$25,000,000 – 2006).

#### Investment Strategy

Contributions in excess of current benefits payments are invested in international financial markets and in a variety of investment vehicles. The Plan employs six external asset managers and one global custodian who function within the guidelines established by the Plan's Investment Committee. The investment of these assets, over the long term, is expected to produce higher returns than short-term investments. The investment policy incorporates the Plan's package of desired investment return and tolerance for risk, taking into account the nature and duration of the Plan's liabilities. The Plan's assets are diversified among different markets and different asset classes. The use of derivatives for speculation, leverage or taking risks is prohibited. Selected derivatives are used for hedging and transactional efficiency purposes.

The Plan's investment policy is periodically reviewed and revised to reflect the best interest of the Plan's participants and beneficiaries. The current policy, adopted in January 2003, specifies an asset-mix structure of 70% of assets in equities and 30% in fixed income securities. At present, investments of the Plan's assets are divided into three categories: US equity, Non-US equity, and US fixed income.

As of 31 December 2007 and 2006, the breakdown of the fair value of plan assets held are as follows:

	2007	
	Amount	Percentage
Equity Securities		
US	\$ 541,837,000	
Non-US	407,222,000	
	949,059,000	72.9%
Fixed Income Securities	362,646,000	27.9
Other (Liabilities) – net	(10,150,000)	(0.8)
Total	<u>\$1,301,555,000</u>	<u>100.0%</u>

	2006	
	Amount	Percentage
Equity Securities		
US	\$ 536,100,000	
Non-US	377,825,000	
	913,925,000	74.0%
Fixed Income Securities	319,265,000	25.8
Other Assets – net	2,156,000	0.2
Total	<u>\$1,235,346,000</u>	<u>100.0%</u>

All investments excluding time deposits are valued using market prices. Time deposits are reported at cost which is a reasonable estimate of fair value. Fixed income securities include US government and government guaranteed obligations, corporate bonds and time deposits. Other assets include forward exchange contracts in various foreign currencies transacted to hedge currency exposure in the investment portfolio, which are reported at fair value.

For the year ended 31 December 2007, the net return on the Plan assets was 6.0% (12.9% – 2006). ADB expects the long-term rate of return on the assets to be 8%.



## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### Assumptions

The assumed overall rate of return takes into account long-term return expectations of the underlying asset classes within the investment portfolio mix, and the expected duration of the Plan's liabilities. Return expectations are forward looking and, in general, not much weight is given to short-term experience. Unless there is a drastic change in investment policy or market environment, the assumed investment return of 8% on the Plan's assets is expected to remain broadly the same, year to year.

#### Postretirement Medical Benefits Plan

In 1993, ADB adopted a cost-sharing plan for retirees' medical insurance premiums. Under the plan, ADB is obligated to pay 75% of the Group Medical Insurance Plan premiums for retirees, including retired members of the Board of Directors, and their eligible dependents who elected to participate. The cost-sharing plan is currently unfunded.

Generally accepted accounting principles require an actuarially determined assessment of the periodic cost of postretirement medical benefits.

The following table sets forth the pension and postretirement medical benefits at 31 December 2007 and 2006:

	Pension Benefits		Postretirement Medical Benefits	
	2007	2006	2007	2006
Change in benefit obligation:				
Benefit obligation at beginning of year	\$1,336,833,000	\$1,226,453,000	\$ 187,030,000	\$ 227,338,000
Service cost	38,564,000	38,481,000	8,823,000	11,047,000
Interest cost	81,558,000	72,030,000	11,634,000	13,586,000
Participants' contributions	27,186,000	11,843,000	—	—
Transfers	(232,000)	—	—	—
Actuarial loss (gain)	59,287,000	44,382,000	(11,952,000)	(62,416,000)
Amendments	—	—	—	—
Benefits paid	(66,364,000)	(56,356,000)	(2,527,000)	(2,525,000)
Benefit obligation at end of year	\$1,476,832,000	\$1,336,833,000	\$ 193,008,000	\$ 187,030,000
Change in plan assets:				
Fair value of plan assets at beginning of year	\$1,235,346,000	\$1,081,133,000	\$ —	\$ —
Actual return on plan assets	73,905,000	140,076,000	—	—
Employer's contribution	31,714,000	20,106,000	2,527,000	2,525,000
Plan participants' contributions	27,186,000	50,387,000	—	—
Transfers	(232,000)	—	—	—
Benefits paid	(66,364,000)	(56,356,000)	(2,527,000)	(2,525,000)
Fair value of plan assets at end of year	\$1,301,555,000	\$1,235,346,000	\$ —	\$ —
Funded status	\$ (175,277,000)	\$ (101,487,000)	\$(193,008,000)	\$(187,030,000)
Amounts recognized in the Balance sheet consist of:				
Current liabilities	\$ —	\$ —	\$ (3,907,000)	\$ (3,902,000)
Noncurrent liabilities	(175,277,000)	(101,487,000)	(189,101,000)	(183,128,000)
Net amount recognized	\$ (175,277,000)	\$ (101,487,000)	\$(193,008,000)	\$(187,030,000)
Amounts recognized in the Accumulated other comprehensive income consist of:				
Net actuarial loss	\$ 110,605,000	\$ 39,745,000	\$ 43,853,000	\$ 59,109,000
Prior service cost (credit)	15,912,000	19,991,000	(28,648,000)	(37,294,000)
Total amount recognized	\$ 126,517,000	\$ 59,736,000	\$ 15,205,000	\$ 21,815,000
Weighted-average assumptions as of 31 December:				
Discount rate	6.00%	6.00%	6.00%	6.00%
Expected return on plan assets	8.00%	8.00%	N/A	N/A
Rate of compensation increase varies with age and averages	4.65%	5.00%	4.65%	5.00%



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For measurement purposes, a 9.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for the valuation as at

31 December 2007. The rate was assumed to decrease gradually to 5.0% for 2011 and remain at the level thereafter.

	Pension Benefits		Postretirement Medical Benefits	
	2007	2006	2007	2006
Components of net periodic benefit cost:				
Service cost	\$ 38,564,000	\$ 38,481,000	\$ 8,823,000	\$11,047,000
Interest cost	81,558,000	72,030,000	11,634,000	13,586,000
Expected return on plan assets	(88,047,000)	(80,225,000)	—	—
Amortization of prior service cost	4,079,000	4,130,000	(8,646,000)	(8,646,000)
Recognized actuarial loss	2,569,000	4,067,000	3,304,000	9,055,000
Net periodic benefit cost	<u>\$ 38,723,000</u>	<u>\$ 38,483,000</u>	<u>\$ 15,115,000</u>	<u>\$25,042,000</u>

The accumulated benefit obligation of the pension plan as of 31 December 2007 was \$1,374,738,000 (\$1,237,070,000 – 2006).

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are US\$1,819,000 and US\$4,079,000, respectively. The estimated net loss and prior service credit for the other postretirement benefits plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is \$1,950,000 and \$(8,646,000), respectively.

A one-percentage-point change in assumed health care trend rates would have the following effects:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest cost components	\$ 5,143,000	\$ (3,900,000)
Effect on postretirement benefit obligation	38,716,000	(30,396,000)

#### Estimated Future Benefits Payments

The following table shows the benefit payments expected to be paid in each of the next five years and subsequent five years. The expected benefit payments are based on the same assumptions used to measure the benefit obligation at 31 December 2007:

	Pension Benefits	Postretirement Medical Benefits
2008	\$ 63,388,000	\$ 3,907,000
2009	64,637,000	4,581,000
2010	66,402,000	5,268,000
2011	71,512,000	6,005,000
2012	76,081,000	6,740,000
2013-2017	439,879,000	44,130,000

#### NOTE P—FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of ADB's significant financial instruments as of 31 December 2007 and 2006 are summarized in the next page.

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

	2007		2006	
	Carrying Amount <sup>a</sup>	Estimated Fair Value	Carrying Amount <sup>a</sup>	Estimated Fair Value
<b>On-balance sheet financial instruments:</b>				
<b>ASSETS:</b>				
Due from banks	\$ 108,821,000	\$ 108,821,000	\$ 205,418,000	\$ 205,418,000
Investments (Note D)	13,296,943,000	13,296,943,000	12,764,432,000	12,764,432,000
Securities transferred under securities lending arrangement	5,041,387,000	5,041,387,000	1,922,901,000	1,922,901,000
Securities purchased under resale arrangement	427,132,000	427,132,000	432,963,000	432,963,000
Loans outstanding (Note E)	30,282,879,000	31,461,370,000	26,177,406,000	27,161,785,000
Equity investments (Note G)	808,157,000	808,157,000	655,819,000	655,819,000
<b>Other assets</b>				
Non-negotiable, non-interest-bearing demand obligations	174,805,000	105,027,000	173,667,000	108,822,000
Receivable from swaps – others (Note H)	512,089,000	512,089,000	655,151,000	655,151,000
Receivable from swaps – borrowings (Note H)	17,968,867,000	17,968,867,000	12,986,831,000	12,986,831,000
Future guarantee receivable	13,668,000	13,668,000	10,544,000	10,544,000
<b>LIABILITIES:</b>				
Borrowings (Note J)	31,959,299,000	32,023,669,000	27,910,832,000	27,972,473,000
<b>Other liabilities</b>				
Payable for swaps – others (Note H)	583,321,000	583,321,000	655,461,000	655,461,000
Payable for swaps – borrowings (Note H)	16,936,964,000	16,936,964,000	12,502,403,000	12,502,403,000
Guarantee liability	13,668,000	13,668,000	10,544,000	10,544,000
<b>Off-balance sheet financial instruments:</b>				
Guarantees (Note F)	\$ 1,060,328,000	\$ 689,145,000	\$ 1,076,316,000	\$ 695,585,000

a The carrying amount for borrowings and swaps are inclusive of accrued interest.

Additional fair value information, including methods used to estimate certain values, is included in the notes referenced in the above table.

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

If available, quoted market values are used to determine fair values. Financial instruments for which market quotations are not readily available are valued using valuation models. The basis of valuation is the present value of expected cash flows based on observable market data.

### NOTE Q—CREDIT RISK

ADB is exposed to risk if the borrowers fall in arrears on payments. ADB manages country risk for lending operations through continuous monitoring of credit-worthiness of the borrowers and rigorous capital

adequacy framework. Guarantees involve elements of credit risk which are also not reflected on the balance sheet. Credit risk represents the potential loss due to possible nonperformance by obligors and counterparties under the terms of the contract.

As of 31 December 2007, ADB has a significant concentration of credit risk to Asian and the Pacific region associated with loan and guarantee products with credit exposure determined based on fair value of loans and outstanding guarantees amounting to \$29,282,780,000 (\$28,398,987,000 – 2006).

ADB undertakes derivative transactions with its eligible counterparties and transacts in various financial instruments as part of liquidity and asset/liability management purposes that may involve credit risks. For all investment securities and their derivatives, ADB manages credit risks by following the guidelines set forth in the Investment Authority (Note D).

ADB has a potential risk of loss if the swap counterparty fails to perform its obligations. In order to

CONTINUED

reduce such credit risk, ADB only enters into long-term swap transactions with counterparties eligible under ADB's swap guidelines which include a requirement that the counterparties have a credit rating of A-/A3 or higher and requires certain counterparties with executed Credit Support Annex, to provide collateral in form of cash or other approved liquid securities based on mark-to-market exposure.

As of 31 December 2007, ADB had received collateral of \$461,017,000 (\$371,063,000 – 2006) in connection with the swap agreements. ADB has also entered into master swap agreements which contain legally enforceable close-out netting provisions for all counterparties with outstanding swap transactions.

#### NOTE R—SPECIAL AND TRUST FUNDS

ADB's operations include special operations, which are financed from special fund resources, consisting of the Asian Development Fund, the Technical Assistance Special Fund, Japan Special Fund, the Asian Development Bank Institute Special Fund, the Asian Tsunami Fund, the Pakistan Earthquake Fund, and the Regional Cooperation and Integration Fund.

The OCR and special fund resources are at all times used, committed, and invested entirely separate from each other. The Board of Governors may approve allocation of the net income of OCR to special funds, based on the funding and operational requirements for

the funds. The administrative and operational expenses pertaining to the OCR and special funds are charged to the respective special funds. The administrative expenses of ADB are allocated amongst OCR and special funds and are settled on a regular basis between the OCR and the special funds.

In addition, ADB, alone or jointly with donors, administers on behalf of the donors, including members of ADB, their agencies and other development institutions, projects/programs supplementing ADB's operations. Such projects/programs are funded with external funds administered by ADB and with external funds not under ADB's administration. ADB charges administrative fees for external funds administered by ADB. The funds are restricted for specific uses including technical assistance to borrowers and technical assistance for regional programs. The responsibilities of ADB under these arrangements range from project processing to project implementation including the facilitation of procurement of goods and services. These funds are held in trust with ADB, and are held in a separate investment portfolio, which is not commingled with ADB's funds, nor are they included in the assets of ADB.

Special funds and funds administered by ADB on behalf of the donors are not included in the assets of OCR. The breakdown of the total of such funds together with the funds of the special operations as of 31 December 2007 and 2006 is as follows:

	2007		2006	
	Total Net Assets	No. of Funds	Total Net Assets	No. of Funds
<b>Special Funds</b>				
Asian Development Fund	\$31,949,604,000	1	\$29,247,470,000	1
Technical Assistance Special Fund	193,119,000	1	220,533,000	1
Japan Special Fund	171,558,000	1	163,792,000	1
Asian Development Bank Institute Special Fund	18,292,000	1	17,408,000	1
Asian Tsunami Fund	40,008,000	1	19,482,000	1
Pakistan Earthquake Fund	(3,453,000)	1	6,046,000	1
Regional Cooperation and Integration Fund	33,817,000	1	–	–
Subtotal	32,402,945,000	7	29,674,731,000	6
<b>Trust Funds</b>				
Funds administered by ADB	1,130,226,000	64	1,016,475,000	60
Funds not administered by ADB	7,337,000	2	7,358,000	2
Subtotal	1,137,563,000	66	1,023,833,000	62
<b>Total</b>	<b>\$33,540,508,000</b>	<b>73</b>	<b>\$30,698,564,000</b>	<b>68</b>

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

During the year ended 31 December 2007, a total of \$9,310,000 (\$8,666,000 – 2006) was recorded as compensation for administering projects/programs under Trust Funds. The amount has been included in "Revenue from Other Sources - net."

#### NOTE 5—VARIABLE INTEREST ENTITIES

As of 31 December 2007, ADB did not identify any VIE in which ADB is the primary beneficiary, requiring consolidation in OCR financial statements. ADB may hold significant variable interests in VIE, which requires disclosures.

The review of ADB's loan, equity investments, and guarantee portfolio, has identified 2 (2 – 2006) investments in VIEs in which ADB is not the primary beneficiary, but in which it is reasonably possible that ADB could be deemed to hold significant variable interest. ADB's total committed investment in these entities, comprising disbursed and undisbursed balances, corresponded to the maximum exposure to loss totaling \$109,200,000 as of 31 December 2007 (\$108,130,000 – 2006). Based on the most recent available information from these VIEs, the assets of these VIEs totaled \$376,785,000 (\$309,182,000 – 2006).

**PricewaterhouseCoopers**

8 Cross Street #17-00  
PWC Building  
Singapore 048424  
Telephone (65) 6236 3388  
Facsimile (65) 6236 3300  
[www.pwc.com/sg](http://www.pwc.com/sg)

GST No: 52-871777-D  
Co. Reg. No.: 52871777D

**Report of Independent Auditors to the Asian Development Bank**

We have audited the accompanying special purpose statements of assets, liabilities and fund balances of the Asian Development Bank—Asian Development Fund as of December 31, 2007 and 2006 and the related special purpose statements of revenues and expenses, cash flows and changes in fund balances for the years then ended. These financial statements are the responsibility of the management of the Asian Development Bank. Our responsibility is to express an opinion on these financial statements based on our audits.

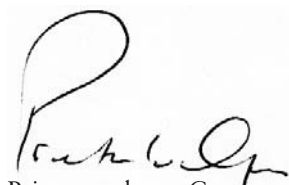
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note B, the Board of Directors approved in May 2001 the adoption of special purpose financial statements for the Asian Development Bank—Asian Development Fund. With the adoption of the special purpose financial statements, loan loss provisioning has been eliminated. The accompanying financial statements are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of Asian Development Bank—Asian Development Fund at 31 December 2007 and 2006, and the revenues and expenses and cash flows for the years then ended, on the basis explained in Note B.

Our audits were conducted for the purpose of forming an opinion on the special purpose financial statements taken as a whole. The accompanying special purpose statements of loans as at 31 December 2007 and 2006, and of resources as at 31 December 2007 are presented for purposes of additional analyses and are not required parts of the special purpose financial statements. Such information has been subjected to the auditing procedures applied in the audits of the special purpose financial statements and in our opinion is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Governors, Board of Directors, management and members of the Asian Development Bank—Asian Development Fund.



PricewaterhouseCoopers  
Certified Public Accountants

Singapore  
5 March 2008

**ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND****SPECIAL PURPOSE STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES****31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	2007		2006	
<b>ASSETS</b>				
DUE FROM BANKS (Note B)	\$	2,945	\$	2,602
INVESTMENTS (Notes B, C, and L)				
Government and government-guaranteed obligations	\$	688,654	\$	591,905
Time deposits		6,054,661		5,511,612
Corporate bonds		151,409		281,810
		6,894,724		6,385,327
SECURITIES PURCHASED UNDER RESALE ARRANGEMENT (Notes B, C, and L)		58,178		55,085
LOANS OUTSTANDING (ADF-5) (Notes B, D, and L)		24,017,992		21,522,213
ACCRUED REVENUE				
On investments		32,618		36,933
On loans		59,077		46,777
		91,695		83,710
DUE FROM CONTRIBUTORS (Notes B, E, and L)		1,678,404		1,675,849
OTHER ASSETS				
Others		36,495		25,420
		36,495		25,420
<b>TOTAL</b>		<b>\$32,780,433</b>		<b>\$29,750,206</b>
<b>LIABILITIES AND FUND BALANCES</b>				
PAYABLE TO RELATED FUNDS (Notes F and H)	\$	30,170	\$	28,621
ADVANCE PAYMENTS ON CONTRIBUTIONS (ADF-6) (Note B)		117,573		102,440
UNDISBURSED COMMITMENTS (Notes B, K, and L)		682,582		355,857
OTHER LIABILITIES (Note G)		504		15,818
<b>TOTAL LIABILITIES</b>		<b>830,829</b>		<b>502,736</b>
<b>FUND BALANCES</b>				
Amounts available for operational commitments (ADF-6)				
Contributed Resources (Notes B and G)	\$28,725,096		\$25,997,183	
Unamortized Discount (Note B)	(46,711)		(33,537)	
	28,678,385		25,963,646	
Set-Aside Resources (Note I)	75,151		71,624	
Transfers from Ordinary Capital Resources and Technical Assistance Special Fund (Note A)	703,986		663,614	
	29,457,522		26,698,884	
Accumulated surplus (ADF-4)	2,243,408		2,260,723	
Accumulated other comprehensive income (ADF-4) (Notes B and J)	248,674	31,949,604	287,863	29,247,470
<b>TOTAL</b>		<b>\$32,780,433</b>		<b>\$29,750,206</b>

The accompanying notes are an integral part of these special purpose financial statements (ADF-7).



**ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND****SPECIAL PURPOSE STATEMENT OF REVENUE AND EXPENSES****For the Years Ended 31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	2007		2006	
REVENUE				
From loans (Notes B and D)	\$ 218,761		\$ 204,804	
From investments (Notes B and C)	317,579		254,307	
From other sources—net	1,277	\$ 537,617	1,213	\$ 460,324
EXPENSES				
Grants (Notes B and K)	377,760		346,540	
Administrative expenses (Note H)	186,396		190,233	
Amortization of discounts on contributions (Notes B and G)	4,237		2,046	
Other expenses	25	568,418	259	539,078
NET REALIZED LOSSES				
From loans	—		(1,546)	
From investments	—	—	(2,145)	(3,691)
NET UNREALIZED GAINS (Note B)		13,486		282
REVENUE LESS THAN EXPENSES		\$ (17,315)		\$ (82,163)

The accompanying notes are an integral part of these special purpose financial statements (ADF-7).

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

### SPECIAL PURPOSE STATEMENT OF CASH FLOWS

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest charges on loans received	\$ 185,569	\$ 180,161
Interest on investments received	302,569	257,448
Interest received for securities purchased under resale arrangement	2,022	1,277
Cash received from other sources	1,247	1,243
Administrative expenses paid	(183,664)	(196,327)
Grants disbursed	(62,804)	(34,488)
Financial expenses paid	(24)	(20)
<b>Net Cash Provided by Operating Activities</b>	<b>244,915</b>	<b>209,294</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of investments	—	278,177
Maturities of investments	135,378,128	106,578,299
Purchases of investments	(135,503,687)	(107,321,357)
Net (payments for) receipts from securities purchased under resale arrangement	(3,863)	128,531
Principal collected on loans	586,409	468,418
Loans disbursed	(1,592,955)	(1,314,933)
<b>Net Cash Used in Investing Activities</b>	<b>(1,135,968)</b>	<b>(1,182,865)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions received and encashed <sup>1</sup>	847,961	915,762
Cash received from Ordinary Capital Resources	40,000	40,000
<b>Net Cash Provided by Financing Activities</b>	<b>887,961</b>	<b>955,762</b>
<b>Effect of Exchange Rate Changes on Due from Banks</b>	<b>3,435</b>	<b>(1,146)</b>
<b>Net Increase (Decrease) in Due from Banks</b>	<b>343</b>	<b>(18,955)</b>
<b>Due from Banks at Beginning of Year</b>	<b>2,602</b>	<b>21,557</b>
<b>Due from Banks at End of Year</b>	<b>\$ 2,945</b>	<b>\$ 2,602</b>
<b>RECONCILIATION OF REVENUE LESS THAN EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Revenue less than expenses (ADF-2)	\$ (17,315)	\$ (82,163)
Adjustments to reconcile revenue less than expenses to net cash provided by operating activities:		
Amortization of discounts/premiums	(18,570)	(3,769)
Amortization of discount under ANE	4,237	2,046
Grants approved and effective	377,760	346,540
Capitalized charges on loans	(24,675)	(23,436)
Net loss on sales of investments	—	2,145
Write-off of loans	—	1,546
Change in disbursed grants	(51,051)	(14,696)
Change in advances under TA grants	(11,801)	(19,793)
Change in accrued revenue on investments and loans	(2,934)	7,219
Change in accrued expenses	2,780	(6,093)
Change in other liabilities	(30)	30
Translation adjustments	(13,486)	(282)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 244,915</b>	<b>\$ 209,294</b>

<sup>1</sup> Supplementary disclosure on noncash financing activities:

Nonnegotiable, noninterest-bearing demand promissory notes amounting to \$783,246 (\$802,477 - 2006) were received from contributing members. The accompanying notes are an integral part of these special purpose financial statements (ADF-7).

ADF-4

**ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND****SPECIAL PURPOSE STATEMENT OF CHANGES IN FUND BALANCES****For the Years Ended 31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	Contributed Resources	Set-Aside Resources	Transfers from OCR & TASF	Accumulated Surplus	Accumulated Other Comprehensive Income	Total
Balance—1 January 2006	\$24,404,467	\$ 68,047	\$623,283	\$2,342,886	\$166,725	\$27,605,408
Comprehensive income for the year 2006 (Note J)				(82,163)	121,138	38,975
Change in amounts available for operational commitments						
Contributed Resources	1,571,482					1,571,482
Unamortized Discount	(12,303)					(12,303)
Transfer from ordinary capital resources			40,000			40,000
Change in SDR value of set-aside resources		3,577				3,577
Change in value of transfers from Technical Assistance Special Fund			331			331
Balance—31 December 2006	\$25,963,646	\$ 71,624	\$663,614	\$2,260,723	\$287,863	\$29,247,470
Comprehensive income for the year 2007 (Note J)				(17,315)	(39,189)	(56,504)
Change in amounts available for operational commitments						
Contributed Resources	2,727,913					2,727,913
Unamortized Discount	(13,174)					(13,174)
Transfer from ordinary capital resources			40,000			40,000
Change in SDR value of set-aside resources		3,527				3,527
Change in value of transfers from Technical Assistance Special Fund			372			372
Balance—31 December 2007	\$28,678,385	\$ 75,151	\$703,986	\$2,243,408	\$248,674	\$31,949,604

**Accumulated Other Comprehensive Income (Note J)****For the Years Ended 31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	Accumulated Translation Adjustments		Unrealized Investment Holding Gains (Losses)		Accumulated Other Comprehensive Income	
	2007	2006	2007	2006	2007	2006
Balance, 1 January	\$288,700	\$170,155	\$ (837)	\$(3,430)	\$287,863	\$166,725
Other comprehensive income for the year	(47,062)	118,545	7,873	2,593	(39,189)	121,138
Balance, 31 December	<u>\$241,638</u>	<u>\$288,700</u>	<u>\$7,036</u>	<u>\$ (837)</u>	<u>\$248,674</u>	<u>\$287,863</u>

The accompanying notes are an integral part of these special purpose financial statements (ADF-7).

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

### SPECIAL PURPOSE SUMMARY STATEMENT OF LOANS

31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

Borrowers/Guarantors <sup>1</sup>	Loans Outstanding	Undisbursed Balances of Effective Loans <sup>2</sup>	Loans Not Yet Effective <sup>2</sup>	Total Loans	Percent of Total Loans
Afghanistan	\$ 417,818	\$ 383,013	\$ –	\$ 800,831	2.57
Armenia	–	–	68,779	68,779	0.22
Azerbaijan	18,209	30,741	10,315	59,265	0.19
Bangladesh	5,399,187	1,279,429	20,722	6,699,338	21.48
Bhutan	109,065	63,120	–	172,185	0.55
Cambodia	716,164	178,209	93,476	987,849	3.17
Cook Islands	26,322	1,431	–	27,753	0.09
Indonesia	1,065,553	463,439	–	1,528,992	4.90
Kazakhstan	6,619	536	–	7,155	0.02
Kiribati	13,734	254	–	13,988	0.03
Kyrgyz Republic	557,517	82,874	–	640,391	2.05
Lao PDR	1,036,353	126,788	–	1,163,141	3.73
Maldives	66,244	27,256	–	93,500	0.30
Marshall Islands	62,351	–	–	62,351	0.20
Micronesia, Fed. States of	46,297	24,931	–	71,228	0.23
Mongolia	563,785	91,048	30,029	684,862	2.19
Myanmar	488,901	–	–	488,901	1.57
Nepal	1,486,034	400,519	–	1,886,553	6.05
Pakistan	5,444,555	1,134,388	48,440	6,627,383	21.25
Papua New Guinea	301,513	49,087	39,844	390,444	1.25
Philippines	855,727	–	–	855,727	2.74
Samoa	86,507	18,022	27,073	131,602	0.42
Solomon Islands	57,170	71	–	57,241	0.18
Sri Lanka	2,539,657	480,776	116,923	3,137,356	10.06
Tajikistan	182,797	159,382	41,756	383,935	1.23
Thailand	45,842	–	–	45,842	0.15
Tonga	46,607	–	–	46,607	0.15
Tuvalu	6,719	1,618	–	8,337	0.03
Uzbekistan	20,615	88,401	30,184	139,200	0.45
Vanuatu	50,845	–	–	50,845	0.16
Viet Nam	2,298,804	1,040,879	521,331	3,861,014	12.38
Regional	481	1,152	–	1,633	0.01
<b>BALANCE – 31 December 2007</b>	<b>\$24,017,992</b>	<b>\$6,127,364</b>	<b>\$1,048,872</b>	<b>\$31,194,228</b>	<b>100.00</b>
<b>BALANCE – 31 December 2006</b>	<b>\$21,522,213</b>	<b>\$6,043,992</b>	<b>\$1,056,398</b>	<b>\$28,622,603</b>	

<sup>1</sup> Loans other than those made directly to a member or to its central bank have been guaranteed by the member with the exception of non-sovereign loans amounting to nil (nil - 2006).

<sup>2</sup> Loans negotiated before 1 January 1983 were denominated in current United States dollars. Loans negotiated after that date are denominated in Special Drawing Rights (SDR) for the purpose of commitment. The undisbursed portions of such SDR loans are translated into United States dollars at the applicable exchange rates as of the end of a reporting period. Of the undisbursed balances, ADB has entered into irrevocable commitments to disburse various amounts totalling \$49,996 (\$56,956 - 2006).

## MATURITY OF EFFECTIVE LOANS

Twelve Months Ending 31 Dec	Amount	Five Years Ending 31 Dec	Amount
2008	\$ 877,379	2017	6,451,081
2009	797,514	2022	6,808,237
2010	901,721	2027	5,649,846
2011	1,016,256	2032	3,994,525
2012	1,092,348	2037	1,943,813
		2042	434,196
		2047	178,440
		<b>Total</b>	<b>\$30,145,356</b>

## SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

Currency	2007	2006	Currency	2007	2006
Australian dollar	\$ 230,396	\$ 213,580	Norwegian krone	279,628	242,923
Canadian dollar	921,698	800,964	Pound sterling	497,311	367,341
Danish krone	82,874	76,575	Singapore dollar	2,603	2,460
Euro	5,051,792	4,210,008	Swedish krona	296,379	278,490
Japanese yen	11,740,188	11,331,138	Swiss franc	356,988	337,060
Korean won	96,630	97,449	Thai baht	4,103	3,472
Malaysian ringgit	6,923	6,506	United States dollar	3,911,724	3,470,779
New Zealand dollar	12,958	12,208	Special Drawing Rights <sup>3</sup>	525,797	71,260
			<b>Total</b>	<b>\$24,017,992</b>	<b>\$21,522,213</b>

<sup>3</sup> Basket of currencies defined by the International Monetary Fund consisting of the Euro, Japanese yen, Pound sterling and US dollar.

The accompanying notes are an integral part of these special purpose financial statements (ADF-7).

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

### SPECIAL PURPOSE STATEMENT OF RESOURCES

31 December 2007

Expressed in Thousands of United States Dollars (Note B)

	Effective Amounts Committed During 2007	Effective Amounts Committed At Exchange Rates Per Resolutions	Effective Amounts Committed At 31 December 2007 Exchange Rates	Amounts Not Yet Available For Operational Commitments	Amounts Available For Operational Commitments	Amounts Received	Amounts Receivable
CONTRIBUTED RESOURCES							
Australia	\$ —	\$ 1,528,867	\$ 1,669,202	\$ 60,390	\$ 1,608,812	\$ 1,608,812	\$ —
Austria	—	196,897	283,869	20,661	263,208	263,208	—
Belgium	—	181,749	245,900	8,487	237,413	237,413	—
Brunei <sup>1</sup>	—	—	—	—	—	—	—
Canada	7,354	1,576,177	2,023,821	67,450	1,956,371	1,956,371	—
China, People's Republic of	—	28,004	28,004	7,001	21,003	21,003	—
Denmark	1,255	210,740	279,408	11,647	267,761	267,761	—
Finland	643	131,983	154,962	6,353	148,609	148,609	—
France	—	1,096,317	1,423,914	53,648	1,370,265	1,370,265	—
Germany	—	1,479,254	2,131,461	122,289	2,009,172	2,009,172	—
Hong Kong	—	54,459	54,459	4,477	49,983	49,983	—
Indonesia	—	14,960	14,960	—	14,960	14,960	—
Ireland	34,012	28,046	34,012	8,504	25,508	25,508	—
Italy	—	818,732	841,345	—	841,345	841,345	—
Japan	—	8,602,366	12,679,070	264,602	12,414,467	12,414,467	—
Korea, Rep. of	1,316	265,662	303,053	35,098	267,954	267,954	—
Luxembourg	—	38,328	50,089	1,006	49,083	49,083	—
Malaysia	—	14,667	13,028	1,336	11,692	11,692	—
Nauru	—	1,933	1,933	—	1,933	1,433	500
The Netherlands	—	587,468	836,260	27,517	808,743	808,743	—
New Zealand	390	112,844	134,788	6,988	127,801	127,801	—
Norway	—	200,475	243,245	15,591	227,655	227,655	—
Portugal	—	65,994	98,159	5,695	92,464	92,464	—
Singapore	—	7,734	9,074	1,104	7,970	7,970	—
Spain	—	295,384	402,330	23,198	379,131	379,131	—
Sweden	2,031	337,254	343,011	17,673	325,337	325,337	—
Switzerland	—	288,698	418,544	10,987	407,557	407,557	—
Taipei, China	—	63,475	60,660	4,834	55,826	55,826	—
Thailand	—	9,470	10,449	930	9,519	9,519	—
Turkey	—	110,520	110,520	2,886	107,634	107,634	—
United Kingdom	—	1,051,133	1,202,778	53,179	1,149,599	1,149,599	—
United States	—	3,767,249	3,767,249	347,638	3,419,612	3,419,612	—
Totals	47,001 <sup>2</sup>	23,166,842	29,869,554 <sup>3</sup>	1,191,169 <sup>4</sup>	28,678,385 <sup>5</sup>	28,677,886 <sup>6</sup>	500
SET-ASIDE RESOURCES	—	—	75,151	—	75,151	75,151	—
TRANSFER FROM ORDINARY CAPITAL RESOURCES	40,000	—	700,000	—	700,000	700,000	—
TRANSFERS FROM TECHNICAL ASSISTANCE SPECIAL FUND <sup>7</sup>	—	—	3,986	—	3,986	3,986	—
<b>TOTALS</b>	<b>\$87,001</b>	<b>\$23,166,842</b>	<b>\$30,648,691</b>	<b>\$1,191,169</b>	<b>\$29,457,522</b>	<b>\$29,457,022</b>	<b>\$500</b>

Note: Figures may not add to total due to rounding.

1 Became a member of ADB in June 2006, with offer to contribute to ADF IX a total amount equivalent to \$9.5 million.

2 Except for Ireland, amounts committed during the year represents the discount due to accelerated note encashment (ANE).

3 Represents amounts committed per Instrument of Contribution including discount due to ANE for ADF IX amounting to \$54,234.

4 Includes the balance of unamortized discount on contributions of \$46,711.

5 Includes amortized discount of \$7,523 and foregone interest received.

6 Excludes advance payments received from donors totalling \$117,573, which have not been made available for operational commitments as of 31 December 2007.

7 Includes translation adjustments amounting to \$514 as of 31 December 2007.

The accompanying notes are an integral part of these special purpose financial statements (ADF-7).



## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

### NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

31 December 2007 and 2006

#### NOTE A—NATURE OF OPERATIONS

The Asian Development Fund (ADF) was established on 28 June 1974 to more effectively carry out the special operations of the Asian Development Bank (ADB) by providing resources on concessional terms which are made available almost exclusively to the least developed borrowing countries.

The resources of ADF have been subsequently augmented by eight replenishments, the most recent of which became effective in April 2005 consisting of \$3,302,547,000 in contributions from donors and \$3,700,000,000 from internal resources to cover the operational requirements for the four-year period from January 2005. Under the new replenishment, ADB is authorized to provide financing in the form of grants for projects and programs of high developmental priority. During the year, an allocation in the amount of \$40,000,000 (\$40,000,000 – 2006) was made to ADF from the 2006 net income of ADB's Ordinary Capital Resources (OCR).

In November 2005, the Board of Governors approved a resolution to adopt a full-fledged SDR approach to improve ADF currency management practices. This will facilitate resource administration and operational planning to benefit borrowers. The currency management framework for ADF loans was implemented on 1 January 2006. In this connection, ADB is authorized to convert ADF resources held in various currencies into Euro, Pound sterling, Japanese yen and United States dollar (USD), the currencies which constitute the Special Drawing Rights (SDR); to value disbursements, repayments and loan charges in terms of SDR; and to determine in case of withdrawal of a Contributor from ADF or the termination of ADF, the value of Contributors' paid-in contributions and the value of all other resources of the Fund in terms of SDR.

#### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In May 2001, the Board of Directors approved the adoption of the special purpose financial statements for ADF. Due to the nature and organization of ADF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and are presented in US dollar equivalents at the reporting dates. With the adoption

of the special purpose financial statements, loan loss provisioning has been eliminated. With the exceptions of the aforementioned, the ADF financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

In July 2007, as an application of the Board-approved currency management exercise, ADB decided that it will offer a full-fledged special drawing rights (SDR) approach to ADF legacy loans by providing ADF borrowers the option to convert their existing liability (i.e., disbursed and outstanding loan balance) in various currencies into SDR, while the undisbursed portions will be treated as new loans. The option will be offered beginning 1 January 2008.

#### *Functional Currencies and Reporting Currency*

The implementation of the full-fledged SDR framework is expected to change the primary economic environment of ADF. However, until this process is completed, and a significant change in the primary economic environment becomes evident, the currencies of contributing member countries are functional currencies as these represent the currencies of the primary economic environment in which ADF generates and expends cash. The reporting currency is USD, and the special purpose financial statements are expressed in thousands of current United States dollars.

#### *Translation of Currencies*

ADB adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions in currencies other than USD to be translated to the reporting currency using exchange rates applicable at the time of transactions. At the end of each accounting month, translations of assets, liabilities, and amounts available for operational commitments denominated in non-USD are adjusted using the applicable rates of exchange at the end of the reporting period. Translation adjustments relating to set-aside resources (Note I) are recorded as notional amounts receivable from or payable to OCR. All other translation adjustments except those relating to the maintenance of SDR loans, are charged or credited to "Accumulated Translation Adjustments" and reported in "FUND BALANCES" as part of "Accumulated Other Comprehensive Income."

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

### NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

31 December 2007 and 2006

#### *Investments*

Investment securities and negotiable certificate of deposits held as of 31 December 2007 and 2006 are classified as “Available for Sale” and are reported at estimated fair value, which represents their fair market value. Unrealized gains and losses are reported in “FUND BALANCES” as part of “Accumulated Other Comprehensive Income.” Realized gains and losses are measured by the difference between amortized cost and the net proceeds of sales. Time deposits are reported at cost, which is a reasonable estimate of fair value.

Interest income on investment securities and time deposits is recognized as realized and reported, net of amortizations of premiums and discounts.

#### *Securities Transferred Under Securities Lending Arrangement and Securities Purchased Under Resale Arrangement*

ADF accounts for transfers of financial assets in accordance with FAS 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement of FAS 125.” In general, transfers are accounted for as sales when control over the transferred assets has been relinquished. Otherwise, the transfers are accounted as repurchase/resale agreements and collateralized financing arrangements. Under securities lending arrangements, securities transferred are recorded as assets and reported at estimated fair value and cash collateral received are recorded as liabilities. Under resale arrangements, securities purchased are recorded as assets, while securities received are not recorded as liabilities and are not re-pledged under securities lending arrangements. ADB monitors the fair value of the securities received under resale arrangements, and if necessary, requires additional collateral.

There were no outstanding securities transferred under lending arrangement as of 31 December 2007 and 2006.

#### *Loans*

Loan interest income is recognized on accrual basis. It is the policy of ADF to place in non-accrual status loans made to eligible borrowing member countries if the principal or interest with respect to any such loans is

overdue by six months. Interest on non-accruing loans is included in revenue only to the extent that payments have actually been received by ADF. ADB maintains a position of not taking part in debt rescheduling agreements with respect to sovereign loans. In the case of nonsovereign loans, ADB may agree to debt rescheduling only after alternative courses of action have been exhausted. When ADB decides that a particular loan is no longer collectible, the entire amount is expensed during the period.

#### *Contributed Resources*

Contributions by donors are included in the financial statements as amounts committed and are reported in “Contributed Resources” as part of “FUND BALANCES” from the date Instruments of Contribution are deposited and related formalities are completed and made available for operational commitments.

Contributions are generally received in the currency of the contributor either in cash or notes.

Under ADF IX, contributors have the option to pay their contributions under accelerated note encashment (ANE) program and receive a discount. ADF invests the cash generated from this program and the investment income is used to finance operations. The related contributions are recorded at the full undiscounted amount, and the discount is amortized over the standard encashment period of 10 years.

#### *Advanced Payments on Contributions*

Payments received in advance or as qualified contributions that cannot be made available for operational commitment are recorded as advance payments and included under “Liabilities”.

#### *Grants and Undisbursed Commitments*

Grants are recognized in the financial statements when the grant is approved and becomes effective. Upon completion of a project or cancellation of a grant, any undisbursed amount is written back as a reduction in the grants for the year and the corresponding undisbursed commitment is eliminated accordingly.

## CONTINUED

*Accounting Estimates*

The preparation of special purpose financial statements in conformity with generally accepted accounting principles requires Management to make reasonable estimates and assumptions that affect the reported amounts of assets, liabilities, and fund balances as at the end of the year and the reported amounts of revenue and expenses during the year. The actual results could differ from those estimates.

*Accounting and Reporting Developments*

In September 2006, FASB issued FAS 157, "Fair Value Measurements", which emphasizes the definition of fair value (FV) for financial reporting purposes to mean a market-based measure and not an entity-specific measure. It also prescribes methods for measuring FV including a FV hierarchy that ranks the quality and reliability of information used in FV measurements giving the highest priority to quoted prices in active markets and the lowest to unobservable inputs. This statement expands disclosure requirements to focus on the inputs used to measure FV, especially those using significant unobservable inputs. This statement will be effective for financial statements to be issued after 31 December 2007.

In February 2007, FASB issued FAS 159, "Fair value Option for Financial Assets and Financial Liabilities". This statement expands the scope of financial instruments that may be carried at fair value. It offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. This statement will be effective for financial statements to be issued after 31 December 2007.

*Special Purpose Statement of Cash Flows*

For the purposes of the Special Purpose Statement of Cash Flows, ADF considers that its cash and cash equivalents are limited to "DUE FROM BANKS."

**NOTE C—INVESTMENTS**

The main investment management objective is to maintain security and liquidity. Subject to these parameters, ADB seeks the highest possible return on its invest-

ments. Investments are governed by the Investment Authority approved by the Board of Directors in 1999, and reviewed in 2006. The review endorsed a portfolio strategy that is largely consistent with the 1999 approach. ADB is restricted by its Investment Authority to invest in government and government-related debt instruments and in time deposits. In the US dollar portfolio only and up to limited amounts, investments may be made in corporate bonds rated A or better, AAA-rated asset-backed securities, and AAA-rated mortgage-backed securities. Securities may be lent or borrowed.

In relation to the adoption of a full-fledged SDR approach, as discussed in Note B, the investments which were classified as "Held-to-Maturity" in 2005 had been reclassified to "Available for Sale" in 2006 as the securities held in non-SDR currencies were sold and replaced by investments in any of the SDR currencies. A net loss of \$470,000 was realized from the conversion exercises during the period ended 31 December 2006.

The net unrealized gains on the outstanding ANE portfolio amounted to \$7,135,000 (\$1,079,000 – 2006).

The currency composition of the investment portfolio as of 31 December 2007 and 2006 expressed in United States dollars are as follows:

Currency	2007	2006
Australian dollar	\$ 71,531,000	\$ 60,574,000
Canadian dollar	44,620,000	82,050,000
Euro	2,806,481,000	2,340,451,000
Japanese Yen	366,715,000	320,779,000
Pound sterling	995,227,000	920,062,000
United States dollar	2,610,150,000	2,660,972,000
Others	–	439,000
Total	<u>\$6,894,724,000</u>	<u>\$6,385,327,000</u>

The estimated fair value and amortized cost of the investments as of 31 December 2007 are as follows:

	Estimated Fair Value	Amortized Cost
Due in one year or less	\$6,628,294,000	\$6,628,491,000
Due in one year through five years	166,849,000	162,415,000
Due after five years through ten years	99,581,000	96,781,000
Total	<u>\$6,894,724,000</u>	<u>\$6,887,687,000</u>

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

### NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

31 December 2007 and 2006

Additional information relating to investments in government and government-guaranteed obligations and corporate bonds is as follows:

	2007	2006
<b>As of 31 December:</b>		
Amortized cost	\$833,026,000	\$874,553,000
Estimated fair value	840,063,000	873,716,000
Gross unrealized gains	8,402,000	1,593,000
Gross unrealized losses	(1,365,000)	(2,430,000)
<b>For the years ended</b>		
<b>31 December:</b>		
Change in net unrealized gains from prior year	7,874,000	2,393,000
Proceeds from sales	—	278,177,000
Gross gain on sales	—	71,000
Gross loss on sales	—	(2,216,000)

The rate of return on the average investments held during the year, including securities transferred under securities lending arrangement and securities purchased under resale arrangement, based on the portfolio held at the beginning and end of each month, was 4.60% (3.98% - 2006) excluding unrealized gains and losses on investment securities, and 4.72% (4.02% - 2006) including unrealized gains and losses on investments.

As of 31 December 2007, gross unrealized losses amounted to \$1,365,000 (\$2,430,000 - 2006) from government and government-guaranteed obligations and corporate bonds, resulting from market movements. There are fifteen positions in 2007 (twenty - 2006) that sustained unrealized losses for over one year, representing only 1.64% (5.0% - 2006) of the investments. Comparative details for 2007 and 2006 are as follows:

For the year 2007	One year or less		Over one year		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government and government-guaranteed obligations	\$ 44,608,000	\$ 18,000	\$ 82,419,000	\$1,168,000	\$127,027,000	\$1,186,000
Corporate bonds	31,361,000	36,000	30,989,000	143,000	62,350,000	179,000
<b>Total</b>	<b>\$ 75,969,000</b>	<b>\$ 54,000</b>	<b>\$113,408,000</b>	<b>\$1,311,000</b>	<b>\$189,377,000</b>	<b>\$1,365,000</b>

For the year 2006	One year or less		Over one year		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Government and government-guaranteed obligations	\$ 44,921,000	\$506,000	\$195,753,000	\$ 727,000	\$240,674,000	\$1,233,000
Corporate bonds	151,094,000	355,000	123,590,000	842,000	274,684,000	1,197,000
<b>Total</b>	<b>\$196,015,000</b>	<b>\$861,000</b>	<b>\$319,343,000</b>	<b>\$1,569,000</b>	<b>\$515,358,000</b>	<b>\$2,430,000</b>

### NOTE D—LOANS AND LOAN LOSS PROVISION

#### Loans

Prior to 1 January 1999, loans of ADF were extended to eligible borrowing member countries, which bore a service charge of 1% and required repayment over periods ranging from 35 to 40 years. On 14 December 1998, the Board of Directors approved an amendment

to ADF loan terms, as follows: (i) for loans to finance specific projects, the maturity was shortened to 32 years including an 8-year grace period; (ii) for program loans to support sector development, the maturity was shortened to 24 years including an 8-year grace period; and (iii) all new loans bear a 1% interest charge during the grace period, and 1.5% during the amortization period, with equal amortization. The revised ADF lending terms took effect on 1 January 1999 for loans

## CONTINUED

for which formal loan negotiations were completed on or after 1 January 1999. ADF requires borrowers to absorb exchange risks attributable to fluctuations in the value of the currencies disbursed.

In September 2007, the Board of Directors approved a new hard-term ADF lending facility. The facility will have a fixed interest rate of 150 basis points below the weighted average of the ten-year fixed swap rates of the special drawing rights component currencies plus the OCR lending spread, or the current ADF rate, whichever is higher. Other terms are similar to those of regular ADF loans. The interest rate will be reset every January and will apply to all hard-term loans approved that year and will be fixed for the life of the loan. For hard-term ADF loans approved in 2007, the interest rate was set at 3.85%. No loan was approved under this facility in 2007.

ADB believes that there is no comparable market, nor ADB intends to sell ADF loans. The use of market data to arrive at the loan at fair value will give meaningless results. As such, the fair value of loans is determined based on the terms at which a similar loan would currently be made by ADB to a similar borrower. For such loans, fair value approximates the carrying amount. The estimated fair value of loans is not affected by credit risks because the amount of any such adjustment is not considered to have a material effect based on ADB's experience with its borrowers.

Undisbursed loan commitments and an analysis of loans by country as of 31 December 2007 are shown in ADF-5.

As of 31 December 2007 and 2006, loans to borrowers that exceeded 5% of the total loans outstanding were as follows:

	2007	2006
Pakistan	\$ 5,444,555,000	\$ 4,829,677,000
Bangladesh	5,399,187,000	4,921,072,000
Sri Lanka	2,539,657,000	2,299,541,000
Vietnam, Socialist Republic of	2,298,804,000	2,000,607,000
Nepal	1,486,034,000	1,336,210,000
Others (individually less than 5% of total loans)	6,849,755,000	6,135,106,000
Total Outstanding Loans	<u>\$24,017,992,000</u>	<u>\$21,522,213,000</u>

The principal amount outstanding of sovereign loans in non-accrual status as of 31 December 2007 was \$488,901,000 (\$487,877,000 - 2006) of which \$209,477,000 (\$175,526,000 - 2006) was overdue. Loans in non-accrual status resulted in \$4,691,000 (\$4,933,000 - 2006) not being recognized as income from loans for the year ended 31 December 2007. The accumulated interest on these loans that was not recognized as income as of 31 December 2007 would have totaled \$50,260,000 (\$43,335,000 - 2006). The loans in non-accrual status as of 31 December 2007 were 28 loans to Myanmar representing 2.0% of the total outstanding loans (28 loans to Myanmar and 5 loans made to the Republic of Marshall Islands - 2006).

No nonsovereign loans were outstanding as of 31 December 2007 and 2006. There was neither undisbursed loan commitment nor loan in non-accrual status outstanding in both years.

**NOTE E—DUE FROM CONTRIBUTORS**

Included in "Due From Contributors" are notes of contributors and contributions receivable. Notes of contributors are non-negotiable, non-interest-bearing and, subject to certain restrictions imposed by applicable Board of Governors' resolutions, encashable by ADB at par upon demand.

ADB currently expects that the notes outstanding at 31 December 2007 will be encashed in varying amounts over a seven-year period ending 31 December 2014.

The fair value of notes of contributors is determined based on the terms at which notes are currently being accepted from contributors. On this basis, the fair value of outstanding notes of contributors approximates their carrying amount.

**NOTE F—PAYABLE TO RELATED FUNDS**

The OCR and special fund resources are at all times used, committed, and invested entirely separate from each other. The administrative and operational expenses pertaining to the OCR and ADF are allocated based on operational activities and are settled regularly. Under ADF IX and third regularized replenishment of Technical Assistance Special Fund (TASF), a specific portion of the total contributions are to be allocated to



## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

### NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

31 December 2007 and 2006

TASF. ADF receives all contributions of members and subsequently transfers TASF's portion to TASF.

ADF's outstanding payables as of 31 December 2007 comprised a payable to OCR representing administration charges of \$28,751,000 (\$25,971,000 – 2006) and a payable to TASF of \$1,419,000 (\$2,650,000 – 2006) representing contributions from donors incorporated in ADF IX for the third regularized replenishment of TASF.

#### NOTE G—CONTRIBUTED RESOURCES/ OTHER LIABILITIES

As of 31 December 2007, Instruments of Contributions from 28 donors (27 donors in 2006) were received for ADF IX. Of these, contributions totaling \$2,270,884,000 (\$1,367,390,000 – 2006), including amortized discount of \$7,523,000 (\$2,700,000 – 2006) at translated amounts were received and recorded in “Contributed Resources”. In 2006, the contributions of Ireland in the amount of €11,550,000 (\$15,245,000 equivalent) was received and temporarily recorded in Deferred Credits and included in “Other liabilities” pending receipt of the Instrument of Contribution. The said instrument was received in 2007 with a total commitment of €23,100,000 (\$34,012,000 equivalent).

As of 31 December 2007, Italy's promissory note received under ADF VI has a remaining balance of £741,450,000 (\$503,985 equivalent). This is recorded in Deferred Credits and included in “Other liabilities”.

#### NOTE H—ADMINISTRATIVE EXPENSES AND ADMINISTRATION CHARGE

Administrative expenses represent administration charge from OCR which is an apportionment of all administrative expenses of ADB (other than those pertaining directly to ordinary operations and special operations), in the proportion of the relative volume of operational activities of each fund.

#### NOTE I—SET-ASIDE RESOURCES

Pursuant to the provisions of Article 19, paragraph 1(i) of the Articles of Agreement Establishing the Asian Development Bank (the Charter), the Board of Governors has authorized the setting aside of 10%

of the unimpaired “paid-in” capital paid by member countries pursuant to Article 6, paragraph 2(a) of the Charter and of the convertible currency portion paid by member countries pursuant to Article 6, paragraph 2(b) of the Charter as of 28 April 1973, to be used as a part of the Special Funds of ADB. The capital so set aside was allocated and transferred from the OCR to ADF as Set-Aside Resources.

The capital stock of ADB is defined in Article 4, paragraph 1 of the Charter, “in terms of United States dollars of the weight and fineness in effect on 31 January 1966” (the 1966 dollar). Therefore, Set-Aside Resources had historically been translated into the current United States dollar (ADB's unit of account), on the basis of its par value in terms of gold. From 1973 until 31 March 1978, the rate arrived at on this basis was \$1.20635 per 1966 dollar. Since 1 April 1978, at which time the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, currencies no longer had par values in terms of gold. Pending ADB's selection of the appropriate successor to the 1966 dollar, the Set-Aside Resources have been valued for purposes of the accompanying financial statements in terms of the Special Drawing Right (SDR), at the value in current United States dollars as computed by the IMF. As of 31 December 2007, the value of the SDR in terms of the current United States dollar was \$1.57848 (\$1.5044 – 2006). On this basis, Set-Aside Resources amounted to \$75,151,000 (\$71,624,000 – 2006). If the capital stock of ADB as of 31 December 2007 had been valued in terms of \$12,063.50 per share, Set-Aside Resources would have been \$57,434,000.

#### NOTE J—COMPREHENSIVE INCOME

Comprehensive Income has two major components: revenue (less than) in excess of expenses and other comprehensive income. Other Comprehensive Income includes unrealized gains and losses on “Available for Sale” securities and translation adjustments of non-functional currencies.

#### NOTE K—GRANTS AND UNDISBURSED COMMITMENTS

The ADF IX introduced financing in the form of grants for the first time. As of 31 December 2007 and 2006,



24 grants amounting to \$519,340,000 and 16 grants amounting to \$274,910,000 were approved, respectively. During the year, grants totaling \$377,760,000 (\$346,540,000 - 2006) became effective.

The fair value of undisbursed commitments approximates the amount outstanding, because ADB expects that disbursements will substantially be made for all the projects/programs covered by the commitments.

#### **NOTE L—FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

If available, quoted market values are used to determine fair values. Financial instruments for which market quotations are not readily available are valued using valuation models. The basis of valuation is the expected cash flows discounted based on observable market data.

See Notes C, D, E, and K for discussions relating to investments, loans, due from contributors and undisbursed commitments. In all other cases, the carrying amounts of ADF's assets, liabilities, and fund balances are considered to approximate fair values for all significant financial instruments.

#### **NOTE M—SUBSEQUENT EVENTS**

ADF donors requested ADB's participation in the HIPC debt relief. In line with this, Management proposed to the Board of Directors the "Policy for Providing Heavily Indebted Poor Countries (HIPC) Relief from Asian Development Fund Debt and Proposed Debt Relief to Afghanistan" which will be considered in March 2008. In this paper Management recommends to the Board of Directors the submission of a resolution to the Board of Governors for ADB to participate in the HIPC debt relief, and to provide Afghanistan with debt relief upon the adoption of the resolution by the Board of Governors.

The HIPC initiative was launched in 1996 by the International Development Association (IDA) and International Monetary Fund (IMF) to reduce the excessive debt burden faced by the world's poorest countries. Thus far, Afghanistan is the only borrower that has qualified for HIPC debt relief. Based on the disbursed and outstanding debt as of 20 March 2006, the estimated principal amount of Afghanistan's ADF debt to be forgiven is \$81,500,000, converted to US dollar using the exchange rate as of end of March 2006.

**PricewaterhouseCoopers**

8 Cross Street #17-00

PWC Building

Singapore 048424

Telephone (65) 6236 3388

Facsimile (65) 6236 3300

[www.pwc.com/sg](http://www.pwc.com/sg)

GST No: 52-871777-D

Co. Reg. No.: 52871777D

**Report of Independent Auditors to the Asian Development Bank**

In our opinion, the accompanying statements of financial position and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Asian Development Bank—Technical Assistance Special Fund at 31 December 2007 and 2006, and the results of its activities and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of the Asian Development Bank. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying statement of resources as at 31 December 2007 and summary statement of technical assistance approved and effective for the year ended 31 December 2007 are presented for purposes of additional analyses and are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



PricewaterhouseCoopers

Certified Public Accountants

Singapore

5 March 2008

TASF-1

**ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND****STATEMENT OF FINANCIAL POSITION****31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	2007	2006
<b>ASSETS</b>		
DUE FROM BANKS (Note B)	\$ 1,306	\$ 1,828
INVESTMENTS (Notes B ,C, and G)		
Time deposits	295,078	275,639
ACCRUED REVENUE	788	1,186
DUE FROM CONTRIBUTORS (Notes B and D)	68,489	115,138
OTHER ASSETS (Note F)	11,264	10,916
<b>TOTAL</b>	<b>\$376,925</b>	<b>\$404,707</b>
<b>LIABILITIES AND UNCOMMITTED BALANCES</b>		
MISCELLANEOUS LIABILITIES (Note F)	\$ 88	\$ 111
UNDISBURSED COMMITMENTS (Notes B, E, and G)	183,718	184,063
UNCOMMITTED BALANCES (TASF-2 and TASF-4) (Notes B and D)		
Unrestricted net assets	193,119	220,533
<b>TOTAL</b>	<b>\$376,925</b>	<b>\$404,707</b>

The accompanying notes are an integral part of these financial statements (TASF-6).

## ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007	2006
CHANGES IN UNRESTRICTED NET ASSETS		
CONTRIBUTIONS (TASF-4) (Notes B and D)	\$ 52	\$ 77,242
REVENUE		
From investments (Notes B and C)	14,162	11,832
From other sources—net (Note E)	195	325
Total	14,409	89,399
EXPENSES		
Technical assistance—net (TASF-5) (Notes B and E)	77,532	91,781
Financial expenses	5	6
Total	77,537	91,787
CONTRIBUTIONS AND REVENUE LESS THAN EXPENSES	(63,128)	(2,388)
EXCHANGE GAINS—net (Note B)	35,714	7,454
(DECREASE) INCREASE IN NET ASSETS	(27,414)	5,066
NET ASSETS AT BEGINNING OF YEAR	220,533	215,467
NET ASSETS AT END OF YEAR	\$193,119	\$220,533

The accompanying notes are an integral part of these financial statements (TASF-6).

TASF-3

**ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND****STATEMENT OF CASH FLOWS****For the Years Ended 31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 51,698	\$ 77,869
Interest on investments received	14,721	11,287
Cash received from other sources	199	408
Technical assistance disbursed	(77,872)	(68,617)
Financial expenses paid	(5)	(6)
Net Cash (Used In) Provided by Operating Activities	(11,259)	20,941
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of investments	3,513,304	3,213,586
Purchases of investments	(3,502,634)	(3,234,103)
Net payments for securities purchased under resale arrangement	(198)	(168)
Net Cash Provided by (Used in) Investing Activities	10,472	(20,685)
Effect of Exchange Rate Changes on Due from Banks	265	79
Net (Decrease) Increase in Due from Banks	(522)	335
Due from Banks at Beginning of Year	1,828	1,493
Due from Banks at End of Year	\$ 1,306	\$ 1,828
RECONCILIATION OF (DECREASE) INCREASE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
(Decrease) Increase in net assets (TASF-2)	\$ (27,414)	\$ 5,066
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Change in accrued revenue and others	558	(545)
Change in due from contributors	49,918	(686)
Change in advances for technical assistance and other assets	35	3,486
Change in miscellaneous liabilities	(29)	(2,506)
Change in undisbursed commitments	(344)	23,497
Translation adjustments	(33,983)	(7,371)
Net Cash (Used In) Provided by Operating Activities	\$ (11,259)	\$ 20,941

The accompanying notes are an integral part of these financial statements (TASF-6).

## ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

### STATEMENT OF RESOURCES

31 December 2007

Expressed in Thousands of United States Dollars (Note B)

	Contributions Committed During 2007	Direct Voluntary Contributions	Regularized Replenishment <sup>1</sup>	Total Contributions
DIRECT VOLUNTARY CONTRIBUTIONS				
Australia	\$ —	\$ 2,484	\$ 29,367	\$ 31,851
Austria	—	159	3,793	3,952
Bangladesh	—	47	—	47
Belgium	—	1,394	3,207	4,601
Canada	—	3,346	26,638	29,984
China, People's Rep. of	—	1,600	1,996	3,596
Denmark	—	1,963	4,034	5,997
Finland	—	237	2,058	2,295
France	—	1,698	20,969	22,667
Germany	—	3,315	26,641	29,956
Hong Kong, China	—	100	1,397	1,497
India	52	3,060	—	3,060
Indonesia	—	250	40	290
Italy	—	774	9,370	10,144
Japan	—	47,710	157,606	205,316
Korea, Rep. of	—	1,900	8,104	10,004
Luxembourg	—	—	238	238
Malaysia	—	909	333	1,242
Nauru	—	—	67	67
The Netherlands	—	1,338	11,823	13,161
New Zealand	—	1,096	2,234	3,330
Norway	—	3,279	4,308	7,587
Pakistan	—	1,666	—	1,666
Portugal	—	—	1,344	1,344
Singapore	—	1,100	266	1,366
Spain	—	190	6,190	6,380
Sri Lanka	—	6	—	6
Sweden	—	861	6,855	7,716
Switzerland	—	1,035	5,463	6,498
Taipei, China	—	200	1,710	1,910
Thailand	—	—	202	202
Turkey	—	—	2,720	2,720
United Kingdom	—	5,617	21,663	27,280
United States	—	1,500	65,031	66,531
Total	\$52	\$ 88,834	\$ 425,667	\$ 514,502
Transfers to Asian Development Fund				(3,472)
Allocation from OCR Net Income				683,000
Other Resources <sup>2</sup>				167,240
<b>TOTAL</b>	<b>\$52</b>			<b>\$ 1,361,270</b>

Note: Figures may not add to total due to rounding.

1 Represents TASF portion of contributions to the replenishment of the Asian Development Fund and the Technical Assistance Special Fund authorized by Governors' Resolution Nos. 182, 214 and 300 at historical values.

2 Represents income, repayments, and reimbursement accruing to TASF since 1980.

The accompanying notes are an integral part of these financial statements (TASF-6).



TASF-5

## ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

### SUMMARY STATEMENT OF TECHNICAL ASSISTANCE APPROVED AND EFFECTIVE

For the Year Ended 31 December 2007

Expressed in Thousands of United States Dollars (Note B)

Recipient	Project Preparation	Project Implementation/ Advisory	Total
Afghanistan	\$(1,280)	\$ 5,829	\$ 4,549
Armenia	300	—	300
Azerbaijan	—	(177)	(177)
Bangladesh	167	2,405	2,571
Bhutan	—	279	279
Cambodia	65	260	326
China, People's Rep. of	6,305	6,419	12,724
Cook Islands	—	(85)	(85)
Fiji Islands	237	(40)	197
Georgia	—	120	120
India	—	88	88
Indonesia	233	3,042	3,275
Kazakhstan	—	(48)	(48)
Kyrgyz Republic	468	471	939
Lao PDR	552	1,599	2,151
Maldives	—	247	247
Marshall Islands	—	(39)	(39)
Micronesia, Fed. States of	—	(40)	(40)
Mongolia	(34)	592	557
Nauru	—	(5)	(5)
Nepal	825	(183)	643
Pakistan	616	2,134	2,750
Papua New Guinea	121	(94)	27
Philippines	—	651	651
Samoa	—	15	15
Solomon Islands	—	664	664
Sri Lanka	(18)	(90)	(109)
Tajikistan	49	1,500	1,549
Thailand	—	430	430
Timor-Leste	—	3,000	3,000
Tonga	—	510	510
Turkmenistan	—	150	150
Tuvalu	—	(36)	(36)
Uzbekistan	(236)	646	410
Vanuatu	—	800	800
Viet Nam	849	1,787	2,636
Total	<u>\$ 9,218</u>	<u>\$ 32,800</u>	42,018
Regional Activities			35,515
<b>TOTAL</b>			<b>\$ 77,532</b>

Note: Figures may not add to total due to rounding.

Negative amounts represent net undisbursed commitments written back to balances available for future commitments (Notes B and E).

The accompanying notes are an integral part of these financial statements (TASF-6).

## ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### NOTE A—NATURE OF OPERATIONS

The Technical Assistance Special Fund (TASF) was established to provide technical assistance on a grant basis to developing member countries of the Asian Development Bank (ADB) and for regional technical assistance. TASF resources consist of direct voluntary contributions by members, allocations from the net income of Ordinary Capital Resources (OCR) and Asian Development Fund (ADF) contributions, and revenue from investments and other sources.

#### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Presentation of the Financial Statements*

The financial statements of the TASF are presented on the basis of those for not-for-profit organizations.

TASF reports donors' contributions of cash and other assets as unrestricted assets as these are made available to TASF without conditions other than for the purpose of pursuing its objectives.

##### *Functional and Reporting Currency*

The financial statements are expressed in thousands of current United States dollars. The United States dollar is the functional and reporting currency, representing the currency of the primary economic operating environment of TASF.

##### *Translation of Currencies*

ADB adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in non-US dollar to be translated to the reporting currency using exchange rates applicable at the time of transactions. Contributions included in the financial statements during the year are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting month, translations of assets, liabilities, and uncommitted balances which are denominated in non-US dollar are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as exchange gains or losses and are credited or charged to operations.

##### *Investments*

All investment securities held by TASF are reported at estimated fair value, which represents their fair market value. Realized and unrealized gains and losses are included in revenue. Time deposits are reported at cost which is a reasonable estimate of fair value.

##### *Securities Purchased Under Resale Arrangements*

TASF accounts for transfer of financial assets in accordance with FAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of FAS 125." In general, transfers are accounted for as sales under FAS 140 when control over the transferred assets has been relinquished. Otherwise, the transfers are accounted for as repurchase/resale arrangements and collateralized financing arrangements. Securities purchased under resale arrangement are recorded as assets and reported at estimated fair value. Securities received are not re-pledged under securities lending arrangements. ADB monitors the fair value of these securities, and if necessary, requires additional collateral.

There were no outstanding securities purchased under resale arrangements as of 31 December 2007 and 2006.

##### *Contributions*

The contributions from donors and the allocations from OCR net income are included in the financial statements, from the date of effectivity of the contribution agreement, and the Board of Governors' approval, respectively.

##### *Technical Assistance to Member Countries and Undisbursed Commitments*

Technical assistance is recognized in the financial statements when the project is approved and becomes effective. Upon completion or cancellation of a TA project, any undisbursed amount is written back as a reduction in technical assistance for the year and the corresponding undisbursed commitment is eliminated accordingly.

CONTINUED

*Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make reasonable estimates and assumptions that affect the reported amounts of assets and liabilities and uncommitted balances as at the end of the year and the reported amounts of revenue and expenses during the year. The actual results could differ from those estimates.

*Accounting and Reporting Developments*

In September 2006, FASB issued FAS 157, "Fair Value Measurements", which emphasizes the definition of fair value (FV) for financial reporting purposes to mean a market-based measure and not an entity-specific measure. It also prescribes methods for measuring FV including a FV hierarchy that ranks the quality and reliability of information used in FV measurements giving the highest priority to quoted prices in active markets and the lowest to unobservable inputs. This statement expands disclosure requirements to focus on the inputs used to measure FV, especially those using significant unobservable inputs. This statement will be effective for financial statements to be issued after 31 December 2007.

In February 2007, FASB issued FAS 159, "Fair value Option for Financial Assets and Financial Liabilities". This statement expands the scope of financial instruments that may be carried at fair value. It offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. This statement will be effective for financial statements to be issued after 31 December 2007.

*Statement of Cash Flows*

For the purposes of the Statement of Cash Flows, the TASF considers that its cash and cash equivalents are limited to "DUE FROM BANKS."

**NOTE C—INVESTMENTS**

The main investment management objective is to maintain security and liquidity. Subject to these parameters, ADB seeks the highest possible return on its invest-

ments. Investments are governed by the Investment Authority approved by the Board of Directors in 1999, and reviewed in 2006. The review endorsed a portfolio strategy that is largely consistent with the 1999 approach. ADB is restricted by its Investment Authority to invest in government and government-related debt instruments and in time deposits.

All investments held as of 31 December 2007 and 2006 are in time deposits.

The currency composition of the investment portfolio as of 31 December 2007 and 2006 expressed in United States dollars are as follows:

Currency	2007	2006
Australian dollar	\$ 26,278,000	\$ 18,204,000
Canadian dollar	155,810,000	162,726,000
Euro	6,479,000	—
United States dollar	92,493,000	86,657,000
Others	14,018,000	8,052,000
Total	<u>\$295,078,000</u>	<u>\$275,639,000</u>

The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month was 4.90% (4.34% - 2006).

**NOTE D—CONTRIBUTIONS AND UNCOMMITTED BALANCES**

Since inception in 1967, direct contributions have been made by 29 member countries. India made direct and voluntary contribution in 2007 of Rs2.25 million (\$52,000 equivalent).

In 1986, 1992 and 2005, the Board of Governors of ADB, in authorizing replenishments of the ADF, provided for allocations to the TASF in aggregate amounts equivalent to \$72,000,000, \$141,000,000 and \$213,000,000, respectively, to be used for technical assistance to ADF borrowing developing member countries and for regional technical assistance. The total amount received for ADF IX replenishment for the years ended 31 December 2007 and 2006 amounted to \$49,970,000 and \$76,557,000 respectively.

As of 31 December 2007 and 2006, the accumulated allocation out of OCR net income amounted to \$683,000,000.

## ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

Some of the direct contributions received can be subject to restricted procurement sources, while some are given on condition that the technical assistance be made on a reimbursable basis. The total contributions received for the years ended 31 December 2007 and 2006 were without restrictions.

Uncommitted balances comprised of amounts which have not been committed by ADB as at 31 December 2007 and 2006. These balances include approved TA projects/programs that are not yet effective.

#### NOTE E—UNDISBURSED COMMITMENTS

Undisbursed commitments are denominated in United States dollars and represent effective ongoing grant-financed TA projects/programs which are not yet disbursed as of the end of the year. During 2007, an amount of \$11,875,000 (\$9,393,000 - 2006) representing completed and canceled TA projects was written back as a reduction in technical assistance of the period and the corresponding undisbursed commitment was eliminated. The fair value of undisbursed commitments approximates the amounts undisbursed, because ADB expects that disbursements will be made for all projects/programs covered by the commitments. For technical assistance approved prior to 1 January 2002, and provided as a project preparatory grant leading to an ADB loan, the amount of grant exceeding \$250,000 are refunded by the borrower through the loan proceeds under the terms of that ADB loan. There was no refinanced amount (\$147,000 - 2006) charged to such loans and credited to revenue from other sources of the TASF during the year ended 31 December 2007. All project preparatory technical assistance (PPTA) funded from TASF and OCR current income approved on or after 1 January 2002 are no longer subject to cost recovery.

#### NOTE F—RELATED PARTY TRANSACTIONS

The OCR and special fund resources are at all times used, committed, and invested entirely separate from each other. Under ADF IX and the third regularized replenishment of TASF, a specific portion of the total contributions are to be allocated to TASF. ADF receives all contributions of members and subsequently transfers TASF's portion to TASF. Regional technical assistance projects and programs may be combined

activities between special and trust funds. Interfund accounts are settled on a regular basis between TASF and the other funds.

The interfund account balances included in other assets and miscellaneous liabilities are as follows:

	2007	2006
Receivable from:		
ADF	\$1,419,000	\$2,650,000
JSF	2,000	5,000
Agency Trust Funds – Net	–	12,000
Total	<u>\$1,421,000</u>	<u>\$2,667,000</u>
Payable to:		
OCR	\$ 14,000	\$ 97,000
Agency Trust Funds – Net	35,000	–
Total	<u>\$ 49,000</u>	<u>\$ 97,000</u>

#### NOTE G—FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

See Notes C and E for discussions with respect to investments and undisbursed commitments, respectively. In all other cases, the carrying amounts of TASF's assets, liabilities, and uncommitted balances are considered to approximate fair values for all significant financial instruments.

**PricewaterhouseCoopers**

8 Cross Street #17-00  
PWC Building  
Singapore 048424  
Telephone (65) 6236 3388  
Facsimile (65) 6236 3300  
[www.pwc.com/sg](http://www.pwc.com/sg)

GST No: 52-871777-D  
Co. Reg. No.: 52871777D

## Report of Independent Auditors to the Asian Development Bank

In our opinion, the accompanying statements of financial position and the related statements of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Asian Development Bank—Japan Special Fund at 31 December 2007 and 2006, and the results of its activities and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of the Asian Development Bank. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.



PricewaterhouseCoopers  
Certified Public Accountants

Singapore  
5 March 2008

## ASIAN DEVELOPMENT BANK—JAPAN SPECIAL FUND

### STATEMENT OF FINANCIAL POSITION

31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007			2006		
	ACCSF	JSF Regular & Supplementary	Total	ACCSF	JSF Regular & Supplementary	Total
<b>ASSETS</b>						
DUE FROM BANKS (Note B)	\$ 564	\$ 185	\$ 749	\$ 1,865	\$ 3,035	\$ 4,900
INVESTMENTS (Notes A, B, C, and G)						
Time deposits	34,958	215,146	250,104	32,208	208,064	240,272
ACCRUED REVENUE	44	247	291	55	1,167	1,222
OTHER ASSETS (Note D) <sup>1</sup>	18	4,497	4,428	50	4,391	4,371
<b>TOTAL<sup>1</sup></b>	<b>\$35,584</b>	<b>\$220,075</b>	<b>\$255,572</b>	<b>\$34,178</b>	<b>\$216,657</b>	<b>\$250,765</b>
<b>LIABILITIES AND UNCOMMITTED BALANCES</b>						
ACCOUNTS PAYABLE AND OTHER LIABILITIES (Note D) <sup>1</sup>	\$ 87	\$ 296	\$ 296	\$ 70	\$ 198	\$ 198
UNDISBURSED COMMITMENTS (Notes B, E, and G)						
Technical assistance	793	82,925	83,718	1,259	85,516	86,775
<b>TOTAL LIABILITIES</b>	<b>880</b>	<b>83,221</b>	<b>84,014</b>	<b>1,329</b>	<b>85,714</b>	<b>86,973</b>
NET ASSETS (JSF-2) (Note B), represented by:						
Uncommitted balances (Notes A and F)						
Unrestricted	–	136,854	136,854	–	130,943	130,943
Temporarily restricted	27,545	–	27,545	27,418	–	27,418
	27,545	136,854	164,399	27,418	130,943	158,361
Net accumulated investment income (Notes A and F)						
Temporarily restricted	7,159	–	7,159	5,431	–	5,431
	34,704	136,854	171,558	32,849	130,943	163,792
<b>TOTAL<sup>1</sup></b>	<b>\$35,584</b>	<b>\$220,075</b>	<b>\$255,572</b>	<b>\$34,178</b>	<b>\$216,657</b>	<b>\$250,765</b>

The accompanying notes are an integral part of these financial statements (JSF-4).

<sup>1</sup> Totals may not add up due to elimination of interfund account of \$87,000 (\$70,000 - 2006).



## ASIAN DEVELOPMENT BANK—JAPAN SPECIAL FUND

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007			2006		
	ACCSF	JSF Regular & Supplementary	Total	ACCSF	JSF Regular & Supplementary	Total
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>						
CONTRIBUTIONS (Notes B and F)	\$ —	\$ 27,674	\$ 27,674	\$ —	\$ 24,513	\$ 24,513
REVENUE FROM INVESTMENTS (Notes B and C)	—	11,807	11,807	—	10,489	10,489
REVENUE FROM OTHER SOURCES	—	198	198	—	235	235
NET ASSETS REVERTED BACK TO TEMPORARILY RESTRICTED ASSETS (Notes B and F)	(26)	—	(26)	(397)	—	(397)
Total	(26)	39,679	39,653	(397)	35,237	34,840
<b>EXPENSES</b>						
Technical assistance—net (Notes B, E, and F)	(37)	32,521	32,484	(420)	50,035	49,615
Administrative expenses	11	1,235	1,246	23	1,075	1,098
Financial expenses	—	0	0	—	0	0
Total	(26)	33,756	33,730	(397)	51,110	50,713
CONTRIBUTIONS AND REVENUE IN EXCESS OF (LESS THAN) EXPENSES	—	5,923	5,923	—	(15,873)	(15,873)
EXCHANGE LOSSES (Note B)	—	(12)	(12)	—	(59)	(59)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	—	5,911	5,911	—	(15,932)	(15,932)
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>						
REVENUE FROM INVESTMENTS AND OTHER SOURCES (Notes B and C)	1,829	—	1,829	1,666	—	1,666
NET ASSETS REVERTED BACK TO TEMPORARILY RESTRICTED ASSETS (Notes B and F)	26	—	26	397	—	397
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	1,855	—	1,855	2,063	—	2,063
INCREASE (DECREASE) IN NET ASSETS	1,855	5,911	7,766	2,063	(15,932)	(13,869)
NET ASSETS AT BEGINNING OF YEAR	32,849	130,943	163,792	30,786	146,875	177,661
<b>NET ASSETS AT END OF YEAR</b>	<b>\$34,704</b>	<b>\$136,854</b>	<b>\$171,558</b>	<b>\$32,849</b>	<b>\$130,943</b>	<b>\$163,792</b>

0 - Less than \$1,000.

The accompanying notes are an integral part of these financial statements (JSF-4).

## ASIAN DEVELOPMENT BANK—JAPAN SPECIAL FUND

### STATEMENT OF CASH FLOWS

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007			2006		
	ACCSF	JSF Regular & Supplementary	Total	ACCSF	JSF Regular & Supplementary	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Contributions received	\$ —	\$ 27,674	\$ 27,674	\$ —	\$ 24,513	\$ 24,513
Interest on investments received	1,750	12,727	14,477	1,656	11,405	13,061
Technical assistance disbursed	(380)	(35,178)	(35,558)	(956)	(34,207)	(35,163)
Administrative expenses paid	(11)	(1,172)	(1,183)	(23)	(1,068)	(1,091)
Financial expenses paid	—	(0)	(0)	—	—	—
Cash received from other sources	90	254	344	102	180	282
<b>Net Cash Provided by Operating Activities</b>	<b>1,449</b>	<b>4,305</b>	<b>5,754</b>	<b>779</b>	<b>823</b>	<b>1,602</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Maturities of investments	630,096	3,221,747	3,851,843	950,776	2,468,999	3,419,775
Purchases of investments	(632,846)	(3,228,829)	(3,861,675)	(951,432)	(2,470,403)	(3,421,835)
Net (payments for) receipts from securities purchased under resale arrangement	—	(78)	(78)	—	233	233
<b>Net Cash Used in Investing Activities</b>	<b>(2,750)</b>	<b>(7,160)</b>	<b>(9,910)</b>	<b>(656)</b>	<b>(1,171)</b>	<b>(1,827)</b>
Effect of Exchange Rate Changes on Due from Banks	—	5	5	—	(233)	(233)
<b>Net (Decrease) Increase in Due from Banks</b>	<b>(1,301)</b>	<b>(2,850)</b>	<b>(4,151)</b>	<b>123</b>	<b>(581)</b>	<b>(458)</b>
Due from Banks at Beginning of Year	1,865	3,035	4,900	1,742	3,616	5,358
Due from Banks at End of Year	\$ 564	\$ 185	\$ 749	\$ 1,865	\$ 3,035	\$ 4,900
<b>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>						
Increase (decrease) in net assets (JSF-2)	\$ 1,855	\$ 5,911	\$ 7,766	\$ 2,063	\$ (15,932)	\$ (13,869)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:						
Amortization of discounts/premiums	—	—	—	(10)	26	16
Unrealized investment gains	—	—	—	(13)	(44)	(57)
Change in undisbursed commitments	(466)	(2,592)	(3,058)	(1,308)	18,524	17,216
Others-net	60	919	979	47	(1,753)	(1,706)
Translation adjustment	—	67	67	—	2	2
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,449</b>	<b>\$ 4,305</b>	<b>\$ 5,754</b>	<b>\$ 779</b>	<b>\$ 823</b>	<b>\$ 1,602</b>

0 - Less than \$1,000.

The accompanying notes are an integral part of these financial statements (JSF-4).

## ASIAN DEVELOPMENT BANK—JAPAN SPECIAL FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### NOTE A—NATURE OF OPERATIONS

The Japan Special Fund (JSF) was established in March 1988 when Government of Japan and the Asian Development Bank (ADB) entered into a financial arrangement whereby Government of Japan agreed to make an initial contribution and ADB became the administrator. The purpose of JSF is to help developing member countries (DMCs) of ADB restructure their economies and broaden the scope of opportunities for new investments, thereby assisting the recycling of funds to DMCs of ADB. While JSF resources are used mainly to finance technical assistance (TA) operations, these resources may also be used for equity investment operations in ADB's DMCs. Under the agreement between ADB and Japan, ADB may invest the proceeds of JSF pending disbursement.

In March 1999, the Board approved the acceptance and administration by ADB of the Asian Currency Crisis Support Facility (ACCSF) to assist Asian currency crisis-affected member countries (CAMCs). Funded by Government of Japan, ACCSF was established within JSF to assist in the economic recovery of CAMCs through interest payment assistance (IPA) grants, TA grants, and guarantees. With the general fulfillment of the purpose of the facility, Government of Japan and ADB agreed to terminate the ACCSF on 22 March 2002. The ACCSF account is to be kept open until the completion of all TA disbursements and the settlement of all administrative expenses.

#### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Presentation of the Financial Statements*

The financial statements of JSF are presented on the basis of those for not-for-profit organizations and as unrestricted and temporarily restricted net assets. ACCSF funds are separately reported in the financial statements.

JSF reports the contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of

Activities and Changes in Net Assets as “NET ASSETS RELEASED FROM RESTRICTIONS.”

##### *Functional and Reporting Currency*

The financial statements are expressed in thousands of current United States dollars. The United States dollar is the functional and reporting currency, representing the currency of the primary economic operating environment of JSF.

##### *Translation of Currencies*

ADB adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in non-US dollar to be translated to the reporting currency using exchange rates applicable at the time of transactions. Contributions included in the financial statements during the year are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting month, translations of assets, liabilities, and uncommitted balances which are denominated in non-US dollar are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as exchange gains or losses and are credited or charged to operations.

##### *Investments*

All investment securities held by JSF are reported at estimated fair value, which represents their fair market value. Realized and unrealized gains and losses are included in revenue. Time deposits are reported at cost which is a reasonable estimate of fair value.

Interest on investment securities and time deposits are recognized as realized and reported, net of amortizations of premium and discounts.

##### *Securities Purchased Under Resale Arrangements*

JSF accounts for transfer of financial assets in accordance with FAS 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of FAS 125.” In general, transfers are accounted for as sales under FAS 140 when control over the transferred assets has been

## ASIAN DEVELOPMENT BANK—JAPAN SPECIAL FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

relinquished. Otherwise, the transfers are accounted for as repurchase/resale arrangements and collateralized financing arrangements. Securities purchased under resale arrangement are recorded as assets and reported at estimated fair value. Securities received are not re-pledged under securities lending arrangements. ADB monitors the fair value of these securities, and if necessary, requires additional collateral.

There were no outstanding securities purchased under resale arrangements as of 31 December 2007 and 2006.

#### *Contributions*

Contributions by Japan are included in the financial statements from the date indicated by Japan that funds are expected to be made available. Contributions which are restricted by the donor for specific TA projects/programs or for IPA grants are classified as temporarily restricted contributions. Those without any stipulation as to specific use are accounted for and reported as unrestricted contributions.

#### *Technical Assistance and Undisbursed Commitments*

Technical assistance is recognized in the financial statements when the project is approved and becomes effective. Upon completion of a TA project or cancellation of a grant, any undisbursed amount is written back as a reduction in the TA for the year and the corresponding undisbursed commitment is eliminated accordingly.

#### *Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make reasonable estimates and assumptions that affect the reported amounts of assets and liabilities as at the end of the year and the reported amounts of income and expenses during the year. The actual results could differ from those estimates.

#### *Accounting and Reporting Developments*

In September 2006, FASB issued FAS 157, "Fair Value Measurements", which emphasizes the definition of fair value (FV) for financial reporting purposes to mean a market-based measure and not an entity-specific

measure. It also prescribes methods for measuring FV including a FV hierarchy that ranks the quality and reliability of information used in FV measurements giving the highest priority to quoted prices in active markets and the lowest to unobservable inputs. This statement expands disclosure requirements to focus on the inputs used to measure FV, especially those using significant unobservable inputs. This statement will be effective for financial statements to be issued after 31 December 2007.

In February 2007, FASB issued FAS 159, "Fair value Option for Financial Assets and Financial Liabilities". This statement expands the scope of financial instruments that may be carried at fair value. It offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. This statement will be effective for financial statements to be issued after 31 December 2007.

#### *Statement of Cash Flows*

For the purposes of the Statement of Cash Flows, the JSF considers that its cash and cash equivalents are limited to "DUE FROM BANKS."

### NOTE C—INVESTMENTS

The main investment management objective is to maintain security and liquidity. Subject to these parameters, ADB seeks the highest possible return on its investments. Investments are governed by the Investment Authority approved by the Board of Directors in 1999, and reviewed in 2006. The review endorsed a portfolio strategy that is largely consistent with the 1999 approach. ADB is restricted by its Investment Authority to invest in government and government-related debt instruments and in time deposits.

All investments held as of 31 December 2007 and 2006 are in time deposits.

The annualized rates of return on the average investments held under ACCSF and JSF funds during the year, based on the portfolio held at the beginning and end of each month were 5.24% and 5.26%, respectively (4.96% and 4.89%, respectively – 2006).

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**NOTE D—RELATED PARTY TRANSACTIONS**

The Ordinary Capital Resources (OCR) and special fund resources are at all times used, committed, and invested entirely separate from each other. The administrative and operational expenses pertaining to OCR and special fund resources are charged to the respective funds. The administrative expenses of JSF are settled on a regular basis between OCR and JSF. Regional technical assistance projects and programs may be combined activities between special and trust funds. Interfund accounts are settled on a regular basis between JSF and the other funds.

The interfund balances between other funds, which are included in other assets and liabilities are as follows:

	2007	2006
Amounts Receivable by:		
JSF from: ACCSF	\$ 87,000	\$ 70,000
Amounts Payable by:		
JSF to: OCR	\$159,000	\$125,000
TASF	2,000	5,000
Agency Trust Funds	24,000	1,000
Total	\$185,000	\$131,000
ACCSF to: JSF	\$ 87,000	\$ 70,000

**NOTE E—UNDISBURSED COMMITMENTS**

Undisbursed commitments are denominated in United States dollars and represent TA projects/programs which have become effective but not yet disbursed.

During 2007, an amount of \$4,749,000 representing completed and partially canceled TA projects (\$5,946,000 – 2006) was written back as a reduction in technical assistance for the year, and the corresponding undisbursed commitments was eliminated. \$37,000 (\$420,000 – 2006) of this amount corresponds to ACCSF. The fair value of undisbursed commitments approximates the amounts outstanding, because ADB expects that disbursements will substantially be made for all the projects/programs covered by the commitments.

**NOTE F—CONTRIBUTIONS AND UNCOMMITTED BALANCES**

All contributions for the years ended 31 December 2007 and 2006 were received during the respective years.

Effective 31 December 2002, all remaining temporarily restricted net assets under JSF were transferred and integrated into the unrestricted regular net assets, as concurred by Japan, in order to optimize the use of JSF. Similarly, Japan lifted the restriction over the use of net accumulated investment income, which under the original terms of agreement between ADB and Japan, may only be used for defraying JSF's administrative expenses. Japan agreed to use the net accumulated investment income as additional resources for funding future ADB operations.

Uncommitted balances comprised of amounts which have not been committed by ADB as at 31 December 2007 and 2006. These balances include approved TA projects/programs that are not yet effective.

As of 31 December 2007 and 2006 these balances are as follows:

	2007			2006		
	ACCSF	JSF Regular and Supplementary	Total	ACCSF	JSF Regular and Supplementary	Total
Uncommitted balances	\$27,545,000	\$136,854,000	\$164,399,000	\$27,418,000	\$130,943,000	\$158,361,000
TA projects/programs approved by Japan and ADB but not yet effective	–	(20,135,000)	(20,135,000)	–	(14,930,000)	(14,930,000)
TA projects/programs approved by Japan and not yet effective	–	(12,925,000)	(12,925,000)	–	(12,908,000)	(12,908,000)
Uncommitted balances available for new commitments	\$27,545,000	\$103,794,000	\$131,339,000	\$27,418,000	\$103,105,000	\$130,523,000

**ASIAN DEVELOPMENT BANK—JAPAN SPECIAL FUND****NOTES TO FINANCIAL STATEMENTS**

31 December 2007 and 2006

The temporarily restricted uncommitted balance remaining available as of 31 December 2007 corresponds to funds under ACCSF of \$27,545,000 (\$27,418,000 – 2006) to cover completion of TA disbursements and the amount of net accumulated investment income of \$7,159,000 (\$5,431,000 – 2006) for settlement of all administrative expenses.

Net assets reverted back to temporarily restricted assets under ACCSF relate to savings on financially completed technical assistance net of amount from accumulated investment income, released from restrictions to defray the administrative expenses of ACCSF.

**NOTE G—FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

See Notes C and E for discussions relating to investments and undisbursed commitments. In all other cases, the carrying amounts of JSF's assets, liabilities, and uncommitted balances are considered to approximate fair values for all significant financial instruments.



**PricewaterhouseCoopers**

8 Cross Street #17-00  
PWC Building  
Singapore 048424  
Telephone (65) 6236 3388  
Facsimile (65) 6236 3300  
[www.pwc.com/sg](http://www.pwc.com/sg)

GST No: 52-871777-D

Co. Reg. No.: 52871777D

**Report of Independent Auditors to the Asian Development Bank**

In our opinion, the accompanying statements of financial position and the related statements of activities and changes in net assets, and cash flows present fairly, in all material respects, the financial position of the Asian Development Bank—Asian Development Bank Institute Special Fund at 31 December 2007 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of the Asian Development Bank Institute. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.



PricewaterhouseCoopers  
Certified Public Accountants

Singapore  
5 March 2008

**ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT BANK INSTITUTE SPECIAL FUND**
**STATEMENT OF FINANCIAL POSITION**
**31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	<b>2007</b>		<b>2006</b>	
<b>ASSETS</b>				
DUE FROM BANKS (Note B)	\$	603	\$	696
INVESTMENTS (Notes B, C, and D)				
Time deposits		6,749		5,044
SECURITIES PURCHASED UNDER RESALE ARRANGEMENT (Notes B and C)		1,157		1,595
PROPERTY, FURNITURE, AND EQUIPMENT (Notes B and E)				
One-time Establishment Cost and Furnitures	\$2,733		\$3,865	
Less—allowance for depreciation	2,733	—	3,726	139
Leased Property	196		184	
Less—allowance for depreciation	78	118	37	147
DUE FROM CONTRIBUTORS (Note F)		11,716		11,263
OTHER ASSETS		2,024		1,791
<b>TOTAL</b>		<b>\$22,367</b>		<b>\$20,675</b>
<b>LIABILITIES AND UNCOMMITTED BALANCES</b>				
ACCOUNTS PAYABLE AND OTHER LIABILITIES (Notes E and G)	\$	4,075	\$	3,267
UNCOMMITTED BALANCES (ADBISF-2)				
Unrestricted net assets		18,292		17,408
<b>TOTAL</b>		<b>\$22,367</b>		<b>\$20,675</b>

The accompanying notes are an integral part of these financial statements (ADBISF-4)

**ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT BANK INSTITUTE SPECIAL FUND****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****For the Years Ended 31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	<b>2007</b>	<b>2006</b>
CHANGES IN UNRESTRICTED NET ASSETS		
CONTRIBUTIONS (Notes B and F)	\$11,716	\$11,263
REVENUE		
Income from investments (Notes B and C)	71	16
Income from other sources—net	7	4
Total	11,794	11,283
EXPENSES		
Administrative expenses	8,782	8,113
Program expenses	2,388	2,690
Total	11,170	10,803
CONTRIBUTIONS AND REVENUE IN EXCESS OF EXPENSES	624	480
EXCHANGE (LOSSES) GAINS—NET	(93)	56
TRANSLATION ADJUSTMENTS (Note B)	730	(26)
EFFECT OF FASB STATEMENT NO. 158 (NOTE H)	(377)	59
INCREASE IN UNRESTRICTED NET ASSETS	884	569
NET ASSETS AT BEGINNING OF YEAR	17,408	16,839
<b>NET ASSETS AT END OF YEAR</b>	<b>\$18,292</b>	<b>\$17,408</b>

The accompanying notes are an integral part of these financial statements (ADBISF-4).

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT BANK INSTITUTE SPECIAL FUND

### STATEMENT OF CASH FLOWS

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 11,144	\$ —
Interest on investments received	70	8
Expenses paid	(10,839)	(9,923)
Others—net	(86)	—
Net Cash Provided by (Used in) Operating Activities	289	(9,915)
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of investments	155,105	74,651
Purchases of investments	(156,267)	(78,621)
Net receipts from securities under resale arrangement	511	13,897
Net Cash (Used in) Provided by Investing Activities	(651)	9,927
Effect of Exchange Rate Changes on Due from Banks	269	(15)
Net Decrease in Due from Banks	(93)	(3)
Due from Banks at Beginning of Year	696	699
Due from Banks at End of Year	\$ 603	\$ 696
RECONCILIATION OF INCREASE IN UNRESTRICTED NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Increase in unrestricted net assets (ADBISF-2)	\$ 884	\$ 569
Adjustments to reconcile increase in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation	177	277
Translation adjustments	(730)	26
Change in due from contributors	(572)	(11,263)
Change in pension and postretirement benefit liability	377	(59)
Others—net	153	535
Net Cash Provided by (Used in) Operating Activities	\$ 289	\$ (9,915)

The accompanying notes are an integral part of these financial statements (ADBISF-4).

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT BANK INSTITUTE SPECIAL FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### NOTE A—NATURE OF OPERATIONS

In 1996, the Asian Development Bank (ADB) approved the establishment of the Asian Development Bank Institute (the Institute) in Tokyo, Japan as a subsidiary body of ADB. The Institute commenced its operations upon the receipt of the first funds from Japan on 24 March 1997, and it was inaugurated on 10 December 1997. The Institute's funds may consist of voluntary contributions, donations, and grants from ADB member countries, non-government organizations, and foundations. The objectives of the Institute, as defined under its Statute, are the identification of effective development strategies and capacity improvement for sound development management in developing member countries.

#### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Presentation of the Financial Statements*

The financial statements of the Institute are presented on the basis of those for not-for-profit organizations.

The Institute reports donor's contributed cash and other assets as unrestricted support as these are made available to the Institute without conditions other than for the purposes of pursuing the objectives of the Institute.

##### *Functional Currency and Reporting Currency*

The functional currency of the Institute is the Japanese yen. The reporting currency is the United States dollar, and the financial statements are expressed in thousands of current United States dollars.

##### *Translation of Currencies*

Assets, liabilities, and uncommitted balances are translated from the functional currency to the reporting currency at the applicable rates of exchange at the end of a reporting period. Commitments included in the financial statements during the year are recognized at the applicable exchange rates as of the respective dates of commitment. Revenue and expense amounts in currency other than the United States dollar are translated for each semi-monthly period generally at the applicable

rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments are accounted for as exchange gains or losses and are credited or charged to operations.

##### *Investments*

All investment securities held by the Institute are reported at estimated fair value which represents their fair market value. Realized and unrealized gains and losses are included in revenue. Time deposits are reported at cost which is a reasonable estimate of fair value.

##### *Securities Purchased Under Resale Arrangement*

ADBI accounts for transfers of financial assets in accordance with FAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities – a replacement of FAS 125." In general, transfers are accounted for as sales under FAS 140 when control over the transferred assets has been relinquished. Otherwise, the transfers are accounted for as repurchase/resale agreements and collateralized financing arrangements. Securities purchased under resale arrangements are recorded as assets and reported at estimated fair value. Securities received are not re-pledged under securities lending arrangements. ADB monitors the fair value of these securities, and if necessary, requires additional collateral.

##### *Property, Furniture, and Equipment*

Property, furniture, and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Maintenance, repairs and minor betterments are charged to expense.

The Institute distinguishes between capital leases and operating leases based on the objective of the expenditure. Expenditures amounting to more than \$30,000 for a single asset or a combination of assets forming an integral part of a separate asset are capitalized.

##### *Contributions*

Contributions from donors are included in the financial statements from the date committed.

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT BANK INSTITUTE SPECIAL FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### *Accounting Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the end of the year and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

#### *Accounting and Reporting Developments*

In September 2006, FASB issued FAS 157, “Fair Value Measurements”. This statement emphasizes the definition of fair value (FV) for financial reporting purposes to mean a market-based measure and not an entity-specific measure. It also prescribes methods for measuring FV including a FV hierarchy that ranks the quality and reliability of information used in FV measurements giving the highest priority to quoted prices in active markets and the lowest to unobservable inputs. This statement expands disclosure requirements to focus on the inputs used to measure FV, especially those using significant unobservable inputs. This statement will be effective for financial statements to be issued after 31 December 2007.

In February 2007, FASB issued FAS 159, “Fair value Option for Financial Assets and Financial Liabilities”. This statement expands the scope of financial instruments that may be carried at fair value. It offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. This statement will be effective for financial statements to be issued after 31 December 2007.

#### *Statement of Cash Flows*

For the purposes of the Statement of Cash Flows, the Institute considers that its cash and cash equivalents are limited to “DUE FROM BANKS”.

#### **NOTE C—INVESTMENTS**

The main investment management objective is to maintain security and liquidity. Subject to these parameters, ADB administers the Institute’s investments and seeks the highest possible return on its invest-

ments. Investments are governed by the Investment Authority approved by the Board of Directors in 1999, and reviewed in 2006. The review endorsed a portfolio approach that is largely consistent with the 1999 approach. ADB is restricted by its Investment Authority to invest in government and government-related debt instruments and in time deposits.

The investment portfolio was composed wholly of investments denominated in Japanese yen as of 31 December 2007 and 2006. All such investments are due within one year. The total investment income reported as of 31 December 2007 consisted of interest income earned during the year.

The annualized rate of return on the average investments held during the year including receivable for securities purchased under resale arrangement, based on the portfolio held at the beginning and end of each month was 0.58% (0.14% - 2006).

#### **NOTE D—FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts for all significant financial instruments in the Institute’s Statement of Financial Position are considered to approximate fair values.

#### **NOTE E—LEASED ASSETS**

On 6 January 2006, the Institute concluded an agreement regarding the lease of a server, which requires ADBI to pay a total amount of \$205,000 over the period of 60 months for the lease of the server. The minimum lease payments required under operating leases that have initial or non-cancelable lease terms in excess of one year at 31 December 2007 are as follows:

Year ending 31 December	Minimum future rentals
2008	\$ 161,000
2009	75,000
2010	18,000
2011	2,000



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**NOTE F—CONTRIBUTIONS**

In 2007, the Government of Japan committed its 12<sup>th</sup> contribution to ADBI amounting to ¥1,315,586,000 (\$11,716,000 equivalent), which was transferred to the Fund on 15 January 2008. The amount contributed was reported in 31 December 2007 balance sheet as “Due from Contributors”.

**NOTE G—DUE TO ADB**

Accounts payable and other liabilities include amounts due to ADB of \$341,000 and \$254,000 at 31 December 2007 and 2006, respectively.

**NOTE H—STAFF RETIREMENT PLAN AND POSTRETIREMENT MEDICAL BENEFITS***Staff Retirement Plan*

The Institute participates in the contributory defined benefit Staff Retirement Plan (the Plan) of ADB. Every employee, as defined under the Plan, shall, as a condition of service, become a participant from the first day of service, provided that at such a date, the employee has not reached the normal retirement age of 60. Retirement benefits are based on length of service and highest average remuneration during two years of eligible service. The Plan assets are segregated and are not included in the accompanying Balance Sheet. The costs of administering the Plan are absorbed by ADB, except for fees paid to the investment managers and related charges, including custodian fees, which are borne by the Plan.

Participants hired on or before 30 September 2006 are required to contribute 9 1/3% of their salary to the Plan while those hired after that date do not anymore contribute to the plan. Participants may also make additional voluntary contributions. ADBI's contribution is determined at a rate sufficient to cover

that part of the costs of the Plan not covered by the participants' contributions.

*Expected Contributions*

The expected amount of contributions to the Plan for 2008, based on the Institute's contribution rate for the coming year of 16%, and the participants' mandatory contribution are \$158,000 and \$58,000, respectively (2006 - \$115,000 and \$67,000).

*Investment Strategy*

Contributions in excess of current benefits payments are invested in international financial markets and in a variety of investment vehicles. The Plan employs six external asset managers and one global custodian who function within the guidelines established by the Plan's Investment Committee. The investment of these assets, over the long term, is expected to produce higher returns than short-term investments. The investment policy incorporates the Plan's package of desired investment return, and tolerance for risk, taking into account the nature and duration of the Plan's liabilities. The Plan's assets are diversified among different markets and different asset classes. The use of derivatives for speculation, leverage or taking risks is prohibited. Selected derivatives are used for hedging and transactional efficiency purposes.

The Plan's investment policy is periodically reviewed and revised to reflect the best interest of the Plan's participants and beneficiaries. The current policy, adopted in January 2003, specifies an asset-mix structure of 70% of assets in equities and 30% in fixed income securities.

At present, investments of the Plan's assets are divided into three categories: US equity, Non-US equity, and US fixed income.

As of 31 December 2007 and 2006, the breakdown of the fair value of plan assets held is as follows:

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT BANK INSTITUTE SPECIAL FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

	2007		2006	
	Amount	Percentage	Amount	Percentage
Equity Securities				
US	\$1,139,000		\$1,139,000	
Non-US	856,000		803,000	
	1,995,000	73.0%	1,942,000	74.0%
Fixed income securities	762,000	27.9	679,000	25.9
Other (Liabilities) Assets—net	(24,000)	(0.9)	2,000	0.1
Total	<u>\$2,733,000</u>	<u>100.0%</u>	<u>\$2,623,000</u>	<u>100.0%</u>

All investments, excluding time deposits, are valued using market prices. Time deposits are reported at cost which is the reasonable estimate of the fair value. Fixed income securities include US government and government guaranteed obligations, corporate bonds and time deposits. Other assets include forward exchange contracts in various foreign currencies transacted to hedge currency exposure in the investment portfolio, which are reported at fair value.

For the year ended 31 December 2007 the net return on the Plan assets was 6.0% (12.9% - 2006). ADB expects the long-term rate of return on the assets to be 8%.

#### Assumptions

The assumed overall rate of return takes into account long-term return expectations of the underlying asset classes within the investment portfolio mix, and the expected duration of the Plan's liabilities. Return expectations are forward looking and, in general, not

much weight is given to short-term experience. Unless there is a drastic change in investment policy or market environment, the assumed investment return of 8% on the Plan's assets is expected to remain broadly the same, year to year.

#### Postretirement Medical Benefits Plan

The Institute participates in the cost-sharing plan of ADB for retirees' medical insurance premiums. Under the plan, the Institute is obligated to pay 75% of the Group Medical Insurance Plan premiums for retirees and their eligible dependents who elected to participate. The cost-sharing plan is currently unfunded.

Generally accepted accounting principles require an actuarially determined assessment of the periodic cost of postretirement medical benefits.

The following table sets forth the pension and postretirement benefits at 31 December 2007 and 31 December 2006:

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CONTINUED

	Pension Benefits		Postretirement Medical Benefits	
	2007	2006	2007	2006
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 4,269,000	\$ 3,378,000	\$ 231,000	\$ 454,000
Service cost	126,000	188,000	14,000	10,000
Interest cost	258,000	202,000	15,000	26,000
Plan participants' contributions	49,000	78,000	—	—
Transfers	232,000	—	—	—
Actuarial loss (gain)	430,000	484,000	(152,000)	(246,000)
Benefits paid	(404,000)	(61,000)	(10,000)	(13,000)
Benefit obligation at end of year	\$ 4,960,000	\$ 4,269,000	\$ 98,000	\$ 231,000
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 2,623,000	\$ 2,165,000	\$ —	\$ —
Actual return on plan assets	149,000	290,000	—	—
Employer's contribution	84,000	113,000	10,000	13,000
Plan participants' contributions	49,000	116,000	—	—
Transfers	232,000	—	—	—
Benefits paid	(404,000)	(61,000)	(10,000)	(13,000)
Fair value of plan assets at end of year	\$ 2,733,000	\$ 2,623,000	\$ —	\$ —
Funded Status	<u>\$(2,227,000)</u>	<u>\$(1,646,000)</u>	<u>\$(98,000)</u>	<u>\$(231,000)</u>
Amounts recognized in the Balance sheet consist of:				
Current liability	\$ —	\$ —	\$ —	\$ (5,000)
Non-current liability	(2,227,000)	(1,646,000)	(98,000)	(226,000)
Net amount recognized	<u>\$(2,227,000)</u>	<u>\$(1,646,000)</u>	<u>\$(98,000)</u>	<u>\$(231,000)</u>
Amounts recognized in the Unrestricted net assets consist of:				
Net actuarial loss (gain)	\$ 761,000	\$ 282,000	\$(426,000)	\$(298,000)
Prior service cost (credit)	15,000	20,000	(32,000)	(63,000)
Net amount recognized	<u>\$ 776,000</u>	<u>\$ 302,000</u>	<u>\$(458,000)</u>	<u>\$(361,000)</u>
Weighted-average assumptions as of 31 December				
Discount rate	6.00%	6.00%	6.00%	6.00%
Expected return on plan assets	8.00%	8.00%	N/A	N/A
Rate of compensation increase varies with age and averages	4.65%	5.00%	4.65%	5.00%

For measurement purposes, a 9.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for the valuation as at 31

December 2007. The rate was assumed to decrease gradually to 5.0% for 2011 and remain at that level thereafter.

## ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT BANK INSTITUTE SPECIAL FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

	Pension Benefits		Postretirement Medical Benefits	
	2007	2006	2007	2006
Components of net periodic benefit cost:				
Service cost	\$126,000	\$188,000	\$ 14,000	\$ 10,000
Interest cost	258,000	202,000	15,000	26,000
Expected return on plan assets	(198,000)	(167,000)	—	—
Amortization of prior service cost	5,000	5,000	(31,000)	(31,000)
Recognized actuarial loss	—	—	(24,000)	(1,000)
Net periodic benefit cost	<u>\$191,000</u>	<u>\$228,000</u>	<u>\$(26,000)</u>	<u>\$ 4,000</u>

The accumulated benefit obligation of the pension plan as of 31 December 2007 was \$4,726,000 (\$4,041,000 – 2006).

A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest cost components	\$ 8,000	\$ (6,000)
Effect on postretirement benefit obligation	26,000	(19,000)

#### Estimated Future Benefits Payments

The following table shows the benefit payments expected to be paid in each of the next five years and subsequent five years. The expected benefit payments are based on the same assumptions used to measure the benefit obligation at 31 December 2007:

	Pension Benefits	Postretirement Medical Benefits
2008	\$ 175,000	\$ —
2009	116,000	—
2010	175,000	—
2011	204,000	—
2012	239,000	—
2013-2017	1,448,000	8,000

**PricewaterhouseCoopers**

8 Cross Street #17-00  
PWC Building  
Singapore 048424  
Telephone (65) 6236 3388  
Facsimile (65) 6236 3300  
[www.pwc.com/sg](http://www.pwc.com/sg)

GST No: 52-871777-D

Co. Reg. No.: 52871777D

**Report of Independent Auditors to the Asian Development Bank**

In our opinion, the accompanying statement of financial position and the related statement of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Asian Development Bank—Asian Tsunami Fund at 31 December 2007 and 2006, and the results of its activities and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of the Asian Development Bank. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



PricewaterhouseCoopers  
Certified Public Accountants

Singapore  
5 March 2008

## ASIAN DEVELOPMENT BANK—ASIAN TSUNAMI FUND

### STATEMENT OF FINANCIAL POSITION

31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007	2006
<b>ASSETS</b>		
DUE FROM BANKS (Note B)	\$ 161	\$ 283
INVESTMENTS (Notes B, C, and G)		
Time deposits	366,524	474,185
ACCRUED REVENUE	375	761
ADVANCES FOR GRANTS (Note B)	62,443	41,900
<b>TOTAL</b>	<b>\$429,503</b>	<b>\$517,129</b>
<b>LIABILITIES AND UNCOMMITTED BALANCES</b>		
ACCOUNTS PAYABLE AND OTHER LIABILITIES (Note D)	\$ 363	\$ 253
UNDISBURSED COMMITMENTS (Notes B, E, and G)	389,132	497,394
UNCOMMITTED BALANCES (ATF-2) (Notes B and F)		
Unrestricted net assets	40,008	19,482
<b>TOTAL</b>	<b>\$429,503</b>	<b>\$517,129</b>

The accompanying notes are an integral part of these financial statements (ATF-4).



**ASIAN DEVELOPMENT BANK—ASIAN TSUNAMI FUND****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****For the Years Ended 31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	2007		2006	
CHANGES IN UNRESTRICTED NET ASSETS				
REVENUE				
From investments (Note C)	\$22,257		\$ 25,181	
From other sources	389	\$ 22,646	117	\$ 25,298
EXPENSES				
Grants (Notes B)	—		1,000	
Technical assistance (Notes B and E)	(115)		—	
Administrative expenses (Note D)	2,218		1,141	
Financial expenses	1	2,104	—	2,141
REVENUE IN EXCESS OF EXPENSES		20,542		23,157
TRANSFER TO ORDINARY CAPITAL RESOURCES (Note F)		—		(10,000)
EXCHANGE LOSSES (Note B)		(16)		(19)
INCREASE IN NET ASSETS		20,526		13,138
NET ASSETS AT THE BEGINNING OF YEAR		19,482		6,344
NET ASSETS AT END OF YEAR		\$ 40,008		\$ 19,482

The accompanying notes are an integral part of these financial statements (ATF-4).

## ASIAN DEVELOPMENT BANK—ASIAN TSUNAMI FUND

### STATEMENT OF CASH FLOWS

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest on investments received	\$ 22,644	\$ 26,357
Grants / Technical assistance disbursed	(128,707)	(54,905)
Transfer to Ordinary Capital Resources	—	(10,000)
Administrative expenses paid	(2,107)	(991)
Cash received from other sources	387	117
Net Cash Used in Operating Activities	(107,783)	(39,422)
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of investments	9,180,041	10,727,068
Purchases of investments	(9,072,380)	(10,687,916)
Net Cash Provided by Investing Activities	107,661	39,152
Net Decrease in Due from Banks	(122)	(270)
Due from Banks at Beginning of Year	283	553
Due from Banks at End of Year	\$ 161	\$ 283
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES:		
Increase in net assets (ATF-2)	\$ 20,526	\$ 13,138
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Change in accrued revenue	386	1,176
Change in advances for grants	(20,543)	1,136
Change in accounts payable and other liabilities	110	150
Change in undisbursed commitments	(108,262)	(55,022)
Net Cash Used in Operating Activities	\$ (107,783)	\$ (39,422)

The accompanying notes are an integral part of these financial statements (ATF-4).

## ASIAN DEVELOPMENT BANK—ASIAN TSUNAMI FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### NOTE A—NATURE OF OPERATIONS

The Asian Tsunami Fund (ATF) was established on 11 February 2005 in response to the special circumstances surrounding the developing member countries (DMCs) that were stricken by the effects of the tsunami on 26 December 2004. The purpose of ATF is to provide emergency grant financing promptly and effectively to affected DMCs in the form of technical assistance (TAs) and investment projects to support reconstruction, rehabilitation and associated development activities following the tsunami disaster.

ATF will serve as a dedicated source of grant financing to support priority rehabilitation and reconstruction needs on a multi-sector basis. Resources from the Fund will be available to central governments and other suitable entities including non-governmental organizations.

ATF's resources may consist of allocations from the net income of Ordinary Capital Resources (OCR) and contributions from bilateral, multilateral and individual sources.

#### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Presentation of the Financial Statements*

The financial statements of the ATF are presented on the basis of those for not-for-profit organizations.

ATF reports donors' contributions of cash and other assets as unrestricted assets as these are made available to ATF without conditions other than for the purpose of pursuing its objectives.

##### *Functional and Reporting Currency*

The financial statements are expressed in thousands of current United States dollars. The United States dollar is the functional and reporting currency, representing the currency of the primary economic operating environment of ATF.

##### *Translation of Currencies*

ADB adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in non-US dollar to be trans-

lated to the reporting currency using exchange rates applicable at the time of transactions. Contributions included in the financial statements during the year are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting month, translations of assets, liabilities, and uncommitted balances which are denominated in non-US dollar are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as exchange gains or losses and are credited or charged to operations.

##### *Investments*

All investment securities held by ATF are reported at estimated fair value, which represents their fair market value. Realized and unrealized gains and losses are included in revenue. Time deposits are reported at cost which is a reasonable estimate of fair value.

##### *Contributions*

The contributions from donors and the allocations from OCR net income are included in the financial statements, from the date of effectivity of the contribution agreement, and the Board of Governors' approval, respectively.

##### *Technical Assistance, Grants, and Undisbursed Commitments*

Technical Assistance and grants are recognized in the financial statements when the project is approved and becomes effective. Upon completion of the TA project or cancellation of a grant, any undisbursed amount is written back as a reduction in technical assistance or grants for the year and the corresponding undisbursed commitment is eliminated accordingly.

Advances are provided from technical assistance grant funds to the executing agency or co-operating institution, for the purpose of making payments for eligible expenses. The advances shall be subject to liquidation and charged against undisbursed commitment, any unutilized portion shall be refunded to the fund.

## ASIAN DEVELOPMENT BANK—ASIAN TSUNAMI FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### *Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make reasonable estimates and assumptions that affect the reported amounts of assets and liabilities and uncommitted balances as at the end of the year and the reported amounts of revenue and expenses during the year. The actual results could differ from those estimates.

#### *Accounting and Reporting Developments*

In September 2006, FASB issued FAS 157, "Fair Value Measurements", which emphasizes the definition of fair value (FV) for financial reporting purposes to mean a market-based measure and not an entity-specific measure. It also prescribes methods for measuring FV including a FV hierarchy that ranks the quality and reliability of information used in FV measurements giving the highest priority to quoted prices in active markets and the lowest to unobservable inputs. This statement expands disclosure requirements to focus on the inputs used to measure FV, especially those using significant unobservable inputs. This statement will be effective for financial statements to be issued after 31 December 2007.

In February 2007, FASB issued FAS 159, "Fair value Option for Financial Assets and Financial Liabilities". This statement expands the scope of financial instruments that may be carried at fair value. It offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. This statement will be effective for financial statements to be issued after 31 December 2007.

#### *Statement of Cash Flows*

For the purposes of the Statement of Cash Flows, ATF considers that its cash and cash equivalents are limited to "DUE FROM BANKS."

#### *Reclassification*

Certain non-material reclassifications of prior year's amounts and information have been made to conform to the current year's presentation.

#### **NOTE C—INVESTMENTS**

The main investment management objective is to maintain security and liquidity. Subject to these parameters, ADB seeks the highest possible return on its investments. Investments are governed by the Investment Authority approved by the Board of Directors in 1999, and reviewed in 2006. The review endorsed a portfolio strategy that is largely consistent with the 1999 approach. ADB is restricted by its Investment Authority to invest in government and government-related debt instruments and in time deposits.

All investments comprised of holdings in time deposits denominated in United States dollar as of 31 December 2007 and 2006. The reported total investment income consisted of interest income earned during the year.

The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month was 5.27% (5.01% - 2006).

#### **NOTE D—RELATED PARTY TRANSACTIONS**

The OCR and special fund resources are at all times used, committed, and invested entirely separate from each other. The administrative and operational expenses pertaining to ATF are settled on a regular basis between OCR and ATF. As of 31 December 2007, \$343,000 (\$253,000 - 2006) was payable to OCR.

#### **NOTE E—UNDISBURSED COMMITMENTS**

Undisbursed commitments are denominated in United States dollars and represent effective technical assistance and grants not yet disbursed. The fair value of undisbursed commitments approximates the amounts outstanding, because ADB expects that disbursements will substantially be made for all the projects/programs covered by the commitments.

In 2007, undisbursed commitments on closed TA projects amounting to \$115,000 were written back as a reduction of technical assistance.

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**NOTE F—CONTRIBUTIONS AND  
UNCOMMITTED BALANCES**

In April and May 2005, ADB contributed \$600,000,000 to ATF. Contributions were also received from Australia and Luxembourg amounting to \$3,796,000 and \$1,000,000, respectively. In November 2005, following the establishment of Pakistan Earthquake Fund (PEF) in response to the special circumstances surrounding the 8 October 2005 earthquake in Pakistan, unutilized ATF fund of \$40,000,000 was transferred back to OCR, which was subsequently transferred to PEF. Another \$10,000,000 was returned to OCR in June 2006 to be earmarked for ADB's contribution to the Java Reconstruction Fund to support post-disaster management, rehabilitation, immediate construction, and urgent vital development activities in Yogyakarta and Central Java in Indonesia.

No contributions were received in 2007 and 2006.

Uncommitted balances comprised of amounts which have not been committed by ADB as at 31 December 2007 and 2006.

**NOTE G—FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

See Notes C and E for discussions relating to investments and undisbursed commitments. In all other cases, the carrying amounts of the ATF's assets, liabilities, and uncommitted balances are considered to approximate fair values for all significant financial instruments.

**PricewaterhouseCoopers**

8 Cross Street #17-00

PWC Building

Singapore 048424

Telephone (65) 6236 3388

Facsimile (65) 6236 3300

[www.pwc.com/sg](http://www.pwc.com/sg)

GST No: 52-871777-D

Co. Reg. No.: 52871777D

**Report of Independent Auditors to the Asian Development Bank**

In our opinion, the accompanying statement of financial position and the related statement of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Asian Development Bank—Pakistan Earthquake Fund at 31 December 2007 and 2006, and the results of its activities and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of the Asian Development Bank. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



PricewaterhouseCoopers  
Certified Public Accountants

Singapore  
5 March 2008

**ASIAN DEVELOPMENT BANK—PAKISTAN EARTHQUAKE FUND****STATEMENT OF FINANCIAL POSITION****31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
DUE FROM BANKS (Note B)	\$ 1,601	\$ 1,618
INVESTMENTS (Notes B, C, and G)		
Time deposits	60,690	35,280
ACCRUED REVENUE	121	65
DUE FROM CONTRIBUTORS (Notes B and F)	6,395	11,293
ADVANCES FOR GRANTS (Note B)	1,007	290
<b>TOTAL</b>	<b>\$69,814</b>	<b>\$48,546</b>
<b>LIABILITIES AND UNCOMMITTED BALANCES</b>		
MISCELLANEOUS LIABILITIES (Note D)	\$ 30	\$ —
UNDISBURSED COMMITMENTS (Notes B, E, and G)	73,237	42,500
UNCOMMITTED BALANCES (PEF-2) (Notes B and F)		
Unrestricted net assets	(3,453)	6,046
<b>TOTAL</b>	<b>\$69,814</b>	<b>\$48,546</b>

The accompanying notes are an integral part of these financial statements (PEF-4).



**ASIAN DEVELOPMENT BANK—PAKISTAN EARTHQUAKE FUND****STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****For the Years Ended 31 December 2007 and 2006**

Expressed in Thousands of United States Dollars (Note B)

	2007		2006	
CHANGES IN UNRESTRICTED NET ASSETS				
CONTRIBUTIONS (Notes B and F)		\$ 19,123		\$ 26,918
REVENUE				
From investments (Note C)	\$ 2,387		\$ 1,484	
From other sources	201	2,588	87	1,571
Total		21,711		28,489
EXPENSES				
Grants (Note B)	30,000		107,500	
Technical assistance (Note B)	2,000		—	
Administrative expenses (Note H)	70	32,070	1,305	108,805
CONTRIBUTIONS AND REVENUE LESS THAN EXPENSES		(10,359)		(80,316)
NET EXCHANGE GAINS (Note B)		860		865
DECREASE IN NET ASSETS		(9,499)		(79,451)
NET ASSETS AT BEGINNING OF YEAR		6,046		85,497
NET ASSETS AT END OF YEAR		\$ (3,453)		\$ 6,046

The accompanying notes are an integral part of these financial statements (PEF-4).

## ASIAN DEVELOPMENT BANK—PAKISTAN EARTHQUAKE FUND

### STATEMENT OF CASH FLOWS

For the Years Ended 31 December 2007 and 2006

Expressed in Thousands of United States Dollars (Note B)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 25,100	\$ 21,821
Interest on investments received	2,331	1,524
Cash received from other sources	201	87
Grants disbursed	(1,980)	(65,290)
Administrative expenses paid	(40)	(1,305)
Net Cash Provided by (Used in) Operating Activities	25,612	(43,163)
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of investments	767,960	727,110
Acquisition of investments	(793,545)	(682,520)
Net Cash (Used in) Provided by Investing Activities	(25,585)	44,590
Effect of Exchange Rate Changes on Due from Banks	(44)	(9)
Net (Decrease) Increase in Due from Banks	(17)	1,418
Due from Banks at Beginning of Year	1,618	200
Due from Banks at End of Year	\$ 1,601	\$ 1,618
RECONCILIATION OF DECREASE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Decrease in net assets (PEF-2)	\$ (9,499)	\$ (79,451)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Change in accrued revenue	(56)	40
Change in due from contributors	5,257	(5,368)
Change in advances for grants	(717)	(290)
Change in miscellaneous liabilities	30	—
Change in undisbursed commitments	30,737	42,500
Translation adjustments	(140)	(594)
Net Cash Provided by (Used in) Operating Activities	\$ 25,612	\$ (43,163)

The accompanying notes are an integral part of these financial statements (PEF-4).

## ASIAN DEVELOPMENT BANK—PAKISTAN EARTHQUAKE FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

#### NOTE A—NATURE OF OPERATIONS

The Pakistan Earthquake Fund (PEF) was established on 14 November 2005 in response to the special circumstances confronted by Pakistan resulting from the effects of an earthquake on 8 October 2005. The objective of the PEF is to deliver emergency grant financing promptly and effectively to Pakistan in the form of technical assistance (TA) and investment projects to support reconstruction, rehabilitation, and associated development activities.

PEF resources will be available to the Government of Pakistan and other suitable entities acceptable to the Government of Pakistan and ADB, including, where appropriate, non-government organizations.

PEF's resources may consist of allocations from the net income of Ordinary Capital Resources (OCR) and contributions from bilateral, multilateral, and individual sources.

#### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Presentation of the Financial Statements*

The financial statements of the PEF are presented on the basis of those for not-for-profit organizations.

PEF reports donors' contributions of cash and other assets as unrestricted assets as these are made available to PEF without conditions other than for the purpose of pursuing its objectives.

##### *Functional and Reporting Currency*

The financial statements are expressed in thousands of current United States dollars. The United States dollar is the functional and reporting currency, representing the currency of the primary economic operating environment of PEF.

##### *Translation of Currencies*

ADB adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in non-US dollar to be translated to the reporting currency using exchange rates applicable at the time of transactions. Contributions included in the financial statements during the year

are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting month, translations of assets, liabilities, and uncommitted balances which are denominated in non-US dollar are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as exchange gains or losses and are credited or charged to operations.

##### *Investments*

All investment securities held by PEF are reported at estimated fair value, which represents their fair market value. Realized and unrealized gains and losses are included in revenue. Time deposits are reported at cost which is a reasonable estimate of fair value.

##### *Contributions*

The contributions from donors and the allocations from OCR net income are included in the financial statements, from the date of effectivity of the contribution agreement, and the Board of Governors' approval, respectively.

##### *Technical Assistance, Grants, and Undisbursed Commitments*

Technical assistance and grants are recognized in the financial statements when the project is approved and becomes effective. Upon completion of a TA project or cancellation of a grant, any undisbursed amount is written back as a reduction in technical assistance or grants for the year and the corresponding undisbursed commitment is eliminated accordingly.

Advances are provided from technical assistance grant funds to the executing agency or co-operating institution, for the purpose of making payments for eligible expenses. The advances shall be subject to liquidation and charged against undisbursed commitment, any unutilized portion shall be refunded to the fund.

##### *Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires

## CONTINUED

Management to make reasonable estimates and assumptions that affect the reported amounts of assets and liabilities and uncommitted balances as at the end of the year and the reported amounts of revenue and expenses during the year. The actual results could differ from those estimates.

#### *Accounting and Reporting Developments*

In September 2006, FASB issued FAS 157, "Fair Value Measurements", which emphasizes the definition of fair value (FV) for financial reporting purposes to mean a market-based measure and not an entity-specific measure. It also prescribes methods for measuring FV including a FV hierarchy that ranks the quality and reliability of information used in FV measurements giving the highest priority to quoted prices in active markets and the lowest to unobservable inputs. This statement expands disclosure requirements to focus on the inputs used to measure FV, especially those using significant unobservable inputs. This statement will be effective for financial statements to be issued after 31 December 2007.

In February 2007, FASB issued FAS 159, "Fair value Option for Financial Assets and Financial Liabilities". This statement expands the scope of financial instruments that may be carried at fair value. It offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. This statement will be effective for financial statements to be issued after 31 December 2007.

#### *Statement of Cash Flows*

For the purposes of the Statement of Cash Flows, PEF considers that its cash and cash equivalents are limited to "DUE FROM BANKS."

#### **NOTE C—INVESTMENTS**

The main investment management objective is to maintain security and liquidity. Subject to these parameters, ADB seeks the highest possible return on its investments. Investments are governed by the Investment Authority approved by the Board of Directors in 1999, and reviewed in 2006. The review endorsed a portfolio strategy that is largely consistent with the 1999 ap-

proach. ADB is restricted by its Investment Authority to invest in government and government-related debt instruments and in time deposits.

All investments held as of 31 December 2007 and 2006 are in time deposits.

The currency compositions of the investment portfolio as of 31 December 2007 and 2006 expressed in United States dollars are as follows:

Currency	2007	2006
Pakistan rupee	\$22,689,000	\$ 3,844,000
United States dollar	38,001,000	31,436,000
Total	<u>\$60,690,000</u>	<u>\$35,280,000</u>

The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month was 5.81% (5.22% - 2006).

#### **NOTE D—RELATED PARTY TRANSACTIONS**

The OCR and special fund resources are at all times used, committed, and invested entirely separate from each other. The administrative and operational expenses pertaining to PEF are settled on a regular basis between OCR and PEF. As of 31 December 2007, \$5,000 was payable to OCR (nil - 2006).

#### **NOTE E—UNDISBURSED COMMITMENTS**

Undisbursed commitments are denominated in United States dollars and represent effective grants not yet disbursed. The fair value of undisbursed commitments approximates the amounts outstanding, because ADB expects that disbursements will substantially be made for all the projects/programs covered by the commitments.

#### **NOTE F—CONTRIBUTIONS AND UNCOMMITTED BALANCES**

In November 2005, ADB transferred \$80,000,000 from OCR Surplus to PEF. Contributions were also received from Australia and Finland amounting to \$15,036,000 and \$12,261,000, respectively.

In addition, Instruments of Contribution were also received from Governments of Norway and

## ASIAN DEVELOPMENT BANK—PAKISTAN EARTHQUAKE FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 2007 and 2006

the Kingdom of Belgium which undertake to make contributions to the PEF a maximum amount of \$20,000,000 and €9,924,000, respectively, through a debt-for-development swap arrangement with Pakistan. Under this arrangement, Pakistan shall match the value of debt and debt service cancellation with an equivalent amount in Pakistan rupees, which shall be transferred to the Fund as Norway and Belgium's contributions.

Based on the Memoranda of Understanding, Norway and Belgium's contribution shall be limited to the actual amount received by ADB. Norway's contribution is expected to be made in four equal installments of \$5,000,000 from 30 November 2006 to 31 May 2008 while Belgium's contribution is expected to be made in three equal installments of €3,308,000 from 31 March 2007 to 31 March 2008.

In 2007, total contributions received from Norway and Belgium amounted to \$15,000,000 and €6,616,000 (\$9,123,000 equivalent), respectively.

As of 31 December 2007, the total amount committed exceeded cumulative resources by \$3,500,000. This is expected to be covered by the additional resources from Norway and Belgium of \$5,000,000 and €3,308,000, respectively, which are expected to be received in the next five months.

#### NOTE G—FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

See Notes C and E for discussions relating to investments and undisbursed commitments. In all other cases, the carrying amount of PEF's assets, liabilities and uncommitted balances are considered to approximate fair values for all significant financial instruments.

**PricewaterhouseCoopers**

8 Cross Street #17-00  
PWC Building  
Singapore 048424  
Telephone (65) 6236 3388  
Facsimile (65) 6236 3300  
[www.pwc.com/sg](http://www.pwc.com/sg)

GST No: 52-871777-D

Co. Reg. No.: 52871777D

**Report of Independent Auditors to the Asian Development Bank**

In our opinion, the accompanying statement of financial position and the related statement of activities and changes in net assets and cash flows present fairly, in all material respects, the financial position of the Asian Development Bank—Regional Cooperation and Integration Fund at 31 December 2007, and the results of its activities and changes in net assets and its cash flows for the period from 26 February 2007 (establishment of the Fund) to 31 December 2007, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of the Asian Development Bank. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



PricewaterhouseCoopers  
Certified Public Accountants

Singapore  
5 March 2008

## ASIAN DEVELOPMENT BANK—REGIONAL COOPERATION AND INTEGRATION FUND

### STATEMENT OF FINANCIAL POSITION

31 December 2007

Expressed in Thousands of United States Dollars (Note B)

<b>ASSETS</b>	
DUE FROM BANKS (Note B)	\$ 1,240
INVESTMENTS (Notes B, C and F) Time deposits	39,925
ACCRUED REVENUE	61
<b>TOTAL</b>	<b>\$41,226</b>
<b>LIABILITIES AND UNCOMMITTED BALANCES</b>	
ACCRUED EXPENSES	\$ 9
UNDISBURSED COMMITMENTS (Notes B and D)	7,400
UNCOMMITTED BALANCES (RCIF-2) (Note E) Unrestricted net assets	33,817
<b>TOTAL</b>	<b>\$41,226</b>

The accompanying notes are an integral part of these financial statements (RCIF-4).



## ASIAN DEVELOPMENT BANK—REGIONAL COOPERATION AND INTEGRATION FUND

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Period 26 February to 31 December 2007

Expressed in Thousands of United States Dollars (Note B)

CHANGES IN UNRESTRICTED NET ASSETS	
CONTRIBUTIONS (Note E)	\$ 40,000
REVENUE	
From investments (Note C)	1,186
From other sources	40
Total	41,226
EXPENSES	
Technical assistance (Note D)	7,400
Administrative expenses	9
Total	7,409
NET ASSETS AT END OF YEAR	\$33,817

The accompanying notes are an integral part of these financial statements (RCIF-4).

## ASIAN DEVELOPMENT BANK—REGIONAL COOPERATION AND INTEGRATION FUND

### STATEMENT OF CASH FLOWS

For the Period 26 February to 31 December 2007

Expressed in Thousands of United States Dollars (Note B)

CASH FLOWS FROM OPERATING ACTIVITIES	
Contributions received	\$ 40,000
Interest on investments received	1,125
Cash received from other sources	40
	<u>41,165</u>
Net Cash Provided by Operating Activities	41,165
CASH FLOWS FROM INVESTING ACTIVITIES	
Maturities of investments	579,875
Acquisition of investments	(619,800)
	<u>(39,925)</u>
Net Cash Used In Investing Activities	(39,925)
Due from Banks at End of Year	\$ <u>1,240</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Increase in net assets (RCIF-2)	\$ 33,817
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Change in accrued revenue	(61)
Change in accrued expenses	9
Change in undisbursed commitments	7,400
	<u>7,400</u>
Net Cash Provided By Operating Activities	\$ <u>41,165</u>

The accompanying notes are an integral part of these financial statements (RCIF-4).

## ASIAN DEVELOPMENT BANK—REGIONAL COOPERATION AND INTEGRATION FUND

### NOTES TO FINANCIAL STATEMENTS

For the Period 26 February to 31 December 2007

#### NOTE A—NATURE OF OPERATIONS

The Regional Cooperation and Integration Fund (RCIF), together with Regional Cooperation and Integration (RCI) Trust Funds, was established on 26 February 2007 under the “umbrella” of Regional Cooperation and Integration Financing Partnership Facility (RCIFPF), in response to the increasing demand for regional cooperation and integration activities among ADB’s member countries in Asia and the Pacific. Its main objective is to enhance regional cooperation and integration in Asia and the Pacific by facilitating the pooling and provision of additional financial and knowledge resources to support RCI activities.

Financial assistance will be provided in the form of untied grants for technical assistance (TA), including advisory, project preparatory, and regional TA.

RCIF’s resources may consist of contributions from ADB and other bilateral, multilateral, and individual sources, including companies and foundations.

#### NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Presentation of the Financial Statements*

The financial statements of the RCIF are presented on the basis of those for not-for-profit organizations.

RCIF reports donors’ contributions of cash and other assets as unrestricted assets as these are made available to RCIF without conditions other than for the purpose of pursuing its objectives.

##### *Functional and Reporting Currency*

The financial statements are expressed in thousands of current United States dollars. The United States dollar is the functional and reporting currency, representing the currency of the primary economic operating environment of RCIF.

##### *Translation of Currencies*

ADB adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in non-US dollar to be translated to the reporting currency using exchange rates applicable at the time of transactions. Contributions

included in the financial statements during the year are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting month, translations of assets, liabilities, and uncommitted balances which are denominated in non-US dollar are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as exchange gains or losses and are credited or charged to operations.

##### *Investments*

All investment securities held by RCIF are reported at estimated fair value, which represents their fair market value. Realized and unrealized gains and losses are included in revenue. Time deposits are reported at cost which is a reasonable estimate of fair value.

##### *Contributions*

The contributions from donors and the allocations from OCR net income are included in the financial statements, from the date of effectivity of the contributions agreement, and the Board of Governors’ approval, respectively.

##### *Technical Assistance and Undisbursed Commitments*

Technical assistance is recognized in the financial statements when the project is approved and becomes effective. Upon completion of the project or cancellation of a technical assistance, any undisbursed amount is written back as a reduction in technical assistance for the year and the corresponding undisbursed commitment is eliminated accordingly.

##### *Accounting Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make reasonable estimates and assumptions that affect the reported amounts of assets and liabilities and uncommitted balances as at the end of the year and the reported amounts of revenue and expenses during the year. The actual results could differ from those estimates.

## ASIAN DEVELOPMENT BANK—REGIONAL COOPERATION AND INTEGRATION FUND

### NOTES TO FINANCIAL STATEMENTS

For the Period 26 February to 31 December 2007

#### *Accounting and Reporting Developments*

In September 2006, FASB issued FAS 157, “Fair Value Measurements”, which emphasizes the definition of fair value (FV) for financial reporting purposes to mean a market-based measure and not an entity-specific measure. It also prescribes methods for measuring FV including a FV hierarchy that ranks the quality and reliability of information used in FV measurements giving the highest priority to quoted prices in active markets and the lowest to unobservable inputs. This statement expands disclosure requirements to focus on the inputs used to measure FV, especially those using significant unobservable inputs. This statement will be effective for financial statements to be issued after 31 December 2007.

In February 2007, FASB issued FAS 159, “Fair value Option for Financial Assets and Financial Liabilities.” This statement expands the scope of financial instruments that may be carried at fair value. It offers an irrevocable option to carry the vast majority of financial assets and liabilities at fair value, with changes in fair value recorded in earnings. This statement will be effective for financial statements to be issued after 31 December 2007.

#### *Statement of Cash Flows*

For the purposes of the Statement of Cash Flows, RCIF considers that its cash and cash equivalents are limited to “DUE FROM BANKS.”

#### **NOTE C—INVESTMENTS**

The main investment management objective is to maintain security and liquidity. Subject to these parameters, ADB seeks the highest possible return on its investments. Investments are governed by the Investment Authority approved by the Board of Directors in 1999, and reviewed in 2006. The review endorsed a portfolio strategy that is largely consistent with the 1999 approach. ADB is restricted by its Investment Authority to invest in government and government-related debt instruments and in time deposits.

All investments held are in time deposits denominated in United States dollar and are reported at cost which is the reasonable estimate of fair value.

The annualized rate of return on the average investments held during the period ended 31 December 2007, based on the portfolio held at the beginning and end of each month, was 5.31%.

#### **NOTE D—TECHNICAL ASSISTANCE AND UNDISBURSED COMMITMENTS**

Undisbursed commitments are denominated in United States dollars and represent technical assistance not yet disbursed. The fair value of undisbursed commitments approximates the amounts outstanding, because ADB expects that disbursements will substantially be made for all the projects/programs covered by the commitments.

#### **NOTE E—CONTRIBUTIONS AND UNCOMMITTED BALANCES**

In May 2007, the Board of Governors approved the allocation of \$40,000,000 to the RCIF from the 2006 OCR net income.

Uncommitted balances comprised of amounts which have not been committed by ADB as at 31 December 2007.

#### **NOTE F—FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

See Notes C and D for discussions relating to investments and undisbursed commitments. In all other cases, the carrying amount of RCIF’s assets, liabilities and uncommitted balances are considered to approximate fair values for all significant financial instruments.



# Statistical Annexes

## Statistical Annex 1

## SOVEREIGN AND NONSOVEREIGN LOAN APPROVALS BY COUNTRY, 2007

(\$ million)

	OCR	ADF	Total	Total Project Cost <sup>a</sup>	Date Approved
<b>SOVEREIGN</b>					
<b>Armenia</b>					
Rural Road Sector	–	30.60	30.60	41.40	28 Sep
Water Supply and Sanitation Sector	–	36.00	36.00	45.00	31 Oct
Subtotal	–	66.60	66.60	86.40	
<b>Azerbaijan</b>					
Road Network Development Program (Subproject 1)	190.00	10.00	200.00	249.00	4 Oct
Subtotal	190.00	10.00	200.00	249.00	
<b>Bangladesh</b>					
Railway Sector Investment Program (Subproject 1)	100.00	30.00	130.00	162.50	13 Feb
Sustainable Power Sector Development Program					
– Program Loan	–	60.00	60.00	183.00	26 Jun
– Project Loan	400.00	5.00	405.00	679.90	26 Jun
Good Governance Program	–	150.00	150.00	150.00	30 Oct
Padma Multipurpose Bridge Design	–	17.60	17.60	22.00	5 Dec
Dhaka Water Supply Sector Development Program			–		
– Program Loan	–	50.00	50.00	50.00	10 Dec
– Project Loan	–	150.00	150.00	212.70	10 Dec
South Asia Subregional Economic Cooperation Information Highway	–	3.10	3.10	24.00	17 Dec
Subtotal	500.00	465.70	965.70	1,484.10	
<b>Cambodia</b>					
Greater Mekong Subregion Southern Coastal Corridor (Cambodia and Viet Nam)	–	7.00	7.00	18.70	28 Nov
Tonle Sap Lowlands Rural Development	–	10.10	10.10	24.00	5 Dec
Second Financial Sector Program Cluster (Subprogram 1)	–	10.00	10.00	10.00	6 Dec
Subtotal	–	27.10	27.10	52.70	
<b>China, People's Republic of</b>					
Anhui Hefei Urban Environment Improvement	150.00	–	150.00	372.36	24 Apr
Eastern Sichuan Roads Development	200.00	–	200.00	1,425.00	17 Jul
Western Guangxi Roads Development	300.00	–	300.00	1,566.00	14 Aug
Jilin Urban Environmental Improvement	100.00	–	100.00	352.68	29 Oct
Kunming Qingshuihai Water Supply	80.00	–	80.00	255.94	12 Dec
Railway Safety Enhancement	100.00	–	100.00	140.00	12 Dec
Xinjiang Regional Road Improvement (Korla-Kuqa Section)	150.00	–	150.00	594.00	13 Dec
Henan Sustainable Agriculture and Productivity Improvement	66.70	–	66.70	135.60	13 Dec
Subtotal	1,146.70	–	1,146.70	4,841.58	
<b>India</b>					
Uttaranchal State-Road Investment Program (Subproject 1)	50.00	–	50.00	74.00	2 Jan
Uttaranchal Power Sector Investment Program (Subproject 1)	41.92	–	41.92	59.89	2 Jan
North Karnataka Urban Sector Investment Program (Subproject 1)	33.00	–	33.00	51.40	26 Jan
Madhya Pradesh Power Sector Investment Program (Subproject 1)	106.00	–	106.00	132.50	4 Apr
Madhya Pradesh Power Sector Investment Program (Subproject 2)	45.00	–	45.00	65.70	4 Apr
Madhya Pradesh Power Sector Investment Program (Subproject 3)	144.00	–	144.00	197.80	21 Aug
Madhya Pradesh Power Sector Investment Program (Subproject 4)	90.00	–	90.00	150.70	21 Aug
Madhya Pradesh State Roads Sector II	320.00	–	320.00	400.00	31 May
Jammu and Kashmir Urban Sector Development Investment Program (Subproject 1)	42.20	–	42.20	64.90	4 Jun

– = nil, ADF = Asian Development Fund, OCR = ordinary capital resources.

a Total project cost includes financing by ADB, governments, beneficiaries, and subborrowers; cofinancing from official, export credit, and commercial sources; equity sponsors; and local participating private companies and financial institutions.



## CONTINUED

	OCR	ADF	Total	Total Project Cost <sup>a</sup>	Date Approved
Rajasthan Urban Sector Development Investment Program	60.00	–	60.00	75.00	8 Nov
India Infrastructure Project Financing Facility (Subproject 1)	300.00	–	300.00	300.00	20 Dec
Subtotal	1,232.12	–	1,232.12	1,571.89	
<b>Indonesia</b>					
Nutrition Improvement through Community Empowerment	–	50.00	50.00	71.40	31 Aug
Poverty Reduction and Millennium Development Goals Acceleration Program (Subprogram 1)	400.00	–	400.00	400.00	30 Oct
Capital Market Development Program Cluster (Subprogram 1)	300.00	–	300.00	300.00	10 Dec
Third Development Policy Support Program (Subprogram 2)	200.00	–	200.00	200.00	17 Dec
Subtotal	900.00	50.00	950.00	971.40	
<b>Kyrgyz Republic</b>					
Southern Agriculture Area Development	–	15.00	15.00	28.73	29 Jan
Subtotal	–	15.00	15.00	28.73	
<b>Maldives</b>					
Domestic Maritime Transport	–	5.33	5.33	6.65	24 Apr
Subtotal	–	5.33	5.33	6.65	
<b>Pakistan</b>					
Sindh Coastal Community Development	–	36.00	36.00	40.01	15 Jan
Earthquake-Displaced People Livelihood Restoration Program	–	400.00	400.00	1,375.00	27 Jun
Second Generation of Capital Market Reform Program	400.00	–	400.00	400.00	31 Jul
Punjab Government Efficiency Improvement Program (Subprogram 1)	250.00	–	250.00	250.00	10 Dec
Capacity Building for Punjab Government Efficiency Improvement	–	8.80	8.80	10.00	10 Dec
Power Transmission Enhancement Investment Program (Subproject 2)	220.00	–	220.00	220.00	17 Dec
National Trade Corridor Highway Investment Program (Subproject 1)	545.00	10.00	555.00	721.50	17 Dec
Subtotal	1,415.00	454.80	1,869.80	3,016.51	
<b>Papua New Guinea</b>					
Lae Port Development	60.00	40.00	100.00	154.00	18 Dec
Subtotal	60.00	40.00	100.00	154.00	
<b>Philippines</b>					
Integrated Coastal Resources Management	33.80	–	33.80	62.32	23 Jan
Development Policy Support Program (Subprogram I)	250.00	–	250.00	250.00	8 Feb
Local Government Financing and Budget Reform Program Cluster (Subprogram 1)	300.00	–	300.00	300.00	13 Dec
Subtotal	583.80	–	583.80	612.32	
<b>Samoa</b>					
Power Sector Expansion	–	26.61	26.61	100.00	21 Nov
Subtotal	–	26.61	26.61	100.00	
<b>Sri Lanka</b>					
Colombo Port Expansion	300.00	–	300.00	781.00	27 Feb
Education for Knowledge Society	–	65.00	65.00	105.30	26 Nov
Small and Medium Enterprise Regional Development	–	50.00	50.00	88.89	6 Dec
Subtotal	300.00	115.00	415.00	975.19	

– = nil, ADF = Asian Development Fund, OCR = ordinary capital resources.

a Total project cost includes financing by ADB, governments, beneficiaries, and subborrowers; cofinancing from official, export credit, and commercial sources; equity sponsors; and local participating private companies and financial institutions.



	OCR	ADF	Total	Total Project Cost <sup>a</sup>	Date Approved
<b>Tajikistan</b>					
Rural Development	–	8.80	8.80	19.80	29 Jan
Khatlon Province Flood Risk Management	–	22.00	22.00	28.50	5 Oct
CAREC Regional Road Corridor Improvement	–	40.90	40.90	76.50	24 Oct
Subtotal	–	71.70	71.70	124.80	
<b>Uzbekistan</b>					
Public Finance Management Reform	20.70	–	20.70	37.36	28 Jun
Rural Basic Education	–	30.00	30.00	43.00	6 Dec
CAREC Regional Road	75.30	–	75.30	173.50	19 Dec
Subtotal	96.00	30.00	126.00	253.86	
<b>Viet Nam</b>					
Support the Implementation of the Poverty Reduction Program IV	–	15.00	15.00	324.00	2 Oct
Mong Duong 1 Thermal Power (Subproject 1)	27.86	–	27.86	44.01	2 Oct
Integrated Rural Development Sector Project in the Central Provinces	–	90.00	90.00	166.80	15 Oct
Greater Mekong Subregion Southern Coastal Corridor (Cambodia and Viet Nam)	–	75.00	75.00	208.70	28 Nov
Ho Chi Minh City–Long Thanh–Dau Giay Expressway Technical Assistance	–	10.00	10.00	11.22	28 Nov
Third Financial Sector Program Loan (Subprogram 1)	–	75.00	75.00	75.00	6 Dec
Lower Secondary Education for the Most Disadvantaged Regions	–	50.00	50.00	64.00	10 Dec
Greater Mekong Subregion: Kunming–Hai Phong Transport Corridor–Noi Bai–Lao Cai Highway	896.00	200.00	1,096.00	1,216.00	14 Dec
Subtotal	923.86	515.00	1,438.86	2,109.73	
<b>Total Sovereign</b>	<b>7,347.48</b>	<b>1,892.84</b>	<b>9,240.32</b>	<b>16,638.86</b>	
<b>NONSOVEREIGN</b>					
<b>Azerbaijan</b>					
Debt Financing to Bank of Baku	6.00	–	6.00	6.00	1 Aug
International Bank of Azerbaijan	40.00	–	40.00	40.00	5 Nov
Bank Respublika Open Joint Stock Company	10.00	–	10.00	10.00	5 Nov
Subtotal	56.00	–	56.00	56.00	
<b>Cambodia</b>					
Power Transmission Lines Co., Ltd. Power Transmission	8.00	–	8.00	32.00	27 Jun
Subtotal	8.00	–	8.00	32.00	
<b>China, People's Republic of</b>					
Central and Western Airports Development	160.00	–	160.00	1,018.20	11 Dec
Subtotal	160.00	–	160.00	1,018.20	
<b>Georgia</b>					
Joint Stock Commercial Bank of Georgia	25.00	–	25.00	125.00	2 Aug
Subtotal	25.00	–	25.00	125.00	
<b>India</b>					
Small and Medium-Sized Enterprises Financing Facility	75.00	–	75.00	300.00	22 Feb
Tata Power Wind Energy Financing Facility	79.27	–	79.27	113.24	17 Apr
Subtotal	154.27	–	154.27	413.24	

– = nil, ADF = Asian Development Fund, CAREC = Central Asia Regional Economic Cooperation, OCR = ordinary capital resources.

a Total project cost includes financing by ADB, governments, beneficiaries, and subborrowers; cofinancing from official, export credit, and commercial sources; equity sponsors; and local participating private companies and financial institutions.

## CONTINUED

	OCR	ADF	Total	Total Project Cost <sup>a</sup>	Date Approved
<b>Indonesia</b>					
PT Semen Andalas Indonesia for the Reconstruction of the Cement Production Facility in Aceh	45.00	–	45.00	158.00	17 Apr
West Jakarta Water Supply Development	50.00	–	50.00	121.40	31 Aug
Subtotal	95.00	–	95.00	279.40	
<b>Kazakhstan</b>					
JSC Kazkommertsbank	50.00	–	50.00	550.00	22 Mar
JSC Bank CenterCredit	50.00	–	50.00	50.00	27 Jun
Subtotal	100.00	–	100.00	600.00	
<b>Malaysia</b>					
Eucalypt Mortgages Sdn. Bhd.	10.00	–	10.00	25.60	15 Nov
Subtotal	10.00	–	10.00	25.60	
<b>Maldives</b>					
South Asian SME Leasing Facility	4.50	–	4.50	4.50	27 Mar
Subtotal	4.50	–	4.50	4.50	
<b>Mongolia</b>					
Khan Bank	10.00	–	10.00	10.00	1 Aug
Subtotal	10.00	–	10.00	10.00	
<b>Pakistan</b>					
KESC Postprivatization Rehabilitation, Upgrade, and Expansion	150.00	–	150.00	922.00	29 May
Subtotal	150.00	–	150.00	922.00	
<b>Sri Lanka</b>					
South Asian SME Leasing Facility	10.00	–	10.00	10.00	27 Mar
People's Leasing Company Limited	10.00	–	10.00	10.00	23 Nov
Commercial Leasing Company Limited	7.50	–	7.50	7.50	23 Nov
Subtotal	27.50	–	27.50	27.50	
<b>Viet Nam</b>					
Vietnam Technological and Commercial Joint-stock Bank	25.00	–	25.00	25.00	7 Sep
The Bank for Foreign Trade of Viet Nam	20.00	–	20.00	20.00	11 Dec
Subtotal	45.00	–	45.00	45.00	
<b>Regional</b>					
Micro- and Small Enterprise Financing Facility	20.00	–	20.00	20.00	22 Oct
Subtotal	20.00	–	20.00	20.00	
<b>Total Nonsovereign</b>	<b>865.27</b>	<b>–</b>	<b>865.27</b>	<b>3,578.44</b>	
<b>TOTAL</b>	<b>8,212.75</b>	<b>1,892.84</b>	<b>10,105.60</b>	<b>20,217.31</b>	

– = nil, ADF = Asian Development Fund, OCR = ordinary capital resources, SME = Small and Medium-sized Enterprise.

a Total project cost includes financing by ADB, governments, beneficiaries, and subborrowers; cofinancing from official, export credit, and commercial sources; equity sponsors; and local participating private companies and financial institutions.

## Statistical Annex 2

## GRANT-FINANCED PROJECT APPROVALS BY COUNTRY, 2007

(\$ million)

	ADF	PEF	Other Sources <sup>a</sup>	Total	Date Approved
<b>Afghanistan</b>					
Road Employment Project for Settlement and Integration of Returning Refugees and Displaced Persons (Supplementary) <sup>b</sup>	–	–	12.80	12.80	28 Mar
Road Network Development 1	176.00	–	–	176.00	28 Sep
Subtotal	176.00	–	12.80	188.80	
<b>Bhutan</b>					
Rural Skills Development	–	–	1.99	1.99	15 Jan
Micro, Small, and Medium-Sized Enterprise Sector Development Program					
– Program Grant	6.00	–	–	6.00	21 Nov
– Project Grant	9.00	–	–	9.00	21 Nov
South Asia Subregional Economic Cooperation Information Highway <sup>b</sup>	4.70	–	–	4.70	17 Dec
Subtotal	19.70	–	1.99	21.69	
<b>Cambodia</b>					
Enhancing Education Quality	27.10	–	–	27.10	23 Nov
Greater Mekong Subregion Southern Coastal Corridor (Cambodia and Viet Nam) <sup>b</sup>	–	–	8.00	8.00	28 Nov
Tonle Sap Lowlands Rural Development <sup>b</sup>	9.90	–	–	9.90	5 Dec
Building Community Capacity for Poverty Reduction Initiatives in the Tonle Sap Basin	–	–	1.50	1.50	19 Dec
Subtotal	37.00	–	9.50	46.50	
<b>Kyrgyz Republic</b>					
Improving Livelihoods of Rural Women through Development of Handicrafts Industry	–	–	2.00	2.00	17 Jan
Southern Agriculture Area Development <sup>b</sup>	5.00	–	–	5.00	29 Jan
Vocational Education and Skills Development	10.00	–	–	10.00	29 Jan
Improving Access to Quality Basic Education for Children with Special Needs	–	–	1.00	1.00	28 May
Tax Administration Reform and Modernization	10.00	–	–	10.00	14 Jun
CAREC Regional Road Corridor Improvement (Kyrgyz Republic and Tajikistan) <sup>b</sup>	25.60	–	–	25.60	24 Oct
Subtotal	50.60	–	3.00	53.60	
<b>Lao People's Democratic Republic</b>					
Enhancing Capacity of Local Government Agencies and Lao Women's Union for Sustainable Poverty Reduction in Northern Lao People's Democratic Republic	–	–	0.53	0.53	11 May
Health System Development	13.00	–	–	13.00	29 Jun
Northern Greater Mekong Subregion Transport Network Improvement	27.00	–	14.50	41.50	27 Sep
Private Sector and Small and Medium-sized Enterprises Development Program Cluster (Subprogram 1)	5.00	–	–	5.00	1 Oct
Subtotal	45.00	–	15.03	60.03	
<b>Mongolia</b>					
Community-Driven Development for Urban Poor in Ger Areas	–	–	1.50	1.50	2 Mar
Community-Based Heating Supply in Rural Remote Areas	–	–	2.00	2.00	29 Jun
Third Health Sector Development	14.00	–	–	14.00	19 Nov
Access to Health Services for Disadvantaged Groups in Ulaanbaatar	–	–	2.00	2.00	19 Dec
Subtotal	14.00	–	5.50	19.50	

– = nil, ADF = Asian Development Fund, CAREC = Central Asia Regional Economic Cooperation, PEF = Pakistan Earthquake Fund.

<sup>a</sup> Officially cofinanced by external sources, and fully or partially administered by ADB.<sup>b</sup> Grant component of a loan project.

## CONTINUED

	ADF	PEF	Other Sources <sup>a</sup>	Total	Date Approved
<b>Nepal</b>					
Strengthening Decentralized Support for Vulnerable and Conflict-Affected Families and Children	–	–	2.00	2.00	10 Oct
Rural Reconstruction and Rehabilitation Sector Development Program					
– Program Grant	50.00	–	–	50.00	12 Dec
– Project Grant	50.00	–	–	50.00	12 Dec
South Asia Subregional Economic Cooperation Information Highway <sup>b</sup>	9.00	–	–	9.00	17 Dec
Subtotal	109.00	–	2.00	111.00	
<b>Pakistan</b>					
Microfinance for the Poorest	–	–	2.00	2.00	30 Jan
Earthquake Emergency Assistance (Supplementary) <sup>b</sup>	–	30.00	–	30.00	5 Oct
Subtotal	–	30.00	2.00	32.00	
<b>Philippines</b>					
Integrated Coastal Resources Management <sup>b</sup>	–	–	9.00	9.00	23 Jan
Subtotal	–	–	9.00	9.00	
<b>Papua New Guinea</b>					
Lae Port Development <sup>b</sup>	–	–	0.75	0.75	18 Dec
Lae Port Livelihood and Social Improvement <sup>b</sup>	–	–	1.50	1.50	18 Dec
Subtotal	–	–	2.25	2.25	
<b>Samoa</b>					
Power Sector Expansion <sup>b</sup>	15.39	–	8.00	23.39	21 Nov
SchoolNet and Community Access	5.90	–	–	5.90	14 Dec
Subtotal	21.29	–	8.00	29.29	
<b>Solomon Islands</b>					
Emergency Assistance	4.95	–	4.00	8.95	27 Jun
Subtotal	4.95	–	4.00	8.95	
<b>Sri Lanka</b>					
North East Community Restoration and Development II (Supplementary) <sup>b</sup>	–	–	1.50	1.50	5 Feb
Tsunami-Affected Areas Rebuilding (Supplementary) <sup>b</sup>	–	–	16.00	16.00	19 Jun
Education for Knowledge Society <sup>b</sup>	15.00	–	–	15.00	26 Nov
Subtotal	15.00	–	17.50	32.50	
<b>Tajikistan</b>					
Rural Development <sup>b</sup>	8.30	–	–	8.30	29 Jan
Sustainable Access for Isolated Rural Communities	–	–	2.00	2.00	23 Oct
CAREC Regional Road Corridor Improvement (Kyrgyz Republic and Tajikistan) <sup>b</sup>	12.50	–	–	12.50	24 Oct
Subtotal	20.80	–	2.00	22.80	
<b>Timor-Leste</b>					
Dili Urban Water Supply Sector	6.00	–	–	6.00	18 Dec
Subtotal	6.00	–	–	6.00	
<b>Viet Nam</b>					
Integrated Rural Development Sector Project in the Central Provinces <sup>b</sup>	–	–	1.30	1.30	15 Oct
Thanh Hoa Province Small Scale Infrastructure Investments and Services in Urban and Peri-Urban Areas	–	–	2.00	2.00	27 Nov
Greater Mekong Subregion Southern Coastal Corridor (Cambodia and Viet Nam) <sup>b</sup>	–	–	25.50	25.50	28 Nov
Subtotal	–	–	28.80	28.80	
<b>Total</b>	<b>519.34</b>	<b>30.00</b>	<b>123.37</b>	<b>672.71</b>	

– = nil, ADF = Asian Development Fund, CAREC = Central Asia Regional Economic Cooperation, PEF = Pakistan Earthquake Fund.

a Officially cofinanced by external sources, and fully or partially administered by ADB.

b Grant component of a loan project.

## Statistical Annex 3

## LOAN APPROVALS BY SECTOR: 3-YEAR MOVING AVERAGES, 1968-1970-2005-2007

	Total Lending <sup>a</sup> (\$ million)	Agriculture and Natural Resources	Education	Energy	Finance	Health, Nutrition, and Social Protection	Industry and Trade	Law, Economic Management, and Public Policy	Transport and Communications	Water Supply, Sanitation, and Waste Management	Multi-sector
Average during		(percent of total lending)									
1968-1970	128.44	18.32	0.78	11.98	14.27	–	24.92	–	24.03	5.32	0.38
1969-1971	199.25	19.16	0.50	25.38	13.45	–	15.89	–	21.68	3.70	0.25
1970-1972	271.92	13.86	0.82	33.06	10.71	–	9.95	–	21.48	9.93	0.18
1971-1973	330.53	12.72	1.02	32.18	11.29	–	7.68	–	23.88	11.23	–
1972-1974	428.42	14.17	0.79	26.71	12.73	–	8.46	–	21.32	13.33	2.49
1973-1975	543.15	16.57	1.28	23.03	13.35	–	16.03	–	17.68	9.16	2.89
1974-1976	661.29	17.48	0.73	20.74	14.67	–	14.53	–	16.61	9.06	6.18
1975-1977	774.22	17.85	1.49	21.50	13.09	–	12.17	–	16.97	8.43	8.51
1976-1978	940.36	17.56	2.95	21.11	11.01	1.36	10.16	–	15.98	8.97	10.90
1977-1979	1,098.92	19.65	5.13	22.84	9.54	1.17	9.55	–	12.10	8.71	11.31
1978-1980	1,282.01	22.81	5.56	23.74	7.71	1.41	8.42	–	12.39	8.05	9.93
1979-1981	1,454.96	24.70	5.35	26.21	7.29	1.72	9.21	–	9.41	7.67	8.45
1980-1982	1,598.97	29.52	4.41	27.61	6.04	2.01	7.43	–	11.53	5.87	5.59
1981-1983	1,751.46	31.78	5.19	26.60	6.61	2.91	8.00	–	7.52	6.87	4.52
1982-1984	1,937.03	34.36	5.34	28.98	4.09	1.88	4.05	–	12.12	5.94	3.25
1983-1985	1,978.52	31.63	5.27	24.63	4.48	2.42	3.75	–	12.75	8.36	6.71
1984-1986	2,013.77	32.17	4.95	25.26	3.82	2.02	2.23	–	14.40	6.02	9.11
1985-1987	2,081.84	27.37	3.97	17.47	7.80	2.19	7.53	–	20.54	4.75	8.38
1986-1988	2,512.17	22.78	5.20	18.76	8.07	1.60	12.68	–	23.12	1.47	6.32
1987-1989	3,053.72	19.80	4.97	16.07	12.42	1.91	12.30	–	23.47	3.42	5.65
1988-1990	3,564.93	22.53	6.33	20.48	11.10	1.35	7.43	–	20.68	3.38	6.71
1989-1991	4,115.49	22.51	5.25	25.79	9.55	1.43	6.67	–	17.93	3.09	7.77
1990-1992	4,610.39	18.03	5.00	28.91	7.96	1.14	6.40	–	20.60	2.04	9.91
1991-1993	5,022.89	11.37	5.18	31.01	6.60	1.26	8.48	0.09	23.46	3.07	9.47
1992-1994	4,665.65	9.19	4.90	29.63	6.11	1.56	5.08	0.09	29.31	4.43	9.70
1993-1995	4,791.51	10.83	5.74	31.66	5.61	1.13	3.58	0.09	26.79	6.34	8.22
1994-1996	4,806.49	14.06	5.64	27.54	6.15	1.65	1.52	1.77	25.64	5.63	10.39
1995-1997	6,718.17	10.34	6.71	18.66	30.08	1.70	1.29	1.84	16.33	5.21	7.85
1996-1998	6,883.72	7.34	5.46	11.67	34.80	5.50	1.19	2.02	18.49	3.87	9.67
1997-1999	6,776.72	5.50	4.64	9.76	34.15	6.76	1.97	4.38	16.84	4.92	11.08
1998-2000	5,499.56	7.77	4.01	13.94	12.54	8.09	4.64	5.30	23.49	4.64	15.58
1999-2001	5,284.95	10.68	4.96	15.92	3.60	3.58	5.02	10.96	23.99	4.22	17.07
2000-2002	5,526.40	10.94	5.35	17.02	8.60	1.58	3.83	9.51	27.04	2.98	13.15
2001-2003	5,693.81	9.03	4.10	14.27	7.44	1.35	2.61	10.40	33.23	5.33	12.24
2002-2004	5,593.92	6.53	4.29	14.79	7.63	2.65	3.03	8.65	37.43	4.99	10.01
2003-2005	5,628.15	5.28	2.93	15.03	3.83	2.74	2.30	9.84	37.50	7.49	13.05
2004-2006	6,065.31	7.15	3.23	17.32	12.02	1.82	1.01	8.70	28.52	7.07	13.17
2005-2007	7,751.83	5.37	1.95	16.54	13.79	0.46	0.56	9.36	30.45	7.16	14.36
Cumulative <sup>a</sup> (1968-2007)	133,299.12	\$ million									
		16,619.83	5,893.83	26,115.02	16,717.20	3,081.57	5,592.54	5,796.44	32,381.52	6,910.10	14,191.08

– = nil.

a Totals may not add up because of rounding.

## Statistical Annex 4

## LOAN APPROVALS BY SECTOR, 2007

		\$ Million		
		OCR	ADF	Total
<b>AGRICULTURE AND NATURAL RESOURCES</b>				
KGZ	Southern Agriculture Area Development	–	15.00	15.00
PHI	Integrated Coastal Resources Management	33.80	–	33.80
PRC	Henan Sustainable Agriculture and Productivity Improvement	66.70	–	66.70
TAJ	Rural Development	–	8.80	8.80
TAJ	Khatlon Province Flood Risk Management	–	22.00	22.00
	Subtotal	100.50	45.80	146.30
<b>EDUCATION</b>				
SRI	Education for Knowledge Society	–	65.00	65.00
UZB	Rural Basic Education	–	30.00	30.00
VIE	Lower Secondary Education for the Most Disadvantaged Regions	–	50.00	50.00
	Subtotal	–	145.00	145.00
<b>ENERGY</b>				
BAN	Sustainable Power Sector Development Program			
	– Program Loan	–	60.00	60.00
	– Project Loan	400.00	5.00	405.00
CAM	Power Transmission Lines Co., Ltd. Power Transmission <sup>a</sup>	8.00	–	8.00
IND	Tata Power Wind Energy Financing Facility <sup>a</sup>	79.27	–	79.27
IND	Uttaranchal Power Sector Investment Program (Subproject 1)	41.92	–	41.92
IND	Madhya Pradesh Power Sector Investment Program (Subproject 1)	106.00	–	106.00
IND	Madhya Pradesh Power Sector Investment Program (Subproject 2)	45.00	–	45.00
IND	Madhya Pradesh Power Sector Investment Program (Subproject 3)	144.00	–	144.00
IND	Madhya Pradesh Power Sector Investment Program (Subproject 4)	90.00	–	90.00
PAK	KESC Postprivatization Rehabilitation, Upgrade, and Expansion <sup>a</sup>	150.00	–	150.00
PAK	Power Transmission Enhancement Investment Program (Subproject 2)	220.00	–	220.00
SAM	Power Sector Expansion	–	26.61	26.61
VIE	Mong Duong 1 Thermal Power (Subproject 1)	27.86	–	27.86
	Subtotal	1,312.05	91.61	1,403.66
<b>FINANCE</b>				
AZE	Debt Financing to Bank of Baku <sup>a</sup>	6.00	–	6.00
AZE	International Bank of Azerbaijan <sup>a</sup>	40.00	–	40.00
AZE	Bank Respublika Open Joint Stock Company <sup>a</sup>	10.00	–	10.00
CAM	Second Financial Sector Program Cluster (Subprogram 1)	–	10.00	10.00
GEO	Joint Stock Commercial Bank of Georgia <sup>a</sup>	25.00	–	25.00
IND	Small and Medium-Sized Enterprises Financing Facility <sup>a</sup>	75.00	–	75.00
INO	Capital Market Development Program Cluster (Subprogram 1)	300.00	–	300.00
KAZ	JSC Kazkommertsbank <sup>a</sup>	50.00	–	50.00
KAZ	JSC Bank CenterCredit <sup>a</sup>	50.00	–	50.00
MAL	Eucalypt Mortgages Sdn. Bhd. <sup>a</sup>	10.00	–	10.00
MLD	South Asian SME Leasing Facility <sup>a</sup>	4.50	–	4.50
MON	Khan Bank <sup>a</sup>	10.00	–	10.00
PAK	Second Generation of Capital Market Reform Program	400.00	–	400.00
REG	Micro- and Small Enterprise Financing Facility <sup>a</sup>	20.00	–	20.00
SRI	South Asian SME Leasing Facility <sup>a</sup>	10.00	–	10.00
SRI	People's Leasing Company Limited <sup>a</sup>	10.00	–	10.00
SRI	Commercial Leasing Company Limited <sup>a</sup>	7.50	–	7.50
VIE	Third Financial Sector Program Loan (Subprogram 1)	–	75.00	75.00
VIE	Vietnam Technological and Commercial Joint-Stock Bank <sup>a</sup>	25.00	–	25.00
VIE	The Bank for Foreign Trade of Viet Nam <sup>a</sup>	20.00	–	20.00
	Subtotal	1,073.00	85.00	1,158.00

– = nil, ADF = Asian Development Fund, AZE = Azerbaijan, BAN = Bangladesh, CAM = Cambodia, GEO = Georgia, IND = India, INO = Indonesia, KAZ = Kazakhstan, KGZ = Kyrgyz Republic, MAL = Malaysia, MLD = Maldives, MON = Mongolia, OCR = ordinary capital resources, PAK = Pakistan, PHI = Philippines, PRC = People's Republic of China, SAM = Samoa, SRI = Sri Lanka, TAJ = Tajikistan, UZB = Uzbekistan, VIE = Viet Nam.

<sup>a</sup> Nonsovereign loan.

## CONTINUED

		\$ Million		
		OCR	ADF	Total
<b>HEALTH, NUTRITION, AND SOCIAL PROTECTION</b>				
INO	Nutrition Improvement through Community Empowerment	–	50.00	50.00
	Subtotal	–	50.00	50.00
<b>INDUSTRY AND TRADE</b>				
INO	PT Semen Andalas Indonesia for the Reconstruction of the Cement Production Facility in Aceh <sup>a</sup>	45.00	–	45.00
SRI	Small and Medium Enterprise Regional Development	–	50.00	50.00
	Subtotal	45.00	50.00	95.00
<b>LAW, ECONOMIC MANAGEMENT, AND PUBLIC POLICY</b>				
BAN	Good Governance Program	–	150.00	150.00
INO	Third Development Policy Support Program (Subprogram 2)	200.00	–	200.00
PAK	Punjab Government Efficiency Improvement Program (Subprogram 1)	250.00	–	250.00
PAK	Capacity Building for Punjab Government Efficiency Improvement	–	8.80	8.80
PHI	Development Policy Support Program (Subprogram I)	250.00	–	250.00
PHI	Local Government Financing and Budget Reform Program Cluster (Subprogram 1)	300.00	–	300.00
UZB	Public Finance Management Reform	20.70	–	20.70
	Subtotal	1,020.70	158.80	1,179.50
<b>TRANSPORT AND COMMUNICATIONS</b>				
ARM	Rural Road Sector	–	30.60	30.60
AZE	Road Network Development Program (Subproject 1)	190.00	10.00	200.00
BAN	Railway Sector Investment Program (Subproject 1)	100.00	30.00	130.00
BAN	Padma Multipurpose Bridge Design	–	17.60	17.60
BAN	South Asia Subregional Economic Cooperation Information Highway	–	3.10	3.10
CAM	Greater Mekong Subregion Southern Coastal Corridor (Cambodia and Viet Nam)	–	7.00	7.00
IND	Uttaranchal State Road Investment Program (Subproject 1)	50.00	–	50.00
IND	Madhya Pradesh State Roads Sector II	320.00	–	320.00
MLD	Domestic Maritime Transport	–	5.33	5.33
PAK	National Trade Corridor Highway Investment Program (Subproject 1)	545.00	10.00	555.00
PNG	Lae Port Development	60.00	40.00	100.00
PRC	Eastern Sichuan Roads Development	200.00	–	200.00
PRC	Western Guangxi Roads Development	300.00	–	300.00
PRC	Railway Safety Enhancement	100.00	–	100.00
PRC	Xinjiang Regional Road Improvement (Korla-Kuqa Section)	150.00	–	150.00
PRC	Central and Western Airports Development <sup>a</sup>	160.00	–	160.00
SRI	Colombo Port Expansion	300.00	–	300.00
TAJ	CAREC Regional Road Corridor Improvement	–	40.90	40.90
UZB	CAREC Regional Road	75.30	–	75.30
VIE	Ho Chi Minh City–Long Thanh–Dau Giay Expressway Technical Assistance	–	10.00	10.00
VIE	Greater Mekong Subregion: Kunming–Hai Phong Transport Corridor–Noi Bai–Lao Cai Highway	896.00	200.00	1,096.00
VIE	Greater Mekong Subregion Southern Coastal Corridor (Cambodia and Viet Nam)	–	75.00	75.00
	Subtotal	3,446.30	479.53	3,925.83
<b>WATER SUPPLY, SANITATION, AND WASTE MANAGEMENT</b>				
ARM	Water Supply and Sanitation Sector	–	36.00	36.00
BAN	Dhaka Water Supply Sector Development Program			
	– Program Loan	–	50.00	50.00
	– Project Loan	–	150.00	150.00
IND	Jammu and Kashmir Urban Sector Development Investment Program (Subproject 1)	42.20	–	42.20

– = nil, ADF = Asian Development Fund, ARM = Armenia, AZE = Azerbaijan, BAN = Bangladesh, CAM = Cambodia, CAREC = Central Asia Regional Economic Cooperation, IND = India, INO = Indonesia, MLD = Maldives, OCR = ordinary capital resources, PAK = Pakistan, PHI = Philippines, PNG = Papua New Guinea, PRC = People's Republic of China, SRI = Sri Lanka, TAJ = Tajikistan, UZB = Uzbekistan, VIE = Viet Nam.

a Nonsovereign loan.



## CONTINUED

		\$ Million		
		OCR	ADF	Total
INO	West Jakarta Water Supply Development <sup>a</sup>	50.00	–	50.00
PRC	Kunming Qingshuihai Water Supply	80.00	–	80.00
Subtotal		172.20	236.00	408.20
<b>MULTISECTOR</b>				
CAM	Tonle Sap Lowlands Rural Development	–	10.10	10.10
IND	North Karnataka Urban Sector Investment Program (Subproject 1)	33.00	–	33.00
IND	Rajasthan Urban Sector Development Investment Program (Subproject 1)	60.00	–	60.00
IND	India Infrastructure Project Financing Facility (Subproject 1)	300.00	–	300.00
INO	Poverty Reduction and Millennium Development Goals Acceleration Program (Subprogram 1)	400.00	–	400.00
PAK	Sindh Coastal Community Development	–	36.00	36.00
PAK	Earthquake-Displaced People Livelihood Restoration Program	–	400.00	400.00
PRC	Anhui Hefei Urban Environment Improvement	150.00	–	150.00
PRC	Jilin Urban Environmental Improvement	100.00	–	100.00
VIE	Support the Implementation of the Poverty Reduction Program IV	–	15.00	15.00
VIE	Integrated Rural Development Sector Project in the Central Provinces	–	90.00	90.00
Subtotal		1,043.00	551.10	1,594.10
<b>TOTAL</b>		<b>8,212.75</b>	<b>1,892.84</b>	<b>10,105.60</b>

– = nil, ADF = Asian Development Fund, CAM = Cambodia, IND = India, INO = Indonesia, OCR = ordinary capital resources, PAK = Pakistan, PRC = People's Republic of China, VIE = Viet Nam.  
<sup>a</sup> Nonsovereign loan.

## Statistical Annex 5

SECTORAL DISTRIBUTION OF LOANS,<sup>a</sup> 2007, 1967–2007

Sector	2007 Loans						Cumulative as of 2007		
	OCR		ADF		Total				
	No. of Loans	\$ Million	No. of Loans	\$ Million	No. of Projects <sup>b</sup>	\$ Million	No. of Projects <sup>b</sup>	\$ Million	%
Agriculture and Natural Resources	2	100.50	3	45.80	5	146.30	447	16,619.83	12.47
Education	–	–	3	145.00	3	145.00	141	5,893.83	4.42
Energy	11	1,312.05	3	91.61	9	1,403.66	305	26,115.02	19.59
Finance	18	1,073.00	2	85.00	19	1,158.00	185	16,717.20	12.54
Health, Nutrition, and Social Protection	–	–	1	50.00	1	50.00	59	3,081.57	2.31
Industry and Trade	1	45.00	1	50.00	2	95.00	149	5,592.54	4.20
Law, Economic Management, and Public Policy	5	1,020.70	2	158.80	6	1,179.50	48	5,796.44	4.35
Transport and Communications	14	3,446.30	13	479.53	21	3,925.83	365	32,381.52	24.29
Water Supply, Sanitation, and Waste Management	3	172.20	3	236.00	5	408.20	151	6,910.10	5.18
Multisector	6	1,043.00	5	551.10	11	1,594.10	230	14,191.08	10.65
Total <sup>c</sup>	60	8,212.75	36	1,892.84	82	10,105.60	2,080	133,299.12	100.00

– = nil, ADF = Asian Development Fund, OCR = ordinary capital resources.

## SECTORAL DISTRIBUTION OF GRANTS, 2007, 1967–2007

	2007 Grants										Cumulative as of 2007
	ADF IX		PEF		Other Sources		Total				
	No. of Grants	\$ Million	No. of Grants	\$ Million	No. of Grants	\$ Million	No. of Projects <sup>d</sup>	\$ Million	No. of Projects <sup>d</sup>	\$ Million	
Agriculture and Natural Resources	2	13.30	–	–	2	9.53	4	22.83	47	376.51	11.50
Education	4	58.00	–	–	2	2.99	6	60.99	27	604.09	18.46
Energy	1	15.39	–	–	2	10.00	2	25.39	10	68.89	2.10
Finance	–	–	–	–	1	2.00	1	2.00	12	85.81	2.62
Health, Nutrition, and Social Protection	2	27.00	–	–	2	4.00	3	31.00	35	246.31	7.53
Industry and Trade	2	15.00	–	–	1	2.00	2	17.00	6	20.50	0.63
Law, Economic Management, and Public Policy	2	15.00	–	–	1	1.50	3	16.50	12	103.96	3.18
Transport and Communications	6	254.80	–	–	6	65.05	8	319.85	21	536.71	16.40
Water Supply, Sanitation, and Waste Management	1	6.00	–	–	1	1.50	2	7.50	10	43.64	1.33
Multisector	4	114.85	1	30.00	4	24.80	8	169.65	41	1,186.74	36.26
Total <sup>c</sup>	24	519.34	1	30.00	22	123.37	39	672.71	221	3,273.15	100.00

– = nil, ADF = Asian Development Fund, PEF = Pakistan Earthquake Fund.

<sup>a</sup> Includes nonsovereign loans.

<sup>b</sup> A project with multiple loans is counted as one project.

<sup>c</sup> Totals may not add up because of rounding.

<sup>d</sup> A project with multiple grants is counted as one project.

## Statistical Annex 6

## LOAN AND ADF GRANT APPROVALS, BY COUNTRY AND SOURCE OF FUNDS, 2007

(amounts in \$ million)

	OCR Loan	ADF		Total	%
		Loan	Grant		
<b>Sovereign</b>					
Afghanistan	–	–	176.00	176.00	1.66
Armenia	–	66.60	–	66.60	0.63
Azerbaijan	190.00	10.00	–	200.00	1.88
Bangladesh	500.00	465.70	–	965.70	9.09
Bhutan	–	–	19.70	19.70	0.19
Cambodia	–	27.10	37.00	64.10	0.60
China, People's Republic of	1,146.70	–	–	1,146.70	10.79
India	1,232.12	–	–	1,232.12	11.60
Indonesia	900.00	50.00	–	950.00	8.94
Kyrgyz Republic	–	15.00	50.60	65.60	0.62
Lao People's Democratic Republic	–	–	45.00	45.00	0.42
Maldives	–	5.33	–	5.33	0.05
Mongolia	–	–	14.00	14.00	0.13
Nepal	–	–	109.00	109.00	1.03
Pakistan	1,415.00	454.80	–	1,869.80	17.60
Papua New Guinea	60.00	40.00	–	100.00	0.94
Philippines	583.80	–	–	583.80	5.49
Samoa	–	26.61	21.29	47.90	0.45
Solomon Islands	–	–	4.95	4.95	0.05
Sri Lanka	300.00	115.00	15.00	430.00	4.05
Tajikistan	–	71.70	20.80	92.50	0.87
Timor-Leste	–	–	6.00	6.00	0.06
Uzbekistan	96.00	30.00	–	126.00	1.19
Viet Nam	923.86	515.00	–	1,438.86	13.54
Subtotal	7,347.48	1,892.84	519.34	9,759.66	91.86
<b>Nonsovereign</b>					
Azerbaijan	56.00	–	–	56.00	0.53
Cambodia	8.00	–	–	8.00	0.08
China, People's Republic of	160.00	–	–	160.00	1.51
Georgia	25.00	–	–	25.00	0.24
India	154.27	–	–	154.27	1.45
Indonesia	95.00	–	–	95.00	0.89
Kazakhstan	100.00	–	–	100.00	0.94
Malaysia	10.00	–	–	10.00	0.09
Maldives	4.50	–	–	4.50	0.04
Mongolia	10.00	–	–	10.00	0.09
Pakistan	150.00	–	–	150.00	1.41
Sri Lanka	27.50	–	–	27.50	0.26
Viet Nam	45.00	–	–	45.00	0.42
Regional	20.00	–	–	20.00	0.19
Subtotal	865.27	–	–	865.27	8.14
<b>TOTAL<sup>a</sup></b>	<b>8,212.75</b>	<b>1,892.84</b>	<b>519.34</b>	<b>10,624.94</b>	<b>100.00</b>

– = nil, ADF = Asian Development Fund, OCR = ordinary capital resources.

a Totals may not add up because of rounding.

## Statistical Annex 7

PROJECTS INVOLVING COFINANCING, 2007<sup>a</sup>

(\$ million)

		ADB	Cofinancing			Source of Cofinancing
			Official		Commercial	
			Grants	Loans		
CENTRAL AND WEST ASIA		52.75	12.80	3.50	269.00	
	DVA cofinancing		12.80	3.50	269.00	
	Non-DVA cofinancing		–	–	–	
Afghanistan						
	Road Employment Project for Settlement and Integration of Returning Refugees and Displaced Persons <sup>b</sup> (Supplementary)	–	12.80 <sup>c</sup>			Canadian International Development Agency (CIDA), Canada
Kazakhstan						
	JSC Kazkommerstbank <sup>d</sup>	50.00			100.00 <sup>c</sup>	Commercial lenders with ADB partial credit guarantee
	ATF Bank JSC <sup>d</sup>	–			125.00 <sup>c</sup>	Commercial lenders with ADB partial credit guarantee
Pakistan						
	Daharki Power <sup>d</sup>	2.75			44.00 <sup>c</sup>	Commercial lenders with ADB partial credit guarantee
Tajikistan						
	Dushanbe-Kyrgyz Border Road Rehabilitation Phase II <sup>b</sup>	–		3.50 <sup>c</sup>		OPEC Fund for International Development (OFID)
EAST ASIA		1,190.00	–	–	2,143.44	
	DVA cofinancing		–	–	307.00	
	Non-DVA cofinancing		–	–	1,836.44	
China, People’s Republic of						
	Anhui Hefei Urban Environment Improvement	150.00			55.70	Domestic banks
	Central and Western Airports Development <sup>d</sup>	210.00			250.00	Domestic banks
					200.00 <sup>c</sup>	Commercial lenders under ADB B-loan
	Eastern Sichuan Roads Development	200.00			556.00	China Development Bank (CDB), People’s Republic of China (PRC)
	Energy Efficiency Multi-Project Financing Program <sup>d</sup>	–			107.00 <sup>c</sup>	Commercial lenders with ADB partial credit guarantee
	Jilin Urban Environmental Improvement	100.00			137.60	Domestic banks
	Kunming Qingshuihai Water Supply	80.00			99.14	Domestic banks
	Western Guangxi Roads Development	300.00			550.00	Bank of Communications, PRC
	Xinjiang Regional Road Improvement (Korla-Kuqa Section)	150.00			188.00	CDB, PRC
PACIFIC		146.95	12.75	44.00	–	
	DVA cofinancing		12.75	44.00	–	
	Non-DVA cofinancing		–	–	–	
Papua New Guinea						
	Lae Port Development	100.00		6.00 <sup>c</sup>		OFID
			0.75 <sup>c</sup>			HIV/AIDS Cooperation Fund
Samoa						
	Power Sector Expansion	42.00	8.00 <sup>c</sup>			Australian Agency for International Development (AusAID), Australia
				38.00 <sup>c</sup>		Japan Bank for International Cooperation (JBIC) official development assistance (ODA), Japan
Solomon Islands						
	Emergency Assistance	4.95	4.00 <sup>c</sup>			European Commission (EC)
SOUTH ASIA		125.00	17.50	10.00	225.00	
	DVA cofinancing		17.50	10.00	225.00	
	Non-DVA cofinancing		–	–	–	
India						
	Small and Medium-Sized Enterprise Financing Facility <sup>e</sup>	75.00			225.00 <sup>c</sup>	Commercial lenders under ADB B-loan

– = nil, DVA = direct value-added.

a List excludes technical assistance projects.

b Anchor ADB project was approved in prior years with cofinancing arranged this year.

c DVA cofinancing: cofinancing under administrative or collaborative arrangements with ADB.

d Nonsovereign private sector loan.

e Nonsovereign public sector loan.

## CONTINUED

	ADB	Cofinancing			Source of Cofinancing
		Official		Commercial	
		Grants	Loans		
Nepal					
Rural Reconstruction and Rehabilitation Sector Development Program	50.00		10.00 <sup>c</sup>		OFID
Sri Lanka					
North East Community Restoration and Development II <sup>b</sup>	–	0.50 <sup>c</sup> 1.00 <sup>c</sup>			Finland Norway
Tsunami-Affected Areas Rebuilding (Supplementary - Component C) <sup>b</sup>	–	16.00 <sup>c</sup>			European Union
SOUTHEAST ASIA	255.80	184.30	318.40	12.00	
DVA cofinancing		58.30	63.00	–	
Non-DVA cofinancing		126.00	255.40	12.00	
Cambodia					
(Cambodia) Power Transmission Lines Co., Ltd. (CPTL) Power Transmission <sup>c</sup>	8.00			5.00 7.00	Domestic banks Thai Exim Bank
Greater Mekong Subregion Southern Coastal Corridor (Regional)	7.00	8.00 <sup>c</sup>			AusAID
Lao People's Democratic Republic					
Northern Greater Mekong Subregion Transport Network Improvement	27.00	14.50 <sup>c</sup>	22.40 11.00 <sup>c</sup>		AusAID Economic Development Cooperation Fund (EDCF), Republic of Korea OFID
Philippines					
Integrated Coastal Resources Management	33.80	9.00 <sup>c</sup>			Global Environment Facility
Viet Nam					
Integrated Rural Development Sector Project in the Central Provinces	90.00	1.30 <sup>c</sup>	52.00 <sup>c</sup>		Agence Française de Développement, France
Support the Implementation of Poverty Reduction Program IV	15.00	7.00 8.00 7.00 11.00 40.00 27.00 8.00 10.00 16.00			Spain AusAID CIDA Danish International Development Agency, Denmark Department for International Development, United Kingdom EC Germany International Development Agency Ireland The Netherlands
Greater Mekong Subregion Southern Coastal Corridor (Regional)	75.00	25.50 <sup>c</sup>	50.00		AusAID EDCF
TOTAL	1,770.50	227.35	375.90	2,649.44	
DVA cofinancing		101.35	120.50	801.00	
Non-DVA cofinancing		126.00	255.40	1,848.44	

– = nil, DVA = direct value-added.

a List excludes technical assistance projects.

b Anchor ADB project was approved in prior years with cofinancing arranged this year.

c DVA cofinancing: cofinancing under administrative or collaborative arrangements with ADB.

d Nonsovereign private sector loan.

e Nonsovereign public sector loan.

## Statistical Annex 8

## LOAN DISBURSEMENTS, 2006 and 2007

(amounts in \$ thousand)

	2 0 0 6					
	OCR	% of Total OCR	ADF	% of Total ADF	Total	% of Total Disbursements
Project <sup>a</sup>						
Nondevelopment Finance Institution	1,579,908	36	863,541	65	2,443,449	42
Development Finance Institution	42,757	1	–	–	42,757	1
Total Project Loans	1,622,665	37	863,541	65	2,486,206	43
Program <sup>b</sup>	1,892,832	43	292,995	22	2,185,827	38
Sector <sup>c</sup>	545,873	12	181,835	14	727,708	13
Private Sector <sup>d</sup>	358,771	8	–	–	358,771	6
<b>TOTAL<sup>e</sup></b>	<b>4,420,141</b>	<b>100</b>	<b>1,338,371</b>	<b>100</b>	<b>5,758,512</b>	<b>100</b>

	2 0 0 7						% Change (2007/2006)		
	OCR	% of Total OCR	ADF	% of Total ADF	Total	% of Total Disbursements	OCR	ADF	Total
Project <sup>a</sup>									
Nondevelopment Finance Institution	1,931,730	37	906,931	56	2,838,661	41	22	5	16
Development Finance Institution	17,178	–	–	–	17,178	–	(60)	–	(60)
Total Project Loans	1,948,908	37	906,931	56	2,855,839	41	20	5	15
Program <sup>b</sup>	1,972,574	38	566,069	35	2,538,643	37	4	93	16
Sector <sup>c</sup>	821,662	16	144,630	9	966,292	14	51	(20)	33
Private Sector <sup>d</sup>	490,627	9	–	–	490,627	7	37	–	37
<b>TOTAL<sup>e</sup></b>	<b>5,233,771</b>	<b>100</b>	<b>1,617,630</b>	<b>100</b>	<b>6,851,401</b>	<b>100</b>	<b>18</b>	<b>21</b>	<b>19</b>

– = nil, ( ) = negative, ADF = Asian Development Fund, OCR = ordinary capital resources.

a A project loan is a loan provided to finance specific projects. ADB uses development finance institutions in its developing member countries (DMCs) as vehicles to finance small and medium-sized projects in the private sector.

b A program loan is a loan provided to support DMCs' efforts to improve the policy, institutional, and investment environment of sector development. It helps meet short-term costs that policy adjustments entail.

c A sector loan is a loan provided to develop a specific sector or subsector. It finances a large number of subprojects in a single sector or subsector.

d Includes nonsovereign public sector loans and excludes equity investments.

e Totals may not add up because of rounding.

**Statistical Annex 9a**  
**PROGRAM LOAN DISBURSEMENTS, 2007**  
(\$ million)

	OCR	ADF	Total
Afghanistan	–	23.65	23.65
Bangladesh	–	108.65	108.65
Bhutan	–	4.14	4.14
Cambodia	–	18.49	18.49
India	285.00	–	285.00
Indonesia	900.00	–	900.00
Lao People's Democratic Republic	–	5.91	5.91
Micronesia, Federated States of	–	1.05	1.05
Nepal	–	32.36	32.36
Pakistan	443.27	322.15	765.43
Philippines	325.00	–	325.00
Uzbekistan	19.30	–	19.30
Viet Nam	–	49.67	49.67
<b>TOTAL</b>	<b>1,972.57</b>	<b>566.07</b>	<b>2,538.64</b>

– = nil, ADF = Asian Development Fund, OCR = ordinary capital resources.

**Statistical Annex 9b**  
**TRENDS IN PROGRAM LENDING AND GRANT, 1998–2007**

Year	Program Loan and ADF Grant		Project Loan and ADF Grant		Total
	\$ Million	%	\$ Million	%	\$ Million
1998	2,627.50	43.92	3,355.04	56.08	5,982.54
1999	1,694.00	34.34	3,239.57	65.66	4,933.57
2000	1,102.00	19.74	4,480.59	80.26	5,582.59
2001	1,583.00	29.65	3,755.69	70.35	5,338.69
2002	1,702.18	30.08	3,955.75	69.92	5,657.93
2003	1,139.50	18.73	4,945.31	81.27	6,084.81
2004	1,121.40	22.25	3,917.64	77.75	5,039.04
2005	1,143.50	19.04	4,863.75	80.96	6,007.25
2006	3,204.58	41.83	4,456.62	58.17	7,661.20
2007	2,521.00	23.73	8,103.94	76.27	10,624.94

ADF = Asian Development Fund.



## Statistical Annex 10

NONSOVEREIGN APPROVALS AND TOTAL PROJECT COSTS BY COUNTRY, 2007<sup>a</sup>

(\$ million)

	Loan	Equity Invest- ment	Total ADB Funds	Complementary Loan (B-Loan)	Partial Credit Guarantee	Political Risk Guarantee	Swap with DMCs	Total ADB Approvals	Project Cost/ Fund Size
<b>Azerbaijan</b>									
Debt Financing to Bank of Baku	6.00	–	6.00	–	–	–	–	6.00	6.00
International Bank of Azerbaijan	40.00	–	40.00	–	–	–	–	40.00	40.00
Bank Respublika Open Joint Stock Company	10.00	–	10.00	–	–	–	–	10.00	10.00
<b>Cambodia</b>									
Power Transmission Lines Co., Ltd.	8.00	–	8.00	–	–	–	–	8.00	32.00
<b>China, People's Republic of</b>									
Credit Orienwise Group Limited	–	3.00	3.00	–	–	–	–	3.00	3.00
Central and Western Airports Development	160.00	50.00	210.00	200.00	–	–	–	410.00	1,018.20
Energy Efficiency Multi-Project Financing Program	–	–	–	–	107.00	–	–	107.00	107.00
Asian Training and Research Initiative on Urban Management Project Development Facility	–	4.00	4.00	–	–	–	–	4.00	10.00
<b>Georgia</b>									
Joint Stock Commercial Bank of Georgia	25.00	–	25.00	–	–	–	–	25.00	125.00
<b>India</b>									
Small and Medium-Sized Enterprises Financing Facility	75.00	–	75.00	225.00	–	–	–	300.00	300.00
Tata Power Wind Energy Financing Facility	79.27	–	79.27	–	–	–	–	79.27	113.24
<b>Indonesia</b>									
PT Semen Andalas Indonesia for the Reconstruction of the Cement Production Facility in Aceh	45.00	–	45.00	–	–	–	–	45.00	158.00
West Jakarta Water Supply Development Project	50.00	–	50.00	–	–	–	–	50.00	121.40
<b>Kazakhstan</b>									
JSC Kazkommertsbank	50.00	–	50.00	–	100.00	–	–	150.00	550.00
JSC Bank CenterCredit	50.00	–	50.00	–	–	–	–	50.00	50.00
Guarantee for Diversified Payment Rights Securitization by ATF Bank JSC	–	–	–	–	125.00	–	–	125.00	125.00
<b>Malaysia</b>									
Eucalypt Mortgages Sdn. Bhd.	10.00	–	10.00	–	–	–	–	10.00	25.60
<b>Maldives</b>									
South Asian SME Leasing Facility	4.50	–	4.50	–	–	–	–	4.50	4.50
<b>Mongolia</b>									
Khan Bank	10.00	–	10.00	–	–	–	–	10.00	10.00
<b>Pakistan</b>									
KESC Postprivatization Rehabilitation, Upgrade, and Expansion	150.00	–	150.00	–	–	–	–	150.00	922.00
JS Private Equity Fund I	–	20.00	20.00	–	–	–	–	20.00	100.00
Daharki Power Project	–	2.75	2.75	–	44.00	–	–	46.75	199.10
<b>Sri Lanka</b>									
South Asian SME Leasing Facility	10.00	–	10.00	–	–	–	–	10.00	10.00
People's Leasing Company Limited	10.00	–	10.00	–	–	–	–	10.00	10.00
Commercial Leasing Company Limited	7.50	–	7.50	–	–	–	–	7.50	7.50
<b>Viet Nam</b>									
Vietnam Technological and Commercial Joint-stock Bank	25.00	–	25.00	–	–	–	–	25.00	25.00
The Bank for Foreign Trade of Viet Nam	20.00	–	20.00	–	–	–	–	20.00	20.00
<b>Regional</b>									
Micro and Small Enterprise Financing Facility	20.00	–	20.00	–	–	–	–	20.00	20.00
<b>TOTAL</b>	<b>865.27</b>	<b>79.75</b>	<b>945.02</b>	<b>425.00</b>	<b>376.00</b>	<b>–</b>	<b>–</b>	<b>1,746.02</b>	<b>4,122.54</b>

– = nil, DMC = developing member country.

<sup>a</sup> Includes projects processed by the Private Sector Operations Department and regional departments of ADB.

## Statistical Annex 11

NONSOVEREIGN APPROVALS AND TOTAL PROJECT COSTS BY SECTOR, 2007<sup>a</sup>

(\$ million)

Sector	Loan	Equity Investment	Total ADB Funds	Complementary Loan (B-Loan)	Partial Credit Guarantee	Political Risk Guarantee	Swap with DMCs	Total ADB Approvals	Total Project Cost
Infrastructure	492.27	56.75	549.02	200.00	151.00	–	–	900.02	2,680.94
Investment Funds and Financial Institutions	373.00	23.00	396.00	225.00	225.00	–	–	846.00	1,441.60
<b>TOTAL</b>	<b>865.27</b>	<b>79.75</b>	<b>945.02</b>	<b>425.00</b>	<b>376.00</b>	<b>–</b>	<b>–</b>	<b>1,746.02</b>	<b>4,122.54</b>

– = nil, DMC = developing member country.

a Includes projects processed by the Private Sector Operations Department and regional departments of ADB.

## Statistical Annex 12

NONSOVEREIGN APPROVALS BY YEAR, 1983–2007<sup>a, b</sup>

(amounts in \$ million)

Year	No. of Projects	Loan	Equity Investment <sup>c</sup>	Total ADB Funds	Complementary Loan (B-Loan)	Partial Credit Guarantee	Political Risk Guarantee	Swap with DMCs	Total ADB Approvals	Total Project Cost
1983	2	–	2.96	2.96	–	–	–	–	2.96	36.00
1984	1	–	0.42	0.42	–	–	–	–	0.42	2.80
1985	3	–	3.40	3.40	–	–	–	–	3.40	26.50
1986	4	6.46	6.01	12.47	–	–	–	–	12.47	20.32
1987	7	20.50	27.61	48.11	5.00	–	–	–	53.11	519.24
1988	12	58.00	35.67	93.67	–	–	–	–	93.67	502.32
1989	16	95.70	67.59	163.29	51.10	–	–	–	214.39	1,038.66
1990	17	78.85	35.94	114.79	24.00	–	–	–	138.79	2,026.13
1991	10	156.80	20.52	177.32	–	–	–	–	177.32	1,325.18
1992	4	50.00	5.42	55.42	81.50	–	–	–	136.92	402.29
1993	9	182.10	20.70	202.80	19.30	–	–	–	222.10	1,505.70
1994	9	–	48.70	48.70	–	–	–	–	48.70	919.20
1995	8	68.00	99.41	167.41	5.83	–	–	–	173.24	1,050.32
1996	7	98.50	80.15	178.65	91.50	–	–	–	270.15	1,788.77
1997	6	45.00	49.50	94.50	–	50.00	–	–	144.50	1,239.69
1998	6	136.12	39.44	175.56	151.08	65.00	–	–	391.64	1,152.70
1999	3	101.50	7.40	108.90	61.50	–	–	–	170.40	847.70
2000	9	152.00	77.65	229.65	45.00	–	122.00	–	396.65	1,629.84
2001	6	37.50	30.36	67.86	–	–	–	–	67.86	648.00
2002	7	110.00	35.53	145.53	–	–	60.00	–	205.53	1,136.60
2003	7	167.00	35.65	202.65	170.00	170.00	–	–	542.65	2,300.00
2004	14	92.50	164.40	256.88	–	–	10.00	–	266.88	2,227.70
2005	14	513.02	196.50	709.52	–	18.40	50.00	–	777.92	8,776.42
2006	21	575.00	250.50	825.50	455.00	109.80	15.00	–	1,405.30	8,580.84
2007	26	865.27	79.75	945.02	425.00	376.00	–	–	1,746.02	4,122.54
<b>TOTAL</b>	<b>228</b>	<b>3,609.82</b>	<b>1,421.18</b>	<b>5,030.98</b>	<b>1,585.81</b>	<b>789.20</b>	<b>257.00</b>	<b>–</b>	<b>7,662.99</b>	<b>43,825.46</b>

– = nil, DMC = developing member country.

a Includes nonsovereign projects processed by the Private Sector Operations Department and regional departments of ADB. Nonsovereign operations in regional departments started in 2007.

b Net of facilities cancelled in full before signing. Number of projects and total project costs were adjusted to reflect cancellations and to exclude sub-equity investments under lines of equity. Cumulative number of projects excludes supplementary approvals.

c Also includes lines of equity and equity underwriting.

## Statistical Annex 13

NONSOVEREIGN APPROVALS BY COUNTRY, 1983–2007<sup>a, b</sup>

(amounts in \$ million)

	No. of Projects	Loan	Equity Investment <sup>c</sup>	Total ADB Funds	Complementary Loan (B-Loan)	Partial Credit Guarantee	Political Risk Guarantee	Swap with DMCs	Total ADB Approvals	Total Project Cost
Afghanistan	5	75.00	8.10	83.10	30.00	–	25.00	–	138.10	475.70
Azerbaijan	4	66.00	–	66.00	–	–	–	–	66.00	66.00
Bangladesh	8	137.20	14.98	152.18	20.00	–	70.00	–	242.18	890.36
Bhutan	1	–	0.53	0.53	–	–	–	–	0.53	0.79
Cambodia	1	8.00	–	8.00	–	–	–	–	8.00	32.00
China, People's Republic of	20	347.22	389.30	736.52	446.50	107.00	–	–	1,290.02	5,260.72
Georgia	1	25.00	–	25.00	–	–	–	–	25.00	125.00
India	33	716.97	228.73	945.70	455.00	–	–	–	1,400.73	8,918.37
Indonesia	16	602.00	23.85	625.85	188.50	9.80	–	–	824.15	7,982.52
Kazakhstan	5	225.00	–	225.00	–	325.00	–	–	550.00	1,050.00
Korea, Republic of	3	–	8.96	8.96	–	–	–	–	8.96	288.00
Lao People's Democratic Republic	1	50.00	–	50.00	–	–	50.00	–	100.00	1,450.00
Malaysia	2	10.00	2.00	12.00	–	–	–	–	12.00	29.24
Maldives	1	4.50	–	4.50	–	–	–	–	4.50	4.50
Mongolia	2	14.50	1.60	16.10	–	–	–	–	16.10	50.00
Nepal	4	49.55	3.26	52.81	5.83	–	–	–	58.64	218.03
Pakistan	27	429.10	53.38	482.48	129.90	109.00	–	–	721.38	2,997.01
Philippines	26	275.32	40.85	316.17	113.58	18.40	–	–	448.15	2,698.72
Samoa	1	–	0.40	0.40	–	–	–	–	0.40	1.60
Sri Lanka	13	99.50	13.58	113.08	–	115.00	52.00	–	280.08	543.48
Thailand	10	71.46	77.07	148.53	170.00	–	–	–	318.53	3,067.55
Viet Nam	8	213.50	–	213.50	26.50	–	60.00	–	300.00	1,515.00
Regional	36	190.00	554.57	744.57	–	105.00	–	–	849.57	6,160.87
<b>TOTAL</b>	<b>228</b>	<b>3,609.82</b>	<b>1,421.15</b>	<b>5,030.98</b>	<b>1,585.81</b>	<b>789.20</b>	<b>257.00</b>	<b>–</b>	<b>7,662.99</b>	<b>43,825.46</b>

– = nil, DMC = developing member country.

a Includes nonsovereign projects processed by the Private Sector Operations Department and regional departments of ADB. Nonsovereign operations in regional departments started in 2007.

b Net of facilities cancelled in full before signing. Number of projects and total project costs were adjusted to reflect cancellations and to exclude sub-equity investments under lines of equity. Cumulative number of projects excludes supplementary approvals.

c Also includes lines of equity and equity underwriting.

## Statistical Annex 14

**NUMBER OF LOANS AND PROJECTS APPROVED AND UNDER ADMINISTRATION, PROJECT COMPLETION REPORTS (PCRs) CIRCULATED, PROJECTS COMPLETED, LOANS CLOSED, AND PROJECT/PROGRAM PERFORMANCE EVALUATION REPORTS (PPERs) CIRCULATED**

(as of 31 December 2007)

	Cumulative No. of Loans Approved <sup>a</sup>	Cumulative No. of Effective Loans	Cumulative No. of Projects Approved <sup>b</sup>	Cumulative No. of Blended Loans	Cumulative No. of Supplementary Loans	Cumulative No. of Cofinanced Projects <sup>c</sup>
Afghanistan	22	21	20	1	1	4
Armenia	2	—	2	—	—	—
Azerbaijan	11	9	8	3	—	—
Bangladesh	186	183	164	13	5	24
Bhutan	23	23	21	1	—	—
Cambodia	42	36	33	2	1	8
China, People's Republic of	139	128	137	—	—	17
Cook Islands	13	13	13	—	—	—
Fiji Islands	16	16	16	—	—	1
Georgia	1	1	1	—	—	—
Hong Kong, China	5	5	5	—	—	—
India	113	104	96	3	1	12
Indonesia	291	288	257	24	2	26
Kazakhstan	16	15	11	2	—	3
Kiribati	6	6	6	—	—	—
Korea, Republic of	81	81	80	—	—	—
Kyrgyz Republic	26	26	20	—	—	3
Lao People's Democratic Republic	68	68	60	1	3	9
Malaysia	77	77	75	1	1	—
Maldives	17	16	17	—	—	2
Marshall Islands	12	12	11	1	—	—
Micronesia, Federated States of	8	8	6	1	—	—
Mongolia	41	40	35	—	—	2
Myanmar	32	32	28	2	2	6
Nauru	1	1	1	—	—	—
Nepal	116	116	104	2	9	20
Pakistan	272	265	206	42	5	38
Papua New Guinea	61	59	47	12	2	8
Philippines	199	198	169	18	4	32
Samoa	32	30	28	—	4	3
Singapore	14	14	14	—	—	—
Solomon Islands	16	16	15	—	—	3
Sri Lanka	141	137	120	11	6	25
Taipei, China	12	12	12	—	—	—
Tajikistan	23	21	17	3	—	4
Thailand	84	84	80	2	2	7
Timor-Leste	—	—	—	—	—	—
Tonga	15	14	15	—	—	1
Turkmenistan	—	—	—	—	—	—
Tuvalu	3	3	2	—	1	—
Uzbekistan	26	22	22	3	—	2
Vanuatu	9	9	8	—	1	—
Viet Nam	92	80	79	4	—	14
Regional	7	6	19 <sup>f</sup>	1	—	1
<b>TOTAL</b>	<b>2,371</b>	<b>2,295</b>	<b>2,080</b>	<b>153</b>	<b>50</b>	<b>275</b>

— = 0.

a Includes nonsovereign loans but excludes terminated loans.

b A project with multiple loans is counted as one project. Supplementary loans, special implementation assistance loans, and subprogram loans of program loan clusters are not counted as separate projects.

c These are non-ADB funds generated by ADB's financing partnership operations including loans, credit enhancements, and grants, fully or partially administered by ADB, and/or cofinanced under cooperation/sector-wide approach arrangements.

d Includes projects/loans which have been approved but awaiting effectivity, inactive loans, fully disbursed nonsovereign loans, but under administration; excludes projects/loans exclusively financed from other sources.

No. of Loans Under Administration <sup>d</sup>	No. of Projects Under Administration <sup>a,d</sup>	Cumulative No. of PCRs Circulated	No. of Projects Completed in 2007 <sup>e</sup>	No. of Loans Closed in 2007	No. of of PCRs Circulated in 2007	No. of PPERs Circulated in 2007	
13	13	—	2	—	—	—	Afghanistan
3	3	—	—	—	—	—	Armenia
11	8	—	—	—	—	—	Azerbaijan
51	39	120	3	2	4	2	Bangladesh
5	4	15	—	—	2	—	Bhutan
23	20	12	3	2	1	—	Cambodia
56	56	78	6	3	2	1	China, People's Republic of
1	1	12	—	—	—	—	Cook Islands
3	3	10	—	1	—	—	Fiji Islands
1	1	—	—	—	—	—	Georgia
—	—	5	—	—	—	—	Hong Kong, China
48	43	44	2	5	2	3	India
38	33	191	5	3	4	1	Indonesia
7	6	8	1	1	2	—	Kazakhstan
1	1	4	1	—	—	—	Kiribati
—	—	61	—	—	—	—	Korea, Republic of
10	10	13	2	1	2	1	Kyrgyz Republic
24	22	37	5	2	2	—	Lao People's Democratic Republic
1	1	56	—	—	2	—	Malaysia
8	8	8	1	—	1	—	Maldives
—	—	9	—	1	—	—	Marshall Islands
4	3	3	—	1	—	—	Micronesia, Federated States of
15	13	18	3	4	1	3	Mongolia
—	—	26	—	—	—	—	Myanmar
—	—	1	—	—	—	—	Nauru
25	24	78	3	2	1	—	Nepal
70	51	133	8	22	7	—	Pakistan
14	11	35	4	—	1	—	Papua New Guinea
20	20	132	4	5	6	1	Philippines
4	4	22	—	—	2	—	Samoa
—	—	7	—	—	—	—	Singapore
1	1	14	—	—	—	—	Solomon Islands
50	39	76	6	4	1	—	Sri Lanka
—	—	1	—	—	—	—	Taipei, China
15	15	6	—	1	—	1	Tajikistan
1	1	59	—	—	—	—	Thailand
—	—	4	—	—	—	—	Timor-Leste
—	—	16	—	—	—	—	Tonga
—	—	—	—	—	—	—	Turkmenistan
2	1	1	—	—	—	—	Tuvalu
16	15	5	—	3	2	—	Uzbekistan
—	—	8	—	—	—	—	Vanuatu
49	45	28	4	2	4	—	Viet Nam
3	3	4	—	—	—	—	Regional
593	518	1,360	63	65	49	13	TOTAL

e Projects which were physically completed in 2007.

f Includes the regional projects—Greater Mekong Subregion (GMS): Phnom Pehn to Ho Chi Minh City Highway (Cambodia and Viet Nam loan components); GMS: East-West Corridor (Lao People's Democratic Republic and Viet Nam loan components); Almaty-Bishkek Regional Road Rehabilitation (Kazakhstan and Kyrgyz Republic loan components); GMS: Mekong Tourism Development (Cambodia, Lao People's Democratic Republic, and Viet Nam loan components); Regional Power Transmission Modernization (Tajikistan and Uzbekistan loan components); Regional Trade Facilitation and Customs Cooperation Programs (Kyrgyz Republic and Tajikistan loan components); Asian Finance and Investment Corporation, Ltd.; Trade Finance Facilitation Program; Establishment of the Pacific Aviation Safety Office; Regional Power Transmission Interconnection (Afghanistan and Tajikistan loan components); and Micro and Small Enterprise Financing Facility.

## Statistical Annex 15

## AMOUNT OF LOANS APPROVED, CONTRACTS AWARDED, AND DISBURSEMENTS

(\$ million; as of 31 December 2007)

	Cumulative Loans Approved <sup>a</sup>	Cumulative Net Effective Loans <sup>b, c</sup>	Contracts Awarded in 2007 <sup>c, d, e</sup>	Cumulative Contracts Awarded <sup>c, d, e</sup>
Afghanistan	892.28	872.18	121.94	530.02
Armenia	66.60	—	—	—
Azerbaijan	370.00	170.00	30.62	53.09
Bangladesh	9,265.49	9,184.79	447.56	6,317.96
Bhutan	176.06	176.06	13.41	117.98
Cambodia	947.34	850.24	74.28	745.50
China, People's Republic of	19,254.10	17,589.40	1,419.71	12,577.93
Cook Islands	29.50	29.50	1.74	30.20
Fiji Islands	249.90	249.90	5.61	188.25
Georgia	25.00	25.00	—	—
Hong Kong, China	101.50	101.50	—	94.50
India	17,834.60	16,987.40	1,478.84	12,448.04
Indonesia	22,558.30	22,388.30	1,187.13	16,040.11
Kazakhstan	726.60	676.60	6.07	438.77
Kiribati	15.14	15.14	0.09	14.41
Korea, Republic of	6,338.33	6,338.33	—	5,572.55
Kyrgyz Republic	603.50	603.50	41.73	542.20
Lao People's Democratic Republic	1,211.34	1,211.34	43.74	1,071.42
Malaysia	1,997.54	1,997.54	—	1,422.40
Maldives	101.31	96.31	4.14	76.05
Marshall Islands	78.13	78.13	—	65.12
Micronesia, Federated States of	75.14	75.14	3.65	47.03
Mongolia	676.54	648.34	10.22	552.86
Myanmar	530.86	530.86	—	418.77
Nauru	5.00	5.00	—	2.30
Nepal	2,300.98	2,300.98	88.39	1,651.18
Pakistan	18,590.84	17,267.94	1,117.81	12,415.00
Papua New Guinea	1,026.99	926.99	38.90	708.80
Philippines	9,832.83	9,532.83	390.53	7,027.25
Samoa	156.59	123.98	0.36	109.66
Singapore	181.08	181.08	—	130.22
Solomon Islands	79.31	79.31	0.06	65.35
Sri Lanka	4,205.75	3,783.25	105.53	2,918.34
Taipei, China	100.39	100.39	—	90.28
Tajikistan	372.54	311.64	56.49	223.45
Thailand	5,388.07	5,388.07	—	4,158.08
Tonga	57.79	52.89	—	58.18
Tuvalu	7.82	7.82	—	7.67
Uzbekistan	1,100.90	904.90	38.20	491.00
Vanuatu	51.25	51.25	—	47.91
Viet Nam	5,524.42	4,047.56	213.98	2,298.35
Regional <sup>g</sup>	191.50	171.50	0.52	0.52
<b>TOTAL<sup>h</sup></b>	<b>133,299.12</b>	<b>126,132.85</b>	<b>6,941.21</b>	<b>91,768.70</b>

— = nil or data not applicable.

<sup>a</sup> Includes nonsovereign loans but excludes terminated loans. The US dollar equivalent is in accordance with the exchange rate prevailing within ADB at the time of loan approval.<sup>b</sup> Net refers to effective loan amounts less cancellation.<sup>c</sup> The US dollar equivalent is in accordance with the exchange rate prevailing in ADB on 31 December 2007.<sup>d</sup> Excludes nonsovereign loans.

% of Cumulative Contracts Awarded to Cumulative Net Effective Loans <sup>c</sup>	Disbursements in 2007	Cumulative Disbursements <sup>f</sup>	% of Cumulative Disbursements to Cumulative Net Effective Loans	
60.77	111.70	478.96	54.92	Afghanistan
—	—	—	—	Armenia
31.23	58.54	67.12	39.48	Azerbaijan
68.79	346.05	6,240.41	67.94	Bangladesh
67.01	8.91	112.32	63.80	Bhutan
87.68	56.76	675.90	79.49	Cambodia
71.51	1,236.50	12,144.73	69.05	China, People's Republic of
102.36	0.09	26.57	90.05	Cook Islands
75.33	12.61	182.86	73.17	Fiji Islands
—	25.00	25.00	100.00	Georgia
93.11	—	94.50	93.11	Hong Kong, China
73.28	1,493.24	10,349.79	60.93	India
71.65	1,259.01	17,397.84	77.71	Indonesia
64.85	50.72	610.72	90.26	Kazakhstan
95.20	—	13.70	90.52	Kiribati
87.92	—	5,560.32	87.73	Korea, Republic of
89.84	29.81	525.04	87.00	Kyrgyz Republic
88.45	91.29	1,081.82	89.31	Lao People's Democratic Republic
71.21	10.00	1,413.98	70.79	Malaysia
78.96	6.58	68.76	71.39	Maldives
83.35	0.06	64.15	82.11	Marshall Islands
62.60	3.55	42.79	56.95	Micronesia, Federated States of
85.27	24.21	544.78	84.03	Mongolia
78.89	—	411.83	77.58	Myanmar
46.00	—	2.30	46.00	Nauru
71.76	96.84	1,642.04	71.36	Nepal
71.90	990.34	12,311.22	71.30	Pakistan
76.46	27.41	690.71	74.51	Papua New Guinea
73.72	419.39	7,536.31	79.06	Philippines
88.45	1.37	105.66	85.23	Samoa
71.91	—	144.44	79.77	Singapore
82.40	3.75	65.75	82.90	Solomon Islands
77.14	147.84	2,902.17	76.71	Sri Lanka
89.93	—	91.14	90.78	Taipei, China
71.70	38.34	173.09	55.54	Tajikistan
77.17	3.00	4,207.65	78.09	Thailand
110.01	—	52.26	98.82	Tonga
98.20	1.12	6.56	83.92	Tuvalu
54.26	51.42	485.03	53.60	Uzbekistan
93.49	—	48.99	95.59	Vanuatu
56.78	229.88	2,369.11	58.53	Viet Nam
0.30	16.06	136.29	79.47	Regional
72.76	6,851.41	91,104.61	72.23	TOTAL

e Contracts awarded for development finance institutions/credit loans are based on the amount of subloan disbursements.

f The cumulative disbursements may exceed the cumulative contracts awarded due to disbursed amount without procurement contract summary sheet, e.g., interest during construction, contingencies, and nonsovereign loans which do not require procurement.

g Regional loan on Establishment of the Pacific Aviation Safety Office and private sector loans to Asian Finance and Investment Corporation Ltd., Trade Finance Facilitation Program, and Micro and Small Enterprise Financing Facility.

h Totals may not add up because of rounding.



## Statistical Annex 16

TECHNICAL ASSISTANCE GRANTS BY COUNTRY AND REGIONAL ACTIVITIES,<sup>a, b</sup> 1967–2007, 2006, 2007

(Amounts in \$ thousand)

	1 9 6 7 – 2 0 0 7			2 0 0 6					
	No.	Amount	%	No.	TASF Financing	JSF Financing	Other Sources	Total	%
Afghanistan	57	62,692.70	1.92	5	6,950.00	–	1,000.00	7,950.00	3.30
Armenia	4	1,200.00	0.04	1	150.00	–	–	150.00	0.06
Azerbaijan	20	10,972.00	0.34	1	430.00	–	–	430.00	0.18
Bangladesh	324	178,641.17	5.47	7	2,000.00	3,450.00	260.00	5,710.00	2.37
Bhutan	102	39,955.15	1.22	5	1,100.00	500.00	300.00	1,900.00	0.79
Cambodia	144	94,363.60	2.89	8	1,800.00	3,150.00	1,300.00	6,250.00	2.59
China, People's Republic of	534	290,871.65	8.91	27	12,655.00	–	925.00	13,580.00	5.63
Cook Islands	28	9,645.00	0.30	–	–	–	–	–	–
Fiji Islands	80	27,224.80	0.83	3	800.00	700.00	–	1,500.00	0.62
Georgia	1	120.00	0.004	–	–	–	–	–	–
India	231	155,209.86	4.76	12	6,000.00	2,300.00	22,270.00	30,570.00	12.68
Indonesia	491	253,659.17	7.77	7	5,270.00	1,480.00	300.00	7,050.00	2.92
Kazakhstan	58	26,477.00	0.81	1	–	600.00	–	600.00	0.25
Kiribati	35	12,040.70	0.37	1	–	630.00	–	630.00	0.26
Korea, Republic of	33	5,010.15	0.15	–	–	–	–	–	–
Kyrgyz Republic	68	39,701.40	1.22	3	–	400.00	430.00	830.00	0.34
Lao People's Democratic Republic	227	112,985.08	3.46	8	2,750.00	1,300.00	590.00	4,640.00	1.92
Malaysia	93	25,352.30	0.78	1	150.00	–	–	150.00	0.06
Maldives	56	19,525.00	0.60	1	400.00	–	–	400.00	0.17
Marshall Islands	46	18,757.00	0.57	2	250.00	–	150.00	400.00	0.17
Micronesia, Federated States of	41	23,678.00	0.73	1	600.00	–	–	600.00	0.25
Mongolia	128	63,870.65	1.96	4	950.00	1,000.00	500.00	2,450.00	1.02
Myanmar	38	10,716.00	0.33	–	–	–	–	–	–
Nauru	6	1,721.81	0.05	–	–	–	–	–	–
Nepal	270	127,593.70	3.91	13	1,300.00	2,450.00	2,630.00	6,380.00	2.65
Pakistan	316	180,049.13	5.52	11	2,200.73	5,400.00	–	7,600.73	3.15
Palau, Republic of	2	1,700.00	0.05	–	–	–	–	–	–
Papua New Guinea	133	51,626.12	1.58	4	150.00	2,000.00	2,089.00	4,239.00	1.76
Philippines	324	148,854.25	4.56	5	2,550.00	1,600.00	500.00	4,650.00	1.93
Samoa	84	25,881.50	0.79	1	450.00	–	300.00	750.00	0.31
Singapore	2	577.42	0.02	–	–	–	–	–	–
Solomon Islands	58	16,645.24	0.51	–	–	–	–	–	–
Sri Lanka	224	94,498.10	2.90	4	–	1,550.00	760.00	2,310.00	0.96
Taipei, China	1	100.00	0.003	–	–	–	–	–	–
Tajikistan	57	32,996.06	1.01	6	900.00	2,150.00	1,400.00	4,450.00	1.85
Thailand	155	57,529.60	1.76	4	1,531.00	–	–	1,531.00	0.63
Timor-Leste	28	27,250.90	0.84	1	–	1,000.00	–	1,000.00	0.41
Tonga	54	15,351.50	0.47	2	510.00	400.00	–	910.00	0.38
Turkmenistan	4	715.00	0.02	–	–	–	–	–	–
Tuvalu	19	4,787.00	0.15	1	–	300.00	–	300.00	0.12
Uzbekistan	69	35,530.00	1.09	5	350.00	1,200.00	600.00	2,150.00	0.89
Vanuatu	55	16,364.76	0.50	1	800.00	–	–	800.00	0.33
Viet Nam	218	150,949.46	4.63	14	3,584.00	4,000.00	8,490.00	16,074.00	6.66
All DMCs	4,918	2,473,389.93	75.80	170	56,580.73	37,560.00	44,794.00	138,934.73	57.61
Regional	1,429	789,475.01	24.20	89	35,265.00	19,027.50	47,949.30	102,241.80	42.39
<b>TOTAL</b>	<b>6,347</b>	<b>3,262,864.95</b>	<b>100.00</b>	<b>259</b>	<b>91,845.73</b>	<b>56,587.50</b>	<b>92,743.30</b>	<b>241,176.53</b>	<b>100.00</b>

– = nil or data not applicable, DMC = developing member country, JSF = Japan Special Fund, PEF = Pakistan Earthquake Fund, RCIF = Regional Cooperation and Integration Fund, TASF = Technical Assistance Special Fund.

a Excludes technical assistance financed under loans that are included in ADB's loan data.

b Data are adjusted to exclude technical assistance projects withdrawn by governments.

No.	2007							
	TASF Financing	JSF Financing	PEF Financing	RCIF Financing	Other Sources	Total	%	
2	2,800.00	–	–	–	1,700.00	4,500.00	1.85	Afghanistan
3	900.00	–	–	–	–	900.00	0.37	Armenia
–	–	–	–	–	–	–	–	Azerbaijan
8	4,867.85	1,825.00	–	–	1,000.00	7,692.85	3.16	Bangladesh
4	1,080.00	1,600.00	–	–	–	2,680.00	1.10	Bhutan
5	1,259.00	475.00	–	–	1,250.00	2,984.00	1.23	Cambodia
33	17,314.00	–	–	–	3,168.00	20,482.00	8.41	China, People's Republic of
1	–	500.00	–	–	200.00	700.00	0.29	Cook Islands
1	250.00	–	–	–	–	250.00	0.10	Fiji Islands
1	120.00	–	–	–	–	120.00	0.05	Georgia
11	3,500.00	6,800.00	–	–	500.00	10,800.00	4.44	India
8	4,510.00	900.00	–	–	750.00	6,160.00	2.53	Indonesia
2	660.00	–	–	–	–	660.00	0.27	Kazakhstan
–	–	–	–	–	–	–	–	Kiribati
–	–	–	–	–	–	–	–	Korea, Republic of
3	1,200.00	–	–	–	500.00	1,700.00	0.70	Kyrgyz Republic
5	1,350.00	2,293.00	–	–	500.00	4,143.00	1.70	Lao People's Democratic Republic
–	–	–	–	–	–	–	–	Malaysia
–	–	–	–	–	–	–	–	Maldives
–	–	–	–	–	–	–	–	Marshall Islands
1	–	400.00	–	–	–	400.00	0.16	Micronesia, Federated States of
3	450.00	2,100.00	–	–	–	2,550.00	1.05	Mongolia
–	–	–	–	–	–	–	–	Myanmar
–	–	–	–	–	–	–	–	Nauru
10	4,850.00	1,950.00	–	300.00	120.00	7,220.00	2.97	Nepal
10	5,733.00	1,000.00	2,000.00	–	11,500.00	20,233.00	8.31	Pakistan
2	–	1,700.00	–	–	–	1,700.00	0.70	Palau, Republic of
5	160.00	1,500.00	–	–	213.52	1,873.52	0.77	Papua New Guinea
4	1,300.00	1,350.00	–	–	–	2,650.00	1.09	Philippines
3	105.00	1,100.00	–	–	1,250.00	2,455.00	1.01	Samoa
–	–	–	–	–	–	–	–	Singapore
2	800.00	2,000.00	–	–	–	2,800.00	1.15	Solomon Islands
1	–	–	–	–	600.00	600.00	0.25	Sri Lanka
–	–	–	–	–	–	–	–	Taipei, China
5	1,661.06	600.00	–	–	1,000.00	3,261.06	1.34	Tajikistan
2	300.00	700.00	–	–	–	1,000.00	0.41	Thailand
1	3,000.00	–	–	–	12,000.00	15,000.00	6.16	Timor-Leste
–	–	–	–	–	–	–	–	Tonga
1	150.00	–	–	–	–	150.00	0.06	Turkmenistan
–	–	–	–	–	–	–	–	Tuvalu
2	1,400.00	–	–	–	–	1,400.00	0.58	Uzbekistan
1	–	600.00	–	–	–	600.00	0.25	Vanuatu
20	3,295.00	6,745.00	–	–	3,085.00	13,125.00	5.39	Viet Nam
160	63,014.90	36,138.00	2,000.00	300.00	39,336.52	140,789.43	57.83	All DMCs
82	38,277.25	6,950.00	–	7,100.00	50,325.70	102,652.95	42.17	Regional
242	101,292.15	43,088.00	2,000.00	7,400.00	89,662.22	243,442.38	100.00	TOTAL

## Statistical Annex 17

## TECHNICAL ASSISTANCE GRANTS, 2007 (\$ thousand)

	TA Type	Sector	TASF	JSF	PEF	RCIF	Others	Source	Total
<b>Afghanistan</b>									
Support to the Interministerial Commission for Energy	AD	EN	2,000.00	–	–	–	–	Australia/ Denmark	2,000.00
Support for Economic Policy Management	AD	LW	800.00	–	–	–	1,700.00		2,500.00
Subtotal			2,800.00	–	–	–	1,700.00		4,500.00
<b>Armenia</b>									
Rural Roads Rehabilitation I (Supplementary)	PP	TC	150.00	–	–	–	–		150.00
Municipal Service and Infrastructure Development Sector	PP	WS	150.00	–	–	–	–		150.00
Transport Sector Development Strategy	AD	TC	600.00	–	–	–	–		600.00
Subtotal			900.00	–	–	–	–		900.00
<b>Bangladesh</b>									
Dhaka Water Supply (Supplementary)	PP	WS	150.00	–	–	–	–		150.00
Regional Rail Traffic Enhancement (Supplementary)	PP	TC	117.85	–	–	–	–		117.85
Tendering Process for Independent Power Producer Plants	AD	EN	600.00	–	–	–	–		600.00
Gas Sector Development Program	PP	EN	–	575.00	–	–	–		575.00
Supporting the Good Governance Program	AD	LW	1,500.00	–	–	–	1,000.00	Denmark	2,500.00
Urban Primary Health Care Sector Development Program	PP	HL	–	650.00	–	–	–		650.00
Management Support for Dhaka Water Supply and Sewerage Authority	AD	WS	2,500.00	–	–	–	–		2,500.00
Participatory Small-Scale Water Resources	PP	AG	–	600.00	–	–	–		600.00
Subtotal			4,867.85	1,825.00	–	–	1,000.00		7,692.85
<b>Bhutan</b>									
Strengthening of the Payment and Settlement System (Supplementary)	AD	FI	30.00	–	–	–	–		30.00
Capacity Development for the Department of Labour	AD	LW	300.00	–	–	–	–		300.00
Bhutan Power Development	PP	EN	–	1,600.00	–	–	–		1,600.00
Strengthening Public Financial Management	AD	LW	750.00	–	–	–	–		750.00
Subtotal			1,080.00	1,600.00	–	–	–		2,680.00
<b>Cambodia</b>									
Restructuring of the Railway in Cambodia (Supplementary)	AD	TC	250.00	–	–	–	–		250.00
Enhancing the Resettlement Legal Framework and Institutional Capacity (Supplementary)	AD	HL	59.00	–	–	–	–		59.00
Strengthening of Public Financial Management for Rural Development	PP	LW	–	475.00	–	–	–		475.00
Financial Sector Program II Implementation	AD	FI	750.00	–	–	–	950.00	EAKPF/ FSDP	1,700.00
Tonle Sap Poverty Reduction and Smallholder Development	PP	AG	200.00	–	–	–	300.00	Finland	500.00
Subtotal			1,259.00	475.00	–	–	1,250.00		2,984.00

– = nil, AD = advisory, AG = agriculture and natural resources, EAKPF = Republic of Korea e-Asia and Knowledge Partnership Fund, EN = energy, FI = finance, FSDP = Financial Sector Development Partnership Fund, HL = health, nutrition, and social protection, JSF = Japan Special Fund, LW = law, economic management, and public policy, PEF = Pakistan Earthquake Fund, PP = project preparatory, RCIF = Regional Cooperation and Integration Fund, TA = technical assistance, TASF = Technical Assistance Special Fund, TC = transport and communications, WS = water supply, sanitation, and waste management.

## CONTINUED

	TA Type	Sector	TASF	JSF	PEF	RCIF	Others	Source	Total
<b>China, People's Republic of</b>									
Integrated Ecosystem Management and Environmental Protection of the Baiyangdian Lake Catchment (Supplementary)	PP	AG	–	–	–	–	207.00	GEF	207.00
Shaanxi-Qinling Mountains Integrated Ecosystem Management (Supplementary)	PP	AG	–	–	–	–	280.00	GEF	280.00
Nanjing Water Utility Long-Term Capital Finance in Commercial Markets (Supplementary)	AD	LW	10.00	–	–	–	–		10.00
Energy Conservation and Resource Management (Supplementary)	PP	EN	–	–	–	–	320.00	CCF	320.00
Assessment of the Rural Health Services System	AD	HL	400.00	–	–	–	–		400.00
Xinjiang Urban Transport and Environmental Improvement	PP	TC	700.00	–	–	–	–		700.00
Facility for Policy Reform and Poverty Reduction	AD	MS	900.00	–	–	–	65.00	PRF	965.00
Gansu Rural Clean Energy Development	AD	EN	–	–	–	–	800.00	DEN-E2	800.00
Integrated Renewable Biomass Energy Development	PP	MS	650.00	–	–	–	–		650.00
Promoting Resource Conservation and Energy Efficiency	AD	EN	400.00	–	–	–	–		400.00
Shanxi Development Strategy for Technical and Vocational Education and Training	AD	ED	600.00	–	–	–	–		600.00
Inner Mongolia Autonomous Region Environment Improvement (Phase II)	PP	EN	800.00	–	–	–	–		800.00
Railway Emergency Management System Study	AD	TC	500.00	–	–	–	–		500.00
Small Cities and Towns Development Demonstration Sector	PP	MS	1,700.00	–	–	–	–		1,700.00
Guangxi Wuzhou Urban Development	PP	MS	500.00	–	–	–	–		500.00
Policy Study on Market-Based Instruments for Water Pollution Control	AD	WS	500.00	–	–	–	–		500.00
Operational Capacity Building and Value Addition	AD	LW	750.00	–	–	–	–		750.00
Songhua River Basin Water Pollution Control and Management	PP	WS	1,104.00	–	–	–	196.00	CFWS	1,300.00
Western Yunnan Roads Development II	PP	TC	400.00	–	–	–	–		400.00
Utilization of Renewable Shallow-Ground Geo-Energy	AD	EN	150.00	–	–	–	–		150.00
National Strategies for Environmental Management and Energy Conservation	AD	MS	900.00	–	–	–	–		900.00
Transport Information System	AD	TC	400.00	–	–	–	–		400.00
Lanzhou Sustainable Urban Transport	PP	TC	800.00	–	–	–	–		800.00
Urban Wastewater and Solid Waste Management for Small Cities and Towns	AD	WS	1,000.00	–	–	–	–		1,000.00
Development of Biomass Power Generation in Rural Areas	AD	EN	–	–	–	–	600.00	DEN-E2	600.00
Nanning-Kunming Railway Capacity Enhancement	PP	TC	500.00	–	–	–	–		500.00
Provincial Development Strategies for Selected Provinces in the Central Region	AD	MS	1,000.00	–	–	–	–		1,000.00
Capacity Building for Integrated Ecosystem Management in Ningxia Hui Autonomous Region	AD	AG	600.00	–	–	–	–		600.00
Enhancement of the Performance Audit Capacity of the China National Audit Office	AD	LW	–	–	–	–	400.00	MfDRCF	400.00
Jiangsu Yancheng Wetlands Protection	PP	AG	650.00	–	–	–	–		650.00

– = nil, AD = advisory, AG = agriculture and natural resources, CCF = Canadian Cooperation Fund on Climate Change, CFWS = Cooperation Fund for the Water Sector, DEN-E2 = Second Danish Cooperation Fund for Renewable Energy and Energy Efficiency in Rural Areas, ED = education, EN = energy, GEF = Global Environment Facility, HL = health, nutrition, and social protection, JSF = Japan Special Fund, LW = law, economic management, and public policy, MfDRCF = Cooperation Fund in Support of Managing for Development Results, MS = multisector, PEF = Pakistan Earthquake Fund, PP = project preparatory, PRF = Poverty Reduction Cooperation Fund, RCIF = Regional Cooperation and Integration Fund, TA = technical assistance, TASF = Technical Assistance Special Fund, TC = transport and communications, WS = water supply, sanitation, and waste management.

## CONTINUED

	TA Type	Sector	TASF	JSF	PEF	RCIF	Others	Source	Total
Strengthening the Capacity of the Sanmenxia Municipality Government in Strategic Planning and Management	AD	AG	400.00	–	–	–	–		400.00
Silk Road Ecosystem Restoration	PP	AG	800.00	–	–	–	–		800.00
Implementing the National Flood Management Strategy	AD	AG	200.00	–	–	–	300.00	WFPP	500.00
Subtotal			17,314.00	–	–	–	3,168.00		20,482.00
<b>Cook Islands</b>									
Infrastructure Development	PP	MS	–	500.00	–	–	200.00	New Zealand	700.00
Subtotal			–	500.00	–	–	200.00		700.00
<b>Fiji Islands</b>									
Renewable Power Sector Development (Supplementary)	PP	EN	250.00	–	–	–	–		250.00
Subtotal			250.00	–	–	–	–		250.00
<b>Georgia</b>									
Seminars on ADB Operational Policies and Procedures in Georgia	AD	LW	120.00	–	–	–	–		120.00
Subtotal			120.00	–	–	–	–		120.00
<b>India</b>									
Institutional Strengthening of Madhya Pradesh Public Works Department	AD	TC	–	1,000.00	–	–	–		1,000.00
Implementing Pension Reforms	AD	FI	–	1,000.00	–	–	–		1,000.00
Sustainable Coastal Protection and Management	PP	AG	–	1,000.00	–	–	–		1,000.00
Deploying Innovative Information and Communications Technology for Supporting e-Governance in Assam	AD	LW	–	–	–	–	500.00	EAKPF	500.00
Mainstreaming Public-Private Partnerships at Central Line Ministries of the Government of India	AD	LW	2,000.00	–	–	–	–		2,000.00
Energy Efficiency Enhancement in the Power Generation Sector	AD	EN	1,000.00	–	–	–	–		1,000.00
Railway Sector Investment Program	PP	TC	–	1,000.00	–	–	–		1,000.00
Inclusive Tourism Infrastructure Development	PP	MS	–	1,000.00	–	–	–		1,000.00
Capacity Development for India Infrastructure Finance Company Limited	AD	MS	500.00	–	–	–	–		500.00
Jammu and Kashmir Clean Power Development Investment Program	PP	EN	–	800.00	–	–	–		800.00
Jammu and Kashmir State Roads Investment Program	PP	TC	–	1,000.00	–	–	–		1,000.00
Subtotal			3,500.00	6,800.00	–	–	500.00		10,800.00

– = nil, AD = advisory, AG = agriculture and natural resources, EAKPF = Republic of Korea e-Asia and Knowledge Partnership Fund, EN = energy, FI = finance, JSF = Japan Special Fund, LW = law, economic management, and public policy, MS = multisector, PEF = Pakistan Earthquake Fund, PP = project preparatory, RCIF = Regional Cooperation and Integration Fund, TA = technical assistance, TASF = Technical Assistance Special Fund, TC = transport and communications, WFPP = Netherlands Trust Fund for the Water Financing Partnership Facility.

## CONTINUED

	TA Type	Sector	TASF	JSF	PEF	RCIF	Others	Source	Total
<b>Indonesia</b>									
Integrated Citirum Water Resources Management (Supplementary)	PP	AG	460.00	–	–	–	250.00	SPCF	710.00
Independent Monitoring and Evaluation of Nutrition Improvement through Community Empowerment	AD	HL	500.00	–	–	–	–		500.00
Strengthening Social Services Delivery for Poverty Reduction and Millennium Development Goals Acceleration Program	AD	MS	1,500.00	–	–	–	–		1,500.00
Second Local Government Finance and Governance Reform Program	PP	LW	–	700.00	–	–	–		700.00
Strengthening Regulation and Governance Capacity Building in Water Resources in a Decentralized Environment	AD	FI	700.00	–	–	–	500.00	FSDP	1,200.00
Support for HIV and AIDS Prevention in Infrastructure	AD	AG	850.00	–	–	–	–		850.00
Enhancing the Legal and Administrative Framework for Land	AD	HL	–	200.00	–	–	–		200.00
	AD	HL	500.000	–	–	–	–		500.00
Subtotal			4,510.00	900.00	–	–	750.00		6,160.00
<b>Kazakhstan</b>									
TA to Almaty Power Consolidated to Support Legal Capacity Building	PP	EN	60.00	–	–	–	–		60.00
Second Water Resources Management and Land Improvement	PP	AG	600.00	–	–	–	–		600.00
Subtotal			660.00	–	–	–	–		660.00
<b>Kyrgyz Republic</b>									
Agricultural Land Improvement	PP	AG	700.00	–	–	–	–		700.00
Institutional Strengthening and Capacity Building for Tax Administration Reform	AD	LW	500.00	–	–	–	–		500.00
Business Process Reengineering and Change Management for Tax Administration Modernization	AD	LW	–	–	–	–	500.00	EAKPF	500.00
Subtotal			1,200.00	–	–	–	500.00		1,700.00
<b>Lao People's Democratic Republic</b>									
Cumulative Impact Assessment for the Nam Ngum 3 Hydropower Project	PP	EN	–	983.00	–	–	–		983.00
Improved Public Financial Management Systems	AD	LW	850.00	–	–	–	–		850.00
Private Sector and Small and Medium-sized Enterprises Development Program Cluster	AD	LW	–	550.00	–	–	–		550.00
Updating the National Water Policy and Strategy	AD	AG	500.00	–	–	–	500.00	Australia	1,000.00
Na Bong–Udon Thani Power Transmission	PP	EN	–	760.00	–	–	–		760.00
Subtotal			1,350.00	2,293.00	–	–	500.00		4,143.00
<b>Micronesia, Federated States of</b>									
Strengthening Economic Management and Planning	AD	LW	–	400.00	–	–	–		400.00
Subtotal			–	400.00	–	–	–		400.00

– = nil, AD = advisory, AG = agriculture and natural resources, EAKPF = Republic of Korea e-Asia and Knowledge Partnership Fund, EN = energy, FI = finance, FSDP = Financial Sector Development Partnership Fund, HL = health, nutrition, and social protection, JSF = Japan Special Fund, LW = law, economic management, and public policy, MS = multisector, PEF = Pakistan Earthquake Fund, PP = project preparatory, RCIF = Regional Cooperation and Integration Fund, SPCF = Spanish Cooperation Fund for Technical Assistance, TA = technical assistance, TASF = Technical Assistance Special Fund.

## CONTINUED

	TA Type	Sector	TASF	JSF	PEF	RCIF	Others	Source	Total
<b>Mongolia</b>									
Supporting the Sustainable Development of Mongolia's Mineral Deposits	AD	LW	150.00	–	–	–	–		150.00
Education Sector Reform	PP	ED	–	600.00	–	–	–		600.00
Mainstreaming Managing for Development Results in Investment Planning and Public Funds Management	AD	LW	300.00	1,500.00	–	–	–		1,800.00
Subtotal			450.00	2,100.00	–	–	–		2,550.00
<b>Nepal</b>									
Rural Reconstruction and Rehabilitation Sector Development Program	PP	MS	500.00	–	–	–	–		500.00
Support to Anticorruption Institutions	AD	LW	400.00	–	–	–	–		400.00
Strengthening Land Administration Services	AD	AG	350.00	–	–	–	–		350.00
Improved Water Quality, Sanitation, and Service Delivery in Emerging Towns Sector Development Program	PP	WS	–	600.00	–	–	120.00	WFPF	720.00
West Seti Hydroelectric	PP	EN	–	–	–	300.00	–		300.00
Promoting Private Sector Participation in the Power Sector	AD	EN	600.00	–	–	–	–		600.00
Supporting Capacity Development for Water Services Operations and Public-Private Partnership in Kathmandu Valley	AD	WS	2,500.00	–	–	–	–		2,500.00
Education Sector Program (Subprogram III)	PP	ED	–	600.00	–	–	–		600.00
Economic Policy Network II	AD	LW	500.00	–	–	–	–		500.00
Civil Aviation Airport	PP	TC	–	750.00	–	–	–		750.00
Subtotal			4,850.00	1,950.00	–	300.00	120.00		7,220.00
<b>Pakistan</b>									
Sindh Basic Urban Services (Supplementary)	PP	WS	488.00	–	–	–	–		488.00
Mega City Sustainable Development (Supplementary)	PP	MS	495.00	–	–	–	–		495.00
Support to Governance Reforms in Pakistan	AD	LW	–	–	–	–	11,500.00	United Kingdom	11,500.00
Capacity Building for Institutions Related to Earthquake Reconstruction and Rehabilitation	AD	MS	–	–	2,000.00	–	–		2,000.00
Supporting Second Generation of Capital Market Reform Program	AD	FI	–	1,000.00	–	–	–		1,000.00
Integrated Energy Model	AD	EN	2,000.00	–	–	–	–		2,000.00
Effective Implementation of Punjab Government Efficiency Improvement Program	AD	LW	950.00	–	–	–	–		950.00
Development of the National Trade Corridor Highway Business Plan	AD	TC	500.00	–	–	–	–		500.00
Punjab Millennium Development Goals Program and Access to Justice Program	PP	LW	900.00	–	–	–	–		900.00
Second Balochistan Resource Management Program	PP	LW	400.00	–	–	–	–		400.00
Subtotal			5,733.00	1,000.00	2,000.00	–	11,500.00		20,233.00

– = nil, AD = advisory, AG = agriculture and natural resources, ED = education, EN = energy, FI = finance, JSF = Japan Special Fund, LW = law, economic management, and public policy, MS = multisector, PEF = Pakistan Earthquake Fund, PP = project preparatory, RCIF = Regional Cooperation and Integration Fund, TA = technical assistance, TASF = Technical Assistance Special Fund, TC = transport and communications, WFPF = Netherlands Trust Fund for the Water Financing and Partnership Facility, WS = water supply, sanitation, and waste management.



## CONTINUED

	TA Type	Sector	TASF	JSF	PEF	RCIF	Others	Source	Total
<b>Palau, Republic of</b>									
Facility for Economic and Infrastructure Management	AD	LW	–	1,000.00	–	–	–		1,000.00
Babeldaob Water Supply	PP	WS	–	700.00	–	–	–		700.00
Subtotal			–	1,700.00	–	–	–		1,700.00
<b>Papua New Guinea</b>									
Lae Port Development-Tidal Basin Phase I (Supplementary)	PP	TC	160.00	–	–	–	–		160.00
Demographic and Health Survey in Papua New Guinea (Supplementary)	AD	HL	–	–	–	–	213.52	UNICEF	213.52
Power Sector Development Plan	AD	EN	–	500.00	–	–	–		500.00
Highlands Highway (Southern Highlands and Enga Provinces Network) Rehabilitation	PP	TC	–	500.00	–	–	–		500.00
Support for Public Expenditure Review and Rationalization	AD	LW	–	500.00	–	–	–		500.00
Subtotal			160.00	1,500.00	–	–	213.52		1,873.52
<b>Philippines</b>									
Strengthening Investment Climate and Competitiveness	AD	LW	800.00	–	–	–	–		800.00
Rural Electric Cooperatives Development	PP	EN	–	550.00	–	–	–		550.00
Enhancing Revenue Collection and Strengthening the Criminal Prosecution of Tax Evasion Cases	AD	LW	500.00	–	–	–	–		500.00
Local Government Financing and Budget Reform	AD	LW	–	800.00	–	–	–		800.00
Subtotal			1,300.00	1,350.00	–	–	–		2,650.00
<b>Samoa</b>									
Supporting the Samoa SchoolNet and Community Access Pilot Project (Supplementary)	AD	ED	105.00	–	–	–	–		105.00
Implementing the Samoa National Energy Policy	AD	EN	–	600.00	–	–	1,250.00	Australia/ Finland	1,850.00
Support for the Formulation and Implementation of the Strategy for the Development of Samoa	AD	LW	–	500.00	–	–	–		500.00
Subtotal			105.00	1,100.00	–	–	1,250.00		2,455.00
<b>Solomon Islands</b>									
Strengthening Disaster Recovery Planning and Coordination	AD	MS	800.00	–	–	–	–		800.00
Domestic Maritime Support Project and Technical Support Program	AD	TC	–	2,000.00	–	–	–		2,000.00
Subtotal			800.00	2,000.00	–	–	–		2,800.00
<b>Sri Lanka</b>									
Building the Capacity of the Sustainable Energy Authority	AD	EN	–	–	–	–	600.00	CEF	600.00
Subtotal			–	–	–	–	600.00		600.00

– = nil, AD = advisory, CEF = Clean Energy Fund, ED = education, EN = energy, HL = health, nutrition, and social protection, JSF = Japan Special Fund, LW = law, economic management, and public policy, MS = multisector, PEF = Pakistan Earthquake Fund, PP = project preparatory, RCIF = Regional Cooperation and Integration Fund, TA = technical assistance, TASF = Technical Assistance Special Fund, TC = transport and communications, UNICEF = United Nation's Children Fund, WS = water supply, sanitation, and waste management.

## CONTINUED

	TA Type	Sector	TASF	JSF	PEF	RCIF	Others	Source	Total
<b>Tajikistan</b>									
Power Rehabilitation Phase II (Supplementary)	PP	EN	11.06	–	–	–	–		11.06
Capacity Development for Planning and Management in Local Government	AD	AG	600.00	–	–	–	–		600.00
Transport Sector Master Plan	AD	TC	–	600.00	–	–	–		600.00
Farm Debt Resolution Program	PP	AG	150.00	–	–	–	–		150.00
Implementation Support for the Private Sector Development Strategy in Tajikistan	AD	LW	900.00	–	–	–	1,000.00	United Kingdom	1,900.00
Subtotal			1,661.06	600.00	–	–	1,000.00		3,261.06
<b>Thailand</b>									
Bangkok Mass Rapid Transit Integrated Ticketing	PP	TC	–	700.00	–	–	–		700.00
Planning for the Sustainable Development of Southern Thailand	AD	MS	300.00	–	–	–	–		300.00
Subtotal			300.00	700.00	–	–	–		1,000.00
<b>Timor-Leste</b>									
Infrastructure Project Management	AD	MS	3,000.00	–	–	–	12,000.00	Australia	15,000.00
Subtotal			3,000.00	–	–	–	12,000.00		15,000.00
<b>Turkmenistan</b>									
Seminars on ADB Operational Policies and Procedures (Phase 2)	AD	LW	150.00	–	–	–	–		150.00
Subtotal			150.00	–	–	–	–		150.00
<b>Uzbekistan</b>									
Supporting Public Finance Management Reform	AD	LW	600.00	–	–	–	–		600.00
Policy and Institutional Reform Support	AD	LW	800.00	–	–	–	–		800.00
Subtotal			1,400.00	–	–	–	–		1,400.00
<b>Vanuatu</b>									
Expanding Access to Financial Services	AD	FI	–	600.00	–	–	–		600.00
Subtotal			–	600.00	–	–	–		600.00
<b>Viet Nam</b>									
Phu My Bridge Approach Roads (Supplementary)	AD	TC	145.00	–	–	–	–		145.00
Expressway Network Development Plan (Supplementary)	AD	TC	800.00	–	–	–	–		800.00
Central Region Small and Medium Towns Development (Supplementary)	PP	WS	–	120.00	–	–	–		120.00
Ho Chi Minh City Metro Rail System (Supplementary)	PP	TC	–	–	–	–	200.00	PPIAF	200.00
Support for the Public-Private Development of the O Mon Gas Pipeline	PP	EN	–	975.00	–	–	–		975.00
Quality and Safety Improvement of Agricultural Products	PP	AG	–	750.00	–	–	–		750.00

– = nil, AD = advisory, AG = agriculture and natural resources, EN = energy, FI = Finance, JSF = Japan Special Fund, LW = law, economic management, and public policy, MS = multisector, PEF = Pakistan Earthquake Fund, PP = project preparatory, PPIAF = Public-Private Infrastructure Advisory Facility, RCIF = Regional Cooperation and Integration Fund, TA = technical assistance, TASF = Technical Assistance Special Fund, TC = transport and communications, WS = water supply, sanitation, and waste management.

## CONTINUED

	TA Type	Sector	TASF	JSF	PEF	RCIF	Others	Source	Total
Capacity Building on Environmental Management to the Power Sector	AD	EN	–	–	–	–	600.00	AFD-G	600.00
Thanh Hoa City Comprehensive Socioeconomic Development	PP	MS	800.00	–	–	–	200.00	SPCF	1,000.00
Enhancing Official Development Assistance Absorptive Capacity and Efficiency	AD	LW	700.00	–	–	–	–		700.00
Infrastructure Policy Reform Support	AD	MS	–	1,000.00	–	–	–		1,000.00
Support the Implementation of Poverty Reduction Program (Safeguard Policy and Donor Coordination)	PP	LW	150.00	–	–	–	–		150.00
Vinh Tan 3 Thermal Power Generation	PP	EN	–	1,000.00	–	–	–		1,000.00
Support for Health Systems Development Program	PP	HL	–	500.00	–	–	180.00	Australia	680.00
Second Ring Road (Completing the Circle)	PP	TC	–	1,000.00	–	–	–		1,000.00
Supporting the Energy Efficiency Program Implementation	AD	EN	–	–	–	–	925.00	AFD-G/SPCF	925.00
Strengthening Operations and Business Processes in Viet Nam Railways	AD	TC	–	–	–	–	980.00	AFD-G	980.00
After WTO Support—Capacity Building for Tax and Trade Policy Analysis	AD	LW	300.00	–	–	–	–		300.00
Central Mekong Delta Regional Connectivity	PP	TC	–	800.00	–	–	–		800.00
Secondary Education Sector Development Program	PP	ED	–	600.00	–	–	–		600.00
Supporting Financial Management Decentralization	AD	LW	400.00	–	–	–	–		400.00
Subtotal			3,295.00	6,745.00	–	–	3,085.00		13,125.00
<b>TOTAL</b>			<b>63,014.90</b>	<b>36,138.00</b>	<b>2,000.00</b>	<b>300.00</b>	<b>39,336.52</b>		<b>140,789.43</b>

– = nil; AD = advisory; AFD-G = France-Agence Française de Développement Cooperation Fund for Project Preparation in the Greater Mekong Subregion; ED = education; EN = energy; HL = health, nutrition, and social protection; JSF = Japan Special Fund; LW = law, economic management, and public policy; MS = multisector; PEF = Pakistan Earthquake Fund; PP = project preparatory; RCIF = Regional Cooperation and Integration Fund; SPCF = Spanish Cooperation Fund for Technical Assistance; TA = technical assistance; TASF = Technical Assistance Special Fund; TC = transport and communications.

## Statistical Annex 18

TECHNICAL ASSISTANCE GRANTS BY SECTOR<sup>a, b</sup>, 1967–2007, 2006, 2007

	1967–2007			2006			2007		
	No.	\$ thousand	%	No.	\$ thousand	%	No.	\$ thousand	%
Agriculture and Natural Resources	1,082	524,562.02	21.21	23	19,994.00	14.39	19	11,247.00	7.99
Education	290	139,658.72	5.65	12	6,095.00	4.39	5	2,505.00	1.78
Energy	512	247,693.11	10.01	18	14,200.00	10.22	28	21,609.06	15.35
Finance	439	209,880.72	8.49	14	10,550.00	7.59	6	5,530.00	3.93
Health, Nutrition, and Social Protection	176	83,157.42	3.36	5	4,179.00	3.01	8	3,202.52	2.27
Industry and Trade	262	107,830.00	4.36	4	3,025.00	2.18	–	–	–
Law, Economic Management, and Public Policy	932	473,569.55	19.15	26	19,040.00	13.70	39	39,505.00	28.06
Transport and Communications	635	312,343.30	12.63	30	21,810.00	15.70	26	16,552.85	11.76
Water Supply, Sanitation, and Waste Management	257	118,661.45	4.80	14	8,100.00	5.83	11	10,128.00	7.19
Multisector	333	256,033.65	10.35	24	31,941.73	22.99	18	30,510.00	21.67
<b>TOTAL</b>	<b>4,918</b>	<b>2,473,389.93</b>	<b>100.00</b>	<b>170</b>	<b>138,934.73</b>	<b>100.00</b>	<b>160</b>	<b>140,789.43</b>	<b>100.00</b>

– = nil.

a Excludes loan-financed technical assistance (which are included in loan data) and regional activities.

b Data adjusted to exclude technical assistance grants withdrawn by governments.

## Statistical Annex 19

## TECHNICAL ASSISTANCE (TA) LOANS AND TA GRANTS BY SECTOR, 2007

(amounts in \$ million)

Sector	Loan <sup>a</sup>	TA Grant <sup>b</sup>	Total <sup>c</sup>	%
Agriculture and Natural Resources	5.83	11.25	17.08	4.51
Education	5.95	2.51	8.45	2.23
Energy	17.60	21.61	39.21	10.36
Finance	–	5.53	5.53	1.46
Health, Nutrition, and Social Protection	5.37	3.20	8.57	2.26
Industry and Trade	–	–	–	–
Law, Economic Management, and Public Policy	6.25	39.51	45.75	12.09
Transport and Communications	129.20	16.55	145.75	38.50
Water Supply, Sanitation, and Waste Management	28.94	10.13	39.07	10.32
Multisector	38.61	30.51	69.12	18.26
<b>TOTAL</b>	<b>237.74</b>	<b>140.79</b>	<b>378.53</b>	<b>100.00</b>

– = nil.

a Refers to consulting services financed through loans.

b Excludes regional technical assistance grants.

c Totals may not add up because of rounding.

## Statistical Annex 20

## REGIONAL TECHNICAL ASSISTANCE ACTIVITIES, 2007

(amounts in \$ thousand)

	TASF	JSF	PEF	RCIF	Others	Source	Total
<b>CONFERENCE</b>							
High Level Coordination Meeting on Rehabilitation and Reconstruction Assistance to Tsunami Affected Countries (Supplementary)	20.00	–	–	–	–		20.00
Promoting Best Practices in Private Sector Participation in Urban Infrastructure in South Asia (Supplementary)	300.00	–	–	–	–		300.00
Support the Aid-for-Trade Initiatives in Asia and the Pacific 2007	150.00	–	–	–	–		150.00
Seventeenth Tax Conference	–	150.00	–	–	–		150.00
Subtotal	470.00	150.00	–	–	–		620.00
<b>RESEARCH</b>							
Making Markets Work Better for the Poor (Supplementary)	–	–	–	–	282.50	United Kingdom	282.50
Better Air Quality Management in Asia (Supplementary)	–	–	–	–	75.00	PS	75.00
Capacity Building for Sustainable Investment and Governance in the Pensions Industry	–	–	–	–	210.00	SWG5	210.00
Strengthening Capacity of the ASEAN Secretariat in Regional Economic Integration and Policy Dialogue	–	600.00	–	–	–		600.00
Strengthening Country Diagnosis and Analysis of Binding Development Constraints in Selected Developing Member Countries	650.00	–	–	–	–		650.00
Cross Border Agreement Among the Kyrgyz Republic, People's Republic of China and Republic of Tajikistan	500.00	–	–	–	–		500.00
Supporting Network of Research Institutes and Think Tanks in South Asia Phase II	1,200.00	–	–	–	–		1,200.00
Asian Development Outlook 2008	420.00	–	–	–	–		420.00
Supporting Strategic Knowledge Products and Research Networking	1,000.00	–	–	–	–		1,000.00
South Asia Subregional Economic Cooperation Regional Information and Communication Technology Research and Training Network	–	–	–	4,400.00	–		4,400.00
Subtotal	3,770.00	600.00	–	4,400.00	567.50		9,337.50
<b>STUDY</b>							
Supporting Network of Research Institutes and Think Tanks in South Asia (Supplementary)	125.00	–	–	–	–		125.00
Network of Public Administration Institutes of the Asia and Pacific Region (Supplementary)	2.25	–	–	–	–		2.25
Coordinating the Greater Mekong Subregion North-South Economic Corridor Bridge Project (Supplementary)	100.00	–	–	–	–		100.00
Innovative Information and Communications Technology in Education, and Its Potential for Reducing Poverty in the Asia and Pacific Region (Supplementary)	–	–	–	–	120.00	ADBI	120.00
Emerging Asian Regionalism: Ten Years After the Crisis (Supplementary)	387.00	–	–	–	–		387.00
Managing the Cities in Asia (Supplementary)	–	–	–	–	5,000.00	Sweden	5,000.00

– = nil, ADBI = Asian Development Bank Institute, ASEAN = Association of Southeast Asian Nations, JSF = Japan Special Fund, PEF = Pakistan Earthquake Fund, PS = private sector, RCIF = Regional Cooperation and Integration Fund, SWG5 = Swiss Cooperation Fund for Consulting Services, TASF = Technical Assistance Special Fund.

## CONTINUED

	TASF	JSF	PEF	RCIF	Others	Source	Total
Central Asia-South Asia Regional Electricity Market	3,000.000	–	–	–	–		3,000.00
A Study of ADB's Financial Sector Assistance and Lessons Learned	150.00	–	–	–	–		150.00
A Program of Studies on the Development Experience of the People's Republic of China and India	954.00	–	–	–	–		954.00
Selected Evaluation Studies for 2007	1,485.00	–	–	–	–		1,485.00
Strengthening Human Resource Development Cooperation in the Greater Mekong Subregion	200.00	–	–	–	–		200.00
Strengthening Human Resource Development Cooperation in the Greater Mekong Subregion (Supplementary)	–	–	–	–	22.00	PRC RPRF	22.00
A Development Framework for Sustainable Urban Transport	500.00	–	–	–	–		500.00
Enhancing Effective Regulation of Water and Energy Infrastructure and Utility Services	564.00	–	–	–	–		564.00
A Regional Review of the Economics of Climate Change in Southeast Asia	–	–	–	–	904.20	United Kingdom	904.20
Private Sector-Led Integration and Free Trade Agreements in South Asia	–	–	–	750.00	–		750.00
Facilitating Regional Power Trading and Environmentally Sustainable Development of Electricity Infrastructure in the Greater Mekong Subregion	–	–	–	–	5,000.00	Sweden	5,000.00
Efficiency Improvement and Connectivity Strengthening in Archipelagic Southeast Asia	1,250.00	–	–	1,500.00	–		2,750.00
Subtotal	8,717.25	–	–	2,250.00	11,046.20		22,013.45
<b>TRAINING</b>							
Strengthening Pro-Poor Policy in the Pacific (Supplementary)	–	–	–	–	200.00	Australia	200.00
Strengthening the Capacity of Financial Sector Regulators and Supervisors (Supplementary)	80.00	–	–	–	–		80.00
Greater Mekong Subregion Phnom Penh Plan for Development Management Phase II (Supplementary)	250.00	–	–	–	–		250.00
Central Asia Regional Economic Cooperation Members Electricity Regulators Forum	–	–	–	–	500.00	PRC RPRF	500.00
Enhancing the Capacity of Selected ASEAN+3 Countries for Assessing Financial Vulnerabilities	–	600.00	–	–	–		600.00
Results-Focused Project Design and Management 2	850.00	–	–	–	–		850.00
2007–2009 Orientation Program for Officials of the Asian Development Bank's Developing Member Countries	780.00	–	–	–	–		780.00
Seminars on Capacity Building for Project Implementation and Administration for 2007–2009	800.00	–	–	–	–		800.00
Greater Mekong Subregion Phnom Penh Plan for Development Management III	1,000.00	–	–	–	–		1,000.00
Public Policy Training Program 2007–2010	–	–	–	–	17,800.00	JFPPT	17,800.00
Support for Results-Based Management in the Pacific	1,000.00	–	–	–	–		1,000.00
Capacity Development on Involuntary Resettlement	800.00	–	–	–	–		800.00

– = nil, ASEAN = Association of Southeast Asian Nations, JFPPT = Japan Fund for Public Policy Training, JSF = Japan Special Fund, PEF = Pakistan Earthquake Fund, PRC RPRF = People's Republic of China Regional Cooperation and Poverty Reduction Fund, RCIF = Regional Cooperation and Integration Fund, TASF = Technical Assistance Special Fund.

## CONTINUED

	TASF	JSF	PEF	RCIF	Others	Source	Total
Knowledge-Sharing Program Using Good Asian Practices in Innovation and Development	–	–	–	–	500.00	EAKPF	500.00
Capacity Development for Regional Cooperation in the People's Republic of China and Mongolia	750.00	–	–	–	–		750.00
Integrated Trade Facilitation Support for Central Asia Regional Economic Cooperation	3,000.00	–	–	–	–		3,000.00
Results-Based Project Management for Pacific Developing Member Countries	–	800.00	–	–	–		800.00
Subtotal	9,310.00	1,400.00	–	–	19,000.00		29,710.00
<b>OTHERS</b>							
Promoting Gender Equality and Women's Empowerment (Supplementary)	–	–	–	–	1,000.00	GDCF	1,000.00
Strengthening Country Safeguard Systems (Supplementary)	70.00	–	–	–	100.00	CFWS	170.00
Prevention and Control of Avian Influenza in Asia and the Pacific (Supplementary)	–	–	–	–	4,222.00	Canada	4,222.00
Promoting Effective Water Management Policies and Practices – Phase 5 (Supplementary)	–	–	–	–	1,200.00	CFWS	1,200.00
Promoting South Asian Regional Economic Cooperation (Supplementary)	75.00	–	–	–	–		75.00
Expansion of Subregional Cooperation in Agriculture in the Greater Mekong Subregion (Supplementary)	–	–	–	–	200.00	IFAD	200.00
Enhancing the Development Effectiveness of the Greater Mekong Subregion Economic Cooperation Program (Supplementary)	–	–	–	450.00	500.00	PRC RPRF	950.00
Developing the Greater Mekong Subregion Energy Sector Strategy (Supplementary)	150.00	–	–	–	–		150.00
Access to Justice for the Urban Poor (Supplementary)	40.00	–	–	–	–		40.00
Mainstreaming Managing for Development Results in Support of Poverty Reduction in South Asia (Supplementary)	300.00	–	–	–	–		300.00
Establishing Renewable Energy, Energy Efficiency and Greenhouse Gas Mitigation Investment Funds	–	–	–	–	150.00	CCF	150.00
Governance and Capacity Development Initiative	1,600.00	–	–	–	–		1,600.00
Energy Sector Strategy and Development 2007	400.00	–	–	–	–		400.00
Supporting the Asia-Pacific Water Forum	–	1,000.00	–	–	–		1,000.00
Transboundary Animal Disease Control for Poverty Reduction in the Greater Mekong Subregion	150.00	–	–	–	300.00	PRC RPRF	450.00
Supporting the Implementation of the Energy Efficiency Initiative in Developing Member Countries	2,300.00	–	–	–	–		2,300.00
Supporting Water Operators' Partnership in Asia	–	2,000.00	–	–	–		2,000.00
Supporting Community-Driven Development in Developing Member Countries	400.00	–	–	–	–		400.00
Capacity Building for Small Business and Microfinance Banks	300.00	–	–	–	–		300.00
Review of the Long-Term Strategic Framework of the Asian Development Bank	600.00	–	–	–	–		600.00
Support for Customs, Immigration, Quarantine, and Security Harmonization in the Brunei							

– = nil, CCF = Canadian Cooperation Fund for Climate Change, CFWS = Cooperation Fund for the Water Sector, EAKPF = Republic of Korea e-Asia Knowledge and Partnership Fund, GDCF = Gender and Development Cooperation Fund, IFAD = International Fund for Agricultural Development, JSF = Japan Special Fund, PEF = Pakistan Earthquake Fund, PRC RPRF = People's Republic of China Regional Cooperation and Poverty Reduction Fund, RCIF = Regional Cooperation and Integration Fund, TASF = Technical Assistance Special Fund.



## CONTINUED

	TASF	JSF	PEF	RCIF	Others	Source	Total
Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area	–	–	–	–	600.00	RTFSI	600.00
Strengthening Central Asia Regional Economic Cooperation, 2007–2009	4,500.00	–	–	–	500.00	PRC RPRF	5,000.00
Capacity Development for Monitoring and Evaluation	–	–	–	–	500.00	PRC RPRF	500.00
Public-Private Infrastructure Advisory Facility Promoting Environmental Compliance and Enforcement in Asia	500.00	–	–	–	–		500.00
Promoting Climate Change Adaptation in Asia and the Pacific	–	–	–	–	150.00	EAKPF	150.00
Sustainable Urban Development in Asia Mainstreaming Environment for Poverty Reduction	–	800.00	–	–	2,800.00	United Kingdom	3,600.00
	800.00	–	–	–	–		800.00
	–	–	–	–	2,850.00	Poverty and Environment Fund	2,850.00
Developing Strategic Urban Assessments for Selected Central and West Asia Developing Member Countries	1,000.00	–	–	–	–		1,000.00
Supporting the Achievement of the Millennium Development Goals in the Asia and Pacific Region, Phase III	325.00	–	–	–	–		325.00
Measuring the Informal Sector	500.00	–	–	–	–		500.00
Promoting Rural Women's Entrepreneurship in Transition Economies	–	–	–	–	600.00	GDCF	600.00
South Asia Subregional Economic Cooperation Transport Logistics and Trade Facilitation	–	1,000.00	–	–	–		1,000.00
Implementation of the Technical Support Facility under the Carbon Market Initiative	–	–	–	–	4,040.00	Austria/ Finland/ Luxembourg/ SPCF/SWG5	4,040.00
Twelfth Agriculture and Natural Resources Research at International Agricultural Research Centers	2,000.00	–	–	–	–		2,000.00
Subtotal	16,010.00	4,800.00	–	450.00	19,712.00		40,972.00
<b>TOTAL</b>	<b>38,277.25</b>	<b>6,950.00</b>	<b>–</b>	<b>7,100.00</b>	<b>50,325.70</b>		<b>102,652.95</b>

– = nil, ASEAN = Association of Southeast Asian Nations, EAKPF = Republic of Korea e-Asia Knowledge and Partnership Fund, GDCF = Gender and Development Cooperation Fund, JSF = Japan Special Fund, PEF = Pakistan Earthquake Fund, PRC RPRF = People's Republic of China Regional Cooperation and Poverty Reduction Fund, RCIF = Regional Cooperation and Integration Fund, RTFSI = Cooperation Fund for Regional Trade and Financial Security Initiative, SPCF = Spanish Cooperation Fund for Technical Assistance, SWG5 = Swiss Cooperation Fund for Consulting Services, TASF = Technical Assistance Special Fund.

## Statistical Annex 21

## NET TRANSFER OF RESOURCES

(ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND),<sup>a, b</sup> 2005–2007

(\$ million)

	OCR			ADF		
	2005	2006	2007	2005	2006	2007
Afghanistan	33.51	9.54	4.92	20.66	63.62	91.08
Azerbaijan	–	3.92	42.35	0.50	4.03	12.98
Bangladesh	93.38	53.00	20.07	(12.21)	53.64	79.19
Bhutan	(0.14)	(1.90)	–	10.48	2.37	6.43
Cambodia	–	–	–	76.73	45.06	45.65
China, People's Republic of	544.64	517.25	607.60	–	–	–
Cook Islands	–	–	–	0.53	(0.34)	(0.72)
Fiji Islands	8.30	2.62	1.89	–	–	–
Georgia	–	–	24.75	–	–	–
Hong Kong, China	–	–	–	–	–	–
India	457.20	264.28	1,154.77	–	–	–
Indonesia	105.23	12.15	156.68	37.58	67.44	91.50
Kazakhstan	(153.38)	118.29	35.15	(0.47)	(1.51)	(49.32)
Kiribati	–	–	–	1.36	(0.10)	(0.25)
Korea, Republic of	(1,756.33)	(19.32)	(20.47)	–	–	–
Kyrgyz Republic	–	–	–	25.10	35.76	21.35
Lao People's Democratic Republic	25.07	11.49	14.77	47.78	49.21	47.60
Malaysia	(52.99)	(66.85)	(37.11)	–	–	–
Maldives	–	–	1.46	3.66	3.63	3.72
Marshall Islands	(0.21)	(0.22)	(0.68)	(0.05)	(0.51)	(2.17)
Micronesia, Federated States of	–	–	–	1.24	1.94	2.83
Mongolia	(0.57)	(5.00)	(0.68)	21.13	18.36	12.02
Myanmar	–	–	–	–	–	–
Nauru	–	–	–	–	–	–
Nepal	(5.71)	(5.99)	(6.11)	2.92	62.45	43.98
Pakistan	150.45	404.94	345.29	92.46	56.07	228.84
Papua New Guinea	(4.78)	(38.76)	(30.21)	(4.75)	3.31	(5.92)
Philippines	(89.81)	302.15	80.96	(29.13)	(33.70)	(35.08)
Samoa	–	–	–	(0.35)	(1.99)	(2.47)
Singapore	–	–	–	–	–	–
Solomon Islands	–	–	–	1.16	2.35	1.70
Sri Lanka	21.16	6.99	(15.54)	101.54	66.39	58.07
Taipei, China	–	–	–	–	–	–
Tajikistan	–	–	–	25.22	34.05	36.80
Thailand	(390.98)	(117.43)	(50.87)	(3.44)	(3.35)	(4.19)
Timor-Leste	–	–	–	–	–	–
Tonga	–	–	–	(1.37)	(1.46)	(1.55)
Turkmenistan	–	–	–	–	–	–
Tuvalu	–	–	–	0.06	1.14	1.07
Uzbekistan	69.70	27.59	12.81	(0.21)	(0.05)	(0.03)
Vanuatu	–	–	–	(0.93)	(1.08)	(1.28)
Viet Nam	(13.39)	(7.31)	27.55	195.02	139.44	138.85
Regional	(27.65)	14.20	7.71	–	0.15	0.31
<b>TOTAL<sup>c</sup></b>	<b>(987.32)</b>	<b>1,485.65</b>	<b>2,377.04</b>	<b>612.24</b>	<b>666.33</b>	<b>820.98</b>

– = nil, ( ) = negative, ADF = Asian Development Fund, OCR = ordinary capital resources.

<sup>a</sup> Net transfer of resources for OCR defined as loan disbursements less principal repayments/prepayments and interest/charges received. Includes nonsovereign loans and net equity investments.<sup>b</sup> Net transfer of resources for ADF defined as loan disbursements less principal repayments and interest/charges received.<sup>c</sup> Totals may not add up because of rounding.

## Statistical Annex 22

## NET TRANSFER OF RESOURCES

(ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND),<sup>a</sup> 1998–2007

(\$ million)

	1998–2002 Average	2003	2004	2005	2006	2007
Afghanistan	16.60	54.54	42.13	54.17	73.16	96.00
Azerbaijan	–	–	–	0.50	7.95	55.33
Bangladesh	133.45	67.88	19.54	81.17	106.64	99.26
Bhutan	5.81	3.28	5.28	10.34	0.47	6.43
Cambodia	45.08	68.40	70.87	76.73	45.06	45.65
China, People's Republic of	333.82	(1,977.89)	0.49	544.64	517.25	607.60
Cook Islands	0.45	(0.02)	1.14	0.53	(0.34)	(0.72)
Fiji Islands	(3.77)	0.92	4.11	8.30	2.62	1.89
Georgia	–	–	–	–	–	24.75
Hong Kong, China	–	–	–	–	–	–
India	6.27	(1,197.14)	(1,036.01)	457.20	264.28	1,154.77
Indonesia	272.41	(402.07)	(253.74)	142.80	79.59	248.18
Kazakhstan	14.57	(19.57)	(85.45)	(153.85)	116.78	(14.17)
Kiribati	0.57	2.27	2.32	1.36	(0.10)	(0.25)
Korea, Republic of	103.01	(2,122.84)	(66.84)	(1,756.33)	(19.32)	(20.47)
Kyrgyz Republic	43.79	22.18	50.36	25.10	35.76	21.35
Lao People's Democratic Republic	42.34	40.53	31.00	72.84	60.70	62.37
Malaysia	(39.51)	(69.04)	(59.48)	(52.99)	(66.85)	(37.11)
Maldives	1.67	3.91	0.94	3.66	3.63	5.18
Marshall Islands	7.26	4.20	0.40	(0.26)	(0.73)	(2.85)
Micronesia, Federated States of	3.67	2.42	0.63	1.24	1.94	2.83
Mongolia	30.90	34.52	38.54	20.56	13.36	11.34
Myanmar	(0.07)	(1.44)	–	–	–	–
Nauru	0.42	–	–	–	–	–
Nepal	46.40	(6.51)	(23.35)	(2.79)	56.46	37.87
Pakistan	80.69	(3.32)	(862.98)	242.91	461.01	574.13
Papua New Guinea	(3.33)	(17.72)	(14.67)	(9.52)	(35.45)	(36.13)
Philippines	(150.03)	(72.25)	(218.54)	(118.94)	268.45	45.88
Samoa	(0.27)	(0.81)	(0.17)	(0.35)	(1.99)	(2.47)
Singapore	–	–	–	–	–	–
Solomon Islands	2.18	(2.98)	(0.71)	1.16	2.35	1.70
Sri Lanka	80.07	165.74	116.30	122.70	73.38	42.53
Taipei, China	–	–	–	–	–	–
Tajikistan	7.71	14.24	19.00	25.22	34.05	36.80
Thailand	(304.72)	(226.78)	(102.22)	(394.42)	(120.78)	(55.06)
Timor-Leste	–	–	–	–	–	–
Tonga	2.30	5.02	(1.26)	(1.37)	(1.46)	(1.55)
Turkmenistan	–	–	–	–	–	–
Tuvalu	0.78	0.09	0.01	0.06	1.14	1.07
Uzbekistan	24.18	32.23	70.82	69.49	27.54	12.78
Vanuatu	5.74	(0.84)	(0.92)	(0.93)	(1.08)	(1.28)
Viet Nam	185.62	280.31	167.59	181.62	132.13	166.40
Regional	11.89	(2.58)	(6.32)	(27.65)	14.35	8.02
<b>TOTAL<sup>b</sup></b>	<b>1,007.92</b>	<b>(5,321.09)</b>	<b>(2,091.19)</b>	<b>(375.08)</b>	<b>2,151.98</b>	<b>3,198.02</b>

– = nil, ( ) = negative.

<sup>a</sup> Net transfer of resources defined as loan disbursements less principal repayments/prepayments and interest/charges received. Includes nonsovereign loans and net equity investments.<sup>b</sup> Totals may not add up because of rounding.

## Statistical Annex 23

## ASIAN DEVELOPMENT FUND RESOURCES AND COMMITMENT AUTHORITY

## ADF-CONTRIBUTED RESOURCES

(\$ million; as of 31 December 2007)

	Valued as of 31 December 2006 (\$ equivalent)	Change in 2007			Valued as of 31 December 2007	
		Addition (\$ equivalent)	Exchange Rate Adjustment (\$ equivalent)	Net Change (\$ equivalent)	(\$ equivalent)	(SDR equivalent <sup>a</sup> )
Australia	1,393.69	58.54	156.58	215.12	1,608.81	1,019.22
Austria	229.88	6.21	27.12	33.33	263.21	166.75
Belgium	207.15	6.37	23.89	30.26	237.41	150.41
Canada	1,604.20	45.14	307.03	352.17	1,956.37	1,239.40
China, People's Republic of	14.00	7.00	–	7.00	21.00	13.30
Denmark	232.16	8.11	27.49	35.60	267.76	169.63
Finland	128.81	4.50	15.30	19.80	148.61	94.15
France	1,201.41	30.09	138.77	168.86	1,370.27	868.09
Germany	1,761.61	40.82	206.74	247.56	2,009.17	1,272.85
Hong Kong, China	45.51	4.48	–	4.48	49.99	31.67
Indonesia	14.96	–	–	–	14.96	9.48
Ireland	–	23.16	2.35	25.51	25.51	16.16
Italy	754.20	–	87.14	87.14	841.34	533.01
Japan	11,458.01	251.63	704.83	956.46	12,414.47	7,864.82
Korea, Republic of	236.07	33.56	(1.68)	31.88	267.95	169.75
Luxembourg	43.10	0.91	5.07	5.98	49.08	31.09
Malaysia	9.74	1.31	0.64	1.95	11.69	7.41
Nauru	1.93	–	–	–	1.93	1.22
The Netherlands	700.31	25.15	83.28	108.43	808.74	512.36
New Zealand	104.14	13.30	10.36	23.66	127.80	80.96
Norway	188.99	9.20	29.46	38.66	227.65	144.22
Portugal	77.78	5.24	9.44	14.68	92.46	58.58
Singapore	6.46	1.04	0.47	1.51	7.97	5.05
Spain	323.92	15.97	39.24	55.21	379.13	240.19
Sweden	291.74	12.04	21.56	33.60	325.34	206.11
Switzerland	366.36	10.18	31.02	41.20	407.56	258.20
Taipei, China	51.90	3.92	–	3.92	55.82	35.36
Thailand	7.27	0.88	1.37	2.25	9.52	6.03
Turkey	105.43	2.20	–	2.20	107.63	68.19
United Kingdom	1,075.71	52.45	21.44	73.89	1,149.60	728.29
United States	3,327.20	92.41	–	92.41	3,419.61	2,166.39
<b>TOTAL<sup>b</sup></b>	<b>25,963.65</b>	<b>765.81</b>	<b>1,948.93</b>	<b>2,714.74</b>	<b>28,678.39</b>	<b>18,168.34</b>

## ADF COMMITMENT AUTHORITY

(\$ million; as of 31 December 2007)

	2006	2007
Carryover from ADF VIII <sup>c</sup>	120.94	126.89
ADF IX Contributions <sup>d</sup>	1,292.91	2,144.38
ADF VIII Contributions	157.81	164.58
OCR Net Income Transfer	80.00	120.00
Loans Savings and Cancellation	316.54	890.82
Expanded Advance Commitment Authority	1,893.23	2,979.70
Less: Provision for Disbursement Risk <sup>e</sup>	120.07	157.88
Total ADF Commitment Authority <sup>f</sup>	3,741.36	6,268.49
Less: Loans and Grants Committed <sup>g</sup>	3,240.27	5,833.10
<b>ADF Commitment Authority Available for Future Commitments</b>	<b>501.09</b>	<b>435.39</b>

– = data not applicable, ADF = Asian Development Fund, OCR = ordinary capital resources.

<sup>a</sup> Refers to special drawing rights (SDR) valued at the rate of \$1.57848 per SDR as of 31 December 2007.<sup>b</sup> Totals may not add up because of rounding.<sup>c</sup> The US dollar equivalent of SDR80.39 million at each year-end exchange rates.<sup>d</sup> Contributions received to finance forgone interest of grants are excluded as they have been incorporated in the computation of the Expanded Advance Commitment Authority.<sup>e</sup> Applies to contributions and net income transfer received prior to the adoption of the new ADF Financial Framework in December 2007.<sup>f</sup> Includes resources made available under the ADF IX period starting 1 January 2005.<sup>g</sup> Loans and grants approved from 1 January 2005.

## Statistical Annex 24

## TECHNICAL ASSISTANCE SPECIAL FUND

(\$ Thousand; as of 31 December 2007)

	Total Contributions	Amount Utilized
<b>Direct Voluntary Contributions</b>		
Australia	2,484	2,484
Austria	159	159
Bangladesh	47	47
Belgium	1,394	1,394
Canada	3,346	3,346
China, People's Republic of	1,600	1,600
Denmark	1,963	1,963
Finland	237	237
France	1,698	1,698
Germany	3,315	3,315
Hong Kong, China	100	100
India	3,060	3,060
Indonesia	250	250
Italy	774	774
Japan	47,710	47,710
Korea, Republic of	1,900	1,900
Malaysia	909	909
Nauru	–	–
The Netherlands	1,338	1,338
New Zealand	1,096	1,096
Norway	3,279	3,279
Pakistan	1,666	1,666
Singapore	1,100	1,100
Spain	190	190
Sri Lanka	6	6
Sweden	861	861
Switzerland	1,035	1,035
Taipei, China	200	200
Turkey	–	–
United Kingdom	5,617	5,617
United States	1,500	1,500
Subtotal	88,834	88,834
Regularized Replenishment Contributions <sup>a</sup>	425,667	361,797
Transfer to Asian Development Fund	(3,472)	(3,472)
Allocation from OCR Net Income <sup>b</sup>	850,240	720,991
Subtotal	1,272,435	1,079,316
<b>TOTAL</b>	<b>1,361,270</b>	<b>1,168,151</b>

– = nil, ( ) = negative, OCR = ordinary capital resources.

a Represents Technical Assistance Special Fund (TASF) portion of contributions to the replenishment of the Asian Development Fund and the TASF authorized by Governors' Resolution Nos. 182, 214, and 300 at historical values.

b Includes income, repayments, and reimbursements to the TASF since 1980, including investment holding gains (losses).

## Statistical Annex 25

## JAPAN SPECIAL FUND—Regular and Supplementary Contributions

## Statement of Activities and Change in Net Assets

(\$ million)

	1988–2001 <sup>a</sup>	2002	2003	2004	2005	2006	2007	Total
Contributions Committed	813.5	22.5	16.7	24.2	27.3	24.5	27.7	956.4
Revenue	123.1	5.9	3.3	4.3	7.1	10.7	12.0	166.4
Total	936.6	28.4	20.0	28.5	34.4	35.2	39.7	1,122.8
Transfer to Cooperation Fund for Regional Trade and Financial Security Initiative	–	–	–	(1.0)	–	–	–	(1.0)
Expenses	731.3	35.9	39.6	19.7	35.9	51.1	33.7	947.2
Exchange Gain (Loss)	(24.6)	(0.6)	(0.3)	1.2	(0.8)	(0.1)	–	(25.2)
Translation Adjustments	(12.5)	–	–	–	–	–	–	(12.5)
Change in Net Assets	168.2	(8.1)	(19.9)	9.0	(2.3)	(16.0)	6.0	136.9

– = nil, ( ) = negative.

a Prior years' amounts have been restated to conform with the 1995 presentation.

## Statistical Annex 26

## JAPAN SPECIAL FUND—Asian Currency Crisis Support Facility

## Statement of Activities and Change in Net Assets

(\$ million)

	1999–2002	2003	2004	2005	2006	2007	Total
Contributions Committed	241.0 <sup>a</sup>	–	–	–	–	–	241.0
Revenue	2.1	0.7	0.5	1.1	1.7	1.8	7.9
Total	243.1	0.7	0.5	1.1	1.7	1.8	248.9
Transfer to Japan Fund for Poverty Reduction	(90.0)	–	–	–	–	–	(90.0)
Interest Payment Assistance Written Back	33.2	–	–	–	–	–	33.2
Expenses	130.3	1.2	(0.9)	(0.8)	(0.4)	–	129.4
Exchange Gain (Loss)	(1.7)	–	–	–	–	–	(1.7)
Translation Adjustments	(26.3)	–	–	–	–	–	(26.3)
Change in Net Assets	28.0	(0.5)	1.4	1.9	2.1	1.8	34.7

– = nil, ( ) = negative.

a A guarantee facility is provided under the Asian Currency Crisis Support Facility for which the Government of Japan has made available noninterest-bearing, non-negotiable notes in the amount of 360 billion yen, encashable by ADB at any time to meet a call on any guarantee. In the absence of any concluded guarantee, the note was returned to the Government of Japan on 25 March 2002.

## Statistical Annex 27

## JAPAN FUND FOR POVERTY REDUCTION, 2007

Project Name	Amount (\$ thousand)
<b>Bhutan</b>	
Rural Skills Development	1,990
<b>Cambodia</b>	
Building Community Capacity for Poverty Reduction Initiatives in the Tonle Sap Basin	1,500
<b>Kyrgyz Republic</b>	
Improving Livelihoods of Rural Women through Development of Handicrafts Industry	2,000
Improving Access to Quality Basic Education for Children with Special Needs	1,000
<b>Lao People's Democratic Republic</b>	
Enhancing Capacity of Local Government Agencies and Lao Women's Union for Sustainable Poverty Reduction in Northern Lao People's Democratic Republic	533
<b>Mongolia</b>	
Community-Driven Development for Urban Poor in Ger Areas	1,500
Community-Based Heating Supply in Rural Remote Areas	2,000
Access to Health Services for Disadvantaged Groups in Ulaanbaatar	2,000
<b>Nepal</b>	
Strengthening Decentralized Support for Vulnerable and Conflict-Affected Families and Children	2,000
<b>Pakistan</b>	
Microfinance for the Poorest	2,000
<b>Papua New Guinea</b>	
Lae Port Livelihood and Social Improvement	1,500
<b>Tajikistan</b>	
Sustainable Access for Isolated Rural Communities	2,000
<b>Viet Nam</b>	
Thanh Hoa Province Small Scale Infrastructure Investments and Services in Urban and Peri-Urban Areas	2,000
<b>Total</b>	<b>22,023</b>



## Statistical Annex 28

## PROJECTS WITH ADB-ADMINISTERED GRANT FINANCING, 2007 APPROVALS

Project Name		Amount (\$ thousand)	
		Technical Assistance	Soft Loan Component
<b>BILATERAL TRUST FUNDS</b>			
<b>Australia</b>			
AFG	Support for Economic Policy Management	800.00	
LAO	Updating the National Water Policy and Strategy	500.00	
LAO	Northern Greater Mekong Subregion Transport Network Improvement		14,500.00
REG	Strengthening Pro-Poor Policy in the Pacific (Supplementary)	200.00	
REG	Greater Mekong Subregion Southern Coastal Corridor		33,500.00
SAM	Implementing the Samoa National Energy Policy	900.00	
SAM	Power Sector Expansion		8,000.00
TIM	Infrastructure Project Management	12,000.00	
VIE	Support for Health Systems Development Program	180.00	
	Subtotal	14,580.00	56,000.00
<b>Austria</b>			
REG	Implementation of the Technical Support Facility under the Carbon Market Initiative	1,000.00	
	Subtotal	1,000.00	
<b>Canada</b>			
AFG	Road Employment Project for Settlement and Integration of Returning Refugees and Displaced Persons		12,800.00
REG	Prevention and Control of Avian Influenza in Asia and the Pacific (Supplementary)	4,222.00	
	Subtotal	4,222.00	12,800.00
<b>Canadian Cooperation Fund on Climate Change</b>			
PRC	Energy Conservation and Resource Management (Supplementary)	320.00	
REG	Establishing Renewable Energy, Energy Efficiency, and Greenhouse Gas Mitigation Investment Funds	150.00	
	Subtotal	470.00	
<b>Denmark</b>			
AFG	Support for Economic Policy Management	900.00	
BAN	Supporting the Good Governance Program	1,000.00	
	Subtotal	1,900.00	
<b>Second Danish Cooperation Fund for Renewable Energy and Energy Efficiency in Rural Areas</b>			
PRC	Gansu Rural Clean Energy Development	800.00	
PRC	Development of Biomass Power Generation in Rural Areas	600.00	
	Subtotal	1,400.00	
<b>Finland</b>			
CAM	Tonle Sap Poverty Reduction and Smallholder Development	300.00	
REG	Implementation of the Technical Support Facility under the Carbon Market Initiative	1,015.00	
SAM	Implementing the Samoa National Energy Policy	350.00	
SRI	North East Community Restoration and Development		500.00
	Subtotal	1,665.00	500.00
<b>France-AFD Cooperation Fund for Project Preparation in the Greater Mekong Subregion</b>			
VIE	Capacity Building on Environmental Management to the Power Sector	600.00	
VIE	Strengthening Operations and Business Processes in Viet Nam Railways	980.00	
VIE	Supporting the Energy Efficiency Program Implementation	500.00	
	Subtotal	2,080.00	

AFD = Agence Française de Développement, AFG = Afghanistan, BAN = Bangladesh, CAM = Cambodia, GMS = Greater Mekong Subregion, LAO = Lao People's Democratic Republic, PRC = People's Republic of China, REG = regional, SAM = Samoa, SRI = Sri Lanka, TIM = Timor Leste, VIE = Viet Nam.

## CONTINUED

Project Name		Amount (\$ thousand)	
		Technical Assistance	Soft Loan Component
<b>France-AFD</b>			
VIE	Integrated Rural Development Sector in the Central Provinces		1,300.00
	Subtotal		1,300.00
<b>Japan Fund for Public Policy Training</b>			
REG	Public Policy Training Program 2007–2010	17,800.00	
	Subtotal	17,800.00	
<b>Republic of Korea e-Asia and Knowledge Partnership Fund</b>			
CAM	Financial Sector Program II Implementation	500.00	
IND	Deploying Innovative Information and Communications Technology for Supporting e-Governance in Assam	500.00	
KGZ	Business Process Reengineering and Change Management for Tax Administration Modernization	500.00	
REG	Promoting Environmental Compliance and Enforcement in Asia	150.00	
REG	Knowledge-Sharing Program Using Good Asian Practices in Innovation and Development	500.00	
	Subtotal	2,150.00	
<b>Luxembourg</b>			
REG	Implementation of the Technical Support Facility under the Carbon Market Initiative	725.00	
	Subtotal	725.00	
<b>Netherlands Trust Fund for the Water Financing Partnership Facility</b>			
NEP	Improved Water Quality, Sanitation, and Service Delivery in Emerging Towns Sector Development Program	120.00	
PRC	Implementing the National Flood Management Strategy	300.00	
	Subtotal	420.00	
<b>New Zealand</b>			
COO	Infrastructure Development	200.00	
	Subtotal	200.00	
<b>Norway</b>			
SRI	North East Community Restoration and Development		1,000.00
	Subtotal		1,000.00
<b>People's Republic of China Regional Cooperation and Poverty Reduction Fund</b>			
REG	Enhancing the Development Effectiveness of the Greater Mekong Subregion Economic Cooperation Program (Supplementary)	500.00	
REG	Central Asia Regional Economic Cooperation Members Electricity Regulators Forum	500.00	
REG	Transboundary Animal Disease Control for Poverty Reduction in the Greater Mekong Subregion	300.00	
REG	Strengthening Central Asia Regional Economic Cooperation, 2007–2009	500.00	
REG	Capacity Development for Monitoring and Evaluation	500.00	
REG	Strengthening Human Resource Development Cooperation in the Greater Mekong Subregion (Supplementary)	22.00	
	Subtotal	2,322.00	
<b>Private Sector</b>			
REG	Better Air Quality Management in Asia (Supplementary)	75.00	
	Subtotal	75.00	
<b>Spanish Cooperation Fund for Technical Assistance</b>			
INO	Integrated Citarum Water Resources Management (Supplementary)	250.00	
REG	Implementation of the Technical Support Facility under the Carbon Market Initiative	1,000.00	

AFD = Agence Française de Développement, CAM = Cambodia, COO = Cook Islands, IND = India, INO = Indonesia, KGZ = Kyrgyz Republic, NEP = Nepal, PRC = People's Republic of China, REG = regional, SRI = Sri Lanka, VIE = Viet Nam.

## CONTINUED

Project Name		Amount (\$ thousand)	
		Technical Assistance	Soft Loan Component
VIE	Thanh Hoa City Comprehensive Socioeconomic Development	200.00	
VIE	Supporting the Energy Efficiency Program Implementation	425.00	
	Subtotal	1,875.00	
<b>Sweden</b>			
REG	Managing the Cities in Asia (Supplementary)	5,000.00	
REG	Facilitating Regional Power Trading and Environmentally Sustainable Development of Electricity Infrastructure in the Greater Mekong Subregion	5,000.00	
	Subtotal	10,000.00	
<b>Swiss Cooperation Fund for Consulting Services</b>			
REG	Capacity Building for Sustainable Investment and Governance in the Pensions Industry	210.00	
REG	Implementation of the Technical Support Facility under the Carbon Market Initiative	300.00	
	Subtotal	510.00	
<b>United Kingdom</b>			
PAK	Support to Governance Reforms in Pakistan	11,500.00	
REG	Making Markets Work Better for the Poor (Supplementary)	282.50	
REG	Promoting Climate Change Adaptation in Asia and the Pacific	2,800.00	
REG	A Regional Review of the Economics of Climate Change in Southeast Asia	904.20	
TAJ	Implementation Support for the Private Sector Development Strategy in Tajikistan	1,000.00	
	Subtotal	16,486.70	
<b>MULTIDONOR COOPERATION FUNDS/PARTNERSHIPS</b>			
<b>Asian Development Bank Institute</b>			
REG	Innovative Information and Communications Technology in Education, and Its Potential for Reducing Poverty in the Asia and Pacific Region (Supplementary)	120.00	
	Subtotal	120.00	
<b>Clean Energy Fund</b>			
SRI	Building the Capacity of the Sustainable Energy Authority	600.00	
	Subtotal	600.00	
<b>Cooperation Fund for the Water Sector</b>			
PRC	Songhua River Basin Water Pollution Control and Management	196.00	
REG	Strengthening Country Safeguard Systems (Supplementary)	100.00	
REG	Promoting Effective Water Management Policies and Practices – Phase 5 (Supplementary)	1,200.00	
	Subtotal	1,496.00	
<b>European Commission</b>			
SOL	Emergency Assistance Project		4,000.00
SRI	Tsunami-Affected Areas Rehabilitation (Supplementary – Component C)		16,000.00
	Subtotal		20,000.00
<b>Financial Sector Development Partnership Fund</b>			
CAM	Financial Sector Program II Implementation	450.00	
INO	Strengthening Regulation and Governance	500.00	
	Subtotal	950.00	

CAM = Cambodia, INO = Indonesia, PAK = Pakistan, PRC = People's Republic of China, REG = regional, SOL = Solomon Islands, SRI = Sri Lanka, TAJ = Tajikistan, VIE = Viet Nam.

## CONTINUED

Project Name		Amount (\$ thousand)	
		Technical Assistance	Soft Loan Component
<b>Gender and Development Cooperation Fund</b>			
REG	Promoting Gender Equality and Women's Empowerment	1,000.00	
REG	Promoting Rural Women's Entrepreneurship in Transition Economies	600.00	
	Subtotal	1,600.00	
<b>Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific</b>			
PNG	Lae Port Development Project		750.00
	Subtotal		750.00
<b>Global Environment Facility</b>			
PHI	Integrated Coastal Resources Management Project		9,000.00
PRC	Integrated Ecosystem Management and Environmental Protection of the Baiyangdian Lake Catchment (Supplementary)	207.00	
PRC	Shaanxi-Qinling Mountains Integrated Ecosystem Management (Supplementary)	280.00	
	Subtotal	487.00	9,000.00
<b>International Fund for Agricultural Development</b>			
REG	Expansion of Subregional Cooperation in Agriculture in the Greater Mekong Subregion (Supplementary)	200.00	
	Subtotal	200.00	
<b>Cooperation Fund in Support of Managing for Development Results</b>			
PRC	Enhancement of the Performance Audit Capacity of the China National Audit Office	400.00	
	Subtotal	400.00	
<b>Public-Private Infrastructure Advisory Facility</b>			
VIE	Ho Chi Minh City Metro Rail System (Supplementary)	200.00	
	Subtotal	200.00	
<b>Poverty and Environment Fund</b>			
REG	Mainstreaming Environment for Poverty Reduction	2,850.00	
	Subtotal	2,850.00	
<b>Poverty Reduction Cooperation Fund</b>			
PRC	Facility for Policy Reform and Poverty Reduction	65.00	
	Subtotal	65.00	
<b>Cooperation Fund for Regional Trade and Financial Security Initiative</b>			
REG	Support for Customs, Immigration, Quarantine, and Security Harmonization in the Brunei Darussalam, Indonesia, Malaysia, Philippines East ASEAN Growth Area	600.00	
	Subtotal	600.00	
<b>United Nations Children's Fund</b>			
PNG	Demographic and Health Survey in Papua New Guinea (Supplementary)	213.52	
	Subtotal	213.52	
<b>TOTAL</b>		<b>89,862.22</b>	<b>101,350.00</b>

ASEAN = Association of Southeast Asian Nations, PHI = Philippines, PNG = Papua New Guinea, PRC = People's Republic of China, REG = regional, VIE = Viet Nam.

## Statistical Annex 29

CONTRACTS AWARDED BY COUNTRY OF ORIGIN,<sup>a</sup> 2007

## PROJECT LOANS—ORDINARY CAPITAL RESOURCES (amounts in \$ million)

	Goods and Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan	0.00	0.00	0.00	0.00	0.00	0.00
Armenia	0.00	0.00	0.01	0.02	0.01	0.00
Australia	0.11	0.00	1.36	1.78	1.47	0.05
Austria	0.00	0.00	0.00	0.00	0.00	0.00
Azerbaijan	0.01	0.00	0.00	0.00	0.01	0.00
Bangladesh	17.57	0.56	1.01	1.33	18.58	0.57
Belgium	0.00	0.00	0.00	0.00	0.00	0.00
Bhutan	0.00	0.00	0.00	0.00	0.00	0.00
Brunei Darussalam	0.00	0.00	0.00	0.00	0.00	0.00
Cambodia	0.02	0.00	0.00	0.00	0.02	0.00
Canada	0.03	0.00	0.00	0.00	0.03	0.00
China, People's Republic of	1,475.29	46.70	0.72	0.94	1,476.01	45.62
Cook Islands	0.00	0.00	0.00	0.00	0.00	0.00
Denmark	0.00	0.00	0.00	0.00	0.00	0.00
Fiji Islands	5.61	0.18	0.00	0.00	5.61	0.17
Finland	0.22	0.01	0.00	0.00	0.22	0.01
France	8.81	0.28	2.58	3.37	11.39	0.35
Georgia	0.00	0.00	0.00	0.00	0.00	0.00
Germany	16.59	0.53	0.41	0.54	17.00	0.53
Hong Kong, China	0.51	0.02	0.00	0.00	0.51	0.02
India	1,127.55	35.70	32.23	42.21	1,159.79	35.85
Indonesia	155.63	4.93	9.73	12.74	165.35	5.11
Ireland	0.04	0.00	0.00	0.00	0.04	0.00
Italy	40.42	1.28	0.00	0.00	40.42	1.25
Japan	10.27	0.33	0.00	0.00	10.27	0.32
Kazakhstan	6.13	0.19	0.00	0.00	6.13	0.19
Kiribati	0.00	0.00	0.00	0.00	0.00	0.00
Korea, Republic of	4.93	0.16	0.00	0.00	4.93	0.15
Kyrgyz Republic	0.00	0.00	0.00	0.00	0.00	0.00
Lao People's Democratic Republic	0.00	0.00	0.00	0.00	0.00	0.00
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	1.44	0.05	0.00	0.00	1.44	0.04
Maldives	0.00	0.00	0.00	0.00	0.00	0.00
Marshall Islands	0.00	0.00	0.00	0.00	0.00	0.00
Micronesia, Federated States of	0.00	0.00	0.00	0.00	0.00	0.00
Mongolia	0.00	0.00	0.00	0.00	0.00	0.00
Myanmar	0.00	0.00	0.00	0.00	0.00	0.00
Nauru	0.00	0.00	0.00	0.00	0.00	0.00
Nepal	0.00	0.00	0.00	0.00	0.00	0.00
The Netherlands	2.14	0.07	0.00	0.01	2.14	0.07
New Zealand	0.05	0.00	0.00	0.00	0.05	0.00
Norway	0.00	0.00	0.00	0.00	0.00	0.00
Pakistan	120.80	3.82	0.08	0.11	120.88	3.74
Palau	0.00	0.00	0.00	0.00	0.00	0.00
Papua New Guinea	17.00	0.54	0.06	0.08	17.06	0.53
Philippines	53.89	1.71	0.48	0.63	54.37	1.68
Portugal	0.00	0.00	0.00	0.00	0.00	0.00
Samoa	0.00	0.00	0.00	0.00	0.00	0.00
Singapore	7.46	0.24	0.00	0.00	7.46	0.23
Solomon Islands	0.00	0.00	0.00	0.00	0.00	0.00
Spain	0.66	0.02	0.00	0.00	0.66	0.02
Sri Lanka	0.08	0.00	0.07	0.09	0.14	0.00
Sweden	2.85	0.09	0.00	0.00	2.85	0.09
Switzerland	0.19	0.01	6.27	8.21	6.47	0.20
Taipei, China	33.99	1.08	0.00	0.00	33.99	1.05
Tajikistan	0.00	0.00	0.00	0.00	0.00	0.00
Thailand	3.05	0.10	0.00	0.00	3.05	0.09
Timor-Leste	0.00	0.00	0.00	0.00	0.00	0.00
Tonga	0.00	0.00	0.00	0.00	0.00	0.00
Turkey	23.95	0.76	0.00	0.00	23.95	0.74
Turkmenistan	0.00	0.00	0.00	0.00	0.00	0.00
Tuvalu	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	1.22	0.04	4.00	5.23	5.21	0.16
United States	7.99	0.25	17.22	22.55	25.21	0.78
Uzbekistan	10.34	0.33	0.04	0.05	10.38	0.32
Vanuatu	0.00	0.00	0.00	0.00	0.00	0.00
Viet Nam	2.01	0.06	0.10	0.13	2.10	0.07
Regional	0.00	0.00	0.00	0.00	0.00	0.00
International Organizations	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL<sup>b</sup></b>	<b>3,158.83</b>	<b>100.00</b>	<b>76.37</b>	<b>100.00</b>	<b>3,235.20</b>	<b>100.00</b>

0.00 = data negligible.

<sup>a</sup> Represents the country of origin where the goods are mined, produced, grown, and/or manufactured, based on US dollar value equivalent of contract.<sup>b</sup> Totals may not add up because of rounding.

## Statistical Annex 30

CONTRACTS AWARDED BY COUNTRY OF ORIGIN,<sup>a</sup> 2007

## PROJECT LOANS—ASIAN DEVELOPMENT FUND (amounts in \$ million)

	Goods and Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan	7.87	0.71	0.00	0.00	7.87	0.65
Armenia	0.00	0.00	0.00	0.00	0.00	0.00
Australia	4.22	0.38	4.59	4.62	8.81	0.73
Austria	0.10	0.01	0.00	0.00	0.10	0.01
Azerbaijan	0.17	0.02	0.00	0.00	0.17	0.01
Bangladesh	226.80	20.52	11.34	11.40	238.14	19.76
Belgium	0.19	0.02	0.00	0.00	0.19	0.02
Bhutan	6.53	0.59	0.09	0.09	6.62	0.55
Brunei Darussalam	0.00	0.00	0.00	0.00	0.00	0.00
Cambodia	15.73	1.42	0.46	0.46	16.20	1.34
Canada	0.38	0.03	5.92	5.95	6.29	0.52
China, People's Republic of	106.60	9.64	0.00	0.00	106.60	8.85
Cook Islands	1.74	0.16	0.00	0.00	1.74	0.14
Denmark	0.13	0.01	0.00	0.00	0.13	0.01
Fiji Islands	0.00	0.00	0.00	0.00	0.00	0.00
Finland	0.08	0.01	1.11	1.12	1.19	0.10
France	0.42	0.04	4.15	4.17	4.57	0.38
Georgia	0.00	0.00	0.00	0.00	0.00	0.00
Germany	1.84	0.17	1.64	1.65	3.48	0.29
Hong Kong, China	0.17	0.02	0.00	0.00	0.17	0.01
India	22.48	2.03	6.02	6.05	28.49	2.36
Indonesia	110.68	10.01	9.98	10.04	120.66	10.01
Ireland	0.02	0.00	0.00	0.00	0.02	0.00
Italy	0.49	0.04	0.05	0.05	0.53	0.04
Japan	7.15	0.65	2.65	2.67	9.80	0.81
Kazakhstan	0.00	0.00	0.00	0.00	0.00	0.00
Kiribati	0.09	0.01	0.00	0.00	0.09	0.01
Korea, Republic of	75.20	6.80	0.00	0.00	75.20	6.24
Kyrgyz Republic	18.93	1.71	0.30	0.30	19.23	1.60
Lao People's Democratic Republic	33.28	3.01	0.12	0.12	33.39	2.77
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	2.03	0.18	0.72	0.73	2.75	0.23
Maldives	0.33	0.03	0.00	0.00	0.33	0.03
Marshall Islands	0.00	0.00	0.00	0.00	0.00	0.00
Micronesia, Federated States of	0.65	0.06	0.04	0.04	0.69	0.06
Mongolia	6.56	0.59	0.24	0.25	6.80	0.56
Myanmar	0.03	0.00	0.06	0.06	0.09	0.01
Nauru	0.00	0.00	0.00	0.00	0.00	0.00
Nepal	41.98	3.80	8.15	8.20	50.13	4.16
The Netherlands	0.22	0.02	1.08	1.09	1.30	0.11
New Zealand	0.49	0.04	1.73	1.74	2.22	0.18
Norway	0.13	0.01	0.00	0.00	0.13	0.01
Pakistan	135.07	12.22	5.25	5.28	140.32	11.65
Palau	0.00	0.00	0.00	0.00	0.00	0.00
Papua New Guinea	4.57	0.41	0.09	0.09	4.66	0.39
Philippines	0.12	0.01	0.86	0.86	0.98	0.08
Portugal	0.01	0.00	0.00	0.00	0.01	0.00
Samoa	0.13	0.01	0.00	0.00	0.13	0.01
Singapore	3.99	0.36	0.55	0.55	4.54	0.38
Solomon Islands	0.00	0.00	0.03	0.03	0.03	0.00
Spain	21.89	1.98	0.00	0.00	21.89	1.82
Sri Lanka	93.67	8.47	9.62	9.68	103.30	8.57
Sweden	0.24	0.02	4.83	4.86	5.07	0.42
Switzerland	0.31	0.03	1.09	1.10	1.40	0.12
Taipei, China	0.62	0.06	0.00	0.00	0.62	0.05
Tajikistan	28.00	2.53	0.10	0.10	28.10	2.33
Thailand	1.39	0.13	0.03	0.03	1.42	0.12
Timor-Leste	0.00	0.00	0.00	0.00	0.00	0.00
Tonga	0.00	0.00	0.00	0.00	0.00	0.00
Turkey	1.15	0.10	0.92	0.93	2.07	0.17
Turkmenistan	0.01	0.00	0.00	0.00	0.01	0.00
Tuvalu	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	1.03	0.09	4.30	4.33	5.33	0.44
United States	4.49	0.41	6.41	6.44	10.90	0.90
Uzbekistan	5.57	0.50	0.00	0.00	5.57	0.46
Vanuatu	0.03	0.00	0.00	0.00	0.03	0.00
Viet Nam	109.53	9.91	4.89	4.92	114.41	9.50
Regional	0.00	0.00	0.00	0.00	0.00	0.00
International Organizations	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL<sup>b</sup></b>	<b>1,105.52</b>	<b>100.00</b>	<b>99.41</b>	<b>100.00</b>	<b>1,204.93</b>	<b>100.00</b>

0.00 = data negligible.

<sup>a</sup> Represents the country of origin where the goods are mined, produced, grown, and/or manufactured, based on US dollar value equivalent of contract.<sup>b</sup> Totals may not add up because of rounding.

## Statistical Annex 31

CONTRACTS AWARDED BY COUNTRY OF ORIGIN,<sup>a</sup> 2007

## PROJECT LOANS—ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND COMBINED (amounts in \$ million)

	Goods and Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan	7.87	0.18	0.00	0.00	7.87	0.18
Armenia	0.00	0.00	0.01	0.01	0.01	0.00
Australia	4.34	0.10	5.95	3.38	10.28	0.23
Austria	0.10	0.00	0.00	0.00	0.10	0.00
Azerbaijan	0.18	0.00	0.00	0.00	0.18	0.00
Bangladesh	244.37	5.73	12.35	7.03	256.72	5.78
Belgium	0.19	0.00	0.00	0.00	0.19	0.00
Bhutan	6.53	0.15	0.09	0.05	6.62	0.15
Brunei Darussalam	0.00	0.00	0.00	0.00	0.00	0.00
Cambodia	15.75	0.37	0.46	0.26	16.21	0.37
Canada	0.41	0.01	5.92	3.37	6.33	0.14
China, People's Republic of	1,581.89	37.10	0.72	0.41	1,582.61	35.64
Cook Islands	1.74	0.04	0.00	0.00	1.74	0.04
Denmark	0.13	0.00	0.00	0.00	0.13	0.00
Fiji Islands	5.61	0.13	0.00	0.00	5.61	0.13
Finland	0.31	0.01	1.11	0.63	1.42	0.03
France	9.23	0.22	6.73	3.83	15.96	0.36
Georgia	0.00	0.00	0.00	0.00	0.00	0.00
Germany	18.43	0.43	2.05	1.16	20.48	0.46
Hong Kong, China	0.67	0.02	0.00	0.00	0.67	0.02
India	1,150.03	26.97	38.25	21.76	1,188.28	26.76
Indonesia	266.30	6.24	19.71	11.21	286.01	6.44
Ireland	0.06	0.00	0.00	0.00	0.06	0.00
Italy	40.90	0.96	0.05	0.03	40.95	0.92
Japan	17.43	0.41	2.65	1.51	20.08	0.45
Kazakhstan	6.13	0.14	0.00	0.00	6.13	0.14
Kiribati	0.09	0.00	0.00	0.00	0.09	0.00
Korea, Republic of	80.13	1.88	0.00	0.00	80.13	1.80
Kyrgyz Republic	18.93	0.44	0.30	0.17	19.23	0.43
Lao People's Democratic Republic	33.28	0.78	0.12	0.07	33.39	0.75
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	3.47	0.08	0.72	0.41	4.19	0.09
Maldives	0.33	0.01	0.00	0.00	0.33	0.01
Marshall Islands	0.00	0.00	0.00	0.00	0.00	0.00
Micronesia, Federated States of	0.65	0.02	0.04	0.02	0.69	0.02
Mongolia	6.56	0.15	0.24	0.14	6.80	0.15
Myanmar	0.03	0.00	0.06	0.04	0.09	0.00
Nauru	0.00	0.00	0.00	0.00	0.00	0.00
Nepal	41.98	0.98	8.15	4.64	50.13	1.13
The Netherlands	2.36	0.06	1.09	0.62	3.45	0.08
New Zealand	0.54	0.01	1.73	0.99	2.28	0.05
Norway	0.13	0.00	0.00	0.00	0.13	0.00
Pakistan	255.87	6.00	5.33	3.03	261.20	5.88
Palau	0.00	0.00	0.00	0.00	0.00	0.00
Papua New Guinea	21.57	0.51	0.16	0.09	21.72	0.49
Philippines	54.01	1.27	1.34	0.76	55.35	1.25
Portugal	0.01	0.00	0.00	0.00	0.01	0.00
Samoa	0.13	0.00	0.00	0.00	0.13	0.00
Singapore	11.46	0.27	0.55	0.31	12.01	0.27
Solomon Islands	0.00	0.00	0.03	0.01	0.03	0.00
Spain	22.56	0.53	0.00	0.00	22.56	0.51
Sri Lanka	93.75	2.20	9.69	5.51	103.44	2.33
Sweden	3.09	0.07	4.83	2.75	7.92	0.18
Switzerland	0.50	0.01	7.36	4.19	7.86	0.18
Taipei, China	34.61	0.81	0.00	0.00	34.61	0.78
Tajikistan	28.00	0.66	0.10	0.06	28.10	0.63
Thailand	4.44	0.10	0.03	0.02	4.47	0.10
Timor-Leste	0.00	0.00	0.00	0.00	0.00	0.00
Tonga	0.00	0.00	0.00	0.00	0.00	0.00
Turkey	25.10	0.59	0.92	0.52	26.02	0.59
Turkmenistan	0.01	0.00	0.00	0.00	0.01	0.00
Tuvalu	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	2.24	0.05	8.30	4.72	10.54	0.24
United States	12.48	0.29	23.63	13.44	36.11	0.81
Uzbekistan	15.91	0.37	0.04	0.03	15.95	0.36
Vanuatu	0.03	0.00	0.00	0.00	0.03	0.00
Viet Nam	111.53	2.62	4.98	2.84	116.52	2.62
Regional	0.00	0.00	0.00	0.00	0.00	0.00
International Organizations	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL<sup>b</sup></b>	<b>4,264.34</b>	<b>100.00</b>	<b>175.79</b>	<b>100.00</b>	<b>4,440.13</b>	<b>100.00</b>

0.00 = data negligible.

<sup>a</sup> Represents the country of origin where the goods are mined, produced, grown, and/or manufactured, based on US dollar value equivalent of contract.<sup>b</sup> Totals may not add up because of rounding.

## Statistical Annex 32

ESTIMATES OF PAYMENT TO SUPPLYING COUNTRIES FOR FOREIGN PROCUREMENT  
UNDER PROGRAM LENDING,<sup>a</sup> 2007

	Ordinary Capital Resources (OCR)		Asian Development Fund (ADF)		Combined OCR and ADF	
	\$ million	% Distribution	\$ million	% Distribution	\$ million	% Distribution
Afghanistan	1.17	0.06	0.98	0.18	2.15	0.09
Armenia	0.00	0.00	0.00	0.00	0.00	0.00
Australia	74.65	3.82	6.79	1.24	81.44	3.26
Austria	6.71	0.34	2.86	0.52	9.57	0.38
Azerbaijan	0.24	0.01	0.11	0.02	0.34	0.01
Bangladesh	1.94	0.10	1.30	0.24	3.24	0.13
Belgium	35.31	1.81	5.65	1.03	40.96	1.64
Bhutan	0.20	0.01	0.11	0.02	0.31	0.01
Brunei Darussalam	15.08	0.77	0.00	0.00	15.09	0.60
Cambodia	0.03	0.00	0.04	0.01	0.08	0.00
Canada	21.56	1.10	7.46	1.36	29.01	1.16
China, People's Republic of	237.48	12.16	108.50	19.80	345.98	13.83
Cook Islands	0.00	0.00	0.00	0.00	0.00	0.00
Denmark	4.80	0.25	1.70	0.31	6.49	0.26
Fiji Islands	0.07	0.00	0.00	0.00	0.07	0.00
Finland	8.33	0.43	2.58	0.47	10.91	0.44
France	29.86	1.53	10.16	1.85	40.02	1.60
Georgia	0.01	0.00	0.00	0.00	0.01	0.00
Germany	78.38	4.01	28.18	5.14	106.56	4.26
Hong Kong, China	44.58	2.28	14.88	2.71	59.45	2.38
India	29.58	1.51	45.76	8.35	75.34	3.01
Indonesia	32.25	1.65	17.29	3.15	49.54	1.98
Ireland	6.31	0.32	0.68	0.12	6.99	0.28
Italy	31.12	1.59	13.36	2.44	44.48	1.78
Japan	219.49	11.24	42.23	7.71	261.72	10.46
Kazakhstan	0.42	0.02	1.03	0.19	1.45	0.06
Kiribati	0.00	0.00	0.00	0.00	0.00	0.00
Korea, Republic of	108.91	5.58	23.61	4.31	132.52	5.30
Kyrgyz Republic	0.00	0.00	0.07	0.01	0.07	0.00
Lao People's Democratic Republic	0.00	0.00	0.04	0.01	0.04	0.00
Luxembourg	0.18	0.01	0.13	0.02	0.31	0.01
Malaysia	86.02	4.40	20.86	3.81	106.88	4.27
Maldives	0.00	0.00	0.01	0.00	0.01	0.00
Marshall Islands	0.00	0.00	0.00	0.00	0.00	0.00
Micronesia, Federated States of	0.00	0.00	0.00	0.00	0.00	0.00
Mongolia	0.00	0.00	0.00	0.00	0.00	0.00
Myanmar	2.50	0.13	1.00	0.18	3.50	0.14
Nauru	0.00	0.00	0.00	0.00	0.00	0.00
Nepal	1.33	0.07	15.59	2.85	16.93	0.68
The Netherlands	20.96	1.07	6.55	1.20	27.51	1.10
New Zealand	8.57	0.44	1.10	0.20	9.67	0.39
Norway	2.11	0.11	0.46	0.08	2.57	0.10
Pakistan	83.05	4.25	10.56	1.93	93.61	3.74
Palau	0.00	0.00	0.00	0.00	0.00	0.00
Papua New Guinea	1.95	0.10	0.00	0.00	1.95	0.08
Philippines	5.53	0.28	0.78	0.14	6.31	0.25
Portugal	0.45	0.02	0.26	0.05	0.71	0.03
Samoa	0.00	0.00	0.00	0.00	0.00	0.00
Singapore	336.54	17.23	29.25	5.34	365.79	14.63
Solomon Islands	0.10	0.01	0.00	0.00	0.10	0.00
Spain	8.59	0.44	2.65	0.48	11.24	0.45
Sri Lanka	2.72	0.14	1.17	0.21	3.89	0.16
Sweden	18.80	0.96	8.29	1.51	27.08	1.08
Switzerland	19.29	0.99	9.31	1.70	28.61	1.14
Taipei, China	0.00	0.00	0.00	0.00	0.00	0.00
Tajikistan	0.09	0.00	0.27	0.05	0.36	0.01
Thailand	83.51	4.28	26.61	4.86	110.13	4.40
Timor-Leste	0.00	0.00	0.00	0.00	0.00	0.00
Tonga	0.00	0.00	0.00	0.00	0.00	0.00
Turkey	5.48	0.28	3.63	0.66	9.11	0.36
Turkmenistan	0.36	0.02	1.24	0.23	1.59	0.06
Tuvalu	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	60.47	3.10	17.30	3.16	77.76	3.11
United States	203.57	10.42	50.92	9.29	254.50	10.18
Uzbekistan	0.50	0.03	2.23	0.41	2.73	0.11
Vanuatu	0.01	0.00	0.00	0.00	0.01	0.00
Viet Nam	11.99	0.61	2.44	0.44	14.42	0.58
Regional	0.00	0.00	0.00	0.00	0.00	0.00
International Organizations	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL<sup>b</sup></b>	<b>1,953.10</b>	<b>100.00</b>	<b>547.99</b>	<b>100.00</b>	<b>2,501.08</b>	<b>100.00</b>

0.00 = data negligible.

<sup>a</sup> Estimates are based on import data drawn from the latest information available on borrowers' trade statistics compiled by the International Monetary Fund *Direction of Trade Statistics*.<sup>b</sup> Totals may not add up because of rounding.



## Statistical Annex 33

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF ORIGIN<sup>a</sup>

## TECHNICAL ASSISTANCE OPERATIONS (amounts in \$ million; as of 31 December 2007)

	ADB's Own Resources	% Distri- bution	Administered Trust Fund	% Distri- bution	Japan Special Fund	% Distri- bution	Total Contracts Awarded	% Distri- bution
Afghanistan	1.03	0.08	1.66	0.34	0.02	0.00	2.71	0.10
Armenia	0.57	0.05	0.00	0.00	0.00	0.00	0.57	0.02
Australia	155.73	12.47	59.42	12.18	113.53	13.09	328.67	12.62
Austria	1.31	0.10	0.00	0.00	0.91	0.10	2.22	0.09
Azerbaijan	0.42	0.03	0.25	0.05	0.02	0.00	0.70	0.03
Bangladesh	13.01	1.04	4.54	0.93	5.31	0.61	22.86	0.88
Belgium	3.82	0.31	1.07	0.22	2.26	0.26	7.15	0.27
Bhutan	0.45	0.04	0.07	0.01	0.06	0.01	0.58	0.02
Brunei Darussalam	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cambodia	1.44	0.12	2.99	0.61	0.45	0.05	4.88	0.19
Canada	90.57	7.25	44.42	9.11	65.07	7.51	200.06	7.68
China, People's Republic of	17.19	1.38	4.21	0.86	7.74	0.89	29.14	1.12
Cook Islands	0.07	0.01	0.16	0.03	0.00	0.00	0.23	0.01
Denmark	12.52	1.00	4.43	0.91	17.08	1.97	34.02	1.31
Fiji Islands	0.93	0.07	0.70	0.14	0.22	0.02	1.85	0.07
Finland	10.00	0.80	5.91	1.21	8.51	0.98	24.42	0.94
France	25.50	2.04	12.77	2.62	21.40	2.47	59.67	2.29
Georgia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Germany	24.20	1.94	9.20	1.89	34.81	4.02	68.21	2.62
Hong Kong, China	28.08	2.25	6.11	1.25	22.03	2.54	56.23	2.16
India	49.59	3.97	23.74	4.87	19.96	2.30	93.29	3.58
Indonesia	16.56	1.33	10.16	2.08	12.11	1.40	38.83	1.49
Ireland	0.12	0.01	0.00	0.00	0.00	0.00	0.12	0.00
Italy	5.07	0.41	0.84	0.17	2.63	0.30	8.54	0.33
Japan	29.58	2.37	11.64	2.39	26.34	3.04	67.56	2.59
Kazakhstan	1.06	0.09	1.22	0.25	0.13	0.02	2.41	0.09
Kiribati	0.01	0.00	0.05	0.01	0.01	0.00	0.06	0.00
Korea, Republic of	4.91	0.39	1.21	0.25	4.11	0.47	10.23	0.39
Kyrgyz Republic	1.35	0.11	0.24	0.05	0.23	0.03	1.82	0.07
Lao People's Democratic Republic	3.02	0.24	2.39	0.49	0.94	0.11	6.35	0.24
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	12.26	0.98	0.44	0.09	3.51	0.40	16.22	0.62
Maldives	0.11	0.01	0.04	0.01	0.03	0.00	0.18	0.01
Marshall Islands	0.14	0.01	0.18	0.04	0.01	0.00	0.33	0.01
Micronesia, Federated States of	0.01	0.00	0.00	0.00	0.02	0.00	0.03	0.00
Mongolia	1.38	0.11	0.56	0.12	0.64	0.07	2.58	0.10
Myanmar	0.94	0.08	0.70	0.14	0.01	0.00	1.65	0.06
Nauru	0.01	0.00	0.01	0.00	0.00	0.00	0.02	0.00
Nepal	9.35	0.75	4.45	0.91	2.21	0.25	16.01	0.61
The Netherlands	22.99	1.84	19.83	4.07	28.16	3.25	70.98	2.73
New Zealand	65.97	5.28	18.08	3.71	61.39	7.08	145.43	5.59
Norway	5.54	0.44	7.55	1.55	3.36	0.39	16.44	0.63
Pakistan	25.20	2.02	8.92	1.83	3.79	0.44	37.92	1.46
Palau	0.02	0.00	0.00	0.00	0.00	0.00	0.02	0.00
Papua New Guinea	1.23	0.10	0.35	0.07	1.24	0.14	2.82	0.11
Philippines	88.59	7.09	22.44	4.60	31.90	3.68	142.93	5.49
Portugal	0.10	0.01	0.00	0.00	0.09	0.01	0.19	0.01
Samoa	0.85	0.07	0.04	0.01	0.87	0.10	1.76	0.07
Singapore	17.03	1.36	2.91	0.60	10.71	1.24	30.65	1.18
Solomon Islands	0.40	0.03	0.18	0.04	0.22	0.03	0.80	0.03
Spain	4.35	0.35	2.86	0.59	0.89	0.10	8.09	0.31
Sri Lanka	12.77	1.02	3.23	0.66	3.82	0.44	19.81	0.76
Sweden	7.42	0.59	4.78	0.98	9.25	1.07	21.45	0.82
Switzerland	10.91	0.87	6.37	1.31	11.81	1.36	29.09	1.12
Taipei, China	1.08	0.09	0.07	0.01	2.05	0.24	3.19	0.12
Tajikistan	0.43	0.03	1.24	0.25	0.13	0.01	1.79	0.07
Thailand	13.54	1.08	6.62	1.36	12.01	1.38	32.16	1.24
Timor-Leste	0.54	0.04	0.16	0.03	0.13	0.01	0.82	0.03
Tonga	0.28	0.02	0.00	0.00	0.14	0.02	0.42	0.02
Turkey	0.35	0.03	0.18	0.04	0.05	0.01	0.58	0.02
Turkmenistan	0.09	0.01	0.05	0.01	0.00	0.00	0.14	0.01
Tuvalu	0.06	0.00	0.00	0.00	0.00	0.00	0.06	0.00
United Kingdom	170.69	13.67	60.63	12.43	130.96	15.10	362.28	13.92
United States	244.39	19.57	84.12	17.25	169.51	19.55	498.02	19.13
Uzbekistan	0.66	0.05	0.21	0.04	0.84	0.10	1.71	0.07
Vanuatu	0.74	0.06	0.01	0.00	1.20	0.14	1.95	0.07
Viet Nam	3.55	0.28	5.24	1.07	2.16	0.25	10.95	0.42
Regional	3.45	0.28	11.75	2.41	3.18	0.37	18.37	0.71
International Organizations	23.21	1.86	4.07	0.83	4.90	0.57	32.17	1.24
<b>TOTAL<sup>b</sup></b>	<b>1,248.72</b>	<b>100.00</b>	<b>487.63</b>	<b>100.00</b>	<b>867.03</b>	<b>100.00</b>	<b>2,603.38</b>	<b>100.00</b>

0.00 = data negligible.

<sup>a</sup> Represents the country of origin where the goods are mined, produced, grown, and/or manufactured, based on US dollar value equivalent of contract.<sup>b</sup> Totals may not add up because of rounding.

## Statistical Annex 34

CONTRACTS AWARDED BY COUNTRY OF ORIGIN,<sup>a</sup> 2005–2007

## TECHNICAL ASSISTANCE OPERATIONS (amounts in \$ million)

	2005		2006		2007	
	Value	%	Value	%	Value	%
Afghanistan	0.22	0.14	0.39	0.25	0.85	0.46
Armenia	0.00	0.00	0.30	0.19	0.23	0.12
Australia	22.68	13.91	19.07	12.25	32.33	17.46
Austria	0.12	0.07	1.30	0.83	0.00	0.00
Azerbaijan	0.14	0.09	0.14	0.09	0.00	0.00
Bangladesh	2.84	1.74	2.47	1.59	1.98	1.07
Belgium	0.10	0.06	0.17	0.11	0.07	0.04
Bhutan	0.18	0.11	0.01	0.00	0.10	0.06
Brunei Darussalam	0.00	0.00	0.00	0.00	0.00	0.00
Cambodia	0.73	0.45	1.29	0.83	0.37	0.20
Canada	9.72	5.96	10.84	6.96	10.63	5.74
China, People's Republic of	3.56	2.18	4.39	2.82	5.05	2.73
Cook Islands	0.00	0.00	0.01	0.01	0.00	0.00
Denmark	2.31	1.42	2.75	1.76	0.35	0.19
Fiji Islands	0.72	0.44	0.09	0.06	0.19	0.10
Finland	0.62	0.38	2.60	1.67	0.30	0.16
France	2.87	1.76	1.09	0.70	3.58	1.93
Georgia	0.00	0.00	0.00	0.00	0.00	0.00
Germany	5.68	3.48	4.28	2.75	1.39	0.75
Hong Kong, China	4.25	2.60	4.46	2.86	4.46	2.41
India	3.69	2.26	9.80	6.29	17.59	9.50
Indonesia	3.52	2.16	3.82	2.45	5.47	2.95
Ireland	0.00	0.00	0.00	0.00	0.12	0.06
Italy	0.07	0.04	0.07	0.04	0.11	0.06
Japan	6.94	4.26	2.43	1.56	3.52	1.90
Kazakhstan	0.52	0.32	0.38	0.24	0.17	0.09
Kiribati	0.00	0.00	0.01	0.01	0.02	0.01
Korea, Republic of	0.42	0.26	0.44	0.28	0.26	0.14
Kyrgyz Republic	0.16	0.10	0.36	0.23	0.16	0.08
Lao People's Democratic Republic	1.67	1.03	0.14	0.09	0.83	0.45
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	0.55	0.34	1.39	0.89	1.48	0.80
Maldives	0.03	0.02	0.03	0.02	0.04	0.02
Marshall Islands	0.09	0.06	0.08	0.05	0.04	0.02
Micronesia, Federated States of	0.01	0.00	0.02	0.01	0.00	0.00
Mongolia	0.16	0.10	0.25	0.16	0.32	0.17
Myanmar	0.05	0.03	0.01	0.01	0.22	0.12
Nauru	0.03	0.02	0.00	0.00	0.00	0.00
Nepal	1.13	0.69	2.28	1.47	2.97	1.60
The Netherlands	1.02	0.62	2.75	1.76	2.17	1.17
New Zealand	9.29	5.70	8.53	5.48	7.91	4.27
Norway	0.99	0.61	0.89	0.57	0.12	0.06
Pakistan	4.98	3.06	5.44	3.50	4.78	2.58
Palau	0.00	0.00	0.00	0.00	0.02	0.01
Papua New Guinea	0.03	0.02	0.35	0.23	0.08	0.05
Philippines	10.93	6.70	10.62	6.82	11.74	6.34
Portugal	0.00	0.00	0.00	0.00	0.07	0.04
Samoa	0.03	0.02	0.01	0.01	0.03	0.02
Singapore	2.94	1.81	2.65	1.70	2.31	1.25
Solomon Islands	0.01	0.00	0.00	0.00	0.18	0.10
Spain	0.77	0.47	1.36	0.87	1.03	0.56
Sri Lanka	0.68	0.41	0.76	0.49	1.96	1.06
Sweden	1.72	1.06	1.04	0.67	2.79	1.51
Switzerland	1.87	1.15	2.73	1.75	0.24	0.13
Taipei, China	0.01	0.01	0.03	0.02	0.00	0.00
Tajikistan	0.15	0.09	0.30	0.19	0.94	0.51
Thailand	1.70	1.04	1.95	1.25	2.62	1.41
Timor-Leste	0.00	0.00	0.00	0.00	0.03	0.02
Tonga	0.03	0.02	0.01	0.00	0.03	0.01
Turkey	0.04	0.03	0.07	0.04	0.04	0.02
Turkmenistan	0.05	0.03	0.02	0.01	0.04	0.02
Tuvalu	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	18.07	11.09	12.51	8.03	15.39	8.31
United States	23.06	14.15	24.95	16.03	26.87	14.51
Uzbekistan	0.10	0.06	0.37	0.24	0.72	0.39
Vanuatu	0.04	0.02	0.00	0.00	0.01	0.00
Viet Nam	1.09	0.67	1.23	0.79	2.23	1.20
Regional	7.68	4.71	0.00	0.00	5.67	3.06
International Organizations	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL<sup>b</sup></b>	<b>163.00</b>	<b>100.00</b>	<b>155.70</b>	<b>100.00</b>	<b>185.17</b>	<b>100.00</b>

0.00 = data negligible.

<sup>a</sup> Represents the country of origin where the goods are mined, produced, grown, and/or manufactured, based on US dollar value equivalent of contract.<sup>b</sup> Totals may not add up because of rounding.

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Asian Development Bank  
6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines

Tel +63 2 632 4444  
Fax +63 2 636 2444  
[information@adb.org](mailto:information@adb.org)  
[www.adb.org](http://www.adb.org)

Treasury Department  
Fax +63 2 632 4707  
+63 2 632 4120  
SWIFT Address ASDBPH MM



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